

# **Work engagement and intention to leave after a joint venture: The role of the psychological contract and positive employment relations**

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Dissertation submitted in fulfilment of the requirements for the degree *Master of Arts in Labour Relations Management* at the North-West University

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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

## **DECLARATION BY THE RESEARCHER**

I, Lesego Lensatsi, hereby declare that the study *Work engagement and intention to leave after a joint venture: The role of the psychological contract and positive employment relations* is entirely my own work and that all sources were referenced correctly and accordingly. I further declare that this work will not be submitted to any other academic institution, except for a Master's degree in Labour Relations Management at the North-West University. Finally, I declare that a qualified language editor edited this dissertation.

Regards.

Lesego Lensatsi

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## DECLARATION OF LANGUAGE EDITING

I hereby declare that I was responsible for the language editing of the dissertation *Work engagement and turnover intention after a joint venture: The role of the psychological contract and positive employment relations* submitted by Lesego Lensatsi for the degree MA in Labour Relations Management.

**Full name:** Dr Elsabe Diedericks

**Signed:** 

**Date:** June 2020



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## **DEDICATION**

I dedicate this dissertation to myself and my loving family

## **LIST OF ABBREVIATIONS**

FMCG - fast-moving consumer goods

ITL – intention to leave

JV - joint venture

PER – positive employment relations

PC – psychological contract

PCB – psychological contract breach

PCF – psychological contract fulfilment

PCV – psychological contract violation

SET – social exchange theory

TI – turnover intention

WE - work engagement

## SUMMARY

**Title:** Work engagement and turnover intention after a joint venture: The role of the psychological contract and positive employment relations

**Keywords:** Positive employment relations, psychological contract, psychological contract breach, psychological contract violation, joint venture, work engagement, turnover intention, fast-moving consumer goods

The competitive fast-moving consumer goods (FMCG) industry is one of the biggest contributors to the country's economy. A popular trend in the FMCG industry is the establishment of joint ventures between international and local companies. Joint ventures introduce organisational changes which include the introduction of new technologies, management as well as a new organisational structures which impact the employment relationship negatively; and, as a result, lead to negative organisational outcomes such as work disengagement and turnover intention.

The result of such negative organisational outcomes could be ascribed to a psychological contract breach/violation due to the changes implemented by the joint venture and the failure of employers to uphold positive employment relations which comprise trust, respect, support, social integration/communication, equity and equality, and conflict management after a joint venture. The organisation's inability to engage and retain talent after a joint venture is a risk for the success of the organisation, especially one operating in the fast-paced FMCG industry in South Africa.

The aim of the study was to investigate the role of the psychological contract and positive employment relations in terms of the work engagement and turnover intention of employees after a joint venture. A cross-sectional design was utilised to collect data ( $N=281$ ) in the FMCG organisation across non-managerial levels of the organisation. The measuring instruments utilised were a Biographical Information Survey, Employee Relations Scale, Psychological Contract Breach and Violation Scale, Work Engagement Scale and Turnover Intention Scale.

The results of Manuscript 1 (Chapter 2) found that psychological contract breach statistically significantly influenced positive employment relations negatively. Positive employment relations had a statistically significant influence on work engagement and a negative influence on turnover intention. Psychological contract violation statistically significantly influenced turnover intention.

Manuscript 2 (Chapter 3) tested for moderation yet found that positive employment relations had no moderating effect on the relationship between psychological contract breach/violation, work engagement and turnover intention.

Recommendations were made; also, for future research.

## **CHAPTER 1**

### **INTRODUCTION**

This dissertation focuses on the work engagement and intention to leave<sup>1</sup> of employees after a joint venture, elucidating the roles of the psychological contract and positive employment relations in the fast-moving consumer goods industry

This chapter contains the problem statement, a discussion of the research objectives, and explaining the research method and division of the chapters.

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

An organisation is driven to change by the internal and external environment, globalisation being the biggest driving force of change (Fischbacher-Smith & Smith, 2015), with the organisation undergoing continuous and radical change in order to be sustainable in a competitive environment (Rick, 2015). Change, as through joint ventures, has gained popularity over the years as a strategic move for the fast-moving consumer goods industry (FMCG) industry in terms of gaining a competitive advantage in the labour market (Rivera, 2012).

Joint ventures (JVs) are described as when two or more business partners collaborate through the sharing of resources, capital and personnel, and dividing subsequent rewards emanating from the business collaboration. Exchanges between business partners are consensual and stipulated in the joint agreement governing the collaboration (Luo, Mantecon, & Song, 2016). The shared resources such as technologies and/or the adaptation of new systems and policies from the international parent company bring about significant change to the invested company of a venture (Stewart & Maughn, 2011). Despite the unstable economic growth in Africa, economists have observed an opportunity for the growth of the beer portfolio in Africa, Latin America and Asia, due to the demand in volume for professionally brewed beer and increasing consumer spending patterns. Internationally, beer companies have capitalized on this opportunity by embarking on joint ventures in these countries in order to have international beer brands produced and sold in developing countries (Kenny, 2013).

Joint ventures create the opportunity for the local FMCG industry to thrive through business growth and brand expansion which are beneficial to both the organisation and its employees' socio-economic growth and development. However, the successful implementation of international joint ventures faces various challenges that hinder the establishment and maintenance of positive employment relations in a joint venture company (Duc Hieu, 2013). Having to adapt to foreign operational styles; technologies;

<sup>1</sup> Please note that intention to leave (ITL) and turnover intention (TI) are used interchangeable throughout the dissertation; yet, have the same meaning.

organisational culture; and new systems and procedures can negatively impact the psychological state of the employee and pose a threat to existing employment relations, which will undoubtedly affect desired individual and organisational outcomes such as work engagement, organisational citizenship behaviour (OCB) and turnover intention (Shenkar & Zeira, 1992).

Walmart, a number one-ranked organisation on the Fortune 500 top companies' list and Unilever, top-ranked South African organisation, are good examples of joint ventures that have succeeded in maintaining success in the highly competitive FMCG industry through the provision of excellent employee conditions conducive to creating positive employment relations (Kelly, Kopka, Küpper, & Moulton, 2018). Numerous research studies link organisational success to the employment relationship, as a positive relationship between employee and employer yields positive organisational outcomes (Lowe, 2012; Van der Nest, 2014).

As the organisational dynamics change during a joint venture, interactions between employee and employer will also need to undergo transformation, becoming influential to the dynamics of the employment relationship (Graetz & Smith, 2011). Ideal employers want employees to exhibit a willingness to change. Therefore, management of change - such as with a joint venture - is important and a critical piece in the successful implementation of the change puzzle (Nyasha, 2011).

Positive employment relations (PER), a practically new school of thought in the sphere of positive psychology - which is the scientific study focusing on an individual's thoughts, behaviour and feelings from a perspective of strength and the notion that individuals strive to live a meaningful and flourishing life (Seligman, Steen, Park, & Peterson, 2005) - has been considered a key characteristic of a successful organisation (Halsall, 2014). Elements of positive employment relations include good communication, job satisfaction, trust, equality, change management, and effective conflict management (Bingham, 2016; Thomas & Hartman, 2009). A recent meta-synthesis of available literature on positive employment relations revealed the following six constructs as the cornerstones on which positive relations in the workplace are built, namely trust, respect, social integration, equity and equality, support, and conflict management (Smith, 2016). Together, these elements have become a necessity for an organisation to proactively react to changes in a competitive environment; the latter relying on the flexibility and adaptability of the organisation in order to remain sustainable, also attracting and retaining talent to and in the organisation (Muffles, 2014).

In addition to the employment contract, which stipulates the nature and duration of the employment relationship and which is compulsory by common law, the psychological contract is an unwritten contract that outlines the exchange relationship between employee and employer, and which may be subjected to amendments or complete change in the presence of organisational change (Freese, Schalk, & Van der Smissen, 2013; Kiazad, Kraimer, & Seibert, 2014). The psychological contract is valuable to management, as the state of the psychological contract is helpful in predicting future behaviour and

is utilised to create work engagement in the organisation (Tan, 2016). During major organisational change, such as with joint venturing, the work engagement of human capital becomes imperative in order to attain support and co-operation of employees during and after the period of change (Senior & Swailes, 2010).

As the employment contract is vital towards fostering a harmonious employment relationship, so is fulfilment of the psychological contract in order to achieve positive employment relations (Coyle-Shapiro & Parzefall, 2008). Previous research findings (Patrick, 2008; Wanxhari, 2015) have eluded that the state of the psychological contract is directly and indirectly impacted by the constructs that comprise positive employment relations (trust, respect, social integration, equity and equality, support, and conflict management; Smith & Diedericks 2016). A healthy psychological contract has been associated with both individual and organisational benefits such as work engagement, increased morale, resilience amongst employees, and successful implementation of organisational change management (Agarwal, Bucha, Gupta, Samaria, & Sarda, 2012). On an individual level, a fulfilled psychological contract contributes to an employee's well-being on both physical (reduced work-related illnesses caused by stress) and emotional (engagement) levels (Bommer, Henderson, Shore, Tetrick, & Wayne, 2008). As a result of healthy well-being, the organisation benefits through increased levels of trust, loyalty and commitment (all necessary constructs of a positive employment relationship required for employees to drive business-end results) (Muceke & Wangithi, 2012).

Uncertainty brought about by organisational change, such as with joint venturing, can prohibit the fulfilment of the psychological contract which can have a negative snowball effect on the employment relationship, such as low levels of organisational commitment and productivity (Vantilborgh, 2016). Results of a breached or violated psychological contract include disengagement, stress and high turnover - all consequences that are damaging to the employment relationship (Suazo, 2011).

The importance of the psychological contract has prompted researchers to explore the constructs that threaten the state thereof, and as a result, the consequences of a violated psychological contract. Disengagement, both on a behavioural and mental level, has been identified as detrimental to the state of employees' psychological contract as well as the effectiveness of the organisation (Nyasha, 2011). Limited research explores the integration of the psychological contract into a joint venture, specifically an international joint venture company. This study aims to research the influence of positive employment relations (a new and unresearched construct *per se*) and the psychological contract on employees' work engagement and intention to leave after a joint venture.

## **1.2 PROBLEM STATEMENT**

The term 'positive employment relations' (PER) is a relatively new concept in workplace relations which consider the influence of constructs of positivism in psychology, namely well-being, contentment, excitement, pursuit of happiness and meaning found in the employment relationship



(Kevin & Stephanie, 2014). There have been studies defining the concept of PER and its critical role in the success of an organisation (Iwu, Nduna, Slabbert, & Xesha, 2014); ultimately PER is associated with a work environment conducive to employees' well-being and the achievement of organisational outcomes (Perry, 2011). According to the most recent meta-synthesis of literature regarding the constructs that comprise positive employment relations, Smith and Diedericks (2016) found that trust, respect, social integration, equity and equality, support, and conflict management are the cornerstones for positive relations in the workplace. Each of these constructs will now be discussed.

### *Trust*

Trust plays a vital role in the employment relationship as it strengthens the bond between employee and employer and can be utilised to predict future behaviours (Chrupala-Pniak, Grabowski, & Sulimowska-Formowicz, 2017). When trust is present in the organisation, employees experience high levels of work engagement; whilst distrust in the employment relationship can be a symptom of a violated psychological contract (Yan & Zhu, 2013). Cho and Song (2017) postulated that organisational trust enhances positive attitudes and behaviours, reducing turnover intention.

### *Respect*

Respect is demonstrated during interactions, through the civility given to others' differences and in ways individuals communicate with one another. The lack of respect results in the withdrawal of commitment and effort in work (Froman, 2010). The presence of respect results in satisfaction and well-being, leading to positive behaviours of work engagement and retention (Calarco, Cameron, Leutscher, & Mora, 2011).

### *Support*

Support is essential in a healthy employment relationship; employees require support from employers to not only effectively perform within their jobs, but to also maintain healthy social relations in the organisation – as support impacts positively on production and the employment relationship (Choo, 2017). Work resource tools, training, and onboarding are amongst the support required from employers; furthermore, emotional support is also required which typically includes employee assistance programme offerings to support an employee with personal and work-related stress (Chen & Xia, 2017).

### *Social Integration/Communication*

Communication plays a vital role within an organisation as it influences employees' behaviours and attitudes (Eving, 2005). Effective communication allows for social integration to take place between parties in the relationship; this is necessary to foster clearance regarding mutual expectations and obligations as is typically espoused in the psychological contract (Edward, 2014).

### *Equity and Equality*

Equity refers to the fair treatment afforded to all in the workplace in terms of concerns and rewards in the organisation (Reina, Peterson & Waldman, 2015); whereas, equality refers to the fair treatment being extended to everyone, irrespective of individual differentials (Fox & Krige, 2013). Both these concepts are important towards sustaining a harmonious employment relationship; the absence thereof can lead to conflict (Hing & Starnarski, 2015), which has a detrimental influence on organisational outcomes (Efthymiades, 2016).

### *Conflict Management*

In the employment relationship, conflict may be attributed to conflicting values between the employer (principal) and the employee (agent). International joint ventures may bring about this conflict, when agents perceive the venture not to be in their best interests. As a result, what can be expected are behaviours and attitudes that are detrimental in terms of principals fulfilling their own interests (Forbes-Pitt, 2011). It is important to keep in mind that conflict is omnipresent and when addressed quickly and collaboratively, it can potentially promote better working relationships and have a positive influence of employees' work engagement and intention to stay with the organisation (Efthymiades, 2016).

These constructs constituting a positive employment relationship address the interaction between employee, employer and the organisation. As in any establishment of a relationship, individuals do not only enter the relationship physically, but also mentally. Psychological presence cannot be discarded as an influencing factor to the success and sustainability of a relationship (Dutton & Ragins, 2017).

### **Theoretical Framework of Positive Employment Relations**

The theoretical framework of positive employment relations comprises numerous contributing theories, namely the Self-Determination Theory, Conservation of Resources Theory, Spill Over Theory, Social Identity Theory, Attachment Theory, Positive Organisational Scholarship, Social Facilitation and the Broaden-and-Build Theory (Smith, 2016) - to name but a few. In this study, the following theories will predominantly be utilised in accordance with their context and relevance to the research objective.

### *Social Exchange Theory*

The Social Exchange Theory (SET), introduced by Blau (1964), highlights **reciprocity** as the basis of social and interpersonal interaction. When someone carries out a service for another, he or she expects to be rewarded, and it is the act of appreciation through reciprocation that will ensure continuous mutual exchange, resulting in a bond being formed (e.g., the psychological contract) (DeLamater & Ward, 2013). The core of any employment relationship is the work-for-pay exchange between the employee and the employer (Bal, Chiaburu, & Jansen, 2010). This theory further expands on the reciprocation of the relationship by suggesting that the relationship will evolve into trusting, loyal and mutual

commitments – with the compliance of the rules which govern the exchanges (Xerri, 2012). In the 21st century world of work, exchanges have become broader than pay-for-work only; an employer's offerings through human resource systems such as development programmes, mentorship and support, and constructive performance appraisals are reciprocated by employees through their commitment and demonstration of positive behaviours and emotions (McGann, Moss, & White, 2016). In a joint venture, social exchange between the company and its employees takes place with the company offering learning and development support with the expectation of maintaining work engagement and retaining talent (Graetz & Smith, 2011).

### *Attachment Theory*

The origins of the Attachment Theory (AT) stem from the work of Bowlby (1969), suggesting that individuals are born with a desire to seek proximity to others at a time of need and distress in order to increase their survival prospects. A **sense of security** is developed when efforts to gain proximity are successful; the sense of security (or lack thereof) then becomes the basis for the individual's fixed attachment style which is utilised throughout his or her lifespan (Harms, 2011). The dimensional model of the AT consists of two primary dimensions: attachment-related anxiety (individuals high in this dimension experience greater anxiety when partners are unavailable and unresponsive) and the attachment-related avoidance (individuals high in this dimension are unperturbed by emotional encounters from partners, and are less prone to be reliant on the support of others) (Harms, 2011). Secure individuals are those who score low on both dimensions, as they are secure with the expectations they have of individuals, and, when necessary, can be intimate with others and offer support when needed. As a result of their sense of security, these individuals tend to have high trust relationships in terms of their expectations and willingness to be vulnerable (Deci & Ryan, 2012).

In a work context, specifically, recent studies linked an attachment style to higher productivity and profitability levels due to increased engagement (Black, Ehrhardt, Walker, & Yip, 2017), job satisfaction and turnover intention (Vicedo, 2011), and, unfortunately, psychological contract breach as a result of insecure attachment (Schmidt, 2016). Attachment is important in joint ventures, specifically, because when there is no personal attachment from the parties in a joint venture, interpersonal learning and the exchange of knowledge will not take place; thus, creating instability. A joint venture cannot only survive on economic exchange. Results of personal attachment within a joint venture include fostering trust and enhancing cooperation between employment parties (Luo, 2001).

### *Social Identity Theory*

The origins of the Social Identity Theory (SIT) stem way back to the 1970s when the theory was introduced as an account of intergroup relations; since then, the theory has expanded further by exploring group processes and the nature of the social group (Fiske & Oldmeadow, 2010). SIT provides a framework to understand how individuals develop a sense of "self", based on their membership in

important groups such as the work unit – organisational identification refers to the relationship between the individual and organisation as a cognitive link binding the definition of the organisation and the definition of self (Bernabé, Lisbona, Martín-Aragón, & Palaci, 2016; Hassan, 2012). Furthermore, identification with the organisation is positively related to trust, motivation, performance and citizenship behaviours (Bernabé et al., 2016). In a JV, employees may find it challenging to maintain their established sense of ‘self’ based on the prior organisational identity, as the JV process involves the combination of two or more companies which inevitably will change the organisational identities. Therefore, employees may find it difficult to maintain the identities formed prior to the joint venturing process (Frank-Martin & Wagenschwanz, 2017).

The theories mentioned above provide a theoretical framework for the understanding of positive employment relations; they also aid in determining the role the psychological contract and organisational outcomes play in establishing and/or maintaining positive relations after a joint venture. The psychological contract (or rather the fulfilment thereof) is just as imperative to a harmonious employment relationship as is the written employment contract (Bellou, 2006).

### **Psychological Contract**

According to Rousseau (1989), there are three types of contracts in the employment relationship, namely a formal contract which is written and compulsory according to common law; an implied contract which is based on prior interactions between the two parties; and the psychological contract which entails the individual’s subjective beliefs and perceptions of the actual agreement brought forth by the party. However, all contracts contain a psychological element.

The psychological contract is a developing concept, continuously being redefined and expanded by sociologists contributing to the understanding thereof (Coyle-Shapiro & Parzefall, 2008). The psychological contract is defined as unwritten perceptions of mutual obligations of both employee and employer and entails the expectations of both parties in the employment relationship (Hui, Lee, & Rousseau, 2004). According to the seminal work of Rousseau (1995), there are four types of existing psychological contracts, namely transactional (exchange of work for wages), relational (employment relationship governed by mutual trust, loyalty and respect), transitional (presence of organisational changes contradicting the previously established psychological contract) and balanced (relationship-oriented employment) psychological contracts.

The psychological contract is embedded in the Social Exchange Theory (SET) (Blau, 1964) and postulates that the basis for social and interpersonal interaction is reciprocity. The continuous mutual exchange between the giver and receiver will form the foundation for creating a bond between the parties (DeLamater & Ward, 2013). Research has shown that organisational change affects the psychological contract. Although an employee’s perception remains unchanged during organisational change, change can contribute negatively to the employee’s perception in terms of the fulfilment of

organisational obligations, potentially leading to the violation of the psychological contract (Croon, Freese, & Schalk, 2011; McInnis, 2012).

In JVs, changes in terms of transfer of pensions, leadership and organisational structure are amongst those which frequently cause labour unrest (Davis, Lahiff, & Manenzhe, 2012). Organisational change is described as a company undergoing transformation in terms of changes in work method and organisational structures (Wittig, 2012). Employees build their perception pertaining to organisational obligations on existing policies governing the organisation; a joint venture brings about changes to these policies (Akhtar & Long, 2015). It is important, at this time, to remember that the employee's psychological contract has been formed on the existing policies, **before** any organisational changes have occurred. Shared resources such as technologies and/or the adaptation of new systems and policies from the international parent company bring about significant change to the invested company of a venture (Luo, Mantecon, & Song, 2016). Lack of change management will lead to psychological contract breach and/or violation with consequences such as decreased job satisfaction and work disengagement (Barrick, Courtright, Smith, & Thurgood, 2015).

