

**The psychological contract of designated and non-designated groups
in a financial institution**

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COMMENTS

The reader should keep the following in mind:

- The editorial style as well as the references referred to in this mini-dissertation follow the format prescribed by the Publication Manual (4th edition) of the American Psychological Association (APA). This practice is in line with the policy of the Programme in Industrial Psychology of the North-West University (Potchefstroom) to use APA style in all scientific documents as from January 1999.
- The mini-dissertation is submitted in the form of a research article. The editorial style specified by the South African Journal of Industrial Psychology (which agrees largely with the APA style) is used, but the APA guidelines were followed in constructing tables.

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ABSTRACT

TITLE: The psychological contract of designated and non-designated groups in a financial institution

KEY TERMS: Psychological contract, breach of contract, violation of contract, discrimination, affirmative action, designated employees.

Due to socio-political transformation, South Africa has been subjected to dramatic changes that influenced employment relationships, employment contracts between employees and employers and the psychological contract of employees. Due to all these socio-political changes different groups of employees experience differences in their psychological contracts and have certain expectations that their organisation should fulfil.

The general objective of this research is to determine the psychological contract of designated and non-designated groups of a banking institution in the North West Province. A cross-sectional survey design was used to collect the data and reach the objectives of this study. Stratified random sample ($n = 131$) was taken from permanently appointed designated and non-designated employees of different branches in a South African banking institution in the North West Province. A structured, self-completion questionnaire was used to collect the data. The Psycones Questionnaire and discrimination and affirmative action questions were selected from different existing questionnaires and were used to compile the questionnaire.

Descriptive statistics (e.g. means, standard deviations, skewness and kurtosis) were used to analyse the data. Pearson product-moment correlation coefficients were used to assess the relationships between the variables. Multiple regression analyses were used to investigate the effects of the variables in this study, multivariate analysis of variance (MANOVA) was performed to assess the differences in the experience of affirmative action policies of demographic groups. Item-level analysis is performed by using analysis of variance (ANOVA).

The results indicated that designated and non-designated groups of employees do not experience a difference in their breach or violation of their psychological contracts when affirmative action policies are correctly implemented and communicated. Based on the findings of this study organisations are advised to ensure that affirmative action policies are implemented correctly and communicated to all groups of employees, and then designated and non-designated employees would not differ in their experience of violation in their psychological contracts.

Limitations in the research are identified and recommendations were made.

OPSOMMING

TITEL: Die psigologiese kontrak van aangewese en nie-aangewese groepe in 'n finansiële instelling

SLEUTELTERME: Psigologiese kontrak, breek van kontrak, ervaring van kontrakskending, diskriminasie, regstellende aksie, aangewese groepe.

As gevolg van sosio-politiese veranderings, was Suid-Afrika blootgestel aan dramatiese veranderinge wat die indiensnemingsverhouding en -kontrak tussen werknemers en werkgewers, asook die psigologiese kontrak van werknemers beïnvloed het. As gevolg van al hierdie sosio-politiese verandering ervaar verskillende groepe werknemers verskille in hul psigologiese kontrakte en het hulle sekere verwagtinge wat die organisasie aan moet voldoen.

Hierdie studie het dit ten doel om die invloed van regstellende aksie op aangewese, sowel as nie-aangewese groepe in 'n finansiële instelling in die Noordwesprovinsie te bepaal. Daar is van 'n dwarsdeursnee-opname ontwerp gebruik gemaak, terwyl 'n ewekansige steekproef ($n = 131$) verkry is vanaf aangewese sowel as nie-aangewese groepe wat in verskillende takke van 'n Suid-Afrikaanse handelsbank in die Noordwesprovinsie werksaam is. 'n Gestruktureerde, self voltooide vraelys is gebruik om die data te versamel. Die vraelys is opgestel deur van die *Psycones*-vraelys en vrae oor diskriminasie en regstellende aksie vroe van reeds bestaande vraelyste gebruik te maak.

Beskrywende statistiek (bv. rekenkundige gemiddeldes, standaardafwykings, skeefheid en kurtosis) was gebruik om die data te ontleed. Pearson korrelasiekoeffisiente was gebruik om die verhouding tussen die veranderlikes te bepaal. Meervoudige regressie-analise was gebruik om die effek van die veranderlikes in die studie te bepaal, multivariate analise van variansie (MANOVA) was uitgevoer om die verskille in die ervaring van die regstellende aksie beleide van demografiese groepe te bepaal. Item-vlak ontleding is gedoen deur die analisering van variansies (ANOVA).

Die resultaat dui nie 'n noemenswaardige verskil aan in terme van hoe die onderskeie groepe 'n breek in hul psigologiese kontrak ervaar, wanneer regstellende aksie beleide reg ingespan en gekommunikeer word nie. Gebaseer op die bevindinge van die studie word aanbeveel dat organisasies verseker dat hulle regstellende aksie beleide reg geïmplementeer en gekommunikeer word aan alle werknemers, sodat aangewese en nie-aangewese groepe nie verskil in hul ervaring van die verbreking van hulle psigologiese kontrakte nie.

Tekortkominge in die navorsing is uitgewys en aanbevelings is gemaak.

CHAPTER 1

INTRODUCTION

This mini-dissertation focuses on the influence of affirmative action on designated and non-designated groups' psychological contracts. In this chapter the problem statement and the research objectives (including the general and specific objectives) are discussed. Following this, the research method is explained and an overview is given of the chapters to follow.

