

**POSITIVE EMPLOYMENT RELATIONS AND ORGANISATIONAL
OUTCOMES: THE ROLE OF THE PSYCHOLOGICAL CONTRACT AND
EMPLOYABILITY**

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COMMENTS

The reader is reminded of the following:

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

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SUMMARY

Subject: Positive employment relations and organisational outcomes: The role of the psychological contract and employability

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Key terms: Psychological contract fulfilment, psychological contract violation, job satisfaction, organisational citizenship behaviour, turnover intention, internal employability, external employability, moderator

Globally competitive businesses have gone through a lot of change over the last few years, even decades. Organisations need to keep abreast with what is happening around them in order for them to reach their strategic targets. Over the past few years, many organisations realised that their most valuable assets are their employees and the knowledge that they possess. The main key to retaining employees is nested in a positive employment relationship. Current organisations, and more specifically mining organisations, are encountering great difficulty in maintaining a positive relationship with their employees; the numerous strikes bearing testimony to this. Some of these strikes lasted for long periods and one even ended in lives being lost. These days, many mining companies find themselves in escalating financial turmoil, due to human capital problems resulting in labour unrest and subsequent inoperativeness. Therefore, establishing and maintaining a positive employment relationship is of cardinal importance in recruiting and retaining quality employees who will give the organisation a competitive edge.

One factor that contributes greatly to a positive employment relationship which is conducive towards promoting positive individual and organisational outcomes is the psychological contract. Fulfilment of the psychological contract where employers offer employees opportunities for personal growth, career advancement, and a supportive work environment will lead to employees experiencing job satisfaction, organisational citizenship behaviour and propensity to remain with the organisation. Violation of the psychological contract, however, will lead to discontent, resulting in increased turnover propensity. The way in which employees perceive their own employability might also have an effect on their decision whether or not to stay with the organisation that has violated their psychological contracts.

The aim of the study was to investigate the role of the psychological contract and employability in a mining organisation and to determine the outcomes thereof. A quantitative approach was used to gather data. The questionnaires were distributed to employees ($N = 205$) across all levels within a mining organisation. The measuring instruments used were the Psychological Contract Inventory, Violations of Psychological Contract Questionnaire, Employability Scale, Job Satisfaction Scale, Organisational Citizenship Behaviour Scale and Turnover Intention Scale.

Results in Article 1 (Chapter 2) showed that job satisfaction displayed a strong, positive relationship with psychological contract fulfilment and with organisational citizenship behaviour. Job dissatisfaction impacted turnover intention negatively. Furthermore, psychological contract fulfilment had an indirect positive impact on low turnover intention and organisational citizenship behaviour via job satisfaction.

Article 2 (Chapter 3) showed that external employability displayed a strong, positive relationship with internal employability; whereas psychological contract violation had a significant positive relationship with turnover intention. It was further found that external employability moderated the relationship between psychological contract violation and turnover intention.

Recommendations for future studies were made.

CHAPTER 1

INTRODUCTION

This dissertation is about positive employment relations and the role of the psychological contract and employability on organisational outcomes in a mining organisation in South Africa.

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

1.1 BACKGROUND AND MOTIVATION OF THE RESEARCH

Labour disputes in the mining industry had been negatively impacting the economy of South Africa. The severity of the financial blow to the economy could be appreciated if taken into account that the world's fifth largest mining sector is found in South Africa. The mining sector creates one million jobs (500 000 direct and 500 000 indirect), contributing about 18% towards the GDP of South Africa, is a critical earner of foreign exchange (>50%), and attracts significant foreign savings (>30% of value of JSE) (Baxter, 2013).

Approximately 50 000 mine employees had embarked on industrial action across various platinum mining companies. The industrial action had been accompanied by clashes that were regarded as violent due to severe injuries sustained and even death in some cases; companies also lost billions of dollars in lost production. In August 2012, 3 000 miners from Lonmin, the third largest platinum producer in the world, participated in a protest at Marikana mine that resulted in 34 deaths and approximately 80 serious injuries. That specific incident caused immeasurable injury to South Africa, which was evident in the downgrading of the national credit rating and the destabilisation of the rand. Mining industries were plagued by various activities; at Gold Fields Ltd 28 000 workers went on strike, 12 000 employees were dismissed at Anglo American Platinum Ltd for participating in an 'unofficial strike', AngloGold Ashanti's production was paralysed for over a month, and Harmony Gold Mining's output was 3.3 percent lower in 2012 with 5 400 employees striking at their

Kusalethu mine, and so the sordid story continued (Young, 2012). One of the largest platinum producers had been lamed in Rustenburg, being inoperative for many weeks, losing R17 billion in production and wages (Statistics South Africa, 2014).

As a developing country, South Africa's economy could not afford a repetition of those unfortunate incidents as consumer confidence in the mining industry in South Africa was waning rapidly. In the mining sector globally, working conditions were very harsh due to constant environmental dangers and accidents. Despite South Africa's stringent safety legislation and methods, employees working on site and underground had been exposed to real life threats. Taking those conditions into account, it came as no surprise that employees would demand higher wages, but a deeper problem than just monetary incentives seemed evident in the statement by a rock driller, David Nkolisi, after the Marikana tragedy: "We were killed for asking our employer to pay us a decent salary for hard work deep underground" (Young, 2012, para. 9).

The above statement was indicative of a serious imbalance in the employment relationship. The employment relationship representing the relationship between the employer and employee had over the past few years undergone a lot of changes; a positive employment relationship being of cardinal importance. Ragins and Dutton (2009) defined positive relationships as the fulfilment of employees' constantly changing needs, and were based on relationships that had changed and evolved over a certain period of time with certain people, within a certain context and culture. Various aspects could be regarded as contributing towards a positive relationship; one such aspect being the psychological contract. The psychological contract had become very important in defining the contemporary employment relationship (Guest, 2004).

Rousseau (1989, 1995, 2003, and 2005) defined the psychological contract (PC) as the expected terms and beliefs of the employee or individual entering into the exchange agreement with the organisation. The PC could be used to analyse any changes in the employment relationship and could be seen as an employee's beliefs with regard to the specific conditions and terms of the reciprocal exchange agreement being entered into between employer and employee. One of the key factors in a reciprocal exchange was the belief by the employee that a promise had been made towards the organisation in exchange for being offered a consideration (Rousseau, 1989). Contrary to initial literature, Montes and

Zweig (2009) in their research found that promises might matter little and that employees focused more on what the organisation actually delivered. Robinson, Kraatz, and Rousseau (1994), and later research by Pate (2006) found that when an employer failed to live up to its commitments, employees believed they owed the employer less; which would have negative implications on the performance of the employee and for the organisation.

Research within the field of the psychological contract had largely been based on two theoretical frameworks. The first framework focused on violation or breach that led to negative outcomes for both the employer and employee. Violation or breach deprived employees of some form of reward; led to feelings of procedural injustice, distrust and betrayal; and reduced contributions. The second framework was that fulfilment led to positive outcomes for both parties (Warmerdam, 2012), and created a feeling that employees felt valued by the organisation, which then increased the trust between the parties and led to positive outcomes for the employee (e.g. job satisfaction) and the organisation (such as organisational citizenship behaviour and low turnover intent). Theoretical arguments by various researchers were consistent with the two mentioned frameworks, namely that fulfilment led to positive outcomes, and deviations from fulfilment constituted breach or violation and led to negative outcomes (amongst others job dissatisfaction, lack of organisational citizenship behaviour, and turnover intent and/or actual turnover) (Coyle-Shapiro & Kessler, 2002; Rathak, 2012).

Robinson (1996) stated that the PC could be distinguished from the broader construct of expectations. Promissory expectations within the PC were those expectations that had their origin in any implicit or explicit perceived promise made by the employer. One such promise contained in the PC was to afford employees opportunities to be(come) employable. Employability, i.e. employees' beliefs about their prospects of securing new employment opportunities, had gained immense ground the past decade (Berntson, Näswell, & Sverke, 2010; De Cuyper, Van der Heijden, & De Witte, 2011). Employability equipped employees with a feeling of autonomy, what Kanter (1993) referred to as 'employability security', which offered them greater independence to do as they pleased. With regard to the high occurrences of strikes and subsequent dismissals in many cases, it was particularly important to investigate whether employability had an impact on how employees experienced and reacted to PC violation.

Most literature and studies conducted in the field of PC theory focused on the formation process of the PC (Rousseau & Greller, 1994); whereas Morrison and Robinson (1997) were of the opinion that limited research focused on the reasons for the violation of a PC. In a study done by Deery, Iverson, and Walsh (2006), a direct relationship was found between PC violation and lower organisational trust, which in turn was associated with the perceptions of a less co-operative employment relationship and higher levels of counterproductive behaviour. Furthermore, Wallace, de Chernatony, and Buil (2013) argued that employees who felt that they were 'stuck' in their jobs and had difficulties in obtaining alternative employment, showed high levels of low well-being resulting in different forms of counterproductive behaviour.

The aim of this study was thus to focus on the employment relationship by investigating the state of the PC within a mining organisation; possible reasons for the violation thereof; and subsequent detrimental effects on individual and organisational outcomes such as job satisfaction, organisational citizenship behaviour, and turnover intent. Furthermore, it was researched whether employability actually moderated the relationship between PC violation and turnover intention.

1.2 PROBLEM STATEMENT

The psychological contract comprised certain obligations that employees believed their current or future organisation owed them, as well as obligations employees believed they owed their organisation in return. Psychological contract breach arose due to a perception by the employee that the organisation had failed in fulfilling any one of the obligations comprising the PC; and PC violation was the negative reaction by the employee towards the fact that he/she perceived the PC to have been breached (Kabar & Barrett, 2010).

Furthermore, research suggested that the PC assisted in defining all the terms associated with the social exchange relationship which existed between employers and employees; once those terms had been met/unmet, certain behaviours would follow (Bal & Kooij, 2011; Jönsson, 2012). Homans (1961) stated that the relationship between employer and employee was established upon voluntary actions from both parties, with a mutual belief that the opposite party would return the actions in whatever way. In an ideal employment relationship there were certain factors that would come to the forefront, such as loyalty, productivity and

commitment; qualities that would not be enhanced by any form of rejection or violation (Mrara, 2010). When promises had been made to an employee, what invariably followed at some point in time was the evaluation by the employee of whether those promises had been met by the organisation - a process that involved an assessment of whether there was a clear disparity between what the employee received and what the employee was promised (Gabriel & Jonathan, 2012).

Thus, in order to effectively understand the term PC fulfilment, it could be defined as employees' assessment as to whether the organisation had fulfilled its promises in the PC. When the employee perceived the PC to have been fulfilled, he/she would acknowledge that an equal exchange relationship had taken place between the two parties (Robinson & Morrison, 2000). Research established that employees were more likely to fulfil their obligations towards their current organisation when they perceived their employer to have fulfilled its obligations towards them (Coyle-Shapiro, 2002). Rousseau (1995) stated that fulfilment of the PC played a crucial role in the employment relationship; an argument that proved to be true in later studies as well (Diedericks, 2012; Hemdi & Rahim, 2011; Hennicks, 2014). When there was a positive relationship between the employee and the organisation (PC fulfilment), there would be significant consequences relating to certain crucial organisational outcomes such as job satisfaction (Bal & Kooij, 2011; Jönsson, 2012; Saif-ud-Din, Khair-uz-Zaman, & Nawaz, 2010), and loyalty towards the organisation (Casselmann & Walker, 2013).

Job satisfaction could be defined as the "how I feel" dimension (positive attitude) at work (Armstrong, 2006). Job satisfaction was positively related to life satisfaction (Bowling, Eschleman, & Wang, 2010), organisational citizenship behaviour (Hoffman, Blair, Meriac, & Woehr, 2007), and job performance (Medina, 2012). It was negatively related to counterproductive work behaviour (Dalal, 2005), and employee turnover (Zhao, Wayne, Glibkowski, & Bravo, 2007).

Dalal (2005) defined organisational citizenship behaviour (OCB) as that extra-role behaviour by an employee which would ultimately promote the effectiveness of the organisation and that was not formally acknowledged by the organisation's reward system; that went beyond the role requirements and job achievements; an unrestricted intentional behaviour. Trust in an organisation was essential for successful socialisation among employees and for a positive

relationship experience with the organisation. Trust (as experienced in the reciprocity element of PC fulfilment) would also assist with the development of OCB (Lämäs & Pučėtaite, 2006; Robinson, Dirks, & Ozcelik, 2004).

Robinson and Morrison (1995) stated that the PC was an important lens through which to view OCB. However, limited research had been done regarding the relationship between PC fulfilment and OCB within a mining environment. As mentioned earlier, employees at Lonmin reverted to an unprotected protest to indicate to their employer that they were unhappy; resulting in a decrease in their OCB. Organ (1990) and then later LePine, Erez, and Johnson (2002) suggested that OCB provided employees with a means to exhibit the positive actions of the organisation that treated them well. The social exchange theory postulated that employees, who experienced OCB at work, were much more motivated to engage in additional activities once they perceived their employment relationship to have been built on a fair social exchange (Ragins & Dutton, 2009; Sackett, 2002).

Blau (1964), one of the first theorists postulating the social exchange theory, indicated that in contrast to a relationship between employee and organisation based on an economic exchange, the social exchange relationship required parties to trust one another as the obligations could not be specified ahead of time. Trust formed the nucleus of all positive relationships and according to Pratt and Dirks (2009), it should be equally important to repair trust after a breach or violation thereof as part of the social exchange relationship in order to ensure continued resilient and generative relationships.

The downside of PC fulfilment was ensuing PC violation; an emotional or affective response due to a perceived breach of promise. Morrison and Robinson (1997) were of the opinion that the perception of violation arose from the emotional response to a breach of promise. According to seminal research by Rousseau (1995, 2003), there were two forms of violation of the psychological contract, namely reneging and incongruence. Reneging happened due to the organisation knowingly breaking a promise towards the employee – i.e. willingly or due to any unforeseen circumstance. Incongruence could be defined as the different perceptions that were held by both parties in the employment relationship; perceptions that originated from whether an obligation existed and what the nature of the obligation was. Restubog, Bordia, and Tang (2006) further established that some employees kept a good eye on the

attentiveness of the employer in meeting the terms of their PC; referred to as employee vigilance.

The social exchange theory provided a general approach and understanding as to how an employee was likely to respond when he or she perceived his/her PC not to have been fulfilled. Thus, violation of the PC occurred when an employee perceived a discrepancy between what was promised to the employee and what the employee actually received (Paillé & Dufour, 2013). It was also found that violation of an employee's PC was generally negatively associated with positive employee behaviour. As long as an employee perceived that he or she had adequately met the obligations towards the organisation, he/she was likely to feel disappointed by the organisation's lack of living up to the promised obligations and would have to take action to restore the balance in the employment relationship (Coyle-Shapiro & Parzefall, 2008). Therefore, when a breach or violation of the PC occurred, employees tended to alter their attitude and actions towards the organisation in various manners, such as: employees performed more poorly, experienced a decline in their job satisfaction, and their trust in the organisation reduced which resulted in greater job searching activities, ultimately reducing their constructive behaviours such as OCB (Paillé & Dufour, 2013).

Psychological contract fulfilment, on the other hand, had an influence on key organisational outcomes. Hess and Jepsen (2008) established a strong link between job satisfaction and the fulfilment of balanced PC obligations, and, between OCB and intention to stay with the organisation; a result that might be explained by the protean career concept, namely that employees focused on balanced obligations within the employment relationship in order for them to ensure their continued employability. Therefore, once those obligations had been met, employees were more satisfied, committed and motivated to stay with the organisation (Briscoe, Hall, & Frautschy DeMuth, 2006).

In the current volatile labour market, the inevitable question arose as to how individuals could still be expected to contribute and commit fully when uncertain employment conditions prevailed? Employees' focus might shift away from that of the organisation in the direction of their own career development, depending on their own perceptions of attaining alternative employment based on their competencies. Employees' sense of their employability provided

them with a sense of control and freedom to pave their own careers (Van der Heijden, de Lange, Demerouti, & Van der Heijde, 2009).

Employability went hand in hand with the employee's willingness to conform to changes in job content and the extent to which his/her expertise and skills could be applied outside the organisation. Thus, although individuals might experience job dissatisfaction, exhibit lesser OCB or might leave the organisation when their PC had been violated, employees tend to respond differently to PC violation, depending on their levels of perceived employability (Van der Heijde & Van der Heijden, 2006). The study investigated whether employability moderated the relationship between PC violation and turnover intention.