### **Psychological Contract Breach**

Psychological contract **breach** (PCB) is defined as the perception that an organisation has neglected one or more of the obligations which make up an individual's psychological contract (Robinson & Morrison, 1995). Based on this definition, a breach is proposed to be cognitive, as it is the thought process of analysing what has been offered in respect to what has been promised. As a result of this analysis, a **violation** can follow, which is the emotional and affective state that is a multifaceted combination of feelings such as disappointment, frustration and resentment towards the organisation as a response to the failure of not receiving what has been promised (Morrison & Robinson, 1997). Violation can lead to psychological distress, which may manifest into health issues such as increased blood pressure and heart rate. Violation can be expressed by an individual showing anger through facial expressions and voice tone (Agrawal & Tyagi, 2010).

A breach can negatively impact the employment relationship, and, as a result, employees may develop negative emotions towards the lack of fulfilment of their psychological contracts. The employee can view him/herself as being undervalued by the employer, to such an extent that the employer does not care to abide by the promises made (Afolabi, Balogun, & Oluyemi, 2018). Although a breach has occurred, the employer can salvage the situation by communicating reasons (i.e. introduction to structural changes as a result of a joint venture) for not fulfilling its obligations; through this, employees may be understanding of these reasons and consider entering into a renegotiation of the psychological contract (Anwar, Bari, Hameed, & Shaheen, 2019). Failure to engage in renegotiation can result in negative behavioural and attitudinal consequences for the organisation (Pietersen, 2014). Various studies (Bunderson, 2001; Colye-Shap & Conway, 2005; Feldman & Turnley, 1999; Robinson, 1996;

Robinson & Rousseau, 1994), have shown that a breach has a negative relationship to job satisfaction, commitment, and organisational citizenship behaviour, which can lead to disengagement and increased turnover intention (Del Campo, Jacobson, & Rogers, 2010).

Violation of the transactional psychological contract (pay, benefits and promotion) results in lower levels of job satisfaction, whilst violation of the relational psychological contract (loyalty and support) can lead to reduced levels of commitment from the employee. This may be evident in high levels of absenteeism, tardiness and turnover intention within the organisation (Guerrero & Naulleau, 2016). Although both breach and violation have a connection and its consequences are similar, according to Morrison and Robinson (1997), a breach may not necessarily result in a violation. Causes of a violation may be renegeing (employer purposefully breaks a promise or breaks a promise due to unexpected circumstances) or incongruence (occurs when there is a misunderstanding between employee and employer on the promises made; in such a situation, the employer believes that it has lived up to its promises and the employee believes otherwise) (Guerrero & Naulleau, 2016). This study will focus on both breach and violation, without discrimination, to fully understand the impact each has on work engagement and turnover intention.

Disengagement from work is a direct consequence of psychological contract breach/violation, which results in the decrease of productivity, performance, loyalty and retention (Lawrence & Victor, 2016). Employees may perceive joint venturing as psychological contract violation, as a new management team or new superior may bring about uncertainty to an employee's existing expectations and position in the organisation (Agrawal & Tyagi, 2010). When an employee experiences mental disengagement, he or she will seek distraction in nonwork-related activities (Khalid & Malik, 2016). An extreme coping mechanism which further puts a strain on the employment relationship is behavioural disengagement, which entails the employee's behaviours being incongruent with business objectives and with the employee exerting the minimum effort towards his or her work. Examples of behavioural disengagement include absenteeism and tardiness (Khalid & Malik, 2016). Work engagement is one of the characteristics of a successful organisation, because it yields desired organisational outcomes that not only enable organisational objectives, but also the psychological well-being of the employee (Gupta & Shaheen, 2017).

### **Work Engagement**

There are two schools of thought which contribute to the definition of work engagement. Leiter and Maslach (1997) place work engagement on the opposite end to burnout as a single continuum, whilst the other school of thought, from the work of Schaufeli (2013), defines work engagement as a fulfilled work-related state of mind resulting in vigour, dedication and absorption. Vigour refers to an individual's ability to overcome difficult situations and an easy adaption to change. Dedication talks to the commitment levels and passion one has towards something. Absorption is characterised by the

employee's overall happiness towards his or her work (Costantini, Ceschi, Di Fabio, De Paola, Meneghini, & Sartori, 2017).

In the pursuit of positive employment relations, work engagement is one of the key elements which is affected during organisational change (Labianca, Grosser, & Venkatatamaru, 2013). Thus, the violation of the psychological contract during change may lead to the disengagement of employees in a JV (Agrawal & Tyagi 2010). Workplace engagement has been associated with positive behaviours and attitudes demonstrated by employees in the workplace; also, positively influencing work performance and employee well-being (Schaufeli, 2013).

William Kahn's theory contributes fundamentally to the concept of work engagement. Kahn (1990) introduced the utilisation of the needs satisfying approach to explain work engagement. In this approach, employees are engaged on a cognitive (employee's beliefs towards the organisation and working conditions), physical (employee's positive feelings/attitude towards the employer, organisational values and working conditions), and behavioural (employee's input in the organisation) levels. All three levels are influenced by psychological constructs, relating to meaningfulness (the return on investment that an employee invests in performance), psychological safety (feeling of investing one's self without the fear of negative consequences) and availability (belief of having mental and physical resources to do one's job) (Schaufeli, 2013).

Due to the uncertainties and complexity of JV establishments, work engagement is prone to decrease amongst employees. The reason for this is that the psychological functioning amongst staff of a JV is the least likely element to take priority during the process and establishment phase of a JV (Wang, Wei, Wong, & Tjosvold, 2018). An employee's behaviour is an indicator of how change is being perceived and dealt with. An employee's perception of psychological contract violation is reflected in behaviours that indicate disengagement and high levels of turnover intention (Seeck & Parzefall, 2008).

### **Turnover Intention**

Employee turnover refers to the percentage of employees who leave the organisation and the percentage of employees who replace them (Bryson, Hudson, & Michelotti, 2017). Turnover intention or intention to leave, on the other hand, refers to the decision made by the employee or the employer in terms of whether the employee wants to exit or whether the employer wants to get employees to exit the organisation. Thus, this decision for retention may either be voluntary or involuntary (Masemola, 2011). Turnover has negative implications for the organisation, such as financial implications associated with a required recruitment process to fill vacant roles; impacting negatively on any ongoing organisational activities (such as change) and contributing to low productivity. Therefore, employers will closely monitor monthly turnover and the causes of the turnover (Masemola, 2011).

Turnover intention is influenced by factors commonly categorised as 1) outside factors, when employees leave the organisation due to personal nonwork-related issues; 2) functional turnover refers to a mutual separation between an employee and employer, where the employee will resign from work based on either a misfit of the team or poor work performance; 3) push factors include employees' dissatisfaction with his or her work or the organisation, mainly caused by the lack of development opportunities within the organisation and which lead to boredom; and 4) pull factors such as lack of trust, lack of support from colleagues and managers, poor work-life balance and job dissatisfaction, which is caused by expectations that are not met. These factors contribute to an employee's decision to leave the current company for better prospects elsewhere (Asela, Darweanna, Hasifrafidee, & Simpong, 2017).

Structural changes in a JV company may lead to the employee's expectations not being met (i.e. pull factor); therefore, employees may react to this change by voluntarily leaving the organisation as they can perceive these changes as being unfair. Employees can perceive unfairness as a breach of the PC, which has a positive correlation with turnover intention (Gao, Wang, & Wang, 2017).

The literature above explores the psychological contract, positive employment relations and the work engagement and turnover intention of employees after joint venturing. Based on the literature, the following research questions can be posed:

- How are positive employment relations, the psychological contract, work engagement and turnover intention conceptualised in literature?
- How does psychological contract breach/violation influence positive employment relations after a joint venture?
- How does psychological contract breach/violation influence employees' work engagement after a joint venture?
- Does psychological contract breach/violation play a role in employees' intention to leave after a joint venture?
- Do positive employment relations moderate the relationship between psychological contract breach/violation, and, work engagement and turnover intention?



### **1.3 RESEARCH OBJECTIVES**

This research is divided into general and specific objectives.

#### **1.3.1 General Objective**

The general objective of this study is to investigate the role of the psychological contract and positive employment relations in terms of the work engagement and turnover intention of employees after a joint venture.

#### **1.3.2 Specific Objectives**

The specific objectives of this research are to:

- determine how positive employment relations, the psychological contract, work engagement and turnover intention are conceptualised in literature;
- investigate how psychological contract breach/violation influences positive employment relations after a joint venture;
- establish how psychological contract breach/violation, after a joint venture, influences employees' work engagement;
- ascertain if psychological contract breach/violation plays a role in employees' intention to leave after a joint venture; and
- determine whether positive employment relations moderate the relationship between psychological contract breach/violation, and, work engagement and turnover intention.

### **1.4. RESEARCH METHOD**

The proposed study employs two phases, namely a literature review and an empirical study.

#### **1.4.1 Literature Review**

Various scientific databases were consulted through the North-West University's library website, including but not limited to Ebscohost, Emerald, Google Scholar, Google books, Science direct, Sabinet, Jstor etc.

#### **1.4.2 Empirical Study**

The empirical study includes the research design, participants, research procedure, measuring instruments, statistical analysis and ethical considerations.

##### **1.4.2.1 Research Design**

In this study, a quantitative research approach was followed. According to Kruger, Mitchell and Welman (2006), in a value-free context quantitative research emphasises the measurement and analysis of causal relationships between variables. A cross-sectional survey design was followed to generalise

from the sample population in order to make inferences (Creswell, 2014) about the psychological contract and its breach/violation, positive employment relations, work engagement and turnover intention of employees who have experienced an international joint venture.

#### **1.4.2.2 Participants**

Purposeful sampling was used to select participants. This technique entails a sample of participants who have knowledge about or experience of a phenomenon (Benoot, Bilsen, & Hannes, 2016). The reason for using purposeful sampling was to gain insight from employees who had been exposed to the joint venturing process and who had then been employed at the joint venture company. Criteria for selection included: i) participants who had been employed before and during the joint venture process; ii) both male and female representation; iii) non-management occupational level; and iv) being permanently employed at the joint venture company. Prospective candidates who did not meet the stipulated criteria for inclusion were excluded from this study, namely i) employees who had been employed after the joint venture process (after 1 April 2016); ii) managerial employees (grade 15+); and iii) temporary contracted employees. A minimum of 200 participants were targeted to participate in the study as this is the minimum number to achieve adequate statistical power and accuracy in parameter estimation in Mplus (Maxwell, Kelley, & Rausch, 2008).

#### **1.4.2.3 Research Procedure**

The researcher applied for ethical clearance with the Basic and Social Sciences Research Ethics Committee at the NWU. Ethical clearance was granted [NWU-HS-2018-0055] and permission to conduct the research at the FMCG was then obtained from the management team of the specific organisation. The targeted sample comprised permanent employees who commenced employment before or from the beginning of the joint venture process, gender representation, and non-management occupational levels.

The researcher made use of a service provider, Xtrapolate, to disseminate the questionnaires electronically; this is a measure to ensure that confidentiality and data protection are maintained. To mitigate the risk of breach of confidentiality, the outsourced third party (Xtrapolate) adhered to the protection of personal information outlined in Section A of the Protection of Personal Information (PoPI) Act. Personal information and raw data collected were not shared with the researcher (before it had been captured on an Excel spreadsheet), in order to mitigate a conflict of interest risk, as the researcher is employed by the company from which the sample was sourced. In this way, participants' confidentiality was not breached. The questionnaires were accompanied by a cover letter which outlined confidentiality, anonymity and the objective of the research project. The letter also sought participants' informed consent, emphasising that participation was voluntary and assuring them of their right to withdraw from the research at any given time. Xtrapolate distributed the questionnaires to the research

participants electronically over a period of three months during May to August 2019. Responses to the items were captured on an Excel spreadsheet by the service provider for further data analyses.

#### 1.4.2.4 Measuring Instruments

The following measuring instruments were used in this study.

- *Biographical information* measured participant demographics such as gender, age, race, marital status, language group, designation, qualification level, etc.
- *Employment Relations Scale* (ERS; Smith, 2016) was utilised to measure employment relations. The 37 items comprise six constructs, namely trust (“My supervisor acknowledges my rights as an employee”), respect (“My supervisor is careful that his/her behaviour does not negatively affect me or the department”), support (“My supervisor gives me supportive feedback on my performance”), social integration/communication (“My supervisor involves me in social activities at work”), equity and equality (“My supervisor applies the same standards to everyone when decisions are made”), and conflict management (“My supervisor attempts to change organisational rules/policies that are non-productive or counterproductive”). Scales range from 0 (*strongly disagree*) to 7 (*strongly agree*). Construct validity of the ERS was reported with Raykov’s rho reliabilities of 0.90 for trust; 0.95 respect; 0.91 support; 0.92 social integration/communication; 0.94 equity and equality; and 0.93 for conflict management (Smith, 2016).
- *Psychological Contract Breach and Violation Scale* (PCBVS; Robinson & Morrison, 2000) measured psychological contract breach and violation on a 5-point Likert scale, ranging from 1 (*totally disagree*) to 5 (*totally agree*). Five items (of which the wording were slightly modified to relate to a joint venture specifically) measure contract breach (e.g., “Almost all of the promises made by my employer before the joint venture have been kept so far” – reverse scored) and four items measure contract violation (e.g., “I feel betrayed by my organisation”). Robinson and Morrison’s (2000) study revealed a Cronbach alpha of 0.92 for both breach and violation.
- The *Work Engagement Scale* (WES; Rothmann, 2010) was utilised to measure work engagement. The scale consists of thirteen items which measure the three engagement components identified in the work of Kahn (1990), namely cognitive (e.g., “I am very absorbed in my work”), emotional (e.g., “I am passionate about my job”) and physical (e.g., “I feel energised when I work”) work engagement. The scale is measured on a 7-point Likert scale, ranging from 1 (*almost never or never*) to 7 (*almost always or always*). The Cronbach alpha coefficient of the three scales of the WES are cognitive engagement = 0.78, physical engagement = 0.80, and emotional engagement = 0.82 (Rothmann, 2010).
- The *Turnover Intention Scale* (TIS; Sjöberg & Sverke, 2000) was utilised to measure turnover intention. The scale consists of three items, for example, “If I was completely free to choose, I would leave this job” (Sjöberg & Sverke, 2000). The rating of this scale ranges from 1 (*totally disagree*) to 5 (*totally agree*).

*agree*). The Cronbach alpha coefficient of the scale is 0.83 (Sjöberg & Sverke, 2000) and 0.82 in a South African study (Smith, 2016).

#### **1.4.2.5 Statistical Analysis**

Mplus 8.4 (Muthén & Muthén, 1998-2020) and SPSS 26 (IBM Corporation, 2020) were utilised to analyse the data in the first quantitative part of the study. The descriptive statistics used were means, standard deviations, skewness and kurtosis of the variables. The maximum likelihood robust estimator (MLR) was utilised for the skewness and kurtosis of the data and confirmatory factor analysis (CFA) to establish factorial validity of measurement models. Structural equation modelling (SEM) is described as a set of statistical techniques used to measure and analyse relationships between observed and latent variables. Two critical assessments of the model take place, namely measurement model assessment and structural model assessment (Bern, 2010). In the SEM model there is no single statistical test of significance for model fit; as a result, several goodness-of-fit measures were utilised to assess model fit. The statistics produced were Chi-square ( $\chi^2$ ), indicating absolute fit of the model; standardised root mean residual (SRMR); and root means square error of approximation (RMSEA) - values lower than 0.08 indicated close fit between the model and the data. Tucker-Lewis index (TLI) and comparative fit index (CFI) with values higher than 0.90 were accepted (Hair, Black, Babin, & Andersen, 2010).

The standards for practical significant correlation coefficient published by Cohen (1998) were .10 (small effect), .30 (medium effect) and .50 (large effect). A value of 95% ( $p \leq 0.05$ ) was utilised to indicate the confidence interval level for statistical significance. In order to determine the reliability of the measuring instruments, only coefficients of ( $\rho$ ) 0.70 and higher were accepted as the cap point for reliability (Wang & Wang, 2012).

### **1.5 ETHICAL CONSIDERATIONS**

All ethical considerations were considered throughout the research; protection of the research participants was established and maintained through trust building, guarding against misconduct and impropriety that might reflect on the organisation (Creswell, 2014). An outsourced service provider, Xtrapolate, was employed to conduct the survey as the researcher is employed at the company where the research was conducted, which might pose a threat to the confidentiality of the participants. The integrity of the research was always upheld, and transparency of the research was presented with the accompanied consent form which clearly outlined the researcher's details, objectives of the research, contributions and benefits; also, emphasising confidentiality, anonymity and voluntariness in participating in the research. Acknowledgement of the consent form served as proof that research participants had not been coerced and voluntarily participated in the survey (Creswell, 2014). Data protection was obtained through password protection to ensure access control of the raw data. Upon collection of the data, Xtrapolate released the password protected data to the supervisor who then

included a statistician from the NWU to assist with the analyses of the data. All three parties (i.e. service provider, supervisor and statistician) adhered to the protection of personal information outlined by Section A of the PoPI Act and were bound to honour participants' confidentiality.

## **1.6. CHAPTER DIVISION**

The layout of the study is:

Chapter 1: Motivation and background of the study

Chapter 2: Manuscript 1

Chapter 3: Manuscript 2

Chapter 4: Conclusion, limitations and recommendations

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**Chapter 2**  
**Manuscript 1**

**Positive employment relations, psychological contract breach/violation, work engagement and turnover intention after a joint venture**

**ABSTRACT**

The Fast-Moving Consumer Goods industry is growing rapidly, due to acquisitions, mergers and joint ventures in a globalised world of work. Joint ventures (JVs) are a very common trend in this industry, and employers of a JV are more cognisant of the importance of a positive employment relationship (of which the cornerstones are trust, respect, support, social integration/communication, equity and equality, and conflict management), the dynamics of the psychological contract after such organisational change and its subsequent role in work engagement and turnover intention. Therefore, the purpose of this study was to investigate the relationship between a positive employment relationship, psychological contract breach/violation, work engagement and turnover intention after a joint venture. A cross-sectional design was utilised ( $N=281$ ). A biographical information survey, Employee Relations Scale, Psychological Contract Breach/Violation Scale, Work Engagement Scale and Turnover Intention Scale were distributed electronically to participants who had been exposed to a JV. The findings of the study indicated psychological contract breach significantly influenced positive employment relations (PER) negatively ( $\beta = -.53, p < .05$ ). PER significantly influenced work engagement ( $\beta = .041, p < 0.01$ ) and turnover intention negatively ( $\beta = -.47, p < 0.01$ ). Psychological contract violation significantly influenced turnover intention ( $\beta = .078, p < 0.01$ ).

**Keywords:** Psychological contract breach/violation, psychological contract, work engagement, positive employment relations, turnover intention, joint venture, fast-moving consumer goods industry



The fast-moving consumer goods (FMCG) industry is a rapidly growing, significant contributor to economic growth and global competitiveness (Jacobs & Mafini, 2019). Coca Cola, Unilever and Johnson & Johnson are successful worldwide FMCG companies, which have established joint venture (JV) companies behind well-known local and global consumer brands. The process of joint venturing is not uncommon in the African FMCG industry and, in recent years, there has been a spike in joint venture establishments between local and international companies (Lekhanya, Nirmala, & Olajumoke 2017).

The success of these organisations is a result of the employer's ability to retain and engage employees through a positive employment relationship (PER), resulting in desired organisational outcomes such as increased work engagement and decreased turnover intention (Muhammad, Muhammad, Tachia, & Weiwei, 2019). The absence of a positive employment relationship, on the other hand, leads to poor employee wellbeing, characterised by stress, job insecurity, poor health and counterproductive behaviours such as disengagement and increased turnover intention - all not conducive to the success of any organisation (Browne, Carr, Fleischmann, Stansfeld, & Xue, 2019). Due to the influence that a PER has on work engagement and turnover intention, studies (Anchu & Thampi, 2020; Forman, 2010) have been conducted to further explore the concept of PER and its influence on organisational outcomes. Smith and Diedericks (2016) identified six cornerstones for a PER, namely trust, respect, support, social integration/communication, equity and equality, and conflict management.