1.1 PROBLEM STATEMENT

South Africa has experienced many ideological changes in the last decade influencing the diverse workforce of South Africa. There was dramatic alteration of employment relationships as well as employment contracts, because of crucial economical, political and social changes (Herriot & Pemberton, 1996). Prior to the 1994 election, South Africa had to adapt to Apartheid, which was developed by white South Africans to improve the living and work conditions of white South Africans (Eide, 1999). Due to this system a large number of the population was denied access to the workplace, and therefore, could not advance into key positions (Nel et al., 2005). Various damaging consequences of Apartheid influenced South African workplaces, including labour unrest, strikes, crime, limited enhancement of skills of black groups, sanctions by the international market, isolation from international markets and underutilisation of resources (Venter, 2006).

All the above-mentioned problems of Apartheid led to the development of the South African affirmative action initiatives. After the 1994 democratic elections – with the abolishment of Apartheid – the new government developed legislation that was aimed at rectifying the imbalances of this era (Robbins, Odendaal & Roodt, 2004). Through the promulgation of the Employment Equity Act of 1998, affirmative action processes were introduced to help correct the negative effects that racial segregation caused.

The Employment Equity Act (EEA) was developed to pursue a more diverse workforce (Muchinsky, Kriek & Schreuder, 2004). The purpose of this Act (55 of 1998) includes:

- a) promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and
- b) implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure their equitable representation in all occupational categories and levels in the workforce.

In the above context, *designated group* refers to black people, women and people with disabilities. The term black people refers to Africans, Coloureds, Indians who resided in South Africa before 1994 (Republic of South Africa, 1998). The EEA requires from employers to retain and develop people from designated groups and to implement training and developmental measures. Employers may not discriminate against a person exclusively on the grounds of the person's lack of experience. Employees may also be appointed on the basis of their potential to do the job (Schreuder & Theron, 2005). Affirmative action is intended to grant equal opportunities to everyone and to establish a diverse workforce of all races, cultures and genders (Nel et al., 2005). The former disadvantages that were caused due to Apartheid are systematically redressed due to the changes in South Africa's labour laws, which makes the workforce become more representative of the population (Republic of South Africa, 1998).

Managing such changes is a major challenge for organisations. Globalisation, restructuring and downsizing are playing an increasingly important role in current employment relationships. Organisations are under huge pressure to make changes to ensure that they survive and that their employees are satisfied. Because of all these changes, organisations had to alter employment relationships and, because of this, the psychological contracts that underlie the relationships are influenced (Sims, 1994). This psychological contract plays a huge role in ensuring that employment relationships are not experienced as unfair (Anderson, Ones, Sinangil & Viswesvaran, 2002). The psychological contract can be defined as the perceptions and expectations of the exchange relationship between employee and employer, and what their reciprocal obligations are towards each other (Robinson & Morrison, 2000). Rousseau (1989) defines the psychological contract as "an employee's beliefs about the conditions of the

obligatory agreement that exists between themselves and their organisation". It can further be seen as the perceived mutual promises and obligations of the organisation and individual in the employment relationship (Guest & Conway, 2002). It is distinguishable from the formal contract of employment and it is not necessarily written down, but is nevertheless commonly understood (Conway & Briner, 2005). Therefore, the psychological contract can be perceived as the unwritten mutual agreement between the employer and employee about the tacit assumptions of meeting, breaking and matching expectations between the employer and the employee. If these expectations match each other, performance is likely to enhance and the relationship between both parties will be satisfied because both parties know what is expected of them (Rousseau, 1995).

Since the psychological contract is a complicated issue, organisations sometimes find it difficult to ensure that tacit assumptions of the employees are fulfilled. Many employers do not have the accurate impression of what their employees expect from them and when they implement changes in the organisation; they expect their employees to adjust to the changes. Employees, however, expect their employer to respect their relationship without the proposed changes and this creates an incongruity in the psychological contract (Schalk, Heinen & Freese, 2001). Based in this statement, it can be perceived that after the 1994 election – when formal racial segregation ended – the designated group started to expect certain unique benefits to ensure that the past imbalances are corrected. They might expect preferential treatment above the non-designated group in the workplace (Partington & Van der Walt, 2005). While, on the other hand, the non-designated group (meaning white men) has certain expectations that may not be fulfilled. Louw (2006) mentions that this group still expects job security, career advancements, equal treatment and no discrimination. Thus, expectations of these groups in their psychological contracts may lead to perceived contract breach or violation.

A breach in the psychological contract can arise when the individual feels that a gap exists between the promises made and the promises kept. They feel that the organisation has failed to meet the expectations of their psychological contract (Sutton & Griffin, 2004). A breach of the psychological contract occurs when either of the parties refuses to comply with the obligations of

the contract. This breach deprives employees of incentives that are important sources of work contentment and motivation. It can also be the source of a demotivated and inefficient workforce, employees are dissatisfied and lacking in commitment and higher labour turnover (Guzzo, Noonan & Elron, 1994). Violation of the contract is a perceived failure to fulfil the contract's terms and conditions and can be damaging to all involved (Morrison & Robinson, 1997). Violation may lead to feelings of deceit (Robinson & Rousseau, 1994). Violation is related to employee's attitudes and behaviours (Turnley & Feldman, 2000). However correct procedures and policies can ensure that violation is minimised.

The question that arises is: if companies have sufficient affirmative action procedures in place and those procedures are in use, will a significant difference in the experience of the psychological contract occur? The changes of organisations that are regulated by the EEA are not the only demands that are placed on the management of equity in the workplace. In the South African financial sector there have been many changes in the culture, composition and approaches of banking institutions