Based on the above-mentioned discussion, the research problems could be summarised as follows: First, it was clear that information was needed regarding the effect that psychological contract fulfilment had on job satisfaction, OCB and turnover intention. Second, information was needed regarding the impact of psychological contract violation on turnover intention. Third, it was important to determine whether employability had any moderating effect on the relationship between psychological contract violation and an organisational outcome such as turnover intention.

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

- How did psychological contract fulfilment impact job satisfaction of employees in a mining organisation?
- What effect did psychological contract fulfilment have on mining employees' organisational citizenship behaviours?
- How did psychological contract fulfilment impact turnover intent in a mining organisation?
- What were the effects of violation of the psychological contract on employees' turnover intent in a mining organisation?
- Did employability moderate the relation between psychological contract violation and an organisational outcome such as turnover intent in a mining organisation?

1.3 AIMS OF THE RESEARCH

1.3.1 General Aim

The general aim of this study was to investigate the impact of the psychological contract (fulfilment and violation), and employability on specific organisational outcomes within a framework of positive employment relations in a mining organisation in South Africa.

1.3.2 Specific Objectives

The specific objectives of this research were to:

- Investigate the impact of psychological contract fulfilment on the job satisfaction of employees in a mining organisation.
- Determine the effect that psychological contract fulfilment had on employees' organisational citizenship behaviour.
- Study the relation between psychological contract fulfilment and turnover intent.
- Determine the relation between psychological contract violation and turnover intent.
- Investigate whether employability had a moderating effect on the relation between psychological contract violation and an organisational outcome such as turnover intent.

1.4 RESEARCH METHOD

In order to achieve the specific research objectives, this research study comprised two phases, namely a literature review and an empirical study.

The literature review focused on gathering relevant information pertaining to the role of psychological contract fulfilment and -violation and employability on individual and organisational outcomes such as job satisfaction, organisational citizenship behaviour and turnover intention. Relevant academic journals, media reports, textbooks, academic dissertations and theses, and internet search engines were utilised to gather information.

The empirical study comprised the research design, research participants, research procedure, measuring instruments and the statistical analysis using SPSS 21.0 (SPSS, 2013) and Mplus (Muthén & Muthén, 2010).

1.4.1 Research Design

A quantitative, descriptive, cross-sectional approach and a non-random field survey design (Field, 2009) were used to gather data about the impact of the PC and employability on employee outcomes in a mining organisation. According to Gravetter and Forzano (2006), cross-sectional surveys permitted comparisons between groups measured at one point in time. The quantitative descriptive survey design was in the form of a questionnaire of which the basic objective was to gather facts and opinions about a phenomenon involving people who were conversant on the particular issue (De Vos, Strydom, Fouché, & Delport, 2011).

1.4.2 Participants

This study employed convenience sampling; the reason being the availability and accessibility of the respondents (Struwig & Stead, 2007). At least 200 respondents involving all racial groups from miner level up to senior management at the participating mining organisation were targeted to complete the questionnaire. The questionnaires were administered in English. Participants had to have a minimum qualification of grade 10.

1.4.3 Measuring Instruments

- A *biographical questionnaire* was used to gather information about the demographic characteristics of the participants. This questionnaire afforded participants the option of supplying their gender, race, age, years of service, marital status, number of children, language, educational level, occupation/job title, number of sub-ordinates, and weekly working hours.
- The *Psychological Contract Inventory* (PCI; Rousseau, 2000) was used to measure the content and fulfilment of the psychological contract. It assessed a variety of specific terms (e.g. “to train me only for my particular job”) that could arise in employment, and the extent to which the respondent believed the employer had fulfilled its commitments. All items used

a 6-point Likert-type scale ranging from 1 (*does not have this obligation*) to 6 (*has been fulfilling much more than what is intended to*). Participants responded to thirty-one items measuring the employer's obligations towards employees across three types of psychological contracts: transactional, relational, and balanced. Rousseau (2000) reported acceptable reliabilities ($\alpha = 0.70$) and validity of the PCI scales.

- The *Violations of Psychological Contract Questionnaire* (Isaksson et al., 2003) was used to measure psychological contract violations. The three items of the questionnaire dealing with negative affect were rated on a 7-point scale, ranging from 0 (*strongly disagree*) to 6 (*strongly agree*). Three feelings concerning the perception of the psychological contract (angry, violated, and disappointed) were addressed. Isaksson et al. (2003) reported an acceptable alpha coefficient ($\alpha = 0.89$) for the questionnaire.
- *Employability* was measured with eight items that were developed by De Cuyper and De Witte (2008, 2011). Respondents had to indicate their agreement with items such as “I am confident that I could quickly get a similar job” or “I am optimistic that I would find another job if I looked for one”. Respondents rated the statements using a 5-point Likert scale which varied from 1 (*strongly disagree*) to 5 (*strongly agree*). A Cronbach alpha coefficient of 0.90 was reported for this measure.
- The *Job Satisfaction Scale* (JSS; Rothmann, 2010) was used to measure job satisfaction. Three items measured how satisfied individuals felt with their jobs (e.g. “I feel fairly satisfied with my present job”; and “I find real enjoyment in my work”). Response options ranged from 1 (*totally disagree*) to 5 (*totally agree*). The Cronbach alpha coefficient for the JSS was 0.84.
- The *Organisational Citizenship Behaviour Scale* (OCBS; Rothmann, 2010) was utilised to measure organisational citizenship behaviour. The OCBS consisted of six items, three which measured assistance to co-workers in the organisation (e.g. “Willingly give your time to help others who have work-related problems”) and three which measured assistance to the organisation (e.g. “Offer ideas to improve the functioning of the organisation”). Response options ranged from 1 (*never*) to 6 (*every day*). The reported Cronbach alpha coefficients for the two scales were 0.78 (assistance to co-workers) and 0.80 (assistance to the organisation).
- Turnover intention was measured by the *Turnover Intention Scale* (TIS) developed by Sjöberg and Sverke (2000). The TIS consisted of four items and an example of an item was “I frequently think of quitting my job”. Response options ranged from 1 (*totally disagree*) to 5 (*totally agree*). The TIS reported a Cronbach alpha coefficient of 0.83.

1.4.4 Research Procedure

Ethical clearance was first obtained from the North-West University to conduct this research (NWU-00091-13-58). Then only was permission requested from the mining organisation to conduct the research, adhering to all ethical issues pertaining to confidentiality, anonymity, voluntary participation etc., as prescribed in the ethical guidelines of the university.

Consent letters were attached to the questionnaire, along with a formal letter stating the purpose of the research. The letter of consent indicated the goal and importance of the research, who the participants were, and how all three parties (organisation, participant, university) would potentially benefit from the research. Confidentiality was promised. The questionnaire took approximately 30 minutes to complete. Data collection took place over a period of one month to ensure that all shifts were covered; followed by the data analysis process thereafter. The questionnaires were distributed in hard copy format and personally collected by the researcher from the different participating organisations on a weekly basis.

Participation was anonymous and all the participants were given the option as to whether or not they wanted to receive feedback. If the participants chose to receive feedback, it was given to them either individually or in a group. Feedback was given to the participating organisation by means of a PowerPoint presentation.

1.4.5 Statistical Analysis

The data was analysed with the SPSS 21.0 program (SPSS, 2013). SPSS was used to create a data file and to compile the descriptive statistics. The data was then analysed using Mplus version 7.0 (Muthén & Muthén, 1998-2012). Attempts were made to answer the relevant research questions by means of utilising all statistical means of availability. Competing measurement models were tested for the main purpose of a factor structure analysis. Bayesian Information Criterion (BIC) was used to compare the different measurement models. Akaike Information Criterion (AIC) was used as a comparative measure of fit between the different measurement models.

Descriptive statistics were determined by the means and standard deviations. As an alternative for Cronbach's alpha that had been used in past research, the reliabilities (ρ) of the

scales measured by items rated on a continuous scale were calculated by means of a formula that was based on the sum of squares of standardised loadings and the sum of standardised variance of error terms (Wang & Wang, 2012). The reason for not using the Cronbach alpha was that Cronbach's alpha did not provide the researcher with a dependable estimate of scale reliability when latent variable modelling was used.

Furthermore, bootstrapping was used to construct two-sided bias-corrected 95% confidence intervals (Hayes, 2009); whereas it also assessed the statistical significance of the indirect effects using bootstrapping with 5000 samples (Preacher & Hayes, 2008).

The input type was displayed by means of a covariance matrix. Latent variables were established by means of using individual items as indicators. Furthermore, the following traditional statistics were used to determine the goodness-of-fit of all the models, namely chi-square, Comparative Fit Index (CFI), Tucker-Lewis Index (TLI), Root Mean Square Error of Approximation (RMSEA), and Standardized Root-Mean-Square Residual (SRMR). Byrne (2010) indicated that a fit could be considered sufficient if the CFI and TLI values were higher than 0.90; RMSEA values lower than 0.08 and a SRMR lower than 0.08 indicated a close fit between the model and the data.

1.5 ETHICAL CONSIDERATIONS

All the participants in the research were informed and briefed about the purpose of the research. The participants were given clarity on the roles and responsibilities of all the parties involved. The participants were informed that participation in the research project was voluntary and anonymous and that they could decide to withdraw from the research at any stage. Furthermore, participants were requested to sign a consent form in which they were assured that the information obtained via the research would be used for research purposes only.

1.6 CHAPTER LAYOUT

Chapter 1: Introduction

Chapter 2: Article 1: The impact of psychological contract fulfilment on individual and organisational outcomes

Chapter 3: Article 2: Employability as moderator between psychological contract violation and turnover intention

Chapter 4: Conclusions, limitations and recommendations

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CHAPTER 2

ARTICLE 1

The impact of psychological contract fulfilment on individual and organisational outcomes

ABSTRACT

The aim of this study was to investigate the impact of psychological contract fulfilment on job satisfaction, organisational citizenship behaviour, and turnover intention. A convenience sample ($N = 205$) was taken of employees in a mining environment in South Africa. A biographical questionnaire, Psychological Contract Inventory, Job Satisfaction Scale, Organisational Citizenship Behaviour Scale and Turnover Intention Scale were administered. Psychological contract fulfilment directly and significantly impacted job satisfaction, with no significant direct impact on organisational citizenship behaviour. Psychological contract fulfilment had indirect effects (via job satisfaction) on organisational citizenship behaviour and turnover intention.

Key terms: Psychological contract fulfilment, job satisfaction, organisational citizenship behaviour, turnover intention

The global business workplace has gone through many changes over the past few years, due to many organisations entering the competitive global business arena (Ulrich, 2013). In the past, the competitive edge in business was characterised by an emphasis on high production and low cost (Porter, 1996). During the past few years, however, employees' knowledge has become one of the primary sources in gaining and maintaining a competitive edge in the global market. Organisational structures have moved the focus away from the traditional structures that relied on management control, cost reduction, cash flow, and production towards a focus on human capital (Vemić, 2007).

Current employers expect their employees to have a much more proactive approach in dealing with their daily duties, to show some initiative in approaching problems, smoothly interact with fellow colleagues, accept some form of responsibility towards their own career development, and commit to very high levels and quality standards of performance (Ulrich, 2013). According to Ogunade (2011), organisations are acknowledging the fact that human capital fulfils a pivotal role in supporting and driving organisational objectives. Wright (2003) also pointed out that employees must not just be seen as a means to achieve the desired end of organisational productivity, but that organisations must pursue employee happiness through various means possible. Past research indicated that for employees to be successful in their own careers, they must maintain a balanced relationship between the growth of their own career and their attitude towards the organisation (Weng, McElroy, Morrow, & Liu, 2010).

It is important to foster a culture that promotes and supports employee engagement in the workplace. Disengagement has been linked to a lack of commitment and poor productivity, which can lead to employees seeking alternative employment (Hwang & Kuo, 2006; Schaufeli & Bakker, 2004). Organisations need to constantly develop and invest in the potential of their employees to the best of their abilities in order to reach optimal performance on both individual and organisational levels. With the current growing need to attract and retain quality employees, it is of the utmost importance to establish positive relations between employers and employees. Employers can use this understanding that the attraction and retention of employees are important in developing strategies to establish positive workplace outcomes, which can lead to an increase in productivity and the retention of key employees. These two factors (productivity and retention) are essential factors towards organisational success (Kraft, 2008).

The perceived relationship between organisation and employee assists with the foundation for establishing and building the psychological contract. Rousseau (2004) defined the psychological contract as an agreement that is based on mutual exchanges between the organisation and the employee; this agreement includes the individual's beliefs (i.e. expectations that are based upon perceived promises). The psychological contract can serve as a cognitive model which will assist in guiding the behaviour of both parties - employer and employee.

The psychological contract (PC) forms the concrete and neutral platform that will assist in providing the parties (employer and employee) with a direct set of expectations regarding the future direction of their ongoing exchange. The PC is generally studied from a unilateral perspective (Freese & Schalk, 2008), namely that of the employee in terms of fulfilment or violation, and the subsequent impact that it has on employees' attitudes and behaviours (Sturges, Conway, Guest, & Liefoghe, 2005).

According to Coyle-Shapiro (2002), employees are much more likely to fulfil their obligations towards the organisation when they experience that the organisation has fulfilled its obligations towards them. PC fulfilment can be positively related to the following employee attitudes and behaviours: performance at work, job satisfaction, organisational citizenship behaviour (OCB), commitment towards the organisation, trust, and retention of employees (Deery, Iverson, & Walsh, 2006; Hui, Lee, & Rousseau, 2004). PC violation, i.e. the non-fulfilment of expectations and obligations, on the other hand, may be commonplace and can be associated with and linked to negative workplace behaviours (Sturges et al., 2005), such as a lack of job satisfaction and OCB, and a greater propensity towards turnover (Deery et al., 2003; Gakovic & Tetrick, 2003).

The mining industry is an important target for this study for the following reasons: The mining industry employed a total workforce of 514 000 people as at March 2013, with average gross earnings of 24 387 000 million for the period 2012-2013. The average monthly income (without overtime and all other bonuses) of an employee in the mining industry is R7 623.00. These numbers indicate the pivotal role that this industry is playing in the South African economy and its significant contribution to the gross domestic product (GDP) (Statistics South Africa, 2013).

Paul and Maiti (2005) stated that mining in South Africa and mining in general remains one of the toughest and most hazardous occupations and industries to work in. Their view is supported by the Khulumani Support Group (2006) that conducted a survey among mining employees and established that the mining industry is one of the most difficult industries to work in, being characterised by extremely high job demands and very unpleasant working conditions. Calitz's (2004) study (in the mining environment) found that these high job demands require employees to spend excessive numbers of working hours underground; physically working with heavy duty equipment; working with dangerous explosives; working in intense high underground temperatures; and often with insufficient resources.

In the fast changing, ever expanding and demanding world of business such as the mining industry, it is expected of employees to add more value in terms of their time, daily effort, necessary skills and flexibility with regard to their work-life balance; whereas job security, employees' career opportunities and OCB are fading (Maslach, Schaufeli, & Leiter, 2001). In this study the PC has been studied from a unilateral perspective as opposed to a bilateral perspective; the former studying the views of the employee only, whereas a bilateral perspective involves the perspectives of both parties in the employment relationship. According to Freese and Schalk (2008), a unilateral perspective is more advisable as too many actors are involved in a bilateral perspective (different departments etc.) which complicates achieving synergy regarding differences in expectations.

Psychological Contract

Rousseau (2005) defined the PC as an individual's beliefs regarding the terms of the agreement (which are implicit in nature) between the individual and the organisation. The definition of the PC can further be extended to "an individual's belief regarding the terms and conditions of a reciprocal exchange agreement between that focal person and another party" (Robinson & Rousseau, 1994, p. 246). The social exchange theory can be regarded as the theoretical foundation on which the PC is built (Blau, 1964). Reciprocity is stressed in this theory. The PC can have different sets of expectations based on mutual obligations or an exchange (reciprocity) of perceived promises between two parties, employer and employee (Rousseau, 2003).

According to Rousseau (2000), the PC can be divided into four types: Relational, balanced,

transactional, and transitional PCs (see Figure 1).