Change, unfortunately, is inevitable and can jeopardise a PER, due to the level of uncertainty change brings into the organisation and which may have a negative impact on the six constructs of PER as mentioned above. Negative consequences of a tarnished employment relationship are decreased work engagement and increased turnover intention (Christensen, Innstrand, Nielsen, & Saksvik, 2018). Although a JV is great for brand expansion and organisational growth, the process brings about complex changes to the dynamics of the employment relationship (Holland & Scullion, 2019; Magano & Thomas, 2017). Challenges associated with a JV include cultural differences, different management styles, career development and maintaining employee loyalty after the JV process (Boness, Louw, & Mayer, 2017). An integral part of a JV is the restructuring of the organisation which affects the initial contractual agreement between the employee and employer, and, as a result, the psychological contract (PC) - an unwritten contract in terms of reciprocal exchanges - that will also undergo review under the new conditions of employment (Bishopp & Woodhams, 2019).

Unlike the written employment contract, the PC entails perceptions that employees hold towards the employer and the organisation (Blomberg, Isaksson, & Welander, 2020). These perceptions influence the climate of the organisation, affecting employee behaviour and performance. The fulfilment of the PC strengthens the relationship between the employee and employer, resulting in the demonstration of

desired organisational outcomes such as commitment and work engagement. However, the breach of this contract leads to reduced levels of work engagement and increased turnover intention (Bal, Akkermans, & De Jong, 2019).

On average, according to the Basic Conditions of Employment Act, an individual spends 45 hours in a five-day work week at work; this is a great deal of time from one's life. In recent years, scholars Harris and Matthysen (2018) explored how interactions at work affect the wellbeing of employees and, in turn, the impact this has on the employment relationship and organisational outcomes such as work engagement and turnover. Lewis (2011) and Mills, Fleck, and Kozibowski (2013) concluded that successful organisations are those that do not only focus on organisational performance, but place their employees at the heart of the business by ensuring they provide a good employee experience; considering employee wellbeing (Ferris, Kim, Kim, Newman, & Perrewe, 2019).

### **Positive Employment Relations**

In modern day organisations, the discipline of positive psychology has been adapted to understand how employees flourish at work; fostering wellbeing as this can increase organisational effectiveness. According to a meta-synthesis of literature regarding the constructs that comprise positive employment relations, Smith and Diedericks (2016) found that trust, respect, support, social integration/communication, equity and equality and conflict management are the cornerstones for positive relations in the workplace.

The building blocks of positive employment relations are supported by the social exchange theory (Blau, 1964), amongst others, that highlights that the basis for social interaction between individuals is reciprocation of social elements (e.g., trust, support, and loyalty). Individuals want to experience give and take to stay in the relationship; opposed to as when there is a sense that their efforts are not reciprocated, the desire to remain in the relationship will no longer exist. The evaluation of the 21<sup>st</sup> century work environment has considered these social elements as just as important for organisational success as the economic exchange in the employment relationship (Shiu, Tao, Yang, & Zhao, 2019). Therefore, employees will remain loyal and display productive work behaviours such as work engagement and decreased intention to leave when they perceive supportive and career-promoting work environments (Johnson & Park, 2019; Kumar, Jauhari, Rastogi, & Sivakumar, 2018).

The attachment theory (Bowlby, 1969) postulates that in a time of distress or need (such as with organisational change), individuals will naturally want to find themselves close to others to overcome adversity. It is because of that connection that a **sense of security** is created which can assist with coping with adversity. The sense of security can be maintained when employers provide the necessary support to employees in terms of the changes brought about with a joint venture. As stipulated in the social

exchange theory by Blau (1964), the reciprocation of support will aid in maintaining trust between employee and employer, especially after a joint venture (Ibrahim, Karatepe, & Suan, 2018).

The social identity theory highlights how an individual merge the organisation's identity with his/her self-identity in order to create a **sense of self** within the organisation (Rousseau, 1995; Topa, Morales, & Moriano, 2009). A joint venture involves the merging of two or more organisations; far beyond the collaboration of resources from these companies, this merge also includes the combination of two different organisational cultures becoming one. This may confuse employees who have already created a sense of self based on the "old" organisational culture (Callea, Chirumbolo, De Witte, Ingusci, Piccoli, & Urbini, 2017). In order to maintain a positive employment relationship after a joint venture, it is imperative to ensure that all employees are introduced to the new organisational identity; that they can embark upon reconstructing their sense of identity to align with the new organisation's identity (Deci & Ryan, 2012).

Each of the cornerstones comprising a positive employment relationship will now be discussed.

### *Trust*

Trust in the employment relationship is an imperative tool that creates and allows for expression when the PC is violated; the degree of trust an employee will invest in the employer is forever changing. According to Morrison and Robinson (1977), a group may experience a breach not only when an obligation or promise was not received, but also when there is no reciprocation of efforts from one group to another. The more trust an employee has in an organisation, the greater the reaction towards psychological contract breach (PCB). However, the more trusting an employee is, the less likely he/she will notice a breach of the PC (Fogarty & Scheetz, 2019). Moreover, Robinson and Rousseau's (1997) study found a negative correlation between psychological contract violation (PCV) and trust, which also provided evidence that PCV leads to decreased trust from employees, impacting their behaviours and attitudes (Chen-Ling, Hai-Ming, Li-Chi, & Tao-Sheng, 2019).

There are various definitions of trust and the common trend is the factor of vulnerability, alluding that trust exists because of the presence of vulnerability. Organisational change can provoke feelings of vulnerability for an employee as uncertainty, ambiguity and the visibility of power differences between senior management and employees are exposed during strategic change – such as with a joint venture. Findings in change management literature (Abdul, Fadzil, Hassain, Syahi, & Zainudin, 2019; Butt & Shah, 2019) conclude that it is through communication in terms of the rationale for the implementation of the change and the provision of participation platforms, where employees can voice their views and concerns and direct consultation from senior management to lower levels of the organisation. Through this, trust will be established pre and post the implementation of strategic organisational change such as with a joint venture (Bagdasarov, Connelly, & Johnson, 2019). Therefore, the absence of these

interventions towards maintaining trust when there is large-scale and complex change (as with a joint venture) will result in employees losing trust in the employer, leading to the demonstration of disengaged and counterproductive employee behaviours (Stensaker & Sverdrup, 2018). Trust forms the basis for developing the relational psychological contract; when employees trust their employers and the organisation, they tend to engage in a long-term relationship with the organisation which yields positive organisational outcomes such as increased work engagement and decreased turnover intention (Mansor & Yan, 2019).

### *Respect*

Although research (Apex-Apneh, Ezeasor, Okeke, Onyishi, & Ujoatuonu, 2019; Komodromos, Halkias, & Harkiolakis, 2019; Smith, 2016) shows us the importance of trust for organisational success, especially during a period of change, respect - which is valued and carries importance in society and one's personal relationships - is also important and needs to be upheld between employer and employee within an organisational setting. Although not a much-researched construct of positive employment relations, studies (Heathfield, 2019; Porath, 2015) on respect in the workplace highlight the importance of employees feeling respected by the employer, equal to recognition and benefits received at work. This is in line with the social exchange theory (Blau, 1964) which outlines social exchange and reciprocity within a relationship; when there is an exchange of mutual trust, respect and loyalty in a manager-employee relationship, there will be reciprocation of commitment, work engagement and low turnover intention (Bennett, Liden, & Settoon, 1996; Bos-Nehles, de Leede, & Meijerink, 2018). Respect can be interoperated and experienced differently, but can be narrowed to a principle, attitude or attention, and shown in various ways of appreciation and consideration for others (Geiger, Konig, Lothschutz, Richter, Schieren, & Zobel, 2018). Employees that are treated respectfully by their employers have been reported to be more engaged, contributing towards profitability and organisational effectiveness, as respect fosters a greater sense of psychological safety and a feeling of belongingness and fulfilment within the organisation (Al Qudah & Melhem, 2019).

### *Support*

Bakker and Demerouti (2017) showed a positive relationship between job resources and work engagement; when employees are provided with job resources such as social support, autonomy, feedback and development, they are more likely to be engaged in the organisation (Khan, Ling, & Nasurdin, 2018). Social support from the supervisor can assist with the management of stress experienced during times of change, and in the perspective of the social exchange theory (Blau, 1964), employees reciprocate this support with higher levels of absorption, dedication and vigour (Ibrahim et al., 2018; James, 2019). "People leave managers not companies... in the end, turnover is mostly a manager issue", according to a Gallup poll of more than 1 million USA workers that concluded that the major reason for employees quitting their jobs can be ascribed to poor immediate supervisory relations

and support (Hyacinth, 2017). The seminal work by May, Gilson, and Harter (2004) emphasised the importance of sound employee relationships with their supervisors in terms of support; a good relation will enhance psychological safety.

### *Social Integration/ Communication*

Communication within a group is considered a very imperative social behaviour that has great impact on an individual's wellbeing and enables organisational success (Khoza-Shangase, Nyandoro, Madahana, & Moroe, 2020). Communication can be described as the willingness to share professional and personal information with others. In an organisation, communication plays a vital role in problem solving and decision making, also allowing for employees to feel valued and respected as they are given the opportunity to express their views and opinions of the organisation (Hussain & Xian, 2019). Communication also plays a vital role in the development of the relational psychological contract; established long-term relationships can be attributed to the employee's willingness to share and communicate with management and coworkers in the organisation (Mansor & Yan, 2019). Furthermore, communication, especially from senior management during a period of change, can assist in maintaining trust in the organisation (Andersson, 2019).

### *Equity and Equality*

Equity theory has been improved by Adam (1963), who devoted his research to workplace behaviour, concluding that employees strive to maintain balance and fairness in terms of inputs and outputs towards the organisation. Secondly, Hatfield, Huseman, and Miles (1987) found that employees will always compare personal input and output ratio with colleagues in similar organisations.

According to Barksdale and Shore (1998), the PC can be either balanced or unbalanced; a balanced PC positively impacts on attitudes and behaviours. The parties in a balanced PC consider themselves equally obligated to fulfil the obligations of the PC, whereas in an unbalanced PC, one party might consider itself less obligated than the other (Mansor & Yan, 2019). Equity in the workplace can contribute positively to the performance of an organisation, as equity can enhance communication between managers and employees and that can encourage performance, in terms of a performance-based bonus and the criteria for the bonus payout reassuring employees of the fairness of the process and encouraging them to work even harder towards achieving the desired bonus payout (Mohammed & Zainab, 2017).

### *Conflict Management*

Conflict is prone to exist within joint ventures and has been the reason for the failure of many (Hong, Lu, Yu, & Wang, 2020). Conflict management strategies should consider views of procedural justice of both parties in the joint venture, as feelings of procedural justice aid in increasing levels of trust and

commitment between the JV partners. Procedural justice relates to fairness in terms of the processes for dispute resolution and resource allocation that determine employee outcomes (Argyris, 1977; Dhurup, Joubert, & van Vuuren, 2016). Therefore, conflict management is important to strengthen the employment relationship and organisational performance (Aggarwal, 2019).

All six of the cornerstones discussed above are imperative towards ensuring a positive employment relationship. The next section will deal with the dynamics of the psychological contract and its role in a PER.

### **The Psychological Contract**

The written employment contract, compulsory by common law, is a legally binding document governing the relationship between employee and employer and consists of both relational and transactional terms such as pay, pension and retirement benefits (Kensbock, Kollmann, Perschl, & Stockmann, 2019). In addition to this written contract, another unwritten and unspoken contract exists between employee and employer, known as the psychological contract (PC). The PC is initially formed during the pre-employment stage and undergoes various developments throughout the duration of employment (Kaulio, 2018). The PC is widely promoted by the seminal work of Rousseau (1995) and represents reciprocal obligations between employee and employer (Galindo & Muratbekova-Touron, 2018).

### **Nature of the PC**

The psychological contract is rooted in the social exchange theory (Blau, 1964) which highlights that the foundation of social and interpersonal interaction is the notion of reciprocation. The mutual exchange of give and take between two parties is how a bond is created (Blomberg, Isaksson, & Welander, 2020). The PC comprises two dimensions which consists of time frame (long vs short term) and performance requirements (low vs high). Rousseau (1995) highlights four different types of psychological contracts, namely (i) transactional which has narrowly defined duties and is short term; (ii) relational which implies loyalty and employment security and is long term; (iii) balanced has an open-ended time frame with rational agreements and the performance demands of transactional contracts; and (iv) the transitional contract is in cessation or absence of the agreement between parties and exists in unstable conditions (Kosker, 2018). The establishment of positive relationships through the six constructs discussed earlier is usually not top priority in the joint venture process and has been identified as a contributing factor to the failure thereof (Bindra, Gehlot, Kadukar, Parikh, Vayeda, & Yadav, 2019). The relational psychological contract, however, puts trust at the core of the employment relationship. This is especially important in a joint venture, as trust enables cooperation between the different parties. With a joint venture, knowledge sharing among all diverse parties within the new relationship is essential in order to maintain performance and to ensure success of the joint venture (Aggarwal, 2019).

Human resource practices which take place during the employee cycle, such as recruitment and selection, performance management, learning and development, job design, termination and retirement, are central components of the PC. These all play a critical role in communicating the content of the PC (Stevenson, 2018). Therefore, it is imperative that the PC is considered in the development of the human resource strategy, ensuring that strategies inform employees of the organisation's values and expectations. It is because of this alignment that HR practices become antecedents of the PC, resulting in both desired organisational outcomes and fulfilment of the PC (Hansen, Hutchings, & O'Donohue, 2017; Magano & Thomas, 2017).

### **Psychological Contract Fulfilment**

Psychological contract fulfilment (PCF) is obtained when the organisation fulfils its obligations towards its employees, which can be conceptualised as a job resource with a positive influence on work engagement (Kiazad, Kraimer, & Seibert, 2018). PCF can also be a mediator between job demands and the overall health and wellbeing of employees; a fulfilled PC can reduce stress levels experienced as a result of changed job demands (Abarantyne, Naidoo, & Rugimbana, 2019).

Employers' contributions towards the achievement of PCF include job security, attractive rewards and remuneration packages, and the identification of the value add of employees in the organisation. Ultimately, such efforts directly influence and shape the contributions of employees to the organisation (Ahmad, Donia, Khan, & Waris, 2018; Arain, Bukhari, & Hameed, 2018). PCF contributes to positive employment relations within the organisation, as it results in employees experiencing positive feelings of being valued and/or respected by the employer – which is one of the characteristics of a positive employment relationship (Spatz, 2018). In return, employees will strive to uphold their end of the bargain of the psychological contract by demonstrating high levels of commitment, work engagement and lower propensity towards turnover (Obuya & Rugimbana, 2014).

### **Psychological Contract Breach/Violation**

Psychological contract breach (PCB) and psychological contract violation (PCV) stem from employee perceptions of unfilled obligations by the organisation which can be triggered by the mismanagement of organisational change (Abela & Debono, 2019). A theoretical model, developed by Morrison and Robinson (1997), establishes conditions which contribute to the perception of psychological breach. This model links the perception of PCB to the following main causes: Firstly, renegeing which entails that the organisation is cognitive of an existing obligation and consciously fails to fulfil the obligation. Secondly, incongruence takes place when there is a misunderstanding of the nature of the obligation by both employee and organisation. Thirdly, vigilance refers to an employee's constant analysis of the quality of the fulfilment of obligations by the organisation. Furthermore, Morrison and Robison (1997)

argued that the perception of breach will not automatically result in an emotional response referred to as psychological contract violation (Mansor & Yan, 2019).

PCV is defined as the emotional or affective reaction which can sometimes stem from the perception of a breach of the psychological contract (De Witte & Van Hootegem, 2019). According to Weiner and Wong (1981), employees will naturally embark in a sense-making process when there is a perception of breach; it is through the sense-making process that they will seek to find reasoning for a breach. As a result, the conclusion of this process may moderate the relationship between the perception of breach and feelings of violation (Mansor & Yan, 2019).

Organisations that embark on the JV process go through structural and operational changes. Management of all human resource functions during the period of change is crucial in order to minimise job insecurity and negative attitudes and actions towards the change (Barkhuizen, Lesenyeh, & Schutte, 2018). PCV can act as a mediator in the relationship between PCB and reactions from employees; not all breaches of the PC lead to employees experiencing feelings of violation as different types of personalities and perceptions of fairness influence emotional reactions (Galloway, Purvis, Scott, Smallfield, & Zagenczyk, 2017).

PCB has a negative influence on work engagement. It is therefore important to investigate moderators of the relationship between PCB and work engagement, as contemporary organisations such as JVs need engaged employees in order to maintain their competitiveness in the market (Bos-Nehles et al., 2018; Dawson, Knight, & Patterson, 2019). During recent years, there has been conclusive literature focusing on the relationship between PCB and PCV; and, work engagement and turnover intention (Roehling, 1997; Rousseau, 1995; Weick, 1979). The following section will focus on the relationship of PCB and PCV and the two organisational outcomes - work engagement and turnover intention - in the context of organisational change, such as with a joint venture which forms the context of this study.

### **Work Engagement**

Work engagement is a positive and psychologically fulfilled state of mind, characterised by vigour, dedication and absorption (Lei, Minghui, Potm̃ešilc, & Xiaomeng, 2018; Poell & Van Wingerden, 2019). However, the different types of the PC relate differently to work engagement: relational PC – socio-emotional trust and respect; and balanced PC – developmental support, have a positive influence on work engagement. Transactional and transitional contracts do not contain socio-emotional elements (trust, respect and support) and developmental support (training and development); and have a negative effect on work engagement (Soares & Mosquera, 2019).

The work of Bakker, Salanova, and Schaufeli (2006) identifies work engagement as a positive, fulfilling, work-related state of mind which is characterised by vigour - high levels of energy and resilience; dedication - high levels of involvement in work; and absorption - high levels of concentration



(Haslam, Jetten, Lipponen, Steffens, & Yang, 2017). According to Kahn (1990), work engagement is defined as the connection of the employee to his/her role on emotional, cognitive and physical levels, and alludes that the more an employee is engaged on each level, the higher his or her personal engagement level will be. Emotional engagement refers to how employees interact in a meaningful way with colleagues and management; that is when a strong emotional connection exists through the perception that the employer cares about the overall development of the employee. This will be met with positive organisational behaviours. Cognitive engagement speaks to the awareness and understanding of the employee's role in terms of the overall objective of the organisation. This understanding and awareness will give the employee the sense of having purpose and meaning within the organisation. Finally, physical engagement refers to the positive attitudes and feelings an employee has towards the employer, organisational values, and the work conditions in which the job is performed (Chaudhary & Kashyap, 2019).

Theoretically, the social exchange theory expands and contributes to the concept of work engagement, postulating that it is through reciprocal interactions amongst parties that expectations are developed (Ceschi, Costantini, De Paola, Di Fabio, Meneghini, & Sartori, 2017). The level of engagement an employee will offer the organisation depends on the resources received from the organisation, i.e. the reciprocal exchange will comprise wages and socio-emotional resources from the employer, which will then be reciprocated by high levels of work engagement (Cooper, Da Costa Ferreira, Ferreira, & Oliveira, 2019). This give-and-take exchange forms the basis of the psychological contract (Chaudhry & Tekleab, 2013).

There are various factors that influence work engagement, such as organisational culture, communication and management styles relating to trust, respect and leadership. Organisational changes such as with a joint venture, mergers and acquisitions, downsizing, and restructuring can be extremely stressful to employees, which may result in resistance to change having an overall negative impact on employees' wellbeing and organisational performance. In order to mitigate these negative reactions to change, management of organisations need to act as change agents and consider employing interventions which will make the change less daunting to employees (Harris & Matthysen, 2018).

### **Turnover Intention**

Turnover intention or intention to leave refers to the exit of employees from the organisation, which can either be voluntary, where the employee makes a choice to leave the organisation; or involuntary, where the employer terminates the employee's relationship with the organisation (Jauhari, Kumar, Rastogi, & Sivakumar, 2018). Therefore, turnover intention can be defined as the conscious and deliberate willingness to exit the organisation (Cheah, Chuah, Memon, Nordin, Salleh, & Ting, 2018).

Based on the social exchange theory (Blau, 1964) which outlines that parties in a relationship exchange either tangible or intangible benefits, when there is no favourable reciprocation in the employment

contract, employees may react to this by displaying counterproductive behaviours. Based on this theory, we can also allude that employees will also experience PCB (Chen-Ling, Hai-Ming, Li-Chi, & Tao-Sheng, 2019). In the state of PCB, employees may hold the view that the organisation lacks integrity and they are more likely to leave the organisation (Lai, Lee, Lin, & Lu, 2019).

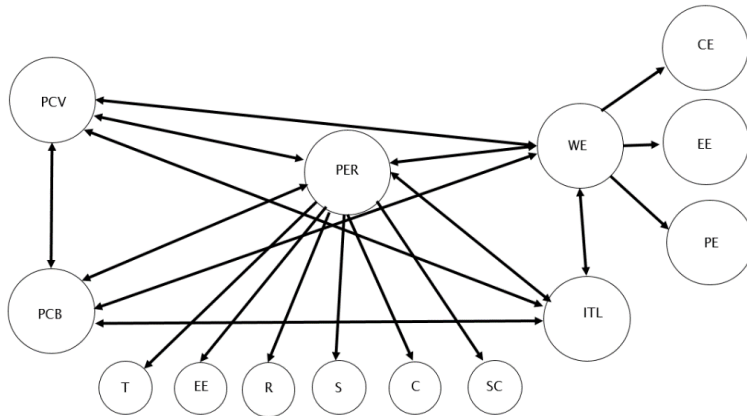
The type of attachment style that employees have in the workplace, influence how they will engage in social interactions in the workplace; employees who have anxiety attachment are more likely to engage in interpersonal conflict at work, whilst avoidance employees lack trust in the organisation which will make building social relationships in the workplace difficult. Avoidance employees are also more prone to experience higher turnover intention as they are less emotionally invested in the organisation (Reizer, 2019).

The FMCG organisation in which this study has been conducted, has reported the following turnover rates: In the first year of the JV, i.e. 2016, turnover was 13.36%; in 2017 turnover increased to 20.17% - showing a significant increase of more than 7%. Currently, the turnover percentage sits at 15.9%; although a decrease from 2017, it is still a relatively high turnover rate (Company Report, 2019). The FMCG industry in South Africa has become increasingly competitive due to technological developments and economic instability that has changed consumer behaviour over the recent years. The FMCG organisation has been pressured to become more aggressive in the consumer market in order to maintain its competitiveness; therefore, making talent retention one of the key organisational focuses as voluntarily turnover of skilled employees puts financial strain on the recruitment budget and skills transfer within the organisation (D'Agostino, Levine, Nguyen, & Sabharwal, 2019).

From the foregoing literature, it is evident that the success of an organisation is dependent on maintaining a positive employment relationship, especially after the introduction of large-scale change such as with a joint venture. This change may potentially make employees feel as if promises and obligations are not being met by the employer, which will result in breach or violation of the psychological contract; and in turn, result in undesired organisational outcomes such as decreased levels of work engagement and increased propensity towards turnover.

Therefore, the **main objective** of this study is to examine the relationship between positive employment relations, psychological contract breach/violation, employees' work engagement and intention to leave after a joint venture.

The proposed constructs and factors of this study are illustrated in the following model.



*Figure 1: Proposed model with its factors*

PCV=psychological contract violation; PCB=psychological contract breach; PER=positive employment relationship; T= trust; EE= equity and equality; R=respect; S=support; C=conflict management; SC; social integration/communication; WE=work engagement; CE=cognitive engagement; EE=emotional engagement; PE=physical engagement; ITL=intention to leave.

## Method

### Research Design

A quantitative research approach was utilised in this study. According to Kruger, Mitchell, and Welman (2006), in a value-free context quantitative research emphasises the measurement and analysis of causal relationships between variables. A cross-sectional survey design was followed to generalise from the sample population in order to make inferences (Creswell, 2014) about the psychological contract, positive employment relations, work engagement and intention to leave of employees who were part of a joint venture.

### Participants

Purposeful sampling was utilised to select participants for the survey. This type of method requires that participants have knowledge about or experience of a phenomenon (Duan, Green, Hoagwood, Horwitz, Palinkas, & Wisdom, 2015). The criteria for selection of the participants included the following: i) male and female gender representation; ii) employees who had been employed before and during the joint venture company; iii) permanently employed by the joint venture company; and iv) employees who do not fall under the management occupational level. Employees who did not fit the criteria were excluded from the study. The questionnaire was sent to 360 employees in total, of which 281 were completed satisfactorily, resulting in a response rate of 78%. The sample size resulted in enough statistical power and accuracy for parameter estimations in Mplus (Maxwell, Kelly, & Rausch, 2008).

Tables 1a and 1b illustrate the personal and employment characteristics of the sample population.

**Table 1a**

*Personal Characteristics of the Participants (N=281)*

| Item                  | Category                         | Frequency | Percentage |
|-----------------------|----------------------------------|-----------|------------|
| Gender                | Male                             | 153       | 58.4       |
|                       | Female                           | 109       | 41.6       |
| Race                  | White                            | 45        | 17.4       |
|                       | African                          | 184       | 71.3       |
|                       | Coloured                         | 12        | 4.7        |
|                       | Indian                           | 16        | 6.2        |
|                       | Other                            | 1         | 0.4        |
| Age                   | 21-30 years                      | 84        | 29.9       |
|                       | 31-40 years                      | 133       | 47.3       |
|                       | 41-50 years                      | 51        | 18.1       |
|                       | 51-60 years                      | 13        | 4.6        |
| Marital status        | Single                           | 100       | 40.3       |
|                       | Married                          | 135       | 54.4       |
|                       | Widow/Widower                    | 2         | 0.8        |
|                       | Remarried                        | 1         | 0.4        |
|                       | Divorced                         | 10        | 4.0        |
| Number of children    | No children                      | 40        | 24.3       |
|                       | 1-4 children                     | 184       | 74.5       |
|                       | 5 or more children               | 3         | 1.2        |
| Home language         | Afrikaans                        | 24        | 9.7        |
|                       | English                          | 56        | 22.6       |
|                       | Sepedi                           | 27        | 10.9       |
|                       | IsiZulu                          | 38        | 15.3       |
|                       | Sesotho                          | 42        | 16.9       |
|                       | Setswana                         | 28        | 11.3       |
|                       | IsiXhosa                         | 20        | 8.1        |
|                       | IsiTsonga                        | 4         | 1.6        |
|                       | Tshivenda                        | 4         | 1.6        |
|                       | SiSwati                          | 2         | 0.8        |
|                       | Other                            | 3         | 1.2        |
| Highest qualification | Matric / Gr 12                   | 39        | 15.9       |
|                       | FET N4-N6                        | 15        | 6.1        |
|                       | University of Technology diploma | 49        | 19.9       |
|                       | University of Technology degree  | 29        | 11.8       |
|                       | University degree (3 years)      | 38        | 15.4       |
|                       | University Honours degree        | 36        | 14.6       |
|                       | University Master's degree       | 6         | 2.4        |
|                       | University Doctorate             | 0         | 0.0        |
|                       | Other                            | 34        | 13.8       |

Table 1b illustrates the employment characteristics of the sample population.

**Table 1b***Employment Characteristics of the Population (N=281)*

| Item                   | Category     | Frequency | Percentage |
|------------------------|--------------|-----------|------------|
| Tenure at organisation | 1-5 years    | 214       | 76.2       |
|                        | 6-10 years   | 45        | 16.0       |
|                        | 11-20 years  | 20        | 7.1        |
|                        | >20 years    | 2         | 0.7        |
| Function               | Support      | 65        | 26.1       |
|                        | Supply chain | 71        | 58.5       |
|                        | Commerce     | 113       | 45.4       |
| Employment status      | Temporary    | 3         | 1.2        |
|                        | Permanent    | 243       | 97.6       |
|                        | Fixed term   | 3         | 1.2        |
| Hours worked per week  | 0-10 hours   | 22        | 9.0        |
|                        | 11-20 hours  | 5         | 2.0        |
|                        | 21-30 hours  | 1         | 0.4        |
|                        | 31-40 hours  | 39        | 15.9       |
|                        | 41-50 hours  | 132       | 53.9       |
|                        | 51+ hours    | 46        | 18.8       |

Tables 1a and 1b illustrate the sample population comprising 281 employees within the FMCG industry from head office and manufacturing. Most of the participants were African (71.3%), males (58.4%), and based in supply chain (58.5%). Representation from the other functions were commerce (45.4%) and support (26.1%). Most of the participants (97.6%) have been permanently employed by the organisation; mostly working between 41-50 hours (53.9%) per week, with the highest tenure being between 1-5 years (76.2%).

### Measuring Instruments

The following measuring instruments were utilised in the study:

A *Biographical Information Survey* was used to measure participant demographics, such as gender, age, race, marital status, language group and qualification levels.

*Employee Relations Scale* (ERS; Smith, 2016) was utilised to measure employment relations. This scale comprised 37 items relating to the following six constructs: trust (“I have confidence in the ability of my supervisor”), respect (“My supervisor shows kindness and compassion towards me”), support (“My supervisor supports me when I need him/her”), social integration/communication (“My supervisor freely communicates information to our department”), equity and equality (“My supervisor rewards all individuals fairly for their hard work”), and conflict management (“My supervisor has an open door

management style”). Scales ranged from 0 (*strongly disagree*) to 7 (*strongly agree*). The construct validity of the ERS is reported with Raykov’s rho reliabilities of 0.90 trust; 0.95 respect; 0.91 support; 0.92 social integration/communication; 0.94 equity and equality; and 0.93 for conflict management (Smith, 2016).

*Psychological Contract Breach and Violation Scale* (PCBVS; Robinson & Morrison, 2000) was used to measure psychological contract breach and violation on a 5-point Likert scale which ranged from 1 (*totally disagree*) to 5 (*totally agree*). The scale consisted of 5 items (of which the wording was to some extent modified to relate to the joint venture specifically) measuring contract breach (e.g., “I feel that my employer has come through in fulfilling the promises made to me before the joint venture” – reverse scored) and 4 items measured contract violation (e.g., “I feel that my organisation has violated the contract between us”). Robinson and Morrison’s (2000) study concluded a Cronbach alpha of 0.92 for both breach and violation.

The *Work Engagement Scale* (WES; Rothman, 2010) was used to measure work engagement. This scale consisted of 13 items which measured the three engagement components found in the work of Kahn (1990), namely cognitive (e.g., “I get so into my job that I lose track of time”), emotional (e.g., “I feel energised when I work”) and physical (e.g., “I feel a lot of energy when I am performing my job) work engagement. The scale is measured on a 7-point Likert scale, which ranges from 1 (*almost never or never*) to 7 (*almost always or always*). Cronbach alpha coefficients of the three scales of the WES are cognitive engagement = 0.78, physical engagement = 0.80, and emotional engagement = 0.82 (Rothmann, 2010).

The *Turnover Intention Scale* (TIS; Sjöberg & Sverke, 2000) was used to measure turnover intention. This scale consisted of 3 items, for example, “I am planning to search for a new job during the next 12 months” (Sjöberg & Sverke, 2000). The rating scaled ranged from 1 (*totally disagree*) to 5 (*totally agree*). The Cronbach alpha coefficient of the scale is 0.83 (Sjöberg & Sverke, 2000) and 0.82 in a study conducted in South Africa (Smith, 2016).

## **Research Procedure**

Permission to conduct the study at the organisation was obtained in writing from the Managing Director of the organisation. The researcher obtained ethical clearance from the ethics committee to conduct the study (ethics number: NWU-HS-2018-0055). The English questionnaire, accompanied by a cover letter, was administered electronically by an independent third party “Xtrapolate”. The cover letter included an explanation of the purpose of the study, confidentiality, and anonymity of participants. Participation in this study was voluntary and participants were permitted to withdraw from the study at any given time, without penalty. The survey commenced in May till the end of August; thus, over a period of almost three months. All data received was captured onto an Excel spreadsheet and then converted into an SPSS dataset for analyses.

## Statistical Analysis

In this quantitative study, SPSS 26 (IBM Corporation, 2020) was utilised to examine the data set for skewness and kurtosis, as well as for the calculation of frequencies and basic descriptive statistics, including means and standard deviations. The statistical software package Mplus 8.4 (Muthén & Muthén, 1998-2020) was used for latent variable modelling in order to ascertain the best fitting measurement and structural models. Following the descriptive statistical results, a few items were indicated as normally distributed; however, most items were found to show higher levels of skewness, kurtosis, or both. Use of the robust maximum likelihood (MLR) estimator is suggested (Byrne, 2012; Muthén & Muthén, 1998-2020) for such data sets, as it considers skewness and kurtosis during analyses.

In order to find the best fit to the data, possible initial measurement models were tested through comparison of the AIC and BIC values between the different factor structures possible for each respective questionnaire utilised. In this analysis, no items were removed, and no error variance correlations were allowed. The initial model indicating the best fit was further developed in order to satisfy or exceed the minimum required statistical values for several fit indices; also, to establish the significance of relationships between the variables. The final measurement model was again compared to other competing models with different factor structures to confirm its superior fit. A structural model was based on the final measurement model, where regression pathways were estimated to determine the precedence of the indicated variables.

A few statistical fit indices were used for the interpretation of goodness of fit. The Akaike information criterion (AIC) and the sample-size adjusted Bayes information criterion (ABIC) were utilised in the comparison between competing models. On its own, AIC or ABIC cannot be interpreted; however, when compared between models, the lower value indicates better fit to the data. Other suggested fit statistics and their cut-off values (Byrne, 2012; Wang & Wang, 2012) that were examined, include Chi-square ( $\chi^2$ ; lower values indicate better fit) with its degrees of freedom (*df*); the root mean square error of approximation (RMSEA; suggested cut-off < 0.80); the comparative and Tucker-Lewis fit indices (CLI and TLI; suggested cut-offs > 0.90); and the standardised root mean square residual (SRMR; suggested cut-off < 0.80).

## RESULTS

The results of the study are reported in the following section.

**Table 2**

*Descriptive Statistics, Reliability Coefficients, and Correlations*

| Variable                               | M    | SD   | $\rho$ | 1                   | 2                   | 3                   | 4       |
|--|------|------|--------|---------------------|---------------------|---------------------|---------|
| Psychological contract (1-5)           |      |      |        |                     |                     |                     |         |
| 1. Psychological contract violation    | 2.01 | 0.86 | 0.89   | -                   |                     |                     |         |
| 2. Psychological contract breach       | 2.91 | 0.43 | 0.04   | 0.58 $\ddagger$ **  | -                   |                     |         |
| 3. Positive employment relations (1-7) | 5.49 | 1.25 |        | -0.41 $\ddagger$ ** | -0.66 $\ddagger$ ** | -                   |         |
| Trust                                  | 5.57 | 1.27 | 0.96   |                     |                     |                     |         |
| Equity and equality                    | 5.19 | 1.54 | 0.94   |                     |                     |                     |         |
| Respect                                | 5.57 | 1.31 | 0.91   |                     |                     |                     |         |
| Support                                | 5.57 | 1.28 | 0.95   |                     |                     |                     |         |
| Conflict management                    | 5.38 | 1.36 | 0.92   |                     |                     |                     |         |
| Social integration / Communication     | 5.36 | 1.38 | 0.92   |                     |                     |                     |         |
| 4. Work engagement (1-7)               | 5.46 | 0.93 |        | -0.11*              | -0.15**             | 0.24**              | -       |
| Cognitive engagement                   | 5.08 | 1.11 | 0.79   |                     |                     |                     |         |
| Emotional engagement                   | 5.73 | 1.06 | 0.90   |                     |                     |                     |         |
| Physical engagement                    | 5.49 | 1.16 | 0.90   |                     |                     |                     |         |
| 5. Intention to leave (1-5)            | 2.80 | 1.06 | 0.80   | 0.51 $\ddagger$ **  | 0.56 $\ddagger$ **  | -0.83 $\ddagger$ ** | -0.24** |

The descriptive statistics, which include the means, standard *deviations*, composite reliability coefficients, and the correlation matrix are illustrated in Table 2. Standard deviation is the measurement of the amount of variation or dispersion of a set of values: the lower the standard deviation, the closer the values to the mean set; higher standard deviation means a spread of values over a wider range (Hazewinkel, 2001). According to Raykov's (2009) rho, composite coefficients which consists of the same approved cut-off points as Cronbach alpha coefficients, recognise values of  $\geq 0.70$  as acceptable. The reliability of all variables was acceptable, except psychological contract breach, where a value of .4 was reported. The variables with the most noticeable correlations were trust (.96), support (.95), and equity and equality (.94).

### Possible Initial Measurement Models

Nine initial measurement models were specified and tested. Three factor structures were possible for the measures of positive employment relations and work engagement: i) a second-level latent variable consisting of first-level latent variables; ii) only the first-level latent variables; and iii) a one-factor,



first-level latent variable. Psychological contract violation, psychological contract breach, and intention to leave were all specified as one-factor latent variables only. The fit statistics are reported in Table 3. According to the results, model 5 yielded results that were not trustworthy, possibly because the number of parameters in the model was more than the number of participants in the sample. To determine which of the remaining models showed the best fit, AIC and ABIC values were compared: Model 4 had the lowest AIC, and model 1 had the lowest ABIC. Because different models contained the respectively lower values, further evaluation was done through comparison of the MLR-adjusted Chi-square values (model 4 having the lower value), followed by the level of significance in the change of the Chi-square values between the two models. The use of the MLR-estimator means that Chi-square values cannot be directly compared. To determine the significance of the change, the Satorra-Bentler Chi-square difference test needed to be utilised (Satorra & Bentler, 1999). From table 4, it is evident that model 1 fitted the data significantly worse than model 4. Based on these outcomes, model 4 was used for further development

**Table 3**

*Fit Statistics of Initial Possible Measurement Models*

| Model   | AIC  | BIC      | ABIC     | $\chi^2$ | Df   | MLR-<br>adjusted<br>$\chi^2$ | RMSEA | CFI  | TLI  | SRMR |
|---------|--|----------|----------|----------|------|------------------------------|-------|------|------|------|
| Model 1 | 36154.10   | 36868.48 | 36218.68 | 3487.95  | 1810 | 4041.83                      | 0.06  | 0.86 | 0.85 | 0.07 |
| Model 2 | 36155.71   | 36897.97 | 36222.81 | 3475.57  | 1802 | 4027.49                      | 0.06  | 0.86 | 0.85 | 0.06 |
| Model 3 | 36277.01   | 36980.94 | 36340.64 | 3588.02  | 1813 | 4170.71                      | 0.06  | 0.85 | 0.84 | 0.06 |
| Model 4 | 36147.03   | 36962.47 | 36220.74 | 3448.30  | 1781 | 3976.93                      | 0.06  | 0.86 | 0.85 | 0.07 |
| Model 5 | Non-positive definite first-order derivative product matrix - possibly due to more parameters than sample size |          |          |          |      |                              |       |      |      |      |
| Model 6 | 36269.66   | 37074.65 | 36342.43 | 3548.29  | 1784 | 4105.37                      | 0.06  | 0.85 | 0.84 | 0.06 |
| Model 7 | 36540.52   | 37234.00 | 36603.21 | 3789.11  | 1816 | 4440.45                      | 0.07  | 0.83 | 0.82 | 0.07 |
| Model 8 | 36542.18   | 37263.53 | 36607.38 | 3776.71  | 1808 | 4425.93                      | 0.07  | 0.83 | 0.82 | 0.06 |
| Model 9 | 36663.48   | 37346.50 | 36725.23 | 3887.22  | 1819 | 4569.43                      | 0.07  | 0.82 | 0.82 | 0.06 |

AIC = Akaike Information Criterion; BIC = Bayesian Information Criterion; ABIC = Sample-size Adjusted BIC;  $\chi^2$  = Chi-square; *df* = degrees of freedom; MLR = Maximum Likelihood (Robust) estimator; RMSEA = Root Mean Square Error of Approximation; CFI = Comparative Fit Index; TLI = Tucker-Lewis Index; SRMR = Standardized Root Mean Square Residual

**Table 4***Difference Testing for Changes in Chi-square for Initial Possible Measurement Models*

| Model              | $\chi^2$ | $df$ | $p$ -value |
|--------------------|----------|------|------------|
| Model 4 vs Model 1 | 43.37    | 29   | 0.04*      |

\*  $p < 0.05$ \*\*  $p < 0.01$ **Measurement Model**

The initial measurement model, number 4, was renamed to become measurement model 1. In order to improve goodness of fit, some adaptations were made to the model specification and the fifth run provided the specified values for acceptable fit.