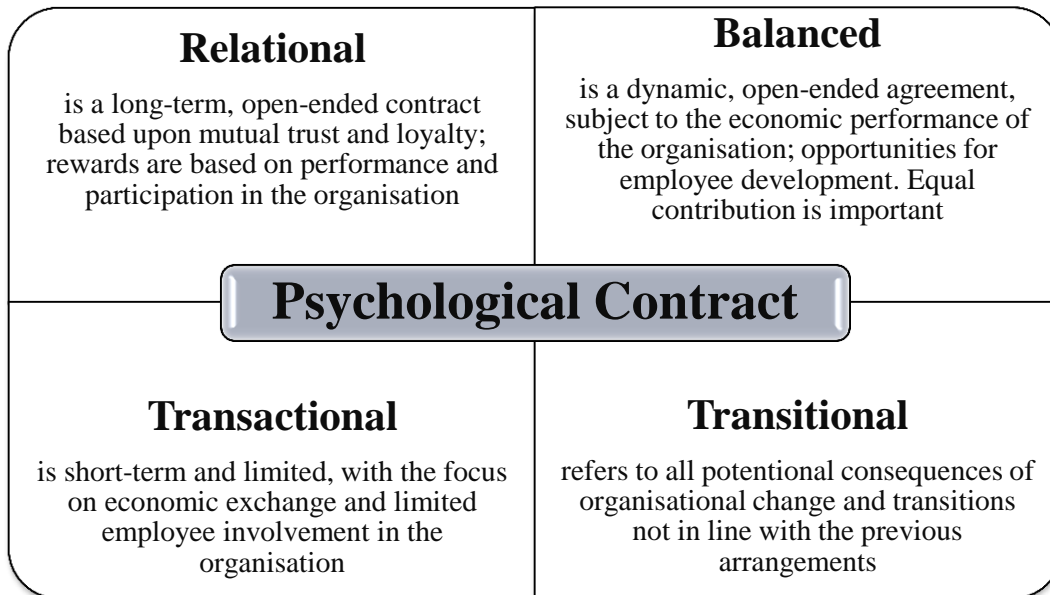


Figure 1. Different psychological contract types as adapted from Rousseau (2000)

Rousseau (2004) further identified the following six features of the PC: (1) *Voluntary*, the employee freely participates in the agreement; the probability that commitments made by the employee will be fulfilled might increase; (2) *Belief in mutual agreement*, each employee's contract is purely based upon the employee's understanding of the agreement; reciprocal parties' understanding might differ. Employers and employees are of the opinion that a mutual agreement has been established and reached and that each party understands the agreement in its own way; (3) *Incompleteness*, not all the details of the contract are agreed upon up front; these terms would have to be resolved over a period of time; (4) *Multiple contract makers*, there are various sources of information which assist the employee with forming the basis of the PC; (5) *Managing losses when contracts fail*, if one of the parties fails to fulfil its PC obligations, a strong affective and negative reaction will be generated. When this occurs, the party responsible for the violation will make the necessary attempts to remedy the reciprocal relationship, but only if the relationship is valued; and (6) *Model of the employment relationship*, this model provides and guides both parties with the understanding of what is expected in future.

Rousseau and Tijoriwala (1998) indicated that although the two constructs, namely fulfilment and violation are related, they represent separate dimensions. Fulfilment acknowledges that

an employer has kept most of the contractual terms; whereas violation focuses on discrete events. Furthermore, these authors' research found that an employee might indicate that a violation has occurred, yet still report a degree of fulfilment. This argument supports the idea that fulfilment and violation need to be measured as separate constructs, because they are not interchangeable.

Job Satisfaction

In layman's terms, job satisfaction can be defined as an employee's attitude, behaviour, and feelings towards his/her organisation. Locke (1976) defined job satisfaction as an emotional evaluation by an employee that is made either consciously or unconsciously and can be seen as an emotional state which is positive and pleasurable due to appraisal of job experiences or the job itself. Job satisfaction can be seen as being multi-dimensional with certain specific facets, including satisfaction with the employee's work, satisfaction with regard to the remuneration package, employee advancement or promotion, satisfaction with fellow employees and a global measuring item for the overall job satisfaction of an employee (Georgellis & Lange, 2007). Judge and Church (2000) indicated that studies have constantly indicated that the nature of work itself is the most important factor determining meaningfulness and job satisfaction.

Armstrong (2006) stated that if an employee experiences job satisfaction, the employee will have a positive attitude towards the organisation; whereas the employee experiencing job dissatisfaction will have a negative attitude towards the organisation; turnover being imminent in cases of job dissatisfaction. Job satisfaction supports individual job performance, as well as organisational performance (Judge, Thoresen, Bono, & Patton, 2001). Thus, thorough research in this area can enhance individual and organisational effectiveness (Saari & Judge, 2004).

The purpose of studying job satisfaction is supported by the argument that any organisational changes will have an effect on employees' feelings or perceptions and will impact their specific jobs. This could be a determining factor regarding job-related attitudes and reactions of employees and subsequently any change that is associated with employee behaviour (Ilies, Wilson, & Wagner 2009). Hoffman, Blair, and Meriac (2007) argued that an employee's attitude, such as job satisfaction, might be associated with the employee's willingness to

support change in the organisation. This type of support could materialise in a variety of forms, including citizenship behaviours.

Research conducted with regard to PC fulfilment indicated that there is a positive relationship with job satisfaction and can even increase job satisfaction among employees (Deery, Iverson, & Walsh, 2006). On the other hand, PC violation may be the cause of a few attitudinal or behavioural responses (Guest, 2004). Almost two decades ago, Robinson and Morrison (1995) suggested that responses due to attitude can reduce organisational commitment, job satisfaction can decrease, and cynicism can increase. This is evident in the statement of David Nkolisi (Rock Drill Operator), just days after the tragedy at Marikana: “We were killed for asking our employer to pay us a decent salary for hard work deep underground” (Young, 2012, para. 9), and can result in employees exhibiting negative emotions towards the organisation (generating feelings of inequity and job dissatisfaction) (Zhao, Wayne, Glibkowski, & Bravo, 2007) and a tendency to be very critical of the organisation (Pate & Malone, 2000).

PC fulfilment and -violation relate to the spillover theory (Hecht & Boies, 2009) that postulates that positive experiences (such as PC fulfilment) spill over, positively impacting other domains such as intention to stay with the organisation and job satisfaction. Negative experiences (such as PC violation) spill over, negatively impacting job satisfaction and performance and positively impacting turnover propensity (Chin & Hung, 2013; Zhao et al., 2007). Therefore, employees who experience that their PC has been fulfilled (positive experience) will experience more job satisfaction than employees who experience that their PC has been violated (negative experience). On the basis of this literature support, the following hypothesis is proposed.

Hypothesis 1: Psychological contract fulfilment positively impacts job satisfaction.

Organisational Citizenship Behaviour

Organisational citizenship behaviour (OCB) can be defined as individuals’ voluntary additional outputs (over, above, and beyond their job duties) in terms of contributions towards the organisation (i.e. additional behaviour). OCB can also be regarded as a factor impacting the overall effectiveness of the organisation (Organ, 1990). This behaviour is

exhibited even though the job does not require it (Lambert, 2006). Research indicated that OCB could be grouped into four dimensions. These dimensions are: *helping* (the employee offers any form of assistance to his/her fellow employees); *loyalty* (towards the organisation); *advocacy* (behaviour that is directed at fellow employees); and *functional participation and obedience* (is a personal focus whilst the employee is still in the early stages of contributing towards the organisation) (Coyle-Shapiro, 2002). OCB consists of a set of work-related behaviours discretionary in nature and these behaviours are not related to any formal organisational reward system, but if implemented correctly, will improve the functioning of the organisation (Organ, Podsakoff, & MacKenzie, 2006).

One of the constructs that has shown a strong relationship with OCB is job satisfaction (Ahearne, Mathieu, & Rapp, 2005). Research established that satisfied employees are more than likely to offer extra-role contributions and effort towards an organisation (Lievens, Conway, & De Corte, 2008). Robbins, Judge, Odendaal, and Roodt (2009) were of the opinion that job satisfaction is a major determinant with regard to OCB and that satisfied employees are more likely to talk positively about their organisation; are much more willing to assist fellow employees; and generally do much more than what is expected of them in their line of duty. Past OCB research has also indicated promising results with PC fulfilment (Robinson & Morrison, 1995); a finding further supported by other researchers (Bolino & Turnley, 2005; Turnley & Feldman, 2000) that the PC is an especially important lens through which to view OCB.

Fox and Fallon (2003) postulated that an employee's emotions serve as an adaptive function and he/she acts accordingly to formulate an intention to engage in certain behaviours at a subsequent point in time. These authors further argued that a positive emotional experience (such as PC fulfilment) can lead to an increase in willingness to engage in OCB; whereas a negative emotional experience (such as PC violation) can lead to unwillingness from the employee to engage in any additional OCB. Furthermore, OCB entails the investment of employees' resources (personal) in activities that are related to the performance of the job, the morale of the individual, the cohesiveness of the group, retention of employees, and creating a sense of belongingness for employees (Podsakoff, MacKenzie, Paine, & Bachrach, 2000). The decision whether or not to invest any personal resources in job-related behaviours such as OCB will strongly depend on the perception of the employee with regard to the advantages, demands, and the risks involved.

Conversely, if an employee experiences any negative emotional perceptions (e.g. PC violation); this can lead to an increase in counterproductive work behaviour and a decrease in OCB (Pate & Malone, 2000). Furthermore, Robinson and Morrison (1995) found that a violation of the PC where employees experience low levels of PC support, can lead to a loss in trust and loyalty towards the organisation, causing employees to be less inclined to perform any extra-role behaviours. In a study conducted by Turnley and Feldman (2000), they found a direct negative relationship between violation of the PC and an employee's willingness to engage in OCBs.

Therefore, employees who experience that their PC has been fulfilled (positive experience) will experience more OCB than employees who experience that their PC has been violated (negative experience). On the basis of this literature support, the following hypothesis is proposed.

Hypothesis 2: Psychological contract fulfilment positively impacts organisational citizenship behaviour.

Turnover Intention

In the seminal work of Cotton and Tuttle (1986), general turnover was categorised into three main categories, namely (1) *work-related factors*; (2) *personal factors*; and (3) *external factors*. Work-related factors (e.g. remuneration, employee performance, job satisfaction, and organisational commitment) obtained the most attention due to the strong and direct effects they had on turnover intention (Macey & Schneider, 2008). Research indicated that employee dissatisfaction directly led to employee turnover (Robbins et al., 2009).

Turnover intention can be described as a mental decision that intervenes between an employee's attitude towards a job and the stay or leave decision (Fox & Fallon 2003). Furthermore, turnover intention can be seen as a conscious decision (desire) to seek alternative employment outside the current organisation (Tett & Meyer, 1993). According to Allen (2008), actual turnover costs organisations anywhere between 50%-60% of an employee's annual package.

It has been established that turnover intention has a significant negative impact on the effectiveness of an organisation, the PC (Chen, Ployhart, Thomas, Anderson, & Bliese, 2011), job satisfaction (Rutherford, Boles, Hamwi, Madupalli, & Rutherford, 2009), and OCB (Schaufeli & Bakker, 2004). The suggestion has been made by Blomme, Van Rheede, and Tromp (2010) that organisations must seek to find ways of better understanding all the antecedents of turnover intention in order to better manage their employees. Lockwood (2007) stated that turnover intention can be acknowledged as a strategic leverage point for all human resource practitioners.

Robinson and Rousseau (1994) postulated that PC violation can be seen as a very serious issue that occurs more often than not in organisations. These authors further argued that the perception associated with violation will relate negatively to the trust that an employee has in the organisation, job satisfaction, and work behaviours; and will be positively associated with actual turnover by the employee. In situations where employees are of a strong opinion that their organisation has failed to fulfil its obligations towards them, enough research has been conducted to indicate that this opinion can lead to a wide range of negative outcomes, such as high employee turnover (Conway & Briner, 2002).

Therefore, employees who experience that their PC has been fulfilled (positive experience) will show less turnover propensity than employees who experience that their PC has been violated (negative experience). On the basis of this literature support, the following hypothesis is proposed.

Hypothesis 3: Psychological contract fulfilment is negatively related to turnover intent.

Thus, the aim of this study was to investigate the impact of PC fulfilment on individual and organisational outcomes such as job satisfaction, organisational citizenship behaviour and turnover intention in a mining organisation in South Africa.

Method

Research Design

For this study a quantitative research approach was selected (Struwig & Stead, 2007). A randomised, cross-sectional convenience survey design was used. This design consisted of a structured questionnaire collecting data from the participants. The objective of a questionnaire is to gather facts and opinions from people who are conversant about certain phenomena (De Vos, Strydom, Fouche, & Delport, 2011).

Participants

The sample includes 205 individuals from various job levels and designations working in a mining organisation. Individual characteristics are reported in Table 1. Table 1 shows that 83.9% of the sample comprised males, while 16.1% were females. A total of 80.4% were of African descent and 13.4% were White. Married individuals comprised 49.8%. Regarding home language, 15.3% of the respondents spoke Afrikaans at home, 2.9% English and 77.6% spoke an African language at home. The ages of the participants varied from 20 years to 65 years, with 73% falling into the age group 20-40 years.

Organisational characteristics from the total sample are reported in Table 2. Table 2 shows that a total of 67.3% of the participants had less than seven years' work experience with their current organisation, while 54.5% had Std10/Gr12 as their highest qualification. Of the participants 50.2% fell within the job title grouping of Mining, with 65.5% indicating that they had between 0-2 employees directly reporting to them. A total of 45.7% indicated that they work between 41-50 hours per week.

The job title categories and number of participants per category (in Table 2) were grouped as follows: *Administrative* (Admin Clerk [10], Engineering Clerk [2], HR Admin [2], IT Admin [3], Payroll Admin [2], Safety Clerk [1]); *Functional* (Financial Accountant [6], Chief Buyer [1], Coordinator [1], Estimator [1], HR Officer [3], IT [2], Procurement Officer [4], Safety Officer [7], Skills Development Facilitator [1], Training Officer [2]); *Engineering* (Boilermaker [6], Diesel Mechanic [12], Electrician [6], Engineering Foreman [10], Fitter Foreman [3], Learner Official [6]); *Mining* (Banksman [8], Master Sinker [3], Mine Foreman

[8], Mine Overseer [16], Miner [28], On Setter [8], Shaft Sinking Foreman [2], Shift Boss [14], Stagehand [4], Timber Man [5], Ventilation Officer [7]); and *Management* (Managers of the following departments: Finance [2], HR [2], Mining [4], Payroll [1], Engineering [1], and Operations [1]).

Table 1

Characteristics of the Participants (N = 205)

Item	Category	Frequency	Percentage
Gender	Male	172	83.9
	Female	33	16.1
Race	African	163	80.4
	White	27	13.4
	Coloured	11	5.4
	Indian	1	0.5
Age	20-30 years	57	29.1
	31-40 years	86	43.9
	41-50 years	34	17.3
	51-60 years	18	9.2
	61+ years	1	0.5
Marital Status	Single/widow/widower	91	44.8
	Married	101	49.8
	Divorced	6	2.9
	Remarried	5	2.5
Home Language	Afrikaans	31	15.3
	English	6	2.9
	Sepedi	17	8.4
	isiZulu	6	3
	Sesotho	22	10.8
	Setswana	79	38.9
	isiXhosa	20	9.9
	isiTsonga	8	3.9
	Tshivenda	6	3
	isiSwati	1	0.5
Other	7	3.4	

Table 2

Organisational Characteristics of the Participants (N = 205)

Item	Category	Frequency	Percentage
Level of Education	Std 8/ Gr10	25	12.8
	Std 10/ Gr 12	107	54.5
	FET Certificate	6	3.1
	University Technology Diploma	33	16.8
	University Technology Degree	9	4.6
	University Degree	16	8.2
Job Title	Administrative	20	9.8
	Functional	28	13.7
	Engineering	43	20.9
	Mining	103	50.2
	Management	11	5.4
Length of Service	0 – 3 years	63	32.1
	4 – 7 years	69	35.2
	8 – 11 years	25	12.8
	12 – 15 years	17	8.7
	16 – 20 years	6	3
	21+ years	16	8.2
Direct Reports	0 – 2	127	65.5
	3 – 5	33	17
	6 – 8	5	2.6
	9 – 11	9	4.6
	12+	20	10.3
Working Hours	Up to 10 per week	2	1
	11 – 20	0	0
	21 – 30	1	0.5
	31 – 40	36	18.1
	41 – 50	91	45.7
	51 or more	69	34.7

Measuring Instruments

In this study, the following measuring instruments were used: Biographical questionnaire, Psychological Contract Inventory, Job Satisfaction Scale, Organisational Citizenship Behaviour Scale, and Turnover Intention Scale.

The *biographical questionnaire* was utilised to gather information about the demographic characteristics of the participants. This questionnaire afforded participants the option of supplying their gender, race, age, years of service, marital status, language, educational level, occupation/job title, number of subordinates, and weekly working hours.