The first step was to evaluate the items' factor loadings according to a cut-off value of .35 (Field, 2018; Wang & Wang, 2012). Two items were removed due to low estimates: from cognitive engagement ("I am distracted when performing my job";  $\beta = -.16$ ), and psychological contract breach ("Almost all the promises made by my employer before the joint venture have been kept this far";  $\beta = -.25$ ). In the next step, error variances of items (from the same factors) that indicated high modification indices were allowed to correlate: PER equity and equality items 1 and 2 (MI = 105.38), cognitive engagement items 1 and 5 (MI = 66.76), PER respect items 3 and 4 (MI = 66.56), and psychological contract breach items 3 and 4 (MI = 55.33). Lastly, the following items were removed from the analysis due to a high number of cross-loadings related to residual variance values higher than 2.58: PER communication ("At work, I feel really connected with my supervisor" and "I regard my supervisor as a good person" with 12 and 10 residual variance cross-loadings, respectively), and cognitive engagement ("I feel I am able to contribute new ideas"; 33 residual variance cross-loadings).

After these changes had been implemented, measurement model 1 satisfied the criteria for acceptable goodness of fit and could be compared against competing models. The comparison was again done according to the different possible factor structures to confirm whether model 1 really fitted the data best. Models 5 to 9 contained non-positive definite first-order derivative product matrices, and their results were therefore not accurate. The results for the measurement model and three competing models that converged are reported in Table 5

**Table 5***Fit Statistics of Competing Measurement Models*

| Model   | AIC      | BIC      | ABIC     | $\chi^2$ | Df   | MLR-              |       |      |      |      |
|---------|----------|----------|----------|----------|------|-------------------|-------|------|------|------|
|         |          |          |          |          |      | adjusted $\chi^2$ | RMSEA | CFI  | TLI  | SRMR |
| Model 1 | 32485.45 | 33262.56 | 32555.70 | 2483.80  | 1487 | 2946.28           | 0.05  | 0.91 | 0.90 | 0.05 |
| Model 2 | 32577.46 | 33344.11 | 32646.76 | 2563.84  | 1490 | 3044.30           | 0.06  | 0.90 | 0.89 | 0.05 |
| Model 3 | 32934.08 | 33589.22 | 32993.30 | 2872.12  | 1522 | 3464.93           | 0.06  | 0.87 | 0.87 | 0.05 |
| Model 4 | 33026.27 | 33670.95 | 33084.54 | 2951.05  | 1525 | 3563.09           | 0.06  | 0.86 | 0.86 | 0.05 |

AIC = Akaike Information Criterion; BIC = Bayesian Information Criterion; ABIC = Sample-size Adjusted BIC;  $\chi^2$  = Chi-square; *df* = degrees of freedom; MLR = Maximum Likelihood (Robust) estimator; RMSEA = Root Mean Square Error of Approximation; CFI = Comparative Fit Index; TLI = Tucker-Lewis Index; SRMR = Standardized Root Mean Square Residual

When comparing the AIC and ABIC values, it was clear that model 1 contained the lowest value for both. As confirmation of this finding, the MLR-adjusted Chi-squares were also compared, with model 1 again containing the lowest value, negating the need for the Satorra-Bentler difference test.

The final measurement model was specified as follows:

1. One-factor latent variable for psychological contract violation (four observed variables);
2. One-factor latent variable for psychological contract breach (four observed variables);
3. Work engagement as a second-level latent variable as measured by the three first-level latent variables of cognitive (three observed variables), emotional (four observed variables), and physical (four observed variables) engagement;
4. One-factor, first-level latent variable for intention to leave (three observed variables); and
5. Positive employment relations as a second-level variable consisting of six first-level latent variables: trust (nine observed variables), equality and equity (four observed variables), respect (four observed variables), support (eight observed variables), conflict management (five observed variables), and social integration and communication (five observed variables).

**Structural Model**

A structural model, which included regression pathways between all variables, was specified, as well as a model that included only direct pathways and one that only included indirect pathways. Again, AIC

and ABIC values were compared and the full structural model showed the best fit. The results from the three models are provided in Table 6, with Figure 2 visually representing the model.

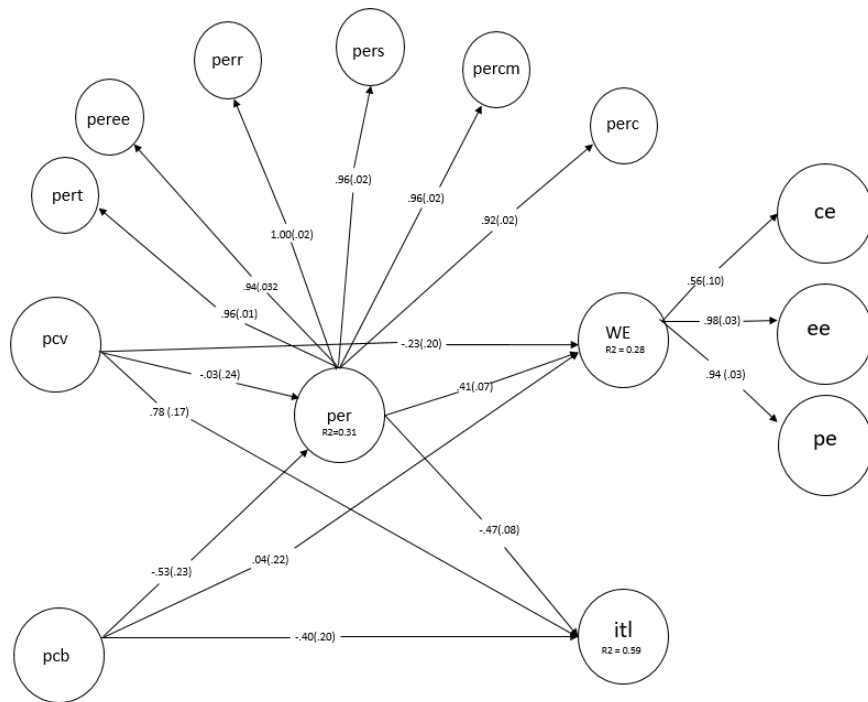


Figure 2: Structural Model

**Table 6***Initial Framework Fit Indices and Standardised Path Coefficients*

| Measures   |                                    | Direct and indirect pathways (Model 1) | Direct pathways (Model 2) | Indirect pathways (Model 3) |
|--|------------------------------------|--|---------------------------|-----------------------------|
| Fit indices                                      | AIC                                | 30771.75                               | 30836.70                  | 30816.53                    |
|  | BIC                                | 31426.89                               | 31484.87                  | 31457.73                    |
|  | ABIC                               | 30830.97                               | 30895.29                  | 30874.49                    |
|  | $\chi^2$                           | 2165.19                                | 2222.08                   | 2209.68                     |
|  | <i>df</i>                          | 1351                                   | 1353                      | 1355                        |
|  | RMSEA                              | 0.05                                   | 0.05                      | 0.05                        |
|  | CFI                                | 0.92                                   | 0.91                      | 0.91                        |
|  | TLI                                | 0.91                                   | 0.90                      | 0.91                        |
|  | SRMR                               | 0.05                                   | 0.14                      | 0.06                        |
|  | Direct pathways to work engagement | Psychological contract violation       | -0.23                     | -0.23                       |
| Psychological contract breach                    |                                    | 0.04                                   | 0.02                      | -                           |
| Positive employment relations                    |                                    | 0.41**                                 | 0.42**                    | 0.50**                      |
| Direct pathways to intention to leave            | Psychological contract violation   | 0.78**                                 | 0.86**                    | -                           |
|  | Psychological contract breach      | 0.40*                                  | 0.43*                     | -                           |
|  | Positive employment relations      | -0.47**                                | -0.49**                   | -0.62**                     |
| Direct pathways to positive employment relations | Psychological contract violation   | -0.03                                  | -                         | -0.04                       |
|  | Psychological contract breach      | -0.53*                                 | -                         | -0.52*                      |

\* p &lt; 0.05

\*\* p &lt; 0.01

There were four significant path coefficients identified, based on the results illustrated in table 6. PER statistically significantly influenced work engagement positively (.41\*\*) and turnover intention negatively (-.47\*\*); psychological contract breach statistically significantly influenced PER negatively (-.53\*); and psychological contract violation statistically significantly influenced intention to leave (.78\*\*).

## Discussion

According to Smith (2016), PER consists of the following six cornerstones which all need to be present in the organization, namely trust, respect, social integration, equity and equality, support, and conflict management. After a joint venture, PER is essential to ensure that work engagement and low turnover intentions are maintained, because a joint venture brings about changes such as restructuring, new technologies, processes and procedures; all of which can threaten performance, work engagement and turnover intention (Klijn, Reuer, van den Bosch, & Volberda, 2019; Pearce, 1997). Furthermore, the changes of a joint venture can result in employees experiencing PCB/PCV which will impact PER, work engagement and the intention to leave. This chapter aimed to examine the relationship between PER, PCB/PCV, employees' work engagement and intention to leave after a joint venture.

In this study trust (.96), support (.95) and equity and equality (.94) were the three cornerstones of PER which presented the highest composite reliability coefficients. Trust is important in a joint venture, because joint venture organisations combine two or more organisations from different cultural backgrounds; thus, making the development of trust complex (Jeanine, Jianfeng, & Xuan, 2020; Nippa & Reuer, 2019). The extent of cultural differences between international companies can negatively affect the trust in the home company (Bensaou, Ertug, Cuypers, & Noorderhaven, 2013). The organisation in the context of this study is based in South Africa and the international organisation originates from The Netherlands. Therefore, the initial trust in the organisation was naturally compromised because of the two different backgrounds of both these organisations. Lack of support during a time of change, such as with a joint venture, can lead to employees experiencing attachment-anxiety (lack of responses from the partners) which can lead to disengagement and increased turnover intention (Deci & Ryan, 2012). Furthermore, the introduction of equity and equality is very important in a joint venture as the introduction of new policies and procedures may be perceived as unfair and lead to counterproductive behaviours such as disengagement and increased turnover intention (Zhang & Wu, 2019).

The aforementioned three cornerstones along with the rest of PER cornerstones (respect, social integration/communication, and conflict management) are found in the relational psychological contract which is characterised by long term relationships, based on social elements such as trust, loyalty and career growth elements which are also important cornerstones of PER (Jauhari, Kumar, Rastogi, & Sivakumar, 2018; Mousa, 2019). The fulfilment of the relational PC contributes to positive organisational behaviours such as work engagement and decreased turnover intention, and, reversely, the breach of the relational PC can lead to disengagement and increased turnover intention (Tufan & Wendt, 2020). According to a national study conducted by Bedi and Kaur (2016) on the types of PCs in the FMCG industry, it was found that the relational PC was dominant in the FMCG industry.

Therefore, the importance of the relational PC (including elements of trust, loyalty, respect, communication etc.) should not be underestimated in a context where organisational change is imminent.

The literature review of this chapter recognised PCB as the perceived failure regarding the fulfilment of the obligations of the PC that result in employees withdrawing their efforts from the organisation; increasing their desire to voluntarily exit the organisation (Abela & Debono, 2019). In the context of a joint venture, the changes that are introduced - such as structural and leadership changes - could increase the cognition of PCB and influence work engagement and turnover intention negatively (Tewari, 2019).

The findings of this study indicated a significant relationship between PCB and PER ( $\beta = -.53, p < .05$ ). Trust between the employee and employer will be compromised when employees experience psychological contract breach, because if employers do not deliver on their promises, then employees are less likely to be trusting of the employer (Faruk, 2019; Robinson, 1996). Therefore, all the other cornerstones of the PER will be negatively impacted without trust; there will be no respect which could result in the resistance from employees to give or receive support and communicate or socially integrate in the organisation. As a result, there will be an increased perception of unfairness which will lead to conflict within the organisation.

Items in Robinson and Morrison's (2000) measuring instrument on PCB that was utilised in this study dealt with promises made by the employer before the joint venture. Results show that employees thought that what was promised to them before the joint venture was not delivered after the joint venture. As a result, these breached promises negatively impacted PER due to the broken trust in the employment relationship. Reversely, PCV had a non-significant relationship with PER ( $r = -0.03$ ) in this study. This could be attributed to the fact that PCV is an emotional reaction (anger, frustration, betrayal) to the lack of fulfilment of obligations and expectations of the PC (De Witte & Van Hootegem, 2019). Employees first show a cognitive reaction (PCB) to unkept promises; thereafter emotions (PCV) set in. Therefore, PCV has a small effect on PER.

The aim of the study was to investigate the relationship between PER, PCB/PCV, work engagement and turnover intention. In this study, emotional (.90) and physical (.90) work engagement had the most noticeable composite reliability coefficients. In a joint venture, employees are required to commit to the shared goal of the joint venture, not only through cognitive engagement, but also emotional and physical engagement which will result in increased collaboration that is necessary for the success of the organisation (Andriessen, Baker, & Jarvela, 2013).

PER significantly influenced work engagement positively ( $\beta = 0.41, p < 0.01$ ), whereas PCB had a small positive effect on work engagement ( $r = 0.04$ ); a small negative effect was also observed between PCV and work engagement ( $r = -0.23$ ). These results thus emphasise the importance of maintaining a positive

employment relationship in this FMCG organisation. One could deduct from these results that, irrespective of PCB and/or PCV after a joint venture, if relations are positive in the workplace, employees will remain engaged in their work. Increased work engagement will then influence turnover intention negatively (Gadi & Kee, 2020). Although a small effect was observed amongst the sample size of this study ( $N=281$ ), the influence of PCB/PCV on work engagement cannot be negated, as other studies (Akkermans, Bal, & De Jong, 2019; Rayton & Yalabik, 2014) concluded a significant negative influence of PCB/PCV on work engagement.

Professionals in the FMCG are highly sought after by other industries, as they are believed to be amongst the best due to their ability to function in fast-paced situations and are adaptable to change. Organisations operating in the fast-paced FMCG industry of South Africa give employees a competitive edge over employees in other industries (Kashyap, 2019). Thus, employers in the FMCG industry constantly strive to retain their employees in this competitive market (Pillai & Sivathanu, 2019).

A significant negative relationship between PER and turnover intention ( $\beta = -.47, p < 0.01$ ) was observed in this study. Thus, when the employee and employer relationship is positive, turnover intention in the organisation will be low (Kim, Kim, Rhee, & Tam, 2017; Lai, Lee, Lin, & Lu, 2018; Smith, 2016). Furthermore, the results in this study concluded a relationship between PCB and turnover intention ( $\beta = .40, p < 0.05$ ). These results were similar to the study of Heffernan and Rochford (2017) that examined the relationship between PCB and turnover intention. In a changing organisation, such as with a joint venture, communication can assist in managing the perception of psychological contract breach. Employers effectively communicating the change and being transparent on the changes can aid in managing perceived breach of the psychological contract and moderate negative organisational outcomes such as high turnover intention (Kluijtmans, Poell, Schalk, & van Gilst, 2020).

In this study, PCV had a significant relationship to turnover intention ( $\beta = 0.78, p < 0.01$ ). In this FMCG organisation, turnover increased from 13.26% in the first year after the joint venture to 20.17% in the second year after the joint venture. Therefore, the significant relationship between PCV and turnover intention within this organisation comes as no surprise as it is important to remember that PCV is an emotional or affective reaction to unkept promises or obligations.

This study had a few limitations; one being the small sample size, although input was enough to yield valid and reliable results. A cross-sectional survey was utilised, meaning that data was collected at one point in time which limits the interpretation of the data. Self-report instruments were used to measure target variables. Finally, the findings of this study were based on correlational data; this hinders proving causal relationships.



## **Recommendations**

Based on the findings of the study, it is recommended that organisations seek to ensure that a positive employment relationship is present in the organisation by focusing on the fulfilment of the relational psychology contract, especially, as this type of contract comprises the components found in PER.

Trust, after a joint venture, can be maintained by ensuring that employees have a clear understanding of the new direction in which the organisation is heading. This can be achieved by management being transparent in communicating the organisation's progress and organisational vision and how employees' efforts contribute to this vision. This can be executed by frequent communication on business updates from senior management through various channels accessible to all employees.

Respect after a joint venture can be upheld through the awareness of diversity and equality within the organisation. This will ensure that employees are aware and sensible to cultural differences within the organisation; therefore, ensuring respect.

Organisations should provide employees with learning and development opportunities such as study assistance, and training of formal and virtual learning opportunities in order to provide career development support. Furthermore, managers should strive to show support and care towards employees by engaging in frequent one-on-one meetings to obtain a sense of how employees are feeling and coping with their roles within the team. Organisations should also provide all employees with an employee assistance programme which will provide them with professional psychosocial, financial, legal and physical support to cope with the daily challenges of life.

Managers need to create an environment that fosters communication; employees need to have a sense that they can communicate concerns and will be heard. Interventions that can assist with this are allowing for interactive team sessions designed to give team members the opportunity to communicate respectfully and freely within the team. Organisations can also create communication platforms such as a workplace chat line that allows for all employees to engage with one another; a platform that can be used by employees to pose questions to management of the organisation.

Equity and equality can be upheld with organisations being transparent in terms of recruitment and promotional criteria, to alleviate the perceptions of favouritism within the organisation. Organisations need to ensure that all employees are given fair opportunities regardless of ethnicity, gender or age.

Conflict management needs to be handled fairly and effectively within the organisation. The guidelines of a code of business conduct and disciplinary policy can assist with the speedy resolution of conflict. Furthermore, frequent communication from senior managers on potential conflict situations can minimise the impact of conflict on the organisation.

These recommendations to the organisations are centered on how PER can be upheld within the organisation. Further recommendations on how to increase work engagement and decrease turnover intention will now be presented.

Organisations can increase work engagement by ensuring the maintenance of the PER cornerstones in the organisation. Furthermore, organisations should frequently roll out pulse surveys to ensure work engagement and create action plans based on the input of these surveys towards improving work engagement. Succession planning, coaching and mentorship can be offered to employees in order to retain talent and decrease levels of turnover intention in the organisation.

Future recommendations for this study are to utilise a mixed method where semi-structured interviews could have contributed towards gaining more insight into the experience of employees' lived realities in terms of the JV. A longitudinal approach should be considered in order to provide more valuable insight into the constructs measured, especially before, during and after a joint venture

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**Chapter 3**  
**Manuscript 2**

**Positive employment relations as moderator in the relationship between psychological contract breach/violation, and, employees' work engagement and turnover intention after a joint venture**

**ABSTRACT**

Large scale change, such as with a joint venture, can easily lead to the breach and/or violation of the psychological contract which will impact organisational outcomes negatively, specifically work engagement and turnover intention. Disengagement and increased turnover intention are detrimental to the success of the organisation, especially one that is undergoing change such as through a joint venture. Literature espoused that a positive employment relationship comprising trust, respect, support, equity and equality, communication/social integration, and conflict management, resulted in increased work engagement and low turnover propensity. The aim of this study was to investigate in a fast-moving consumer goods organisation ( $N = 281$ ) that has just been through a joint venture, whether positive employment relations would have a moderating effect on the relationship between psychological contract breach/violation, work engagement and turnover intention. The results showed that positive employment relations did not moderate the relationship between psychological contract breach/violation, and, work engagement and turnover intention.

**Keywords:** Psychological contract, psychological contract breach/violation, work engagement, turnover intention, joint venture, fast-moving consumer goods organisation, moderation

Globally, the fast-moving consumer goods (FMCG) industry is a massive contributor to the world's economy, catering to consumers under the following categories, namely personal care, packaged foods, beverages, spirits and tobacco (Le Roux, 2019). In South Africa, the FMCG industry is a significant contributor to the country's Gross Domestic Product, making it one of the largest sectors in the South African economy. Over recent years this industry has performed exceptionally well with sales, reaching a peak of over a trillion rand in 2011; with sales increasing to a record of R1.46 trillion in a period of just five years (Meyer, Niemann, & Van Pletzen, 2019).

Trends in the FMCG industry include the establishment of joint ventures (JVs), a common practice within the industry. JVs have been organisations' strategic way towards gaining a competitive edge and dominating this fast-paced, complex and very competitive industry. A JV is an established organisation, as a result of combined resources by two or more organisations (Liu, Lu, & Yang, 2019). Nestle, Unilever, ABInbev and Heineken are just a few yet very notable organisations that have established successful JVs, to such an extent that they have received recognition from the Top Employer Institute as South African Top Employers. This prestige award acknowledges employers' efforts towards providing a work environment that benefits employees' wellbeing and provides exceptional employment conditions through talent management, onboarding, workforce planning, compensation and benefits, succession planning, performance management and, most importantly, a culture which speaks to how the employer mainly addresses diversity, wellbeing, engagement and communication within the organisation (Top Employer, 2019).

These top employers, through various human resource management practices, have put their employees at the heart of the organisation by not only focusing on organisational performance, but by also paying attention to their social capital (Berlanda, De Cordova, Fraizzoli, & Pedrazza, 2019). This positive approach to employment relations is crucial to any organisation, especially one that has embarked on a JV process. Aggarwal (2019) acknowledges that most JVs fail due to neglecting their social capital which refers to the types and patterns of personal relationships that are established by individuals over a certain period, including respect, friendship, mutual trust and understanding. Thus, making these relationships equally important as relational relationships are governed by contractual elements of the employment relationship. Social capital relationships establish a strong connection of trust between individuals, positively influencing the extent of learning in alliances (such as a JV) and positively influencing organisational performance (Aggarwal, 2019).

The failure of JVs has also been attributed to the lack of financial performance of the establishment and/or the failure to integrate parties of the JV through a seamless human resource management strategy, which considers the cultural and employment conditions integration of the human capital of the different parties. These could result in high turnover of talent and disengagement of employees which contribute to the decrease of performance after the JV process (Hong, Lu, Yu, & Wang, 2020).

JVs also bring about changes to the employment contract of an employee in terms of job role, leadership and structural changes due the nature of a JV establishment. These changes can negatively influence the relational capital, resulting in negative behaviours such as work disengagement and high turnover intention (Blomberg, Isaksson, & Welander, 2020). This is not ideal for any organisation already operating in an industry known for its high stress levels, absenteeism and high turnover intention (Meyer et al., 2019). This is where honouring the psychological contract (PC) is so important. The PC outlines the unspoken promises and obligations between the employment parties and which the employer is held to when an employee enters in an employment relationship with the organisation. The changes that are introduced into the organisation may be perceived as incongruent with the initial set promises and obligations. In turn, this perception will result in employees experiencing psychological contract breach (PCB) and/or violation (PCV) and, as a consequence of these, employees will likely be inclined to withdraw from the organisation by decreasing their work engagement and increasing their intention to leave (Dawson, Knight, & Patterson, 2019).

The concept of positive employment relations (PER) is a new concept in literature and its cornerstones (trust, respect, support, equity and equality, social integration/communication, and conflict management) were espoused by Smith and Diedericks (2016) in a qualitative meta-synthesis of available literature on the concept. Being such a new and relatively unresearched topic, there is currently no research available on PER as a moderator. However, there is literature available on the individual cornerstones having been used as moderators.

A moderator is defined as a variable that can strengthen the relationship between an independent variable and a dependent variable. The moderator can have three effects on the relationship, namely (i) a moderator can increase the impact of the independent variable on the dependent variable; (ii) a moderator can decrease the impact of the independent variable on the dependent variable; and lastly (iii) a moderator can reverse the impact of the independent variable on the dependent variable (Rayees & Sandeep, 2017). In this study, PER is posed as the moderator; PCB/PCV is the independent variable; and work engagement and turnover intention act as the dependent variables.

### **Positive Employment Relations**

The concept of PER refers to positive interactions within an organisation which result in positive behaviours from the employee, including work engagement and low levels of turnover intention (Bartram, Cooke, Cooper, Mei, & Wang, 2019). The construct PER stems from positive psychology which is the scientific study of positive human functioning and flourishing on multiple levels, such as biological, personal, relational, institutional, cultural and global dimensions of life (Compton & Hoffman, 2019). Positive emotions are beneficial to an individual's wellbeing and organisations need to take employees' wellbeing into account, as wellbeing in the work context yields positive results, such

as minimising health-related illness (stress and anxiety) and overall contributes to the performance of employees in the workplace (Czerw, 2019).

The positive effects that an employee can experience in terms of a positive relationship at work include, but are not limited to, an increase in support from the organisation and fellow peers, trust, and transparent communication. Furthermore, employees will receive respect from managers and coworkers, fairness will be upheld through practicing equity and equality, and conflict will be managed and dealt with correctly (Smith, 2016). The presentation of these positive effects within the organisation will result in high levels of work engagement and low turnover intention; it is because of these two main reasons that managers need to ensure that trust, respect, support, communication/social integration, equity and equality, and conflict management are present in their organisations (Smith & Diedericks, 2016), especially an organisation that has undergone change through a JV.

### *Trust*

According to Cook and Wall (1980), trust is defined as the extent to which an individual is prepared to accredit good intentions, having confidence in the words and actions of others (Abdul, Fadzil, Hassain, Syahi, & Zainudin, 2019). Trust, in an organisation, increases work engagement and reduces turnover intention, because when an organisation is perceived to be trustworthy, its employees are less inclined to want to leave the organisation; instead, they will want to contribute to the success of the organisation by giving themselves and their efforts to achieving organisational goals (Stensaker & Sverdrup, 2018). Trust can positively influence employees' reactions towards change. When there is trust, introduction of change will not be perceived negatively by employees, because they have trust in management and decisions made are viewed positively (Butt & Shah, 2019).

Mishra and Spreizer's (1998) stress-based framework of survivors' response to organisational downsizing, concluded that trust could be a moderating variable in employees' emotional reactions to organisational change. This study showed that employees' trust in management can have a buffer effect on survivors' reactions, meaning that organisational change will less likely yield negative behaviours such as disengagement, burnout, stress and high turnover intention (Ayaz, Baran, & Yildiz, 2017; Jiang & Probst, 2019). This is especially important and critical for an organisation after a JV, as employees need to trust the decision by management to embark on change in terms of their continued engagement and intention to remain with the company even after the JV has taken place.

A study by Currall and Inkpen (2002) on a multilevel approach to trust in JVs, highlights that trust within a JV can be fragile due to insecurities that stem from the introduction of change, as well as the integration of two parties which may lead to differences in terms of culture, law, politics and trade policies. Furthermore, trust within the entire organisation is inevitable when it proceeds from the top down. An employee who observes trust, will want to engage in trust building initiatives in order to receive benefits, such as increased engagement which will result in good performance. Thus, trust is a



critical element when it comes to an employee's decision to leave or remain with the organisation (Karatepe, Kim, & Ozturk, 2019; Näswall & Richter, 2019).

### *Respect*

Respect is defined as the manifestation of believing that another person has value and has been classified as one of a human's basic psychological needs (Branscombe, Climenhage, Schmitt, & Wright, 2020). In an organisation, there are two types of respect, namely appraisal respect which is given based on work performance and recognition respect which refers to the quality of interpersonal treatment (Gadiraju & Zhuang, 2019). Based on the social exchange theory (SET; Blau, 1964), the employment relationship is interdependent; employees commit to reciprocate recognition and support given by managers with respectful, mutual and complimentary activities. This interdependent relationship allows for positive energy within the organisation which will result in a workplace environment that is high on support, collaboration and work engagement (Grover, Nguyen, Nguyen, & Teo, 2019). Therefore, respect in the organisation is important in order to maintain work engagement and low turnover, especially in an organisation that has undergone change such as with a JV.

### *Support*

Recent studies (Binnewies, Haun, & Ott, 2019; Zhang & Wu, 2019) consider support as an important element in the success of the organisation. Support can be provided by leaders through the provision of performance-based reward systems and presenting learning and development opportunities to benefit the growth of employees' careers, including supervisor coaching. In terms of the reciprocity principle which is in line with the SET (Blau, 1964), when employees perceive support, they will exert more effort in the organisation by displaying work engagement and will hardly want to leave the organisation (Binnewies et al., 2019). Eisenberger, Rhoades, Stinglhamber, Sucharski, and Vandenberghe (2002) describe perceived organisational support as employees' beliefs regarding the extent to which the organisation appreciates their contributions and cares about their wellbeing (Jano et al., 2019). This support is especially important when there is organisational change, such as with a JV, as direct support from managers and indirectly from the organisation can aid employees in accepting and welcoming change (Licciardello, Toscano, & Zappala, 2019).

### *Communication/social integration*

Communication can be used as a tool to maintain engagement during a JV process; frequent communication from leadership can ensure a combined vision amongst employees of the JV, reassuring employees of their role in the JV, also clarifying their new roles in the organisation (Barmeyer & Davoine, 2019). In addition, clear and transparent communication is essential to ensure that no false promises are made to employees during this time of change. Post the JV in this FMCG organisation, the managing director utilises internal communication channels, such as workplace facebook, email and

employee engagement sessions to provide regular communication of the progress made. By ensuring frequent communication, the chances of employees displaying counterproductive behaviours that will lead to disengagement, decreased performance, job insecurity and increased turnover intention, are diminished (Bartram et al., 2019).

### *Equity and Equality*

Organisational equity refers to employees' perceptions of fairness and equal treatment within an organisation (Esop & Timms, 2019). According to Adams (1963), father of the equity theory, fairness contributes to establishing satisfaction of participants in a relationship (Do & Nguyen, 2020). Employees highly value equity within the organisation, as it satisfies an individual's need for control, confidence, sense of happiness and ethical obligations. Organisations equally value equity as this is utilised to establish a framework for managing employees in a fair and transparent manner which mitigates fraud and abuse; ultimately resulting in the increase of management trust and cooperation from employees - important behaviours which enhance work engagement and reduce turnover intention (Do & Nguyen, 2020).

Fairness in the organisation is also considered as organisational justice, which refers to the individual's perception of fairness in decision making and processes within the organisation and the influence of those perceptions on employee behaviours (Chong, Durairatnam, & Jusoh, 2019). Various studies (Colquitt, Conlon, Ng, Potter, & Wesson, 2001; Cropanzano, Bowen, & Gilliland, 2007) have shown that an employee's perception of fairness within the organisation strengthens the employee and employer relationship, resulting in behaviour such as increased performance, work engagement and low turnover intention (Durairatnam et al., 2019). Conversely, perceived unfairness will lead to negative behaviours and evoke turnover intention (Engelbrecht & Samuel, 2019).

### *Conflict Management*

Workplace conflict include social exchange, where an individual or group exhibits verbal abuse, inappropriate personality traits, and other forms of combative behaviours planned to complicate relationships (Caesens, de Wilde, Demoulin, Mierop, & Stinglhamber, 2019). Employers are increasingly seeking to create a fulfilling and positive employee-organisation relationship by focusing on areas which enrich and encourage employee work-life balance, creating employee empowerment that allows employees the opportunity to freely express themselves in terms of interpersonal conflict. In a situation where interpersonal conflict is not managed, it can lead to animosity within the work environment, which can decrease work engagement amongst employees (Akanji, Ajonbadi, Mojeed-Sanni, & Mordi, 2018). Conflict within joint ventures is not uncommon. A study conducted by Hyder and Ghauri (1989), reviewing conflicts in joint ventures, showed that over 50% of studies relating to joint ventures included findings of conflict (Hong et al., 2020). Therefore, conflict management is imperative in joint ventures, not only for the success of the organisation going through the change

process, but also for employers to maintain work engagement after the implementation of change (Danuri, Karim, Marani, & Mohamed, 2014).

The constructs of PER (trust, respect, support, equity and equality, communication/social integration, and conflict management) are important in an organization, as they promote desired organisational outcomes such as work engagement and turnover intention (Smith, 2016). It is imperative that a positive employment relationship is maintained, especially when an organisation is undergoing change such as with a JV (Rivald & Sadeli, 2019).

### **Psychological Contract Breach/Violation**

Rousseau (1995) defines the PC as the individual's understanding of the terms and conditions of the exchange agreement between the self and the organisation for which the employee works. The exchange agreement consists of both the employer contributions which include job content, career development, learning and development, work-life balance and rewards and benefits, and, employees' contributions which entail performance, positive behaviours and commitment to the organisation (Blomberg, Isaksson, & Welander, 2020). The failure of either the employer or the employee to uphold the exchange agreement can lead to a psychological contract breach (PCB)/violation (PCV).

PCB occurs when there is a perception that employers had failed to meet the expectations and obligations of the PC; these perceptions can be triggered by changes to the employment contract as a result of organisational change (Chrysler-Fox, Van Niekerk, & Van Wyk, 2019). PCB can be experienced by both the employee and the employer and, as a result, lead to negative outcomes for the organisation and the employment relationship. When employers perceive a breach (lack of trust and loyalty from employees), they may reduce their support, resulting in the weakening of the supervisor and employee relationship. On the other hand, when employees perceive breach, this might be met with feelings of anger and frustration, resulting in counterproductive behaviours such as decreased work engagement, commitment, and trust, and more propensity shown towards leaving the organisation (Asselin, Beaudoin, Caron, & Muresanu, 2019).

The emotional and affective reactions to PCB are referred to as PCV (Bashir & Hassan, 2018; Chen, Liu, & Yang, 2020). Decreased work engagement and increased turnover intention are outcomes that may result from PCB resulting in PBV. These negative outcomes are not desired in any organisation, especially after a JV, as disengagement and increased turnover intention can contribute to the failure of an organisation. Most successful organisations strive to maintain work engagement and minimise turnover intention, because engaged employees go the extra mile for the organisation and are more likely to stick through change, viewing change positively and not negatively, and as a result, decide to leave the organisation (Tewari, 2019).

## **Work Engagement**

Schaufeli defines work engagement as a positive state of mind which entails three dimensions, namely vigour which refers to high levels of energy and resilience demonstrated by employees in the workplace, especially when facing adversity; dedication refers to the extent of investment, eagerness and the mental stimulation that an employee experiences at work, resulting in a sense of pride in terms of performance. Lastly, absorption is the dimension that speaks to the intense level of focus an employee has towards his/her work which can even result in the employee not even taking time into account (Asif, Hwang, Qing, & Shi, 2019). Kahn (1990) contributed to the definition of WE by describing WE as the connection between the employee and his/her role on an emotional (negative or positive feelings towards the organisation, leadership and working conditions), cognitive (employees beliefs regarding the organisation, leadership and working conditions) and physical (energy given by employees to complete tasks) levels (Abu Daqar, Mohannad, & Smoudy, 2019).

There are various recent literature studies (Osborne, 2019; Vayre & Vonthron, 2019; Yang, Fang, Meng, & Qiu; 2019) on work engagement and the importance of this concept in the organisation, due to work engagement being closely related with the wellbeing and performance of employees and contributing positively to employees' wellbeing and performance in the organisation. Reversely, low work engagement contributes to the decline in employee wellbeing and decreases performance which has costly implications for the organisation. Low levels of work engagement or the presence of disengagement can lead to high levels of turnover intention within the organisation (Ritchie, 2018). This is an undesired outcome for organisations, as the retention of employees - especially talented employees - is key to any organisation, especially a JV that has undergone large scale change.

## **Turnover Intention**

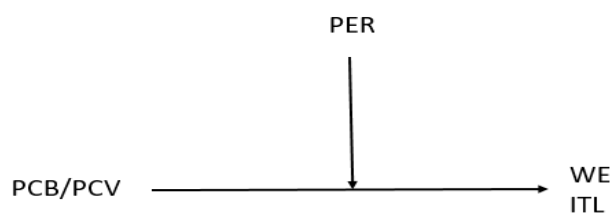
Turnover intention refers to employees considering quitting the organisation; turnover can either be voluntary were the employee takes the decision to quit or involuntary where exiting the organisation is an outcome of a disciplinary action against the employee (Belete, 2018). High turnover intention is not desirable for employers due to the unplanned financial implications that voluntary turnover has on the organisation. Financial implications include recruitment costs, leave payouts, possible relocation fees as well as onboarding costs associated with formal training and induction of the replacement employee (Jano, Mahembe, & Satardien, 2019). It is because of these reasons that organisations establish retention strategies to reduce turnover intention. Work Engagement can be one of the strategies that can be capitalised on to ensure low levels of turnover intention, as WE is a major contributor to a healthy work environment which impacts positively on performance, job satisfaction, and curbs turnover intention (Johnson & Park, 2019; Rivaldi & Sadeli, 2020).

Employers in organisations that have been subjected to JVs, especially need to ensure that they maintain work engagement and low levels of turnover intention, as these outcomes are crucial in any organisation and can be under threat as a result of change. Maintaining PER is one way for employers to maintain work engagement and low turnover intention, as a positive relationship between manager and employee fosters wellbeing and organisational performance (Lee, Sohn, & Sun, 2019).

### **Moderation Model**

In this study, PER was applied as a moderator to assess whether the presence of a positive employment relationship will either be the enhancer by increasing the effect of PCB/PCV on work engagement and turnover intention; or whether PER could potentially be a buffer decreasing the effect of PCB/PCV on work engagement and turnover intention; or lastly, whether PER will be aggressive in the relationship between PCB/PCV and work engagement and turnover intention by reversing the effect of PCB/PCV on work engagement and turnover intention (Rayees & Sandeep, 2017).

Below is the proposed moderation model of this study.



PER = positive employment relations; PCB = psychological contract breach; PCV = psychological contract violation; WE = work engagement; ITL = intention to leave

*Figure 1: Moderation model*

## **Method**

### **Research Design**

A quantitative research approach was utilised in this study. According to Welman, Kruger, and Mitchell (2006), in a value-free context quantitative research emphasises the measurement and analysis of causal relationships between variables. A cross-sectional survey design was followed to generalise from the sample population in order to make inferences (Creswell, 2014) about the psychological contract,

positive employment relations, work engagement and turnover intention of employees who were part of a joint venture.

### **Participants**

Permission to conduct the study at the organisation was obtained in writing from the Managing Director of the organisation. The researcher obtained ethical clearance from the ethics committee (ethics number: NWU-HS-2018-0055). The English questionnaire, accompanied by a cover letter, was administered electronically by an independent third party “Xtrapolate”. The cover letter included an explanation of the purpose of the study, confidentiality, and anonymity of participants. Participation in this study was voluntary and participants were permitted to withdraw from the study at any given time, without penalty. The survey commenced in May till the end of August; thus, approximately three months. All data received was captured onto an Excel spreadsheet and then converted into an SPSS dataset for analyses.

Purposeful sampling was utilised to select participants for the survey. This type of method requires that participants have knowledge about or experience of a phenomenon (Duan, Green, Hoagwood, Horwitz, Palinkas, & Wisdom, 2015). The criteria for selection of the participants included the following: i) male and female gender representation; ii) employees who had been employed before and during the joint venture company; iii) permanently employed by the joint venture company; and iv) employees who are not part of the management occupational level. Employees who did not fit the criteria were excluded from the study; in total, the study concluded with 281 participants, resulting in enough statistical power and accuracy for parameter estimations in Mplus (Maxwell, Kelly, & Rausch, 2008).

Tables 1a and 1b illustrate the personal and employment characteristics of the sample population.