The *Psychological Contract Inventory* (PCI; Rousseau, 2000) was used to measure the content and fulfilment of the psychological contract among participants. It assesses a variety of specific terms that can arise in employment (e.g. “to train me only for my particular job”), and the extent to which the respondent believes that the employer has fulfilled its obligations towards the employee (e.g. “supports me to attain a higher performance level”). Rousseau (2000) reported acceptable reliabilities ($\alpha = 0.70$) and validity of the PCI scales. In two studies conducted in South Africa, the PCI also reported acceptable reliabilities and validity. In a study in the IT industry, Diedericks (2012) reported the following Cronbach alphas, namely 0.93 for the relational PC, 0.95 for the balanced PC, 0.70 for the transactional PC and 0.88 for the employability PC; whereas a study done in the utility industry reported the following Cronbach alphas: 0.89 for the relational PC, 0.93 for the balanced PC, 0.85 for the transactional PC and 0.89 for the employability PC (Hennicks, 2014). The questionnaire comprised thirty-one questions and all items used a 6-point Likert-type scale with response options ranging from 1 (*does not have this obligation*) to 6 (*has been fulfilling much more than what it is intended to*).

The *Job Satisfaction Scale* (JSS; Rothmann, 2010) was used to measure job satisfaction among the participants. Three items measured how satisfied individuals felt with their jobs (e.g. “I feel fairly satisfied with my present job”; and “I find real enjoyment in my work”). Response options ranged from 1 (*totally disagree*) to 5 (*totally agree*). The Cronbach alpha coefficient for the JSS was 0.84. In another South African study, Hennicks (2014) reported a Cronbach alpha of 0.75 for the JSS.

The *Organisational Citizenship Behaviour Scale* (OCBS, Rothmann, 2010) was utilised to measure OCB among the participants. The OCBS consisted of six items; three that measured assistance to co-workers in the organisation (“Go out of my way to make newer employees feel welcome in the work group”), and three that measured assistance to the organisation (“Defend the organisation when other employees criticize it”). Response options ranged from 1 (*never*) to 6 (*every day*). The Cronbach alpha coefficients for the two scales were 0.78

(assistance to co-workers) and 0.80 (assistance to the organisation).

The *Turnover Intention Scale* (TIS; Sjöberg & Sverke, 2000) was used to measure turnover intention among the participants of the study. The TIS consisted of four items and an example of an item is “I am planning to search for a new job during the next 12 months”. Response options ranged from 1 (*totally disagree*) to 5 (*totally agree*). The TIS reported a Cronbach alpha coefficient of 0.83. Rothmann, Diedericks, and Swart (2013) reported a Cronbach alpha of 0.82 in their study in the agricultural sector in South Africa.

Research Procedure

The researcher administered questionnaires in hard copy to the participants. The questionnaire was accompanied by a cover letter explaining the purpose and emphasising the confidentiality of the research project. Managers from a mining organisation within the platinum mining sector were contacted to introduce the research topic to them and to obtain permission to conduct the research at the organisation. Respondents were assured that their participation was anonymous and voluntary and that they could withdraw at any stage. The questionnaires were distributed during January 2014 and the researcher personally collected all questionnaires from respondents on a weekly basis, as per prior arrangement (De Vos et al., 2011).

Statistical Analysis

The initial analysis was conducted using SPSS 21.0 (SPSS, 2013). SPSS was used to create a data file and to compile the descriptive statistics. The data was analysed using Mplus version 7.0 (Muthén & Muthén, 1998-2012).

All the items in the questionnaire were defined as continuous and a maximum likelihood estimator was used. To further assist with the statistical analysis in Mplus, the following indices were used: (1) Absolute fit indices including Chi-square statistics (this is to test the absolute fit of the model used), Standardized Root Mean Residual (SRMR), and Root-Means-Square Error of Approximation (RMSEA); (2) Incremental fit indices, Tucker-Lewis Index (TLI); (3) Comparative Fit Index (CFI) (Hair, Black, Babin, & Anderson, 2010). TLIs and CFIs with values higher than 0.90, are acceptable. Root-Means-Square Error of

Approximation values lower than 0.08 indicate that there is a close fit between the model and the data.

RESULTS

The measurement models' results will first be reported and thereafter the results of the structural models.

Testing Measurement Models

Four measurement models were tested using the confirmatory factor analysis (CFA). These measurements were conducted to assess whether each of the items that must be measured would load significantly onto the scales with which they were supposed to be associated (Schreiber, 2008).

Research done in South Africa by Diedericks (2012) and Hennicks (2014) found four factors loading onto the PCI, namely balanced, relational, transactional, and employability PCs. In this study it was found that only three of these factors loaded onto the PCI. These factors were: balanced, relational, and employability PCs.

Model 1 consisted of seven latent variables, namely the balanced PC (measured by 10 observed variables); relational PC (measured by 13 observed variables); employability PC (measured by three observed variables); PC fulfilment (measured by three observed variables); job satisfaction (measured by three observed variables); organisational citizenship behaviour (measured by six observed variables); and turnover intention (measured by three observed variables).

All latent variables were allowed to correlate in Model 1.

Models 2 and 3 followed the same template as Model 1. Model 4 had a different template in comparison with Models 1, 2 and 3. In Model 2 errors were allowed to correlate and this model comprised the same seven latent variables as Model 1, with the only difference that the balanced PC was measured by eight observed variables. Model 3 followed the same pattern as Models 1 and 2, but comprising six latent variables only, with the exclusion of

employability PC. Furthermore, the balanced PC was measured by eleven observed variables and PC fulfilment was measured by two observed variables.

As mentioned earlier, Model 4 followed a different template compared to Models 1, 2 and 3. Model 4 consisted of three variables (PC fulfilment, job satisfaction, and OCB) that were grouped under one umbrella term ‘Mot’, that would be the result when the 36 observed variables loaded onto one latent variable.

Fit statistics of competing measurement models are presented in Table 3.

Table 3

Fit Statistics of Competing Measurement Models

Model	χ^2	<i>Df</i>	TLI	CFI	RMSEA	SRMR	AIC	BIC
Model 1	919.01	585	0.90	0.90	0.05	0.06	21847.69	22235.33
Model 2	897.24	584	0.90	0.91	0.05	0.06	21821.63	22212.59
Model 3	986.4	586	0.88	0.89	0.06	0.06	21928.25	22312.58
Model 4	1556.55	594	0.71	0.73	0.09	0.09	22636.53	22994.36

A χ^2 value of 919.01 ($df = 585$) was obtained for measurement model 1. The fit statistics on the four fit indices were acceptable: TLI = 0.90; CFI = 0.90; RMSEA = 0.05 and SRMR = 0.06. The hypothesised model 1 had an acceptable fit with the data of the four indices. In addition to the other fit indices, Akaike Information Criterion (AIC) and Bayes Information Criterion (BIC) were utilised to compare other alternative measurement models. AIC, which is a comparative measure of fit, is useful and meaningful when the researcher estimates different measurement models; the lowest AIC value is the best fitting model to be used. BIC provides an indication of the parsimony of the model (Kline, 2010).

Further analyses were conducted in an exploratory mode to improve the fit of the selected model. Fit of the model could be improved by allowing the errors of the items to correlate. Byrne (2010) stated that correlated errors could be representative of the respondents’ characteristics that reflect bias, social desirability as well as a high degree of overlap in the item content. The revised model (Model 2) indicated that the fit improved when the errors were allowed to correlate. Two items that measured the balanced PC were removed, namely ‘*This company seeks out assignments that enhance my employability*’; and ‘*This company*

reveals my work externally'. The results improved to a fit of: $\chi^2 = 897.24$, $df = 584$, TLI = 0.90, CFI = 0.91, RMSEA = 0.05, SRMR = 0.06, AIC = 21821.63, and BIC = 22212.59. Thus, Model 2 fitted the data best.

The results further indicated that the relationship between each of the observed variables and the respective constructs were found to be statistically significant ($p < 0.01$). Hair, Anderson, Metha, and Babin (2010) stated that this is an indication of an established relationship between the indicators and constructs.

Wang and Wang (2012) indicated that the reliabilities (ρ) of scales measured by items rated on a continuous scale were calculated by using an established formula that is based on the sum of squares of standardised loadings and the sum of standardised variance of error terms. This method is used as an alternative for Cronbach's alpha which does not provide a dependable estimate of scale reliability when latent variable modelling is used. All the variables used in Table 5 below were found to be reliable, ranging from 0.75 (turnover intention) to 0.87 (PC fulfilment). Reliabilities and correlation of the scales are provided in Table 4 to follow.

Table 4
Reliabilities and Correlations of the Scales

	ρ	1	2	3
1. PC Fulfilment	0.87	-	-	-
2. Job Satisfaction	0.8	0.78*	-	-
3. OCB	0.86	0.53*	0.62*	-
4. Turnover Intention	0.75	-0.53*	-0.63*	-0.46*

* $p < 0.05$; ** $p < 0.01$

Testing the Structural Model

Based on the measurement model, three structural models were tested with paths from the three types of PC to job satisfaction, organisational citizenship behaviour, and turnover intention. The results indicated that Model 5a (as per Table 5) had the best fit with the hypothesised model with the following data: $\chi^2 = 897.24$; $df = 584$; TLI = 0.90; CFI = 0.91;

RMSEA = 0.05; SRMR = 0.06, AIC = 21821.63, and BIC = 22212.59.

Table 5

Fit Statistics of Structural Models

Model	χ^2	Df	TLI	CFI	RMSEA	SRMR	AIC	BIC
Model 5a	897.24	584	0.90	0.91	0.05	0.06	21821.63	22212.59
Model 5b	910.53	585	0.90	0.91	0.05	0.07	21835.74	22223.39
Model 5c	909.14	585	0.90	0.91	0.05	0.06	21835.50	22223.14

Figure 2 and Table 6 indicate the standardised path coefficients estimated by Mplus for the best-fit hypothesised model; thereafter follows a discussion of the relationship of the best fitting and most parsimonious structural model that was obtained with reference to this study.

Table 6

Standardised Regression Coefficients of the Variables

Variable	Estimate	SE	Est/SE	P
Job Satisfaction				
PC Fulfilment	0.78	0.05	15.43	0.000**
OCB				
PC Fulfilment	0.10	0.16	0.63	0.532
Job Satisfaction	0.54	0.15	3.75	0.000**
Turnover Intention				
PC Fulfilment	-0.09	0.19	-0.46	0.643
Job Satisfaction	-0.57	0.19	-3.00	0.003**

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

When the MLR-estimator is used, the chi-square of the different models cannot be directly compared (Satorra & Bentler, 2010); therefore chi-square difference testing has to be done to determine how the chi-square would change between the different models. The following changes in chi-square (Dc^2) are reported: Models 5a and 5b ($Dc^2 = 11.79$; $df = 1$; $p < 0.01$), and Models 5a and 5c ($Dc^2 = 6.91$; $Ddf = 1$; $p < 0.01$). The AIC and BIC values of Model 5a were also lower than the values for Models 5b and 5c. The relationships of the best fitting and

most parsimonious structural model (Model 5a) obtained with reference to the hypotheses of this study will now be discussed.

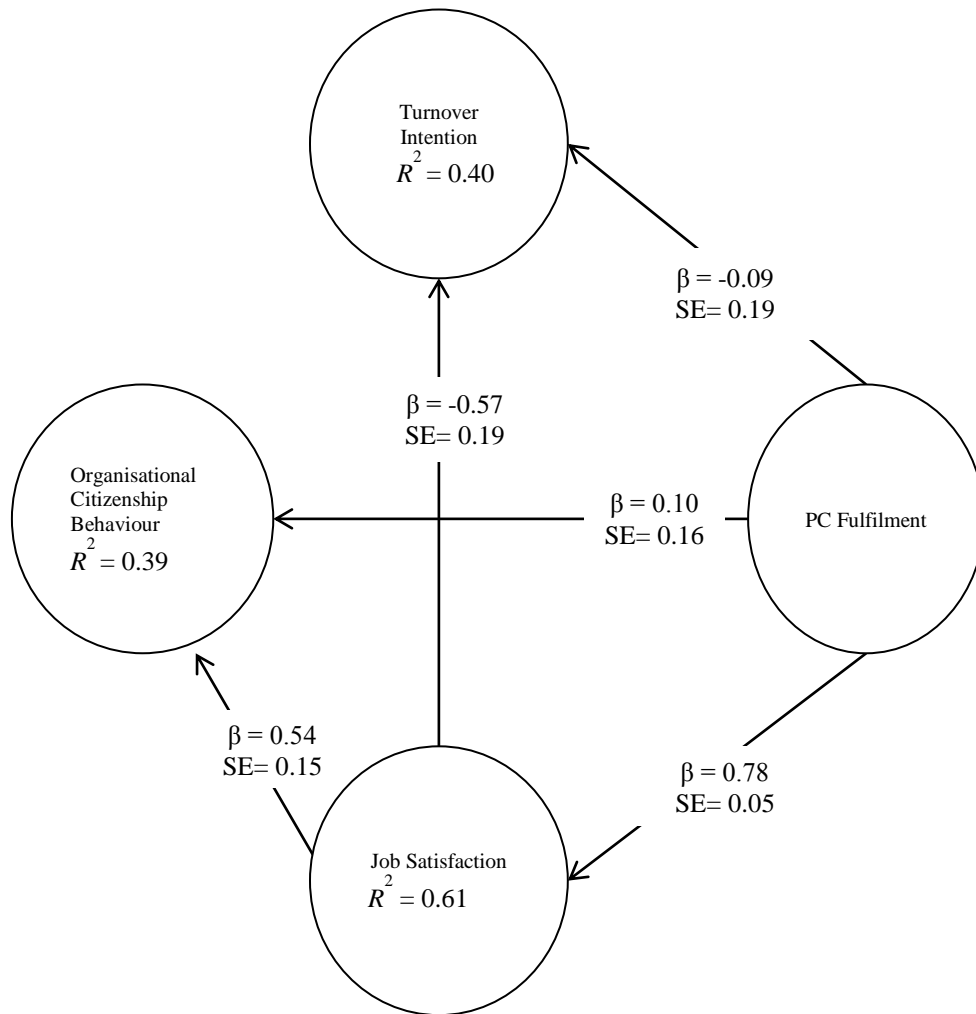


Figure 2. The structural model

For the portion of the model predicting job satisfaction, Table 6 shows that the path coefficient of PC fulfilment ($\beta = 0.78$, $p = < .01$) was statistically significant and had the expected signs. The MLR-estimated equation accounted for 61% of the variance in job satisfaction; therefore Hypothesis 1 can be accepted.

For the portion of the model predicting OCB, Table 6 indicates that the path coefficient of job satisfaction ($\beta = 0.54$, $p = < .01$) was statistically significant and had the expected sign. PC fulfilment did not have a statistically significant direct relationship with OCB. The MLR-estimated equation accounted for 39% of the variance in OCB; and Hypothesis 2 can thus be partially accepted.

For the portion of the model predicting turnover intention, Table 6 indicates that there is no direct relationship from PC fulfilment to turnover intention, but there is, however, a statistically significant negative relationship from job satisfaction to turnover intention ($\beta = -0.57, p = < .01$). The MLR-estimated equation accounted for 40% of the variance in turnover intention; therefore Hypothesis 3 can be partially accepted.

To establish whether PC fulfilment indirectly affects turnover intention and OCB, indirect effects were analysed (Table 7). To test the significance of the indirect effects, bias-corrected 95% confidence intervals were computed using bootstrapping with 5000 samples (Hayes, 2009).

Table 7

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

Variable	Estimate	SE	95% BC CI
OCB	0.42	0.14	[0.16, 0.69]
Turnover Intention	-0.44	0.17	[-0.77, -0.11]

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

Table 7 reports on the indirect effects, including lower CIs and upper CIs. With respect to the indirect effects of PC fulfilment on turnover intention and OCB, the 95% CIs of neither variable included zero. Thus, we can establish that PC fulfilment has an indirect effect on turnover intention as well as OCB via job satisfaction. Hypothesis 3 is accepted, based on the indirect effect that PC fulfilment has on turnover intention via job satisfaction.

Discussion

The aim of this study was to investigate the impact of psychological contract fulfilment on individual and organisational outcomes such as job satisfaction, OCB, and turnover intention in a mining organisation in South Africa. The results provided support for a model in which PC fulfilment had a positive relationship with job satisfaction, an indirect, negative impact on turnover intention and an indirect positive impact on OCB via job satisfaction.

All items of the PC loaded onto three dimensions in this study, namely relational, balanced and employability PCs, compared to other South African studies that loaded onto a fourth dimension, namely the transactional PC (Diedericks, 2012; Hennicks, 2014). In this study transactional dimensions loaded onto the relational PC. A typical transactional dimension focuses on short-term economic exchange with limited employee involvement in the organisation; economic exchange (higher wages) seemingly being the reason for the current labour unrest in the platinum mining industry.

After the infamous Marikana tragedy, David Nkolisi, a Rock Drill Operator at Marikana, remarked to the press that employees were killed just for asking to be decently compensated for performing dangerous work (Young, 2012). This statement is indicative of goal divergence as a subtype of latent conflict and could perhaps, in this study, provide an explanation for the absence of a transactional PC and the presence of a strong relational PC (the latter not as easily monetisable and more focused on relationship aspects such as loyalty, trust and respect between employee and the organisation). Economic exchange is being turned into social exchange (associated with the relational PC) with a strong negative impact on the status of the employment relationship as the two employment parties cannot reach agreement on concerted action. Although the power of the transactional dimension of the PC should not be negated in any way, studies by Gursoy, Maier, and Chi (2008), Terjesen, Vinnicombe, and Freeman (2007) also found intrinsic job qualities such as job content and opportunities for career development more important than extrinsic motivators such as salary, especially in view of generational differences.

In this study PC fulfilment had an indirect statistically significant impact on OCB via job satisfaction. Although PC fulfilment did not have a statistically significant direct effect on OCB in this study, relational PCs were found to be strong predictors of OCB in other studies (e.g. De Meuse, Bergmann, & Scoot, 2001). Typical citizenship behaviour in the mining organisation would be for employees to willingly help their fellow-employees who have work-related problems; defend the organisation against criticism from others; offer ideas that would assist with improving the functioning of the organisation; and to genuinely show concern and empathy towards co-workers – even in the most trying situations (personal or business).

The ‘new’ psychological contract might be the cause that future OCB in organisations might

decline, based on the assumption that employees feel the employment relationship will be short-term and in sync with social exchange received from the organisation. If there are limited opportunities, employees might not feel inclined to perform extra-role behaviours, experiencing the need to end their employment with the current organisation. In this study 67.3% of the employees had seven and less years of service with the current organisation and 73% fell within the age group of 20-40 years. This indicates that a very large proportion of the study population fits the generation X/Y characteristics; employees who will be much more prone towards accepting the 'new' PC (Lub, Blomme, & Bal, 2011). The Baby Boomer generation, on the other hand, is more prone to adopting the 'old' PC. A possible breakdown in the employment relationship within this mining organisation and the strong emphasis on relational contracts could therefore perhaps be ascribed to the generational differences in expectations and obligations as contained in the 'old' versus 'new' PCs (De Meuse et al., 2001; Lub et al., 2011), although this aspect has not been an objective of this study and will therefore not be further pursued.

According to literature, PC fulfilment should positively relate with job satisfaction, due to the fact that job satisfaction is made up of many predetermined factors stemming from the PC. In this study job satisfaction accounted for 61% variance and had a strong inverse relationship with turnover intention. This is consistent with the findings of Kazi, Aziz, and Zadeh (2012), and Mbah and Ikemefuna (2012). Research done by Morrel, Loan-Clark, and Wilkinson (2004), and Abdullah, Bilau, Enebuma, Ajagbe, Ali, and Bustani (2012) established that employees' turnover intent is based on factors of their perception regarding their mobility. Job satisfaction is a driving force behind mobility. This means that if the job satisfaction of the employee is low, the turnover intention of the employee will automatically increase. This study found an indirect link between PC fulfilment and turnover intention (explaining 40% variance) via job satisfaction. As long as an employee experiences job satisfaction (i.e. pleasant working conditions, advancement opportunities, manageable workload and stress levels, respect from co-workers, healthy supervisor relationships, fair financial rewards etc.), he/she would be hesitant to leave the current employer. This finding emphasises the importance of a healthy PC which will promote employees' job satisfaction and in turn decrease their turnover intention (De Deyn, 2013; Hemdi & Rahim, 2011; Xiaopeng & Yun, 2012).

In summary, this study confirms that a fulfilled psychological contract is an important

determinant of employees' job satisfaction in the mining organisation; job satisfaction being the primary factor affecting OCB and turnover intention. The psychological contract has a direct effect on the employment relationship; the latter being a very dynamic relationship constructed of various dimensions. Based on the assumption that the PC can be seen as a very powerful construct within the employment relationship, the organisational climate will be influenced by either PC fulfilment or PC violation. PC fulfilment increases trust in the employment relationship, generates feelings of being valued and affects attitudinal and behavioural employee outcomes positively. Employees who perceive their PCs as being fulfilled will be willing to invest in the relationship with the employer. Perceptions that an employer has exceeded the terms of the PC (e.g. unexpected salary increments, improved benefits, increased advancement opportunities etc.), will strengthen the social exchange relationship as a result of the employee perceiving a positive disparity in the social agreement. The foundation for organisational success lies in a positive employment relationship. It is of cardinal importance that the employment relationship creates an environment and resources that are conducive towards PC fulfilment.

Limitations in this study were that the data was retrieved from a cross-sectional research sample which limits determining the causality between independent variables. Secondly, various inferences (past and present) could have an effect/influence on how the individual completed the questionnaire, as the data is only representative of one point in time. Thirdly, the fact that this study was done from a unilateral perspective indicated only one view of the employment relationship (that of the employees) and not the perspective from both parties in the relationship. Fourthly, the sample study size was relatively small, although this did not deter the results showing significant relationships between the variables. Lastly, this study relied on the distribution of questionnaires which is a self-reporting measure.

Recommendations

Based on the findings of this study, it is recommended that specific care be taken regarding the state of the psychological contract in the mining organisation, so that both parties in the employment relationship have a clear understanding (from the very beginning) of the other party's expectations as this will make it much easier to uphold mutual promises.

The easiest intervention for organisations with regard to establishing and maintaining a

healthy PC with their employees is to have a crystal clear idea of employee expectations. To obtain this picture, an entry-level survey can be utilised. This survey will identify initial expectations and align them, thus creating a fair PC that would benefit both parties in the employment relationship. Monitoring and aligning expectations should be done on a regular basis (half-yearly), for expectations can change over a period of time. If expectations have not been met, management can identify possible reasons for this and what process could be followed to assist in meeting expectations. Employers and employees should be realistic with regard to their mutual expectations. A PC that is built on mutual trust is the nucleus of a positive employment relationship.

Furthermore, specific care should be taken towards managing employee expectations correctly to ensure that they do not spiral out of control resulting in labour unrest, as employee expectations will differ. Managers need to be correctly trained/informed on creating a work environment that is supportive towards employee needs (May, Gilson, & Harter, 2004). Creating a supportive work environment warrants good leadership and will assist in encouraging employees to raise their citizenship behaviours to the benefit of the organisation.

For organisations to promote job satisfaction amongst its employees, employers must create an environment where there is a clear sense of direction for the employee, where both parties respect each other and where employees are allowed to have fun within limits, as psychological contract fulfilment links positively with the work-life balance of an employee (CIPD, 2002; Sturges et al., 2005). Organisations can furthermore enhance the OCB of their employees by satisfying employees' need for autonomy; providing them with opportunities to grow and develop in their careers; and acknowledging and rewarding their extra-role efforts.

To summarise, organisations need to be careful about what promises or expectations they create with the employee, in particular the context of factors stemming from the psychological contract that might influence the job satisfaction and OCB of the employee. Secondly, organisations need to create environments that are supportive of employees' PC needs as far as possible. If the expectations of an employee's PC are satisfied, he/she will experience job satisfaction and exhibit positive OCB towards the organisation. Lastly, organisations must be aware that employees may have different expectations with regard to the PC; there is no room for a one-size-fits-all approach. The entry-level and half-yearly

survey will assist with establishing employees' PC expectations.

To support and extend the current research, future research may examine the effects of the 'new' psychological contract on workplace dynamics and organisational outcomes in the mining industry, especially in terms of generational differences (generations X and Y) across gender and cultural groups. Future studies could adopt a longitudinal approach, focusing on a larger study population and including mining organisations mining other precious metals.

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CHAPTER 3

ARTICLE 2

Employability as moderator between psychological contract violation and turnover intention

ABSTRACT

The aim of this study was to investigate employability as moderator between psychological contract violation and turnover intention. A convenience sample ($N = 205$) was taken of employees in a mining organisation in South Africa. A biographical questionnaire, Violations of Psychological Contract Questionnaire, Employability Scale, and Turnover Intention Scale were administered. Psychological contract violation directly impacted turnover intention; whereas external employability had a strong moderation effect on the relationship between psychological contract violation and turnover intention.

Key terms: Psychological contract violation, turnover intention, internal employability, external employability, moderator

The second half of the twentieth century has seen quite a dramatic shift in the nature of employment relationships. The shift has gone from a life time of tenure that was always in a very strict hierarchical environment to organisations that are characterised and defined by being flatter, where job insecurity exists, tenure is shorter, and where there is a significant deterioration in the relationship between employer and employee. To manage these changing relationships has become of the utmost importance for organisations (Cappelli, 2008).

With the current globalisation of business and the constant changes due to political, social and environmental developments, organisations have been urged to reconsider their current structures (Rothwell, Jewell, & Hardi, 2009). As a result of these changes and their impact on organisations, work in groups has become more flexible, so that organisations can respond much more efficiently and effectively to the constantly evolving global arena and the needs of employees (Overell, Mills, Roberts, Lekhi, & Blaug, 2010).

Due to the increase in competition worldwide, organisations are currently utilising a variety of employment relationships (Fatima, 2011). In response to the variety of employment relationships that exist, research conducted argued that the employment relationship can be seen as a psychological contract between employer and employee (Kyndt, Dochy, Michielsen, & Moeyaert, 2009; Rousseau, 1995). Employers and employees have their own perceptions with regard to the contractual and informal entitlement and obligations in the employment relationship (Isaksson, 2005).

In research conducted by Fatima (2011), and Kyndt et al. (2009), the employment contract was defined as something that can be measured, changes over time and can monitor the current status of the psychological contract between employer and employee. Argyris (1960) and Guest (2004) defined the psychological contract as expectations that might arise between the parties concerned with regard to reciprocal obligations that constitute an employer-employee exchange relationship. Now more recently, Gabriel and Jonathan (2012) described the psychological contract as a tacit agreement whereby the potential employee and employer exchange their specific yet different sets of needs. This exchange is done with the goal of benefiting both parties. This exchange is further based on perceived promises which have been made by both parties. In order to curb misunderstanding, the onus of responsibility lies with the employer to create an environment where roles are clearly defined, stipulated, and communicated to the employee.

Unlike a formal contract of employment, the psychological contract (PC) was founded and based on perceptions from both the employer and employee; therefore, the manner in which it is interpreted by employer and employee will differ and this might create a sense of uncertainty between both parties. (De Lange, Bal, Van der Heijden, De Jong, & Schaufeli, 2011). Admittedly, the PC is not the only contributor towards positive relations, but it makes a valuable contribution towards the understanding of the exchange relationship that takes place between employer and employee.

A positive experience, as with PC fulfilment, can have a positive effect on individual and organisational outcomes such as job satisfaction and organisational citizenship behaviour (OCB), and a negative impact on turnover intention (Armstrong, 2006). Flood, Ramamoorthy, McDermott, and Conway (2008) established that perceived violation of the PC had a negative impact on the attitudes, behaviours, and motivation of employees. This finding supports the spillover theory that indicates that a positive effect will have a positive spillover towards other effects, but negative effects will have a negative spillover on other effects (Hecht & Boies, 2009). Furthermore, the PC and PC violation can also be understood from the equity theory perspective (Adams, 1963) that emphasises the act of reciprocity as embedded in the social exchange theory. Employees, who are satisfied with the manner in which their PCs are honoured by the employer, will reciprocate their satisfaction in terms of contributing extra effort in their jobs; however, dishonouring their PCs will have employees balancing the inequity and unfairness by withholding their efforts, resulting in negative individual and organisational outcomes.

According to Ng and Feldman (2010), employees are experiencing careers that are self-managed or -controlled, without limitations, and these careers can even comprise multiple positions in multiple organisations and even in multiple industries. This self-managed attitude can be related to the differences in the 'old' and the 'new' PCs as adapted from the seminal work by Waterman, Waterman, and Collard (1994), research which is still extremely relevant and highly regarded by current researchers, and can be summarised as follows: With the 'old' PC, the employee offered loyalty, commitment and sufficient performance to the employer in exchange for stability, promotional opportunities and job security; whereas with the 'new' PC the employee offers continuous learning, adapting to change, managing his/her own career and high levels of productivity. The employer is expected to offer the following in return, employability, the resources and organisational climate conducive to allowing change,

developmental opportunities and taking charge of employees' well-being.

King (2003) postulated that due to the 'old' and 'new' PCs, employees started to rate their own employability as of high importance in their career advancement. This is due to the fact that employability orchestrates the movement between positions, both within the current organisation and between different organisations. Employability does not assure an individual of actual employment, but it enhances an individual's likelihood of gaining employment.

In the mining industry during 2013, there was neither an increase nor a decrease in the employment figures (Statistics South Africa, 2013). Therefore, the glass can be seen as either half full or half empty. The opportunistic view is that this is a good sign when taking into account the current labour unrest experienced in this industry. In November 2013 workers went on strike at Northam Platinum; this strike lasting for three months (November 2013 until January 2014). During January 2014, workers at the four biggest platinum producers downed their tools in a bid to negotiate a salary of R12 500.00 per month (Creamer, 2014).

In 2013, the mining sector had a turnover rate of 7.1% of the total turnover across all the industries. In this same year there were a total of 110 strike incidents that were recorded in comparison to the 99 in 2012, 67 in 2011, 74 in 2010, 51 in 2009 and 57 in 2008. The total number of working days that were lost during 2013 amounted to R3.8 million (3 821 014) that involved 267 475 employees compared to R3.3 million (3 309 884) in 2012 that involved 241 391 employees. Wages, of striking employees, that were lost during 2013 amounted to R7.2 billion. Furthermore, 62.7% of the workers involved in any form of strike action during 2013 were from the mining industry. The total number of working days lost due to any form of strike was the highest in the mining sector (79.6%), followed by the manufacturing sector (9.8%), agriculture (6.5%), and community sector (4.1%) (Statistics SA, 2013).

From the above statistics it is evident that the employment relationship in the mining industry is under severe stress. As a result thereof, the position of the psychological contract is acutely challenged, making it increasingly difficult for the employment parties to honour their obligations. A healthy employment relationship is one where the psychological contract is maintained, fulfilment thereof enhancing employees' job satisfaction, productivity and general well-being. This study will investigate the effects of PC violation on turnover intention in a mining organisation in South Africa, simultaneously exploring the leverage employability affords an employee in the wake of his/her PC being violated.

Psychological Contract

The psychological contract or PC refers to a certain set of beliefs that people hold about certain promises that others (such as the employer) have made to them and which they have accepted (Rousseau, 1995). Within organisations, the PC includes expectations that the employers and employees expect of one another (Rousseau, 2004). The PC assists with providing insight into potential difficulties that might arise in the employment relationship due to the behaviour of the individual and the organisation (Aggarwal & Bhargava, 2008).

Research on PC theory revealed that the relationship between an employer and employee is extremely important in order to ensure productivity, continued innovation on current processes, and employee creativity (AlBattat & Som, 2012). Previously, organisations expected their employees to work hard (show high levels of productivity), achieve the goals set out by their managers; and in return organisations would provide employees with job opportunities, career advancement, and long-term employment (Bakker & Schaufeli, 2008).

Table 1 that follows provides a more detailed typology of the PC as to what the employer and employee expect and offer, according to Rousseau (2000).

Table 1

Types of Psychological Contracts (adapted from Rousseau, 2000)

		Performance Terms	
		Specified	Not Specified
Duration		Transactional	Transitional
	Short term	High turnover intention Member commitment is low Limited learning	High turnover intention High instability Uncertainty
Long term		Balanced	Relational
		Member commitment is high Mutual support Development is ongoing	Member commitment is high Stability High integration

The traditional or ‘old’ structure of the employer-employee relationship that was based on mutual trust, loyalty towards each other, commitment from both parties and which resulted in a long-term relationship has changed significantly (Guest, 2004). This change in the

employment relationship is due to expansion in the global market, constantly developing technology, and the diverse market (Strong, 2003).

As explained by Torrington, Hall, and Taylor (2008), the 'old' PC, regarded as the one that everybody has become accustomed to over the years, is currently being superseded by a 'new' PC. The 'old' PC can be summarised as follows:

I will work hard and have loyalty towards my employer, but I expect that the employer will keep me as an employee unless I transgress against the interest of the company. I expect promotional and developmental opportunities should any of those situations arise (adapted from Torrington et al., 2008, p. 20).