**Table 1a***Personal Characteristics of the Participants (N=281)*

| Item                  | Category                         | Frequency | Percentage |
|-----------------------|----------------------------------|-----------|------------|
| Gender                | Male                             | 153       | 58.4       |
|                       | Female                           | 109       | 41.6       |
| Race                  | White                            | 45        | 17.4       |
|                       | African                          | 184       | 71.3       |
|                       | Coloured                         | 12        | 4.7        |
|                       | Indian                           | 16        | 6.2        |
|                       | Other                            | 1         | 0.4        |
| Age                   | 21-30 years                      | 84        | 29.9       |
|                       | 31-40 years                      | 133       | 47.3       |
|                       | 41-50 years                      | 51        | 18.1       |
|                       | 51-60 years                      | 13        | 4.6        |
| Marital status        | Single                           | 100       | 40.3       |
|                       | Married                          | 135       | 54.4       |
|                       | Widow/Widower                    | 2         | 0.8        |
|                       | Remarried                        | 1         | 0.4        |
|                       | Divorced                         | 10        | 4.0        |
| Number of children    | No children                      | 40        | 24.3       |
|                       | 1-4 children                     | 184       | 74.5       |
|                       | 5 or more children               | 3         | 1.2        |
| Home language         | Afrikaans                        | 24        | 9.7        |
|                       | English                          | 56        | 22.6       |
|                       | Sepedi                           | 27        | 10.9       |
|                       | IsiZulu                          | 38        | 15.3       |
|                       | Sesotho                          | 42        | 16.9       |
|                       | Setswana                         | 28        | 11.3       |
|                       | IsiXhosa                         | 20        | 8.1        |
|                       | IsiTsonga                        | 4         | 1.6        |
|                       | Tshivenda                        | 4         | 1.6        |
|                       | SiSwati                          | 2         | 0.8        |
|                       | Other                            | 3         | 1.2        |
| Highest qualification | Matric / Gr 12                   | 39        | 15.9       |
|                       | FET N4-N6                        | 15        | 6.1        |
|                       | University of Technology diploma | 49        | 19.9       |
|                       | University of Technology degree  | 29        | 11.8       |
|                       | University degree (3 years)      | 38        | 15.4       |
|                       | University Honours degree        | 36        | 14.6       |
|                       | University Master's degree       | 6         | 2.4        |
|                       | University Doctorate             | 0         | 0.0        |
|                       | Other                            | 34        | 13.8       |

**Table 1b***Employment Characteristics of the Population (N =281)*

| Item                   | Category     | Frequency | Percentage |
|------------------------|--------------|-----------|------------|
| Tenure at organisation | 1-5 years    | 214       | 76.2       |
|                        | 6-10 years   | 45        | 16.0       |
|                        | 11-20 years  | 20        | 7.1        |
|                        | >20 years    | 2         | 0.7        |
| Function               | Support      | 65        | 26.1       |
|                        | Supply chain | 71        | 58.5       |
|                        | Commerce     | 113       | 45.4       |
| Employment status      | Temporary    | 3         | 1.2        |
|                        | Permanent    | 243       | 97.6       |
|                        | Fixed term   | 3         | 1.2        |
| Hours worked per week  | 0-10 hours   | 22        | 9.0        |
|                        | 11-20 hours  | 5         | 2.0        |
|                        | 21-30 hours  | 1         | 0.4        |
|                        | 31-40 hours  | 39        | 15.9       |
|                        | 41-50 hours  | 132       | 53.9       |
|                        | 51+ hours    | 46        | 18.8       |

Table 1 illustrates the sample population of 281 employees within the FMCG industry from head office and manufacturing. Most of the participants were African (71.3%), males (58.4%) and based in supply chain (58.5%). Representation from the other functions were commerce (45.4%) and support (26.1%). Most of the participants (97.6%) were permanently employed by the organisation; the majority working between 41-50 hours per week (53.9%) with the largest tenure being the 1-5 years of service group (76.2%).

**Measuring Instruments**

The following measuring instruments were utilised in the study:

*Biographical Information Survey* was utilised to measure the demographics of participants in terms of gender, age, race, marital status, language group and qualification levels.

*Employee Relations Scale* (ERS; Smith, 2016) was used to measure employment relations. This scale consisted of 37 items which are comprised of six constructs, namely trust (“My supervisor believes in my capabilities”), respect (“My supervisor shows integrity when working with individuals from different cultures”), support (“My supervisor compliments work well done”), social integration/communication (“My supervisor communicates well and truthfully”), equity and equality (“My supervisor is unbiased/objective when dealing with concerns”), and conflict management (“My supervisor encourages us to speak up when we disagree with a decision”). Scales ranged from 0 (*strongly disagree*) to 7 (*strongly agree*). The construct validity of the ERS is reported with Raykov’s



rho reliabilities of 0.90 trust; 0.95 respect; 0.91 support; 0.92 social integration/communication; 0.94 equity and equality; and 0.93 for conflict management (Smith, 2016).

*Psychological Contract Breach and Violation Scale* (PCBVS; Robinson & Morrison, 2000) was utilised to measure psychological contract breach and violation on a 5-point Likert scale which ranged from 1 (*totally disagree*) to 5 (*totally agree*). The scale consisted of 5 items (which were to some extent modified to relate to the joint venture specifically) which measured contract breach (e.g., “I feel that my employer has come through in fulfilling the promises made to me before the joint venture” – reverse scored) and 4 items measured contract violation (e.g., “My employer has broken many of its promises to me even though I’ve upheld my side of the deal”). Robinson and Morrison’s (2000) study concluded a Cronbach alpha of 0.92 for both breach and violation.

The *Work Engagement Scale* (WES; Rothman, 2010) was utilised to measure work engagement. This scale consisted of 13 items which measured the three engagement components found in the work of Kahn (1990), namely cognitive (e.g., “I am distracted when performing my job”), emotional (e.g., “I am enthusiastic about my job”) and physical (e.g., “I feel alive and vital at work) work engagement. The scale is measured on a 7-point Likert scale, ranging from 1 (*almost never or never*) to 7 (*almost always or always*). Cronbach alpha coefficients for the three scales of the WES are: cognitive engagement = 0.78, physical engagement = 0.80, and emotional engagement = 0.82 (Rothmann, 2010).

The *Turnover Intention Scale* (TIS; Sjöberg & Sverke, 2000) was used to measure turnover intention. This scale consisted of 3 items, namely “I can find a job with another employer with about the same pay and benefits I now have” (Sjöberg & Sverke, 2000). The rating scale ranged from 1 (*totally disagree*) to 5 (*totally agree*). The Cronbach alpha coefficient of the scale is 0.83 (Sjöberg & Sverke, 2000) and 0.82 in a study conducted in South Africa (Smith, 2016).

## **Research Procedure**

Permission to conduct the study at the organisation was obtained in writing from the Managing Director of the organisation. The researcher obtained ethical clearance to conduct the study from the ethics committee (ethics number: NWU-HS-2018-0055). The English questionnaire, accompanied by a cover letter, was administered electronically by an independent third party “Xtrapolate”. The cover letter included an explanation of the purpose of the study, confidentiality, and anonymity of participants. Participation in this study was voluntary and participants were permitted to withdraw from the study at any given time, without penalty. The survey commenced in May till the end of August 2019; thus, over a period of almost three months. All data received was captured onto an Excel spreadsheet and then converted into an SPSS dataset for analyses.

## Statistical Analysis

In this quantitative study SPSS 26 (IBM Corporation, 2020) was utilised to examine the data set for skewness and kurtosis, as well as for the calculation of frequencies and basic descriptive statistics, including means and standard deviations. The statistical software package Mplus 8.4 (Muthén & Muthén, 1998-2020) was used for latent variable modelling in order to ascertain the best fitting measurement and structural models, as well as to determine the presence of moderating effects.

Following the descriptive statistical results, a few items were indicated as normally distributed; however, most items were found to show higher levels of skewness, kurtosis, or both. Use of the robust maximum likelihood (MLR) estimator is suggested (Byrne, 2012; Muthén & Muthén, 1998-2020) for such data sets, as it considers the skewness and kurtosis during analyses. In order to find the best fit to the data, possible initial measurement models were tested through comparison of the AIC and BIC values between the different factor structures possible for each respective questionnaire utilised. In this analysis, no items were removed, and no error variance correlations were allowed. The initial model indicating the best fit was developed further in order to satisfy or exceed the minimum required statistical values for several fit indices; also, to establish the significance of relationships between the variables. The final measurement model was again compared to other competing models to confirm its superior fit. A structural model was based on the final measurement model, where regression pathways were added to determine the precedence of the indicated variables.

A few statistical fit indices were used for the interpretation of goodness of fit. The Akaike information criterion (AIC) and the sample-size adjusted Bayes information criterion (ABIC) were utilised in the comparison between competing models. On its own, AIC or ABIC cannot be interpreted; however, when compared between models, the lower value indicates better fit to the data. Other suggested fit statistics and their cut-off values (Byrne, 2012; Wang & Wang, 2012) that were examined include: chi-square ( $\chi^2$ ; lower values indicate better fit) with its degrees of freedom (*df*); the root mean square error of approximation (RMSEA; suggested cut-off < 0.80); the comparative and Tucker-Lewis fit indices (CLI and TLI; suggested cut-offs > 0.90); and the standardised root mean square residual (SRMR; suggested cut-off < 0.80).

## Results

**Table 2**

*Descriptive Statistics, Reliability Coefficients, and Correlations*

| Variable                               | M    | SD   | P    | 1                     | 2                     | 3                     | 4       |
|--|------|------|------|-----------------------|-----------------------|-----------------------|---------|
| Psychological contract (1-5)           |      |      |      |                       |                       |                       |         |
| 1. Psychological contract violation    | 2.01 | 0.86 | 0.89 | -                     |                       |                       |         |
| 2. Psychological contract breach       | 2.91 | 0.43 | 0.04 | 0.58 <sup>†</sup> **  | -                     |                       |         |
| 3. Positive employment relations (1-7) | 5.49 | 1.25 |      | -0.41 <sup>†</sup> ** | -0.66 <sup>‡</sup> ** | -                     |         |
| Trust                                  | 5.57 | 1.27 | 0.96 |                       |                       |                       |         |
| Equity and equality                    | 5.19 | 1.54 | 0.94 |                       |                       |                       |         |
| Respect                                | 5.57 | 1.31 | 0.91 |                       |                       |                       |         |
| Support                                | 5.57 | 1.28 | 0.95 |                       |                       |                       |         |
| Conflict management                    | 5.38 | 1.36 | 0.92 |                       |                       |                       |         |
| Social integration / Communication     | 5.36 | 1.38 | 0.92 |                       |                       |                       |         |
| 4. Work engagement (1-7)               | 5.46 | 0.93 |      | -0.11*                | -0.15**               | 0.24**                | -       |
| Cognitive engagement                   | 5.08 | 1.11 | 0.79 |                       |                       |                       |         |
| Emotional engagement                   | 5.73 | 1.06 | 0.90 |                       |                       |                       |         |
| Physical engagement                    | 5.49 | 1.16 | 0.90 |                       |                       |                       |         |
| 5. Intention to leave (1-5)            | 2.80 | 1.06 | 0.80 | 0.51 <sup>‡</sup> **  | 0.56 <sup>‡</sup> **  | -0.83 <sup>‡</sup> ** | -0.24** |

\* p < 0.05

\*\* p < 0.01

<sup>†</sup> r > 0.30

<sup>‡</sup> r > 0.50

The descriptive statistics, which include the means, standard deviations, composite reliability coefficients, and correlation matrix, are illustrated in table 2, and the composite reliability scores calculated with Mplus 8.4 (Muthén & Muthén, 1998-2020). Standard deviation is the measurement of the amount of variation or dispersion of a set of values; the lower the standard deviation, the closer the values to the mean set. Whereas, the higher the standard deviation is, there will be a spread of values over a wider range (Hazewinkel, 2001). All the variables were above average with the standard deviation mostly above 1. Composite reliability coefficients of the measuring instruments underlined that the variables were accepted and ranged from 0.04 to 0.96. According to Raykov's (2009) rho, composite coefficients which consist of the same approved cut-off points as Cronbach alpha coefficients, recognise values of  $\geq 0.70$  as acceptable. Table 2 also includes significant and non-significant correlations between the studied variables.

**Table 3***Fit Statistics of Competing Measurement Models*

| Model   | AIC      | BIC      | ABIC     | $\chi^2$ | <i>df</i> | <i>MLR-adjusted</i><br>$\chi^2$ | RMSEA | CFI  | TLI  | SRMR |
|---------|----------|----------|----------|----------|-----------|---------------------------------|-------|------|------|------|
| Model 1 | 30771.75 | 31426.89 | 30830.97 | 2165.19  | 1351      | 2586.54                         | 0.05  | 0.92 | 0.91 | 0.05 |
| Model 2 | 30850.69 | 31495.38 | 30908.97 | 2234.22  | 1354      | 2671.45                         | 0.05  | 0.91 | 0.90 | 0.05 |
| Model 3 | 31116.13 | 31750.36 | 31173.46 | 2435.57  | 1357      | 2942.90                         | 0.06  | 0.89 | 0.88 | 0.05 |
| Model 4 | 31195.05 | 31818.82 | 31251.43 | 2503.58  | 1360      | 3027.83                         | 0.06  | 0.88 | 0.87 | 0.05 |

AIC = Akaike Information Criterion; BIC = Bayesian Information Criterion; ABIC = Sample-size Adjusted BIC;  $\chi^2$  = chi-square; *df* = degrees of freedom; MLR = Maximum Likelihood (Robust) estimator; RMSEA = Root Mean Square Error of Approximation; CFI = Comparative Fit Index; TLI = Tucker-Lewis Index; SRMR = Standardized Root Mean Square Residual

Model 1, when comparing AIC and ABIC, had the lowest values for both. Following this finding, MLR-adjusted Chi-squares were also compared and yet again model 1 contained the lowest values.

The final measurement model was as follows;

1. One-factor latent variable for psychological contract violation (four observed variables);
2. One-factor latent variable for psychological breach (four observed variables);
3. Work engagement as a second-level latent variable as measured by the three first-level latent variables of cognitive (three observed variables), emotional (three observed variables) and physical (four observed variables) engagement;
4. First-level latent variable for intention to leave; and
5. Positive employment relations first-level latent variable.

### **Structural Model**

A structural model entailed regression pathways from the independent variables, PCB and PCV, to the two dependent variables, WE and ITL. PER was included for moderation between psychological contract breach/violation, and, work engagement and turnover intention. The pathways of figure 2 are illustrated in table 4.

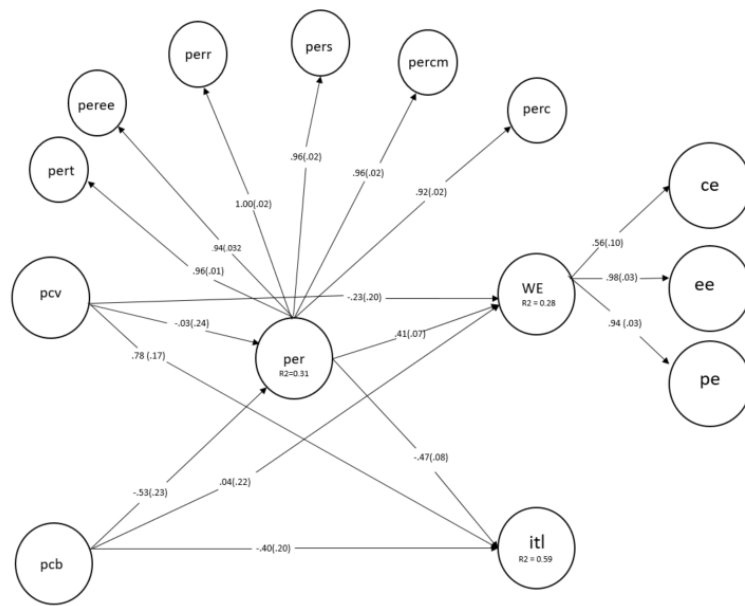


Figure 2: Structural model

**Table 4***Initial Framework Fit Indices and Standardised Path Coefficients*

| Measures   |                                    | Direct and indirect pathways (Model 1) | Direct pathways (Model 2) | Indirect pathways (Model 3) |
|--|------------------------------------|--|---------------------------|-----------------------------|
| Fit indices                                      | AIC                                | 30771.7<br>5                           | 30836.7<br>0              | 30816.5<br>3                |
|  | BIC                                | 31426.8<br>9                           | 31484.8<br>7              | 31457.7<br>3                |
|  | ABIC                               | 30830.9<br>7                           | 30895.2<br>9              | 30874.4<br>9                |
|  | $\chi^2$                           | 2165.19                                | 2222.08                   | 2209.68                     |
|  | <i>Df</i>                          | 1351                                   | 1353                      | 1355                        |
|  | RMSEA                              | 0.05                                   | 0.05                      | 0.05                        |
|  | CFI                                | 0.92                                   | 0.91                      | 0.91                        |
|  | TLI                                | 0.91                                   | 0.90                      | 0.91                        |
|  | SRMR                               | 0.05                                   | 0.14                      | 0.06                        |
|  | Direct pathways to work engagement | Psychological contract violation       | -0.23                     | -0.23                       |
| Psychological contract breach                    |                                    | 0.04                                   | 0.02                      | -                           |
| Positive employment relations                    |                                    | 0.41**                                 | 0.42**                    | 0.50**                      |
| Direct pathways to intention to leave            | Psychological contract violation   | 0.78**                                 | 0.86**                    | -                           |
|  | Psychological contract breach      | -0.40*                                 | -0.43*                    | -                           |
|  | Positive employment relations      | -0.47**                                | -0.49**                   | -0.62**                     |
| Direct pathways to positive employment relations | Psychological contract violation   | -0.03                                  | -                         | -0.04                       |
|  | Psychological contract breach      | -0.53*                                 | -                         | -0.52*                      |

\* p &lt; 0.05

\*\* p &lt; 0.01

The aim of this manuscript was to determine whether positive employment relations would be a moderator in the relationship between psychological contract breach/violation, and, employees' work engagement and turnover intention after a joint venture. Positive employment relationships (PER; consisting of trust, respect, support, equity and equality, communication/social integration, and conflict management) were used to create interaction variables with PCV and PCB, respectively, and these were evaluated to determine whether moderating effects were present in the relationships between psychological contract breach/violation, and, turnover intention and work engagement.

Table 5 below displays the following: psychological contract violation and work engagement  $p= 0.41$ , psychological contract breach and work engagement  $p=0.33$ , psychological contract violation and intention to leave  $p= 0.13$  and psychological contract breach and intention to leave  $p=0.45$ . Positive employment relations had no significant moderating effect for either PCV or PCB, as per the objective of this chapter (determine whether positive employment relations moderate the relationship between psychological contract breach/violation, and, work engagement and turnover intention).

**Table 5**

*Moderation Effects of Positive Employment Relations*

| Variable                         | Work engagement |             |     |      | Intention to leave |             |     |      |
|----------------------------------|-----------------|-------------|-----|------|--------------------|-------------|-----|------|
|                                  | $\Delta R^2$    | F-statistic | df  | p    | $\Delta R^2$       | F-statistic | df  | p    |
| Psychological contract violation | 0.00            | 0.67        | 210 | 0.41 | 0.01               | 2.26        | 209 | 0.13 |
| Psychological contract breach    | 0.00            | 0.95        | 207 | 0.33 | 0.00               | 0.56        | 206 | 0.45 |

\*  $p < 0.05$   
 \*\*  $p < 0.01$

### Discussion

Moderation occurs when the relationship between two variables, independent and dependent, depends on a third variable (Rayees & Sandeep, 2017). In this study, PER was placed as the moderator – the third variable; PCB/PCV was placed as the independent variable; and WE and ITL were the dependent variables.

Positive employment relations, a relatively new concept developed by Smith and Diedericks (2016), advocated for the importance of PER comprising six cornerstones (trust, respect, support, equity and equality, communication/social integration, and conflict management). These cornerstones are individually and holistically (as the PER construct) beneficial to an organisation and its success (Smith, 2016). A negative employment relationship, on the other hand, can create a hostile work environment which is detrimental to the wellbeing of employees and the success of the organisation (Albrecht & Marty, 2020; Lee, Idris, & Tuckey, 2019). The competitiveness within the FMCG industry has put pressure on organisations to create positive relations within the organisation in order to keep employees engaged in their jobs and to retain talent within this fast-paced industry (Steenbrink, 2019).