The 'new' PC can be summarised as follows:

I will work with effort and creativity, but I expect remuneration that is in line with my contribution towards this organisation and in line with the market. The relationship may be short-term, but I will remain an employee for as long as there are developmental opportunities for me to grow in my career (adapted from Torrington et al., 2008, p. 20).

The PC can be distinguished from the more expansive concept of expectations from both employment parties. Promissory expectations, in a PC, can be defined as the expectations that have originated from perceived implicit or explicit promise(s) made by the organisation (Robinson, 1996).

Psychological Contract Violation

There is a difference between two types of negative reactions by employees towards any negative changes in their PCs. These two types are: (1) *psychological contract breach*, which is the employee's belief or perception that the organisation has failed to fulfil an obligation and is a cognitive experience for the employee; and (2) *psychological contract violation*, which is a negative reaction of the employee due to a perception that his/her PC has been breached; an emotional and affective experience for the employee (Paillé & Dufour, 2013;

Suazo, 2009). Therefore, PC violation is the failure from the employer's side to fulfil a certain expectation or expectations that an employee might have (Guerrero & Herrbach, 2008).

According to Dulac, Coyle-Shapiro, Henderson, and Wayne (2008), there are various emotions (anger, frustration, sense of being cheated, and displeasure) that accompany the perception of a violation of the PC. Robinson and Morrison (2000) indicated that PC violation is constructed by two contributing factors, namely *reneging* and *incongruence*. *Reneging* can be described as where there is an obvious and intentional failure from the employer's side to meet existing expectations. This happens when an employer wilfully decides not to honour an expectation or when there are other factors (physical, financial) which prohibit the employer to follow through on the expectations. *Incongruence* can be described as when there are non-intentional factors that influence the expectations. This happens when an employer un-wilfully decides that the expectations that have been created cannot be honoured due to various aspects outside the employer's control (Restubog, Bordia, & Tang, 2006). Three factors contribute towards incongruence, namely differences with regard to prior experience and backgrounds; complexity of the employment relationship and the terms; and if there is a lack of communication. Tekleab, Takeuchi, and Taylor (2005) found that PC violation relates to lower levels of trust (from the employee's side) between the parties in the employment relationship and may elicit strong emotional reactions.

Turnover Intention

Deci and Ryan (2011) postulated that the Self-Determination Theory (SDT) can provide a good indication of why PC violation can relate to an employee outcome such as turnover intention. According to SDT, the three psychological needs that are of the utmost importance regarding the effective functioning and well-being of employees are autonomy, competence and relatedness (Van den Broeck, Vansteenkiste, De Witte, & Lens, 2008). *Autonomy* refers to employees' ability to make decisions so that they still have interest and meaning in their work; *competence* helps employees achieve their goals and to excel in what they enjoy doing; and *relatedness* is when an employee has a sense of feeling that he or she belongs somewhere, and is based on respect and mutual trust. Satisfying the three psychological needs might lead to positive and favourable outcomes for both the employer and employee, but a non-satisfaction of one or more of these needs might lead to negative and unfavourable

outcomes for both parties in the employment relationship (Deci & Ryan, 2011; Van den Broeck et al., 2008).

The discrepancy between what employees actually experience at work and what they expect to experience is defined as ‘un-met’ expectations (Porter & Steers, 1973). These unmet expectations can further be supported by literature as discrepancies that can cause decreased job satisfaction, and an increase in turnover intention or actual turnover (Haq, Jam, Azeem, Ali, & Fatima, 2011). Medina (2012) established that job satisfaction is inversely related to turnover intent, and the lower the turnover intent, the better the productivity and performance of the employee. Rousseau (2000) explained that the PC can be used as a relevant construct to measure and explain the turnover intention of an employee. Armstrong (2006) stated that negative employment relations characterised by a violation of the employee’s PC, relate positively with turnover intention. This echoes the finding in the study of Flood, Ramamoorthy, McDermott, and Conway (2008). On the basis of this literature support, the following hypothesis is proposed:

Hypothesis 1: Psychological contract violation is positively related to turnover intention.

Employability as Moderator

Sverke and Hellgren (2002) stated that the strength that employees apply to a violation of their PC can be moderated by other factors. A moderator can be defined as the third variable that links the cause and effect variables with each other. A moderator can further be explained as a variable with the prime purpose of elaborating a deeper and more refined understanding about the relationship that exists between the dependent and independent variables that are being tested (Frazier, Tix, & Baron, 2004; MacKinnon, Lockwood, Hoffman, West, & Sheets, 2002; Rose, Holmbeck, Coakley, & Franks, 2004).

Employability could be a possible moderator in this study, as a lot of research has been done about employability over the past few years (De Cuyper, Bernhard-Oettel, Berntson, & De Witte, 2011; De Cuyper & De Witte, 2008; Silla, De Cuyper, Gracia, Peiró, & De Witte, 2009). Employability has been defined in the following ways: a) as an employee’s ability to retain his/her current job; b) to obtain a new job that he/she wants (Rothwell & Arnold, 2007); and c) the perceptions with regard to the employee’s ability (chance) of obtaining a

new job (Berntson & Marklund, 2007); and d) his or her belief about how easy alternative employment could be found (Rothwell & Arnold, 2007).

Van der Heijden (2002) distinguished between two types of employability, *external* and *internal*. *External employability* indicates the employee's ability and willingness to move either to another job or firm or both; this is an indication of the value of an employee in the external labour market; whereas *internal employability* indicates the employee's ability and willingness to remain with his/her current organisation; this is an indication of the value of an employee in the internal labour market. Employability has a positive and a negative aspect for the organisation. On the positive side it can be seen as a competitive advantage which assists with the boosting of performance, and enhancing flexibility (Van der Heijde & Van der Heijden, 2006). Employees who are boundaryless are highly employable employees; they are seen as high achievers; and employability leads to employee well-being, promotes job search, and helps to build a career for the employee (Marler, Barringer, & Milkovich, 2002; Van der Heijde & Van der Heijden, 2006). These mentioned factors must provide some sort of motivation for employers to acknowledge the importance of their employees' employability and to invest in it (De Witte & De Cuyper, 2011).

Although employability is an extremely important concept for both employer and employee, it would be naïve not to mention the downside of enhancing employees' employability. Employability might cause the employee to experience a sense of self-interest and idiosyncratic behaviour (Torrington et al., 2008). Furthermore, a boundaryless employee may use job-hopping to help with searching for any financially lucrative jobs or jobs with better developmental opportunities (Stone, 2002). Employees' responses to a negative experience (such as PCV) will differ, depending on their level of employability (Baruch, 2001; Fugate et al., 2004). Highly employable employees might be less committed to the organisation (De Grip, Van Loo, & Sanders, 2004; Elman & O'Rand, 2002; Pearce & Randel, 2004), and might not have any qualms to leave an organisation.

Sieben (2007) stated that employees, who are highly employable, do not necessarily terminate their contract with the organisation when they encounter other opportunities. Instead, some employees tend to remain loyal based upon the positive investment in the employment relationship; returning this in the form of increased job satisfaction, higher performance outputs, and a reduction in turnover intention. In an organisation that has a

development-oriented culture towards employability, propensity towards turnover is diminished (Nauta, Van Vianen, Van der Heijden, Van Dam, & Willemsen, 2009). Thus, if an employee perceives a situation as being negative, employees who believe that they are employable and have a good chance of obtaining alternative employment, could decide to leave the current organisation (negative situation) for another organisation (positive situation). On the basis of this literature support, the following hypothesis is proposed:

Hypothesis 2: Employability moderates the relation between psychological contract violation and turnover intention.

Method

Research Design

For this study a quantitative research methodology was used (Struwig & Stead, 2007). A randomised, cross-sectional convenience survey design was used. This design encompassed a structured questionnaire that was utilised to collect data from the participants (De Vos, Strydom, Fouche, & Delport, 2005; Terre Blanche, Durrheim, & Painter, 2006).

Participants

The sample includes 205 ($N = 205$) individuals from various job levels and designations working within a mining organisation. Individual characteristics are reported in Table 2.

Table 2 shows that 83.9% of the sample comprised males, while females comprised a mere 16.1%. A total of 80.4% were of African descent whilst 0.5% was Indian. Of the sample 73% were 40 years or younger. Married individuals comprised 49.8% with 22.0% having two children. Regarding home language 15.3% of the respondents spoke Afrikaans at home, 2.9% English and 78.4% spoke an African language. Organisational characteristics from the total sample are reported in Table 3.

Table 3 shows that a total of 32.1% of the participants had three years and fewer work experience with the current organisation, while 54.5% had Std10/Gr12 as their highest qualification. The majority of participants (50.2%) belonged to the Mining job category, with 65.5% indicating that they had between 0-2 employees directly reporting to them. The largest

percentage of employees, 45.7%, indicated that they worked between 41-50 hours per week, with 34.7% working 51 or more hours per week.

The job title categories and number of participants per category (in Table 3) were grouped as follows: *Administrative* (Admin Clerk [10], Engineering Clerk [2], HR Admin [2], IT Admin [3], Payroll Admin [2], Safety Clerk [1]); *Functional* (Financial Accountant [6], Chief Buyer [1], Coordinator [1], Estimator [1], HR Officer [3], IT [2], Procurement Officer [4], Safety Officer [7], Skills Development Facilitator [1], Training Officer [2]); *Engineering* (Boilermaker [6], Diesel Mechanic [12], Electrician [6], Engineering Foreman [10], Fitter Foreman [3], Learner Official [6]); *Mining* (Banksman [8], Master Sinker [3], Mine Foreman [8], Mine Overseer [16], Miner [28], On Setter [8], Shaft Sinking Foreman [2], Shift Boss [14], Stagehand [4], Timber Man [5], Ventilation Officer [7]); and *Management* (Managers of the following departments: Finance [2], HR [2], Mining [4], Payroll [1], Engineering [1], and Operations [1]).

Table 2

Characteristics of the Participants (N = 205)

Item	Category	Frequency	Percentage
Gender	Male	172	83.9
	Female	33	16.1
Race	African	163	80.4
	White	27	13.4
	Coloured	11	5.4
	Indian	1	0.5
Age	20-30 years	57	29.1
	31-40 years	86	43.9
	41-50 years	34	17.3
	51-60 years	18	9.2
	61+ years	1	0.5
Marital Status	Single/widow/widower	91	44.8
	Married	101	49.8
	Divorced	6	2.9
	Remarried	5	2.5
Number of Children	0	45	22.5
	1	37	18.5
	2	44	22
	3	30	15
	4	23	11.5
	5+	21	10.5
Home Language	Afrikaans	31	15.3
	English	6	2.9
	Sepedi	17	8.4
	isiZulu	6	3
	Sesotho	22	10.8
	Setswana	79	38.9
	isiXhosa	20	9.9
	isiTsonga	8	3.9
	Tshivenda	6	3
	isiSwati	1	0.5
Other	7	3.4	

Table 3

Organisational Characteristics of the Participants (N = 205)

Item	Category	Frequency	Percentage
Level of Education	Std 8/ Gr10	25	12.8
	Std 10/ Gr 12	107	54.5
	FET Certificate	6	3.1
	University Technology Diploma	33	16.8
	University Technology Degree	9	4.6
	University Degree	16	8.2
	Administrative	20	9.8
Job Title	Functional	28	13.7
	Engineering	43	20.9
	Mining	103	50.2
	Management	11	5.4
	Length of Service	0 – 3 years	63
	4 – 7 years	69	35.2
	8 – 11 years	25	12.8
	12 – 15 years	17	8.7
	16 – 20 years	6	3
	21+ years	16	8.2
Direct Reports	0 – 2	127	65.5
	3 – 5	33	17
	6 – 8	5	2.6
	9 – 11	9	4.6
	12+	20	10.3
Working Hours	Up to 10 per week	2	1
	11 – 20	0	0
	21 – 30	1	0.5
	31 – 40	36	18.1
	41 – 50	91	45.7
	51 or more	69	34.7

Measuring Instruments

In this study, the following measuring instruments were used: Biographical Questionnaire, Violations of Psychological Contract Questionnaire, Employability Scale, and Turnover Intention Scale.

The *biographical questionnaire* was used to gather information about the demographic characteristics of the participants. This questionnaire afforded participants the option of supplying their gender, race, age, years of service, marital status, number of children, language, educational level, occupation/job title, number of subordinates, and weekly working hours.

The *Violations of Psychological Contract Questionnaire* (VPCQ; Isaksson et al., 2003) was used to measure psychological contract violations. The six items of this questionnaire ranged from 0 (*strongly disagree*) to 6 (*strongly agree*); these six items concerning the employee's perception of the psychological contract (angry, pleased, violated, disappointed, and grateful). Isaksson et al. (2003) reported an acceptable alpha coefficient ($\alpha = 0.89$) for the questionnaire. Only three of the six items (those measuring negative affect) were used during this study, namely angry, violated and disappointed.

Employability was measured with eight items that were developed by De Cuyper and De Witte (2008, 2011). Respondents had to indicate their agreement with items such as "I am confident that I could quickly get a similar position with this employer" or "I am optimistic that I would find a different job elsewhere, if I looked for one". Respondents rated the statements using a Likert scale which varies from 1 (*strongly disagree*) to 5 (*strongly agree*). A Cronbach alpha coefficient of 0.90 was reported for this measure.

The *Turnover Intention Scale* (TIS; Sjöberg & Sverke, 2000) was used to measure turnover intention among the participants of the study. The TIS consisted of four items and an example of an item is "I frequently think of quitting my job". Response options ranged from 1 (*totally disagree*) to 5 (*totally agree*). The TIS reported a Cronbach alpha coefficient of 0.83. In another South African study in the agricultural sector, Rothmann, Diedericks, and Swart (2013) reported a Cronbach alpha of 0.82 for this measuring instrument.

Research Procedure

The researcher administered questionnaires in hard copy to the participants. The questionnaire was accompanied by a cover letter explaining the purpose of and emphasising the confidentiality of the research project. Managers from the mining organisation within the platinum mining sector were contacted to introduce the research topic to them and to obtain

permission to conduct the research at the organisation. Respondents were assured that their participation was anonymous and voluntary and that they could withdraw at any stage. The questionnaires were distributed during January 2014 and the researcher personally collected all questionnaires as per prior arrangement (De Vos et al., 2011) from respondents on a weekly basis.

Statistical Analysis

The initial analysis was conducted using SPSS 21.0 (SPSS, 2013) to create a data file and to compile the descriptive statistics. The data was analysed using Mplus version 7.0 (Muthén & Muthén, 1998-2012).

All the items in the questionnaire were defined as continuous and a maximum likelihood estimator was used. The following indices were used to further assist with the statistical analysis in Mplus: (1) Absolute fit indices including Chi-square statistics (this is to test the absolute fit of the model used), Standardized Root Mean Residual (SRMR), and Root-Means-Square Error of Approximation (RMSEA); (2) Incremental fit indices, Tucker-Lewis Index (TLI); (3) Comparative Fit Index (CFI) (Hair, Black, Babin, & Anderson, 2010). TLIs and CFIs with values higher than 0.90, are acceptable. Root-Means-Square Error of Approximation values lower than 0.08 indicate that there is a close fit between the model and the data.

RESULTS

The results of tests of three competing measurement models are reported. Thereafter, the results of test of a competing structural model are reported.

Testing Measurement Models

Three measurement models were tested using the confirmatory factor analysis (CFA). These measurements were conducted to assess whether each of the items to be measured would load significantly onto the scales with which they were supposed to be associated (Schreiber, 2008).

Model 1 consisted of four latent variables, namely PC Violation (measured by three observed variables); internal employability (measured by four observed variables); external employability (measured by four observed variables); and turnover intention (measured by three observed variables).

All latent variables were allowed to correlate.

Models 2 and 3 were structured differently in comparison with Model 1. Model 2 comprised two latent variables, with the difference that internal employability and external employability were measured as one factor, namely employability. In Model 3 an umbrella term “Mot” was defined by all 14 observables in a one-factor structure.

Table 4

Fit Statistics of Competing Measurement Models

Model	χ^2	Df	TLI	CFI	RMSEA	SRMR	AIC	BIC
Model 1	91.20	71	0.96	0.97	0.04	0.06	8383.02	8542.05
Model 2	292.80	74	0.61	0.68	0.12	0.11	8564.86	8713.96
Model 3	544.88	77	0.19	0.32	0.17	0.19	8935.64	9074.80

A χ^2 value of 91.20 ($df = 71$) was obtained for Measurement Model 1. The fit statistics on the four fit indices were acceptable: TLI = 0.96; CFI = 0.97; RMSEA = 0.04 and SRMR = 0.06. Measurement Model 1 had an acceptable fit with the data of the four indices and thus fitted the data best.

According to Kline (2010), Akaike Information Criterion (AIC) and Bayes Information Criterion (BIC) must further be utilised to compare other potential alternative measurement models. AIC, which can be seen as a comparative measure of fit, is a very useful and meaningful instrument when the researcher wants to estimate different measurement models; the lowest AIC value is the best fitting model to be used. On the other hand, BIC assists in that it provides an indication of model parsimony.

Hair, Anderson, Metha, and Babin (2010) are of the opinion that when the relationship between each of the observed variables and the respective constructs is found to be statistically significant ($p < 0.01$), this is an indication of an established relationship between

the indicators and constructs.

Wang and Wang (2012) indicated that the reliabilities (ρ) of scales measured by items rated on a continuous scale were calculated by using an established formula that is based on the sum of squares of standardised loadings and the sum of standardised variance of error terms. This method is used as an alternative for Cronbach's alpha which does not provide a dependable estimate of scale reliability when latent variable modelling is used. All the variables in Table 5 below were found to be reliable, ranging from 0.61 to 0.81. Reliabilities and correlation of the scales are provided in Table 5.

Table 5
Reliabilities and Correlation of the Scales

	ρ	1	2	3
1. PC Violation	0.81	-	-	-
2. Internal Employability	0.79	-0.12	-	-
3. External Employability	0.61	0.11	0.45**	-
4. Turnover Intention	0.80	0.65**	-0.11	0.34**

* $p < 0.05$; ** $p < 0.01$

Testing the Structural Model

Using the measurement models as baseline, a structural model was tested with paths from PC violation to turnover intention, internal and external employability. In the structural model, the regression of turnover intention on internal employability, external employability and PC violation was added and the following fit was obtained: $\chi^2 = 91.20$; $df = 71$; TLI = 0.96; CFI = 0.97; RMSEA = 0.04; SRMR = 0.06, AIC = 8383.02, and BIC = 8542.05. The structural model derived from measurement model 1 showed good fit.

Figure 1 shows the path diagram for the structural model.

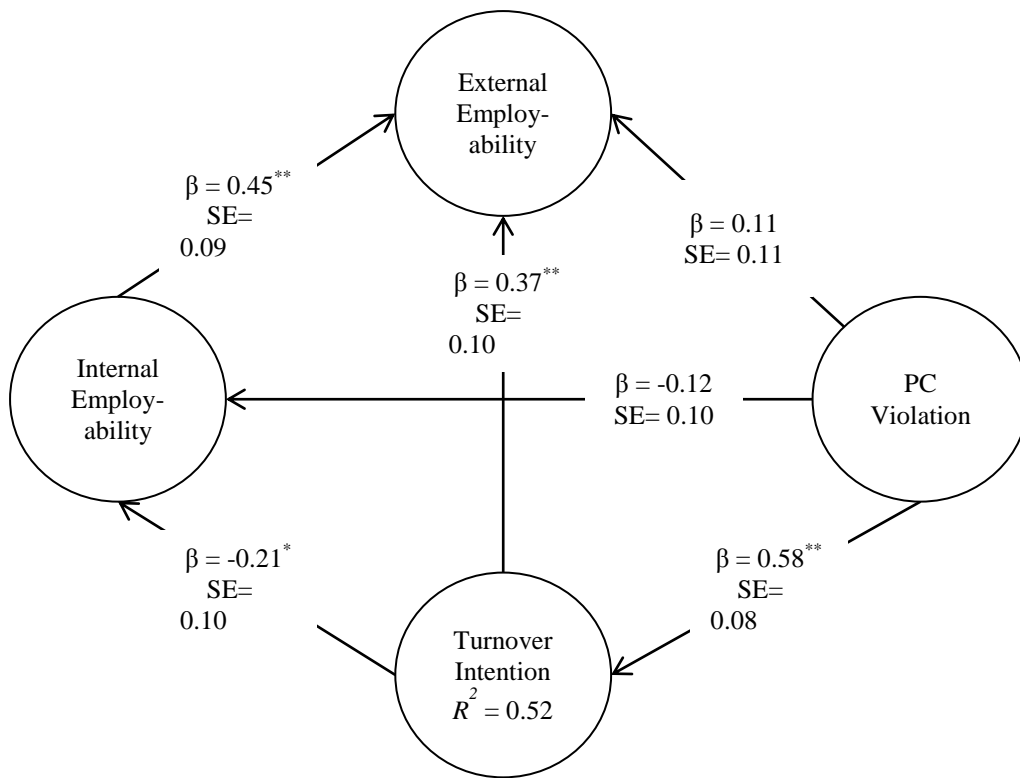


Figure 1. The structural model

The aim of this study was to investigate the possible moderation effect that employability could have on the relationship between psychological contract violation and turnover intent. The moderation effect is reported in Figure 2.

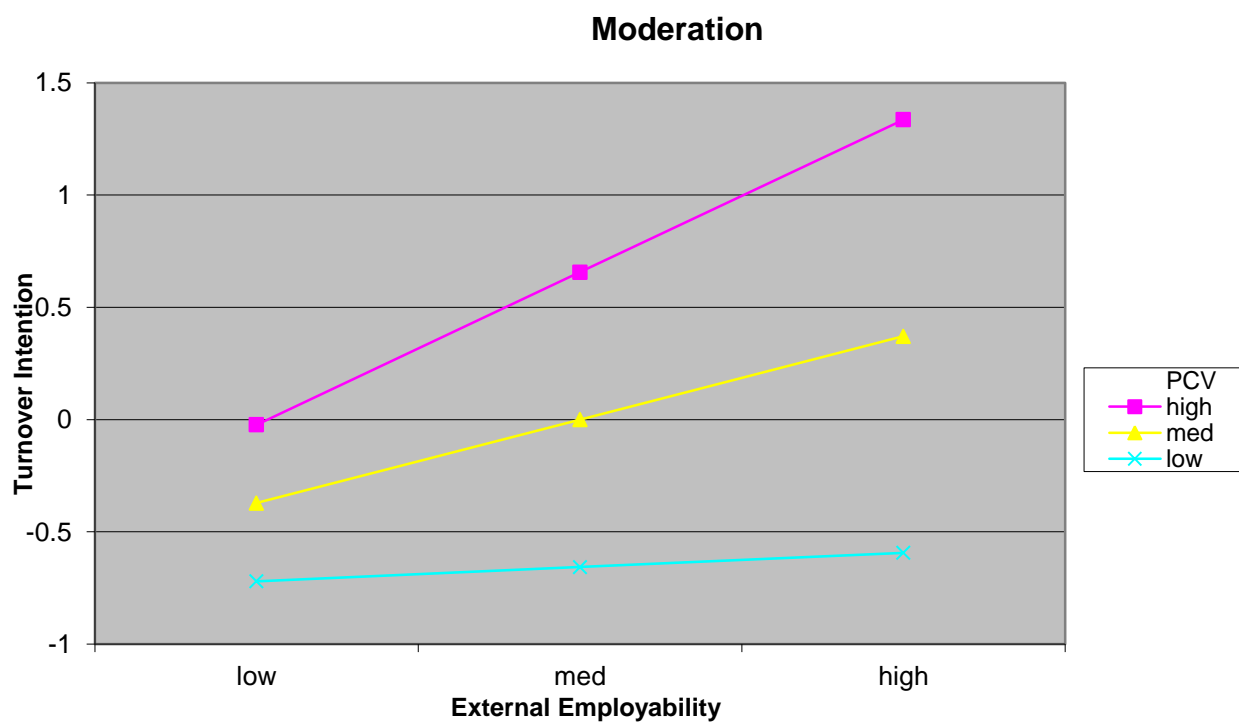


Figure 2. Moderation effect

Of the two types of employability, external employability was found to moderate the relationship between psychological contract violation and turnover intention. Figure 2 indicates that employees in the mining organisation with high external employability will be less patient with a violation of their PC, culminating in an increased propensity towards turnover. Thus, the more employees perceive their psychological contracts to be violated, the higher their intent to leave the organisation to find employment elsewhere.

For the portion of the model predicting turnover intention, the path coefficient of PC Violation ($\beta = 0.58^{**}$, $p = < 0 .01$) was statistically significant and had the expected signs. The MLR-estimated equation accounted for 52% variance in job satisfaction ($R^2 = 0.52$) and Hypothesis 1 can thus be accepted.

For the portion of the model predicting moderation, external employability statistically significantly moderated the relationship between PC violation and turnover intention. Hypothesis 2 can be accepted.

Table 6

Summary of Results of Hypotheses Testing

HYPOTHESIS	FINDING
1	Accepted. PC violation statistically significantly impacted turnover intention (explaining 52% of the variance).
2	Accepted. External employability statistically significantly moderated the relationship between PC violation and turnover intention.

Discussion

The aim of this study was to investigate whether employability moderated the relationship between psychological contract violation and turnover intent in a mining organisation in South Africa. The results provided support for a model in which external employability moderated the relationship between PC violation and turnover intention. The results showed

that statistically significant correlations existed between the constructs of PC violation, internal employability, external employability and turnover intention.

PC violation is a construct pertaining to employees' feelings of frustration and betrayal resulting from their belief that the organisation has broken its work-related promises; typical promises including offering employees stable wages, long-term employment contracts, supporting employee well-being, enhancing employees' long-term employability (internal and external), providing career development opportunities, promoting continuous learning, and involving employees in the organisation (Rousseau, 2000).

It was established in this study that PC violation is significantly positively related to turnover intention (explaining 52% variance). Increased turnover is a fundamental consequence of PC violation, as was also found in another recent study by Clinton and Guest (2014). Turnover is an ultimate emotional and affective reaction to PC violation, but before employees embark on severing their relationship with the current employer, they could display diminished loyalty and trust towards the organisation. Research showed that if the employee experienced any measure of contract violation in any way, it would have a direct effect on the trust between the two parties in the employment relationship (Erkutlu & Chafra, 2013). Trust is a core dimension of the social exchange theory and the reciprocity element in PC literature. Once the employee feels or experiences that there is an imbalance in the social exchange between the two parties (employer and employee), negative attitudinal responses will spill over towards the organisation, causing a decline in job satisfaction and organisational commitment, and an increase in cynicism; resulting in turnover intention and/or actual turnover.

Pitts, Marvel, and Fernandez (2011) established a positive link between employee characteristics such as age, employability and turnover intent. The researchers were of the opinion that with the older generation (which comprised 27% in this study), a lack of career advancement would not be a deciding factor towards turnover intention. The older generation employees have much different views with regard to the PC compared to the younger generation (Torrington et al., 2008).

In this study external employability moderated the relation between PC violation and turnover intention, meaning that an employee with externally marketable skills would not

hesitate to seek greener pastures outside his/her current organisation at the slightest perception of a violation of the PC. Although this is an old source, the findings in the study by Turnley and Feldman (1999) support these results. Employability is a key indicator of the new PC where employees will perform, and change and adapt proactively to their environment if the employer enhances their employability by providing the necessary resources to exploit their employability (Forrier & Sels, 2003). The 'new' PC offers employees specific opportunities to enhance their employability and places the responsibility upon the employer to create opportunities for their development. The 'new' PC furthermore places less emphasis on loyalty and stability. As mentioned previously, the 'new' PC reflects the perceptions of generations X and Y in the current labour market, and this group comprised 73% of the population in this study.

Employability is the responsibility of both employment parties and should become a partnership endeavour in which employer and employee balance the exchange agreement. In this study there was a statistically significant relationship between internal and external employability ($\beta = 0.45^{**}$, $p < .01$). This would imply that the employee has the leverage to move from one position to another with the same employer or to seek employment with a different employer. Although both internal and external employability had statistically significant relationships with turnover intention, external employability had a stronger relationship ($\beta = 0.37$, $p < .01$). It is imperative that employers give serious priority to developing employees' internal and external employability, especially where blue-collar workers are concerned. Apprentices should be afforded the opportunity to develop their employability skills to such a degree that they qualify for their 'red seal' which will enhance their external employability; whereas a blue seal addresses an employee's internal employability, but does not ensure external employability opportunities.

The employment relationship is currently under great strain in the mining industry, which can be ascribed to various possible reasons. Firstly, it can be that employees feel that there is a discrepancy between how they value their own contribution in terms of monetary incentives and how their employer values their contribution; secondly, the interpretation of the PC might differ between the different generations (old vs new PCs); and lastly there is a major political ideology, in layman's terms 'a turf war', going on between the trade unions NUM and AMCU. Employees seem to be becoming mere puppets that are being controlled and indoctrinated into helping these two unions accomplish their own agendas. They are both

bidding to be the majority union in the mining industry and this 'war' to strengthen their position places great strain on the employment relationship.

To conclude, the psychological contract originates from social exchange, where 'exchange' implies interaction and communication; also prescribing the way in which culture is enacted. In view of the turmoil currently being experienced in the platinum mining industry and the power play by stakeholder trade unions, the statement by Nicholson and Johns (1985) almost three decades ago, still rings true today: "It is the psychological mechanism by which collective influence is transcribed into individual behaviour" (p. 398). This underlines the importance of a healthy and supportive work environment that is free of destructive conflict despite a strong union presence, where individual differences are respected, and where a positive employment relationship is nurtured.

The major limitation of this study was that causality could not be determined, due to the cross-sectional nature of the study. Secondly, the sample population size was too small, although significant relations were still found between variables, despite the size. Thirdly, this study relied on the distribution of questionnaires which is a self-reporting measure. Furthermore, this study also relied on the willingness of participants to convey their information, and this might have been contaminated by common method variance. Lastly, one of the most important factors to consider with regard to the social exchange theory and the PC is that a bilateral approach which includes perspectives from both parties in the employment relationship might expose and explain different dynamics in the relationship, as opposed to the unilateral approach (from the employee's perspective only) followed in this study.

Recommendations

Based on the findings of this study, it is highly recommended that specific care be taken at the beginning of the employment relationship to firstly establish and agree to a fair PC that would benefit both parties in the employment relationship. Employers should establish the expectations of their employees as soon as possible as this will assist employers with managing the expectations of their employees from the start.

Organisations need to extensively improve the leadership skills of their leaders, as leadership can be seen as a key driving force behind a successful organisation. Leaders, who are regarded as being loyal, honest and trustworthy, will set an example to the other employees (either their direct subordinates or other employees) to transfer such characteristics back to the organisation (May et al., 2004). This method will vastly assist managers in listening and communicating with their employees, and will provide the employer-employee relationship with a concrete platform from where to start their communication process (e.g. what is currently going on in the organisation, where is the organisation going to, and if there are any changes currently or anticipated).

The method of communication needs to be situation-specific, depending on the situation and at whom the communication is directed. Direct and clear communication will eradicate uncertainty due to lack of transparency and decrease possible turnover intention among employees (Mohamad, 2008). Clear communication will address the necessary expectations/problems/concerns before they can escalate out of proportion. Effective communication can include more one-on-one sessions (face-to-face) and less email communication (especially in work environments where language could pose a problem). One-on-one sessions are seen as much more personal and the employee might experience that the organisation is concerned about his/her well-being ('the organisation wants to honour my PC'), whereas an email is a very impersonal form of communication. Many of the current leaders in organisations prefer impersonal communication as they want to avoid emotional encounters.

The organisation/leader needs to have regular (monthly) sessions with the employees to ascertain whether these employees are still 'happy' (engaged). This will assist the organisation in establishing what it is doing right (and keep on doing that), or what it is doing wrong (stop doing that). The organisation can implement a 'mentor' system that will be useful in monitoring employees' feelings. This system will entail 'older' or 'more successful' employees in assisting the younger employees (according to tenure in the organisation) with day to day issues and also more problematic issues. This would further create a feeling among employees that they have made an impact in the organisation (internal employability). This would assist in decreasing the propensity towards turnover.

As mentioned previously, if an employee's contribution is acknowledged, he/she would feel

valued. In turn, employers need to have a holistic view of the employee. Employees spend at least eight hours a day at work and employers need to support the well-being and interests of their employees and their family members. Organisations can arrange family days or events to get to know the families of their employees. Lastly, employers can establish a clear tailor made career/development path for their employees.