There is a lack of research that provides a holistic view of PER; however, there are studies of each cornerstone highlighting the importance and contribution each has to the organisation. The social exchange theory (Blau, 1964) postulates that the nature of any relationship is grounded in the concept

of reciprocity (what will I get if I give). Furthermore, it outlines that employees enter an employment relationship not only for economic exchange (wages), but also for the social exchange which comprises respect, loyalty and trust (Paul & Kee, 2020). Therefore, employees seek more than just a salary from their employers; they want more from the relationship in order to remain engaged and stay with the organisation. The social identity theory advocates how employees' sense of self in the organisation is to some extent a reflection of the organisation's identity (Bernabé, Lisbona, Martín-Aragón, & Palaci, 2016). As a result of this sense of self in the organisation, employees will then demonstrate trust, work engagement and low turnover intention.

Rapid change in companies within the FMCG industry is not uncommon; greater digitalisation and expansion of consumer range products have led to more establishments of joint ventures. The success of these joint ventures remains with the human capital, making PER critical for employees to remain engaged and have lower turnover intention, especially after a joint venture (Tachia, Muhammad, Muhammad, & Weiwei, 2019).

Although there were no moderating effects of PER on the relation between PCB/PCV, and, WE and TI, respect, support, and equity and equality were the three cornerstones of PER that had noticeable composite reliability coefficients. This could be attributed to the fact that, after a joint venture, trust can be broken between employees and employers; the lack of trust in the employment relationship can possibly be ascribed to PCB or PCV. If communication of the joint venture in terms of the rationale for joint venturing, introduction of new leadership, and the necessity of organisational structural changes was inadequate, this could lead to employee distrust in their leadership. Employees going through joint venture change will seek support from managers and coworkers in order to cope with the introduction of change. This support can either come in the form of learning and development and onboarding – all relevant support so that employees can effectively perform their jobs. According to the attachment theory, (Bowlby, 1969), lack of support can lead to employees experiencing high attachment-related anxiety which is due to the lack of availability and responsiveness from a partner (Harms, 2011). As a result, such anxiety can lead to counterproductive behaviours (Deci & Ryan, 2012). It is not uncommon for employees during and after a JV to experience leadership and 'new' colleagues as being unavailable or unresponsive, especially in this FMCG organisation that merged with partners from The Netherlands, bringing in a totally new (European) context, foreign language and new organisational culture.

Equity and equality in terms of fairness become compromised in the organisation, especially after a joint venture. Restructuring of the organisation can result in career advancements for some employees. This will spark an interrogation in terms of procedural justice amongst employees who have not been promoted after the joint venture. They will want to better understand the promotional criteria and process and, if not understood, escalate their thoughts into thinking there was an injustice done to them.



Because equity and equality also pertain to comparing rewards amongst employees, the compensation and benefits of expats from The Netherlands in this joint venture company may be perceived as unfair, as the salary offering is structured differently from that of local employees. These differences may create a level of perceived injustice and unfairness within the organisation.

The cornerstones of PER mentioned above all relate to elements contained in the relational psychological contract, which is long-term in nature and includes the exchange of social elements (e.g., trust, loyalty, respect etc.) (Kaulio, 2019). Unlike the transactional psychological contract which is short term and consists of monetary obligations of the employment relationship, elements of the relational contract are not cast in stone and are not always obvious in the organisation. However, behaviours associated with the violation of the relational contract can be evident in the organisation. Aslam, Imran, Muqadas and Rahman (2018) found a positive relationship between work engagement and the relational psychological contract. Elements of the relational psychological contract, such as trust, respect, fairness (i.e. equity and equality) and loyalty (i.e. support), were so closely aligned to and embedded in the three cornerstones of the PER, that this could offer a possible reason why PER did not moderate the relation between PCB/PCV, and, WE and TI. Results showed that PCB/PCV had a significant influence on work engagement and turnover intention.

The study had few limitations; the first of which is the relatively small sample size of 281, although the sample size was large enough to yield results. Secondly, a mixed method approach could have yielded interesting results in terms of interviews with employees on their lived experiences and how these were affected by the joint venture.

### **Recommendations**

Organisations need to establish and maintain all six cornerstones of PER in the organisation. As illustrated in the literature review, all the elements of PER positively contribute to work engagement, reducing turnover intention. It is imperative to ensure continuous and transparent communication in terms of the joint venture process. Transparent and honest communication on organisational changes and their direct and indirect impact on employees will be crucial to avoid a breach or violation of the psychological contract, especially those elements contained in the relational PC (Abela & Debono, 2019; Kluijtmans, Poell, Schalk, & van Gilst, 2020). Regular support ought to be provided to employees to help them cope and understand the changes brought by the joint venture process. This can be achieved by implementing change management initiatives, designed to provide employees with the necessary tools to assist them through the change process. Furthermore, organisations can provide emotional support by offering employees a wellbeing assistance programme which will provide them professional counselling in terms of psychosocial, financial, legal and physical matters. Organisations can ensure

that the recruitment process does not discriminate against any ethnicity, gender or age. Employers need to be consciously aware of creating teams which have a balanced representation of age, ethnicity and gender, to bring forth equity and equality as a focus area within the organisation. To extend the present research, future research may examine the relations between PER, PCB/PCV, work engagement and turnover intention in a longitudinal design. Future studies should be conducted with larger samples. Experimental studies in terms of positive employment relations, psychological contract breach and psychological contract violation are necessary to infer causality of relationships. In future studies objective measures of work engagement and turnover intention could be used.

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## CHAPTER 4

### CONCLUSIONS. LIMITATIONS AND RECOMMENDATIONS

The purpose of this chapter is to provide the conclusion of this study in terms of the specific objectives; also, the limitations, and recommendations for the organisation and for future research.

#### 4.1 Conclusion

The general aim of the study was to investigate the role of the psychological contract and positive employment relations in terms of employees' work engagement and turnover intention after a joint venture.

##### Objective 1

*Determine how positive employment relations, the psychological contract, work engagement and turnover intention are conceptualised in literature.*

The construct, positive employment relations (PER) comprising six cornerstones, namely trust, respect, support, equity and equality, social integration/communication, and conflict management, outlines positive relations in the organisation which influence organisational outcomes, such as work engagement and turnover intention. The concept PER is rooted in positive psychology (Parsad, 2019). There are various social theories that are associated with PER; however, this study focused on the social exchange theory (SET) by Blau (1964) which postulates that interactions are based on a social exchange agreement and the norm of reciprocity. The social identity theory (SIT; Tajfel & Turner, 1979) populates that employees incorporate the organisation's identity to develop a **sense of self** within the organisation. The attachment theory (AT; Bowlby, 1969) recognises the need for an individual to gain a **sense of security** that can be established through the availability and responsiveness from others when needed. The holistic concept of PER contributes to the fulfilment of the psychological contract, resulting in positive organisational outcomes such as work engagement and low turnover intention.

Uncertainty, introduced by organisational change such as with joint venturing, can restrict the fulfilment of the psychological contract which can have a negative domino effect on the employment relationship, through low levels of organisational commitment and productivity (Vantilborgh, 2016). The psychological contract was introduced by Rousseau (1995) and is defined as the unwritten contract which consists of the obligations and expectations of both the employee and the employer. Just like the various types of employment contracts, the psychological contract also has different types which are transactional (exchange of salaries), transitional (discrepancies of initial psychological contract during a period of organisational change), balanced (relationship-orientated employment) and relational (employment relationship where there is mutual respect, trust and loyalty) (Bedi & Kaur, 2016; Chen, Liu, & Yang, 2019).



The basis of the psychological contract is also embedded in the social exchange theory and the rule of reciprocity, which states that individuals will reciprocate what is given (Diehl, Dougan, & Knapp, 2020). Therefore, employees that experience fulfilment of their psychological contract will in return invest their efforts and remain within the organisation. Conversely, if employees have a sense that the psychological contract has not been fulfilled by the organisation, a breach may occur which will then result in disengagement and increased propensity towards turnover (Shen, Schaubroeck, Zhao, & Wu, 2019).

Psychological contract breach entails a thought process that an employee embarks on which may be sparked off by the introduction of change; the thought process entails employees evaluating whether what was promised by the employer is what is being received (Du & Vantilborgh, 2020). The introduction of change will require that employees renegotiate with the employer regarding new terms for the psychological contract which will reflect the new employment changes under the JV (González, 2016). Furthermore, after the cognitive analysis of psychological contract breach, an employee may react emotionally to the breach, experiencing feelings of betrayal and frustration with the organisation. This emotional reaction to psychological contract breach is referred to as psychological contract violation and can result in lower levels of work engagement and increased turnover intention (Kong & Jolly, 2019).

Kahn (1990) further expanded on work engagement theory with three levels on which engagement takes place, namely cognitive (beliefs of employees towards the organisation and its climate), emotional (employees' positive emotions regarding the organisation), and physical (efforts towards the organisation through performance) work engagement. In a fast-paced industry such as the FMCG, employers will benefit greatly from employees who are engaged on all levels in order to successfully embrace the pace and challenges of this organisation. As within this organisation, there are continuous changes towards increasing the organisation's competitiveness and ensure investment, especially after a joint venture. Disengaged employees can be costly to the organisation; the risk of disengaged employees leads to voluntary turnover of top talent that would rather join the competitor in the industry (Jauhari, Kumar, Rastogi, & Sivakumar, 2018). Thus, uncertainty brought about by organisational change, such as with joint venturing, can prohibit the fulfilment of the psychological contract which can have a negative snowball effect on the employment relationship, such as low levels of organisational commitment and productivity, disengagement from work and an increased propensity towards turnover (Vantilborgh, 2016).

## **Objective 2**

*Investigate how psychological contract breach/violation influences positive employment relations after a joint venture.*

Change after a joint venture, such as organisational restructuring, the introduction of new leadership and new organisational culture hinders the fulfilment of the psychological contract and leads to the perception of a psychological contract breach (Schalk & Rousseau, 2009). The findings of the study indicated that psychological contract breach significantly influenced PER negatively ( $\beta = -.53, p < .05$ ) after a joint venture. This is damaging for the organisation in which this study was conducted, as individuals seek to be a part of positive, fulfilling relationships and will disengage and exit toxic relationships that do not contribute positively to their wellbeing (Abugre, 2017). Common challenges with a joint venture typically include different reward structures between employees from the parent company and those at the local company; assimilating cultural differences; and introducing new leadership. These challenges can influence and trigger employees to perceive psychological contract breach (Anwar, Bari, Hameed, & Shaheen, 2019) and that is exactly what **breach** of the psychological contract entails – a **cognitive perception** by employees that the employer is not honouring its side of the ‘agreement’. This could then be the reason why psychological contract breach had a greater effect on the employment relationship (PER) in this study than psychological contract violation, which is an affective or emotional reaction to non-fulfilment of the psychological contract.

Forming of an individual’s psychological contract can commence before the actual employment commences. The onboarding experience of an employee within this organisation is designed to introduce the employee to the organisational strategy and how the employee’s role actively contributes to the organisation’s goals. This sets the initial tone in terms of what is expected from the employee. The onboarding experience also presents to a new employee what the organisation offers in turn for the expertise of the employee, including learning and development offerings such as mentorship and study assistance. In line with the social exchange theory, the onboarding experience will influence the (cognitive) contracting of the psychological contract (Caldwell & Peters, 2018). Re-onboarding employees to the new organisation after the joint venture, is important as it is an opportunity for management to communicate the new direction of the organisation under joint venture changes. Also, communicate the expectations and obligations from the employer’s perspective (Caldwell & Peters, 2018).

### **Objective 3**

*Establish how psychological contract breach/violation, after a joint venture, influences employees’ work engagement.*

According to a study by Bakker and Albrecht (2018) on current trends, work engagement in research is now considered to be a changing phenomenon, considering that levels of work engagement can change at any given time and in any situation. This contribution towards understanding work engagement is especially relevant in the context of a joint venture. When employers perceive a breach (lack of trust and loyalty from employees), they may reduce their support, resulting in the weakening of the

supervisor and employee relationship. On the other hand, when employees perceive breach, this might be met with feelings of anger and frustration, resulting in counterproductive behaviours such as decreased work engagement, commitment, and trust, and more propensity shown towards leaving the organisation (Asselin, Beaudoin, Caron, & Muresanu, 2019).

Results of this study showed psychological contract breach had a small effect on work engagement ( $r=0.04$ ). These results are aligned with the findings of a study by Kele, Scheepers, and Van der Westhuizen (2018), which aimed to investigate the moderating effect of job satisfaction and organisational support on the relationship between psychological contract breach and work engagement.

#### **Objective 4**

*Ascertain if psychological contract breach/violation plays a role in employees' intention to leave after a joint venture.*

In this study, psychological contract breach significantly influenced turnover intention ( $\beta = -0.40, p < 0.05$ ). This finding is consistent with the study of Malik and Khalid (2016) conducted in the banking industry in Pakistan, that concluded that psychology contract breach has a negative relationship with turnover intention and work engagement; when a breach occurs, there will be decreased levels of work engagement and increased turnover intention. Research has shown that employees experiencing a psychological contract breach - unfulfilled obligations and expectations of the psychological contract (Abela & Debono, 2019) - will less likely want to stay with the organisation and will voluntarily exit the organisation (Heffernan & Rochford, 2017).

The same outcome of high turnover intention is observed when psychological contract violation occurs – which is the emotional reaction to psychological contract breach (Kodden & Roelofs, 2019). In this study, psychological contract violation significantly influenced turnover intention ( $\beta = 0.78, p < 0.01$ ). Similar results were captured in the work of Arshad (2016) that focused on psychological contract violation and turnover intention. As discussed in the study, turnover intention is influenced by pull factors - low levels of trust, support and lack of work-life balance can be a result of unmet expectations and which may lead to psychological contract breach (Chiat & Panatik, 2019). Therefore, the finding of this significant relationship was not surprising as organisational change may lead to employees perceiving a breach after a joint venture, which ultimately will influence the turnover intention in the organisation.

Turnover intention is not ideal in organisations that have embarked on a joint venture, especially in the FMCG. The voluntary turnover of employees to a competitor holds financial implications for the organisation, namely recruitment costs and the compromise of ongoing projects in which the employee has been involved as member of the project team. The sudden move to the competitor, compromises

the success of the project – which is not ideal due to the speed of innovative initiatives in the organisation (Suseno, 2019).

### **Objective 5**

*Determine whether positive employment relations moderate the relationship between psychological contract breach/violation, and, work engagement and turnover intention.*

Positive employment relations did not moderate the relationship between psychological contact breach/violation, and, work engagement and turnover intention. Results in this study indicated that three cornerstones of PER had high composite reliability coefficients, namely trust (.96), support (.95) and equity and equality (.96). These cornerstones are also present in the relational psychological contract, which is characterised as long-term and involves the social exchange of socio-emotional elements (e.g., trust, respect, support, fairness, friendship etc.) between parties in the employment relationship (Cai, Liang, Liu, Huang, & Kang, 2019). These elements of the relational psychological contract are not a given in an alliance such as a joint venture; there needs to be a long-term determination from all parties involved in a joint venture to exchange and maintain trust to ensure collaboration, commitment, work engagement and low turnover intention after the joint venture (Quang & Thuy, 2005; Soares & Mosquera, 2019; Tufan & Wendt, 2020).

According to Gulati (1995), knowledge-based trust is established through the interaction of two organisations; as a result of this interaction, these organisations gain knowledge about each other which is where trust around norms and equity is established. After a joint venture, it is especially important that trust is maintained within the two organisations as to reduce conflict and turnover intention; and to maintain engagement (Quang & Thuy, 2005).

Therefore, a possible reason why positive employment relations did not moderate the relationship between the PCB/PCV, and, work engagement and turnover intention could be because the six cornerstones of PER (trust, respect, social integration, equity and equality, support, and conflict management) are features of the relational psychological contract.

### **4.2 Limitations**

The first limitation of the study was the relatively small sample size. However, the data obtained was sufficient to yield statistically significant results. Secondly, questionnaires were used that are self-report instruments to measure target variables. As only one source of information - the participants - is used to measure independent and dependent variables, self-reported data might be contaminated by common method variance (Spector & Jex, 1991). Thirdly, a cross-sectional survey method was used, which restricted the interpretation of data as collection of data took place at one point in time. Causal relationships between independent variables and outcomes could therefore not be studied.

## **4.3 Recommendations**

### **4.3.1 Recommendations for the Individual**

It is recommended that the individual continuously reviews and re-negotiates his/her psychological contract with the employer in order to curb cognitive and affective reactions to non-fulfilment thereof. Through constant reviewing and restructuring of the psychological contract, an individual will be empowered to embark on job crafting which is the re-engineering of one's job in a creative and effective way that will contribute to self-actualisation and organisational benefits such as commitment and engagement, even long after change has occurred (Seeck & Parzefall, 2008).

It is further recommended that an individual initiates regular meeting with his/her supervisor to align expectations from both the employee and supervisor through open and honest communication. The employee should use the one-on-one platform to make the supervisor/manager aware of any uncertainty in terms of any changes implemented as a result of the joint venture.

### **4.3.2 Recommendations for the Organisation**

Based on the findings of this study, it is recommended that in the early phase of joint venturing, the organisation needs to closely monitor the psychological contract of its employees and act timeously in terms of renegotiating the new psychological contract that is aligned with the new organisational changes and structure. Ensure that questions such as "What has changed? How does this change impact me? What is required of me? Will you still provide me with what you promised prior to this change?" are addressed in a transparent, consistent and honest manner. This will mitigate psychological contract breach developing further into psychological contract violation.

Based on the result that PER significantly influenced work engagement positively and turnover intention negatively, a further recommendation would be for organisations to maintain high levels of work engagement and low levels of turnover intention after a joint venture. All six cornerstones (trust, respect, support, social integration/communication, equity and equality, and conflict management) of a positive employment relationship need to be present in order to maintain levels of work engagement and low turnover intention after a joint venture. The following guidelines are proposed as interventions which can be rolled out to ensure that these cornerstones are present in the employment relationship.

Trust and respect need to be embedded in an organisation's values and behaviours. Education of trust and respect can practically be introduced through company-wide diversity and inclusion awareness and training programmes.

Support can be provided on an organisational level through a study funding scheme, mentorship and training; and on a manager level through performance discussions centered on what guidance and support a manager can provide to the employee in terms of his/her career path. Furthermore, a manager

needs to provide support to an employee facing a difficult period in his/her life or who is experiencing anxiety and uncertainty, especially during a time of organisational change.

Communication should be consistent and transparent via various platforms - electronically and visually - relating to organisational goals and objectives. When going through change - such as with a joint venture - organisations need to communicate the reason behind the joint venture and the roll out plan of the way forward to all employees. This involvement and transparency in communication will provide employees with a sense of inclusion/integration and being a valued member of the organisational structure. Feeling valued and appreciated will likely inculcate a sense of belongingness and the propensity to remain with the organisation during the period of change, rather than becoming disengaged and wanting to leave the organisation.

The organisation should ensure equity and equality in its processes such as recruitment, promotions and rewards. Policies which govern these processes should be adhered to and shared with everyone in the organisation; transparency in terms of promotion criteria will eliminate perceptions of inequality and injustice in a fast-paced organisation which has undergone major change initiatives.

Guidelines on how to manage conflict in the organisation should be made available to all employees through means of stored documentation on the organisation's intranet or a schedule of a roadshow across the organisation on effective conflict management tools and support offered by the organisation in this regard. Whistle blowing platforms should be made available to encourage employees to safely/confidentially report injustices experienced in the organisation.

#### **4.3.3 Recommendations for Future Research**

Future research can focus on the type of psychological contract that is negatively impacted after a joint venture; determining the type of contract can provide further insight in terms of recommendations on interventions that organisations can put in place to mitigate the risks associated with the breach and violation of the psychological contract. Furthermore, a longitudinal approach can be utilised to investigate psychological contract breach, positive employment relations, work engagement and turnover intention at three points in time, before, during and after the joint venture. A mixed method research design will also be valuable in terms of semi-structured interviews being conducted with employees on their lived experiences in terms of the joint venture.

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