The mining industry warrants more future research, but should include a larger sample size which is representative of diverse genders, generations and cultures in South Africa. Such studies could provide much needed insight into the impact of the 'new' psychological contract on the employment relationship. Union membership is generally associated with weaker employment relationships; therefore a comparative study between typically unionised and non-unionised work environments could provide much needed insight into the respective work dynamics and resultant employment relationships across various industries in South Africa. A mixed method approach in which the qualitative data collection could include one-on-one interviews with different role players in the employment relationship could also shed light on problematic issues currently being experienced in the mining industry.

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CHAPTER 4

CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

The purpose of this chapter is to draw conclusions from the two articles that comprise the study. Conclusions are drawn according to the research objectives, where after the limitations and recommendations are discussed. Finally, research opportunities emanating from this study are presented.

4.1 CONCLUSIONS

Next, conclusions are drawn from the research.

Psychological contract fulfilment impacted individual and organisational outcomes such as job satisfaction, OCB, and turnover intention in a mining organisation in South Africa.

The *first* objective of this study was to investigate the impact of psychological contract fulfilment on the job satisfaction of employees in a mining organisation, the *second* objective was to determine the effect of psychological contract fulfilment on employees' organisational citizenship behaviour; and the *third* objective was to study the relation between psychological contract fulfilment and turnover intent. The results provided support for a model in which PC fulfilment positively impacted job satisfaction, with an indirect positive impact on OCB and an indirect negative impact on turnover intention.

The psychological contract comprises a set of perceptions by employers and employees, pertaining to various dimensions in the employment relationship, such as good remuneration, career advancement, and skills development from an employee perspective; and loyalty, trust, and hard work from an employer perspective (Bala, 2013). For a positive experience of the employment relationship, it is important to create an environment that is conducive towards the fulfilment of the PC. If employers adhere to the perceptions/needs of their employees (ensuring fair rewards and treatment of their employees, creating opportunities for further career advancement, looking after employee well-being etc.), employees will experience a fulfilled PC.

Research conducted by Flood, Turner, Ramamoorthy, and Pearson (2005) established that higher job satisfaction and reduced turnover intent correlate with a fulfilled PC, which is in line with the findings of this study. Literature furthermore reveals that PC fulfilment relates positively with job satisfaction and OCB. Job satisfaction and OCB contain many factors which are embedded in the psychological contract. In this study results showed that job satisfaction accounted for 61% of the variance. A study by Rodwell and Gulyas (2013), amongst others, supports the finding that PC fulfilment positively impacts job satisfaction. The importance of employees experiencing job satisfaction cannot be emphasised enough, especially in a volatile and hazardous work environment such as the mining industry. Findings from a study done in the South African mining industry showed that job satisfaction is the best predictor of safety compliance. Employees who are satisfied with their jobs will be more prone to adhere to safety regulations in the mine (Masia & Pienaar, 2011).

Job satisfaction (or the lack thereof) can be seen as one of the major driving forces behind the mobility of an employee. In layman's terms, this means that if the employee shows a decline in job satisfaction, there will be an automatic increase in his/her turnover intention. In this study the results proved an indirect link between PC fulfilment and employees' turnover intent (explaining 40% variance) via job satisfaction. This means that in this mining organisation factors contributing towards employees' job satisfaction are the glue keeping them with the organisation. This finding is in line with other studies that also found a healthy and fulfilled PC to promote employees' job satisfaction, diminishing turnover propensity (De Deyn, 2013; Hemdi & Rahim, 2011).

No statistically significant direct link could be found between PC fulfilment and OCB in this study. PC fulfilment had an indirect statistically significant impact on OCB via job satisfaction. According to research, once an employee experiences fulfilment of the PC, this would lead to an increase in OCB (Henderson, Wayne, Shore, Bommer, & Tetrick, 2008). Typical citizenship behaviour includes 'going the extra mile' or 'to go above and beyond' what is expected in the normal line of duty, e.g. assisting fellow employees, and working towards improving company image and functioning. Of the four dimensions of the PC, the relational PC is seen as the strongest predictor of citizenship behaviours in literature, although the different generational perceptions (generations X and Y) regarding PC content could explain the absence of a direct statistically significant relation between PC fulfilment and OCB.

In this study the PC loaded onto three dimensions only, namely relational, balanced and employability PCs, and did not load onto the typical fourth dimension, namely the transactional PC. The transactional PC which deals with economic exchange dimensions seems to be the reason as to why the mining industry is currently being plagued by labour unrest. In view of all the demands for better compensation, the fact that the transactional dimensions of the PC loaded onto the relational PC is somewhat surprising, as relational contracts, according to literature, can become more transactional when there is the slightest perception that the contract has been violated. Taylor and Tekleab (2004) argued that relational and transactional items could cross over, and categorising PC items into relational-transactional contracts was found to yield inconsistent results. Rousseau (1990) stated that contracts can become more relational and less transactional and vice versa, depending on circumstances. In this study the difference in generational perceptions pertaining to the content of the 'old' and 'new' psychological contracts could perhaps be a contributing factor to this crossover.

Psychological contract violation impacted employees' turnover intent in the mining organisation.

The *fourth* objective of this study was to investigate the effect of psychological contract violation on turnover intention. The results showed that PC violation had a statistically significant positive impact on the turnover intent (explaining 52% variance) of employees in the mining organisation. PC violation happens when an employee's expectations are not met. A study by Haq, Jam, Azeem, Ali, and Fatima (2011) also found PC violation to be positively related to turnover intention. Employee expectations that are not met are one of the driving factors behind PC violation. This finding supports and exposes the importance of keeping promises and meeting employee expectations, for PC violation plays an important role in harming the employment relationship. When employees experience that their work environment lacks support for growth and development, feelings of PC violation will become ostensible.

Once employees perceive their PCs to have been violated, they will feel less appreciated by the organisation and this will ultimately lead to an increase in turnover intention which might possibly first lead to a decrease in performance (Gakovic & Tetrick, 2003; Suazo, 2009; Zhao, Wayne, Glibkowski, & Bravo, 2007). PC violation is known to elicit counterproductive

behaviour in employees (Chao, Cheung, & Wu, 2011), such as increased absenteeism, theft, fraud, violence, substance abuse etcetera. Lower propensity towards turnover, however, relates to an increase in productivity and performance (Medina, 2012).

The principles of the spillover theory can be applied to PC violation and turnover intention. If an employee experiences positive feelings at work (such as PC fulfilment), these positive feelings will spill over into other positive feelings associated with the work environment, which will then ultimately spill over into a feeling that the employee wishes to stay with the organisation (employee retention), but if the employee experiences negative feelings within the work environment (such as PC violation), these feelings will have the opposite effect - violation of an employee's PC will lead to negative feelings culminating in eventual turnover intention and/or actual turnover (Chen, Ployhart, Thomas, Anderson, & Bliese, 2011; Hecht & Bois, 2009).

Self-determination theory provides a good indication of why PC violation can relate to turnover intention (Deci & Ryan, 2011). Satisfaction of the three psychological needs for autonomy, relatedness and competence is essential for employee well-being. Employees who are given autonomy to make decisions in their work, who are allowed to use their competence towards achieving their goals and to excel in their work, and who enjoy a sense of relatedness in an organisational environment that places a high premium on respect and trust, will exhibit positive behaviour in the organisation. This will benefit both employment parties and diminish turnover propensity; however, failure to satisfy employee needs will result in possible turnover.

Employee turnover does not only have a financial implication for the organisation, but also affects other factors associated with the organisation, such as lost skills which could lead to a decrease in productivity, which could lead to a dent in the reputation and service delivery of the organisation (Bothma & Roodt, 2013). The negative side of turnover intention is that organisations lose core and critical skills and as a result need to hire new employees to fill the vacancies (Sulu, Ceylan, & Kaynak, 2010). This has a major impact on any organisation, especially the mining environment. The mining environment is a very dangerous, labour intensive environment and it may take a long period to train new employees to function productively underground; a process that places a huge load (work and personal) on fellow workers and line managers who rely on one another underground for their personal safety.

Turnover is an ultimate emotional and affective response to PC violation. Even the slightest perception of contract violation will harm the trust relationship between the employment parties.

Employability moderates the relation between psychological contract violation and turnover intent in the mining organisation.

The *last* objective of this study was to establish whether employability moderated the relationship between PC violation and turnover intent. The results provided support for a model in which external employability moderated the relationship between PC violation and turnover intention. This means that employees with high externally marketable skills will not, at the slightest perception that their PC has been violated, hesitate to seek employment elsewhere.

In this study internal and external employability had a statistically significant relationship. Internal employability focuses on employers providing employees with opportunities of career advancement within the organisation, whereas external employability focuses on a long-term enhancement of an employee's employability within and outside the organisation. Employability is a key concept of the new PC where the employer has the obligation to provide employees with opportunities and resources to enhance and exploit their own employability (Forrier & Sels, 2003). An employability development-oriented culture relates negatively to turnover intention (Nauta, Van Vianen, Van der Heijden, Van Dam, & Willemsen, 2009) and is the responsibility of both employer and employee. The new PC, which reflects the perceptions of generations X and Y in the workplace, places emphasis on employees taking responsibility for their own employability. This should be to the benefit of the mining organisation as 73% of the population in this study represented generations X and Y. This does not, however, exonerate the employer of its responsibility regarding employees' employability.

South Africa is currently experiencing a serious skills deficit and the Skills Development Act 97 of 1998 is one of the legislative measures to address this problem. This Act aims at improving employees' internal and external mobility, by means of learnerships or any other training programmes that would assist both the organisation and employee in achieving this

(Skills Development Act 1998, 2014). Therefore, employability is the responsibility of both parties in the employment relationship and should become a partnership endeavour.

In the labour relations system in South Africa, a bipartite relationship between employer and employee constitutes the primary employment relationship. There are various macro-external and organisation-related factors that have an impact on this relationship. External factors that might have an effect on the employment relationship are socio-economic factors and socio-political dynamics; whereas the psychological contract is regarded as an internal, organisation-related factor. The success of this relationship depends on the aspect of fairness in balancing, assimilating and merging the collective and conflicting interests of both parties; employer and employee (Nel, Kirsten, Swanepoel, Erasmus, & Poisat, 2012).

A positive employment relationship can be metaphorically explained by using the analogy of a symphony orchestra. A symphony orchestra comprises many instruments of which each has a specific function. Each instrument has to be tuned, follow sheet music especially written for the specific instrument and practise to get to know the melody. Individually, each instrument will not make much of an impression, but all the instruments will collectively conjure up the most exquisite melody, provided that they work in harmony with one another and their conductor. One slip of attention or failure to follow the conductor can bring forth a false accord and a few of these false accords will result in a cacophony.

The mining organisation can be seen as an orchestra in the sense that there are many different employees (instruments), each with his/her own role and responsibility (music sheet), that contributes towards the bigger picture (positive individual and organisational outcomes). The successful outcome is dependent on how sensitized management is with regard to interpreting and conducting the entire process. A positive employment relationship depends on the dedicated and united efforts of both employer and employee. Any violation of the other party's expectations can result in a discordant relationship which is devoid of trust and respect.

4.2 LIMITATIONS

A cross-sectional design was used in this study and only allows identification of relationships between variables at one point in time; limiting the determination of causality between independent variables. This places a limitation on interpreting the findings of the study.

Secondly, the sample size was relatively small, but despite the small sample size, significant relationships were established between the variables.

Thirdly, this study largely relied on questionnaires to measure the target variables. A questionnaire is a self-reporting measure that relies on the participants to convey information, and might be contaminated by common method variance.

Lastly, this study focused on studying the psychological contract from a unilateral perspective, namely from an employee perspective. A bilateral approach, which focuses on the views of both the employer and employee, might have rendered different results.

4.3 RECOMMENDATIONS

4.3.1 Recommendations to Solve the Research Problems

Establishing and maintaining positive employment relations are hard work and the strength of such a relationship lies in a healthy and supportive work environment which is a good starting point for negotiating a psychological contract. The first step towards positive individual and organisational outcomes such as job satisfaction, citizenship behaviours and low turnover propensity would be to negotiate a fair psychological contract; one in which the expectations and obligations of both employer and employee are clearly defined. The employee must equally contribute towards negotiating his/her psychological contract and the employer should not overlook the fact that there is no room for a one-size-fits-all type of contract, especially in view of generational and cultural differences. This exchange agreement should be in line with the organisation's strategic objectives and it should be very clear what the employer expects from the employee and what the employee can offer in return. It is important to take time to negotiate a fair psychological contract as a violation thereof can have devastating consequences for both parties (Schalk & Roe, 2007). Regular

‘stocktake’ meetings (at least every four months) should be held during which both parties can assess whether their perceptions and expectations are still in sync.

Organisations should create environments that address the satisfaction of employees’ psychological needs for autonomy, competence and relatedness. This can be done through autonomy supportive management styles; reward structures and regular, fair and transparent performance feedback regarding employees’ competence; and organisationally sponsored events that satisfy employees’ relatedness needs (Greguras & Diefendorff, 2010). A worthy employer would not place organisational needs above those of its employees.

Managers’ leadership skills need to be refined and improved. Managers can refine their listening skills in order to ensure that they ‘hear’ what the employees are saying (or are not saying). This would have a tremendous impact on effective functioning within the organisation. Management should start to cascade all the information pertaining to the organisation to all employees. Communicating information will create an environment where employees feel that the organisation values them and their input. Employees will also feel valued due to the fact that the organisation is keeping them informed about daily business developments as well as where the organisation is heading long-term (this will create a sense of job stability with the employees). In an environment where unions have a strong presence and influence, it would be best to divulge information to employees directly; this would eliminate the power of the grapevine and/or any miscommunication via an external party.

Communication must be in line with all the strategies of the organisation. Organisations must develop a communication system that will work for them as there is no one-size-fits-all system. Organisations should focus on daily communication between the manager and his/her direct team regarding a variety of business aspects in the form of a top to bottom and bottom to top process. Organisations can further link the communication process to a reward system. This system will be incorporated into the communication system, where there will be weekly/monthly questions with regard to information shared for that period. This system will enhance the communication between the two parties, but will also create an environment where communication can be seen as being fun and rewarding. The organisation must define clear lines of reporting in order to eliminate any areas of confusion and frustration. Organisations need to move away from ‘formal’ email communication, and focus more on personal, face-to-face communication. This process will assist organisations with establishing

more interpersonal relationships (especially where not everyone has access to a computer or lacks computer literacy skills), which will satisfy employees' psychological need for relatedness.

In view of an employer's responsibility towards enhancing the employee's internal and external employability, coaching and mentoring systems should be implemented from day one, especially for new employees, but not excluding other employees. This system will ensure that the necessary skills are transferred from one employee to the next and will assist with the new employee becoming more familiar with the culture of the organisation. The transfer of skills from one employee to the next will ensure that there is a surplus of skills available. The system must also ensure that there is on-the-job training; this will ensure that the necessary skills for that specific organisation are readily available. This is also a much more cost-effective way in which to train employees, as the outsourcing of training to external service providers is an expensive option. It is important, however, that the employer provides employees with enough opportunities and resources to enhance their external employability skills as well, especially where artisans are concerned. Although a blue seal qualification is sufficient to perform the work internally, this would hamper the employee's chances of securing a position outside the company where a red seal is required. An employer should not limit an employee's chances of enhancing his/her employability, as this is a direct violation of the psychological contract. Providing regular training, equipment and information may engender reciprocal citizenship behaviours, as employees might view this as a token of commitment from the employer's side.

Organisations should also encourage managers to make use of non-formal interventions on an ad-hoc basis. Non-formal interventions can be in the form of an open-door policy, work stoppages to discuss certain matters, informal presentations where managers share up-to-date or urgent information, breakaway sessions or team buildings. This will ensure that the expectations between management and employees will be much more integrated and aligned. This will further allow both parties in the employment relationship to interact in a much more comfortable and resourceful manner. A good tool that breaks down unnecessary barriers between the two parties, advances innovation, and increases stimulation among employees, is to have fun.

Literature shows that trade unions regard 'new' human resource management strategies that promote employee trust and commitment as threatening for their position as third-party employee representative. Trust and commitment are built through increased participation and involvement. Unions need to adapt to changing dynamics in the employment relationship (Lowe & Schellenberg, 2001).

4.3.2 Recommendations for Future Research

Further research is needed to understand the implications of psychological contract fulfilment and violation on the employment relationship in South African organisations. Future research should specifically focus on longitudinal studies involving unionised and non-unionised organisations in order to discover the dynamics between PC fulfilment and -violation, job satisfaction, OCB, employability and turnover intent, and to validate causal relationships between these variables in organisations and across industries. This future research is essential, especially in view of the different generational and cultural perspectives with regard to the old versus new psychological contracts currently being experienced in the work force dynamics. This research could be extended to mining organisations mining other minerals, and also to other industries in South Africa.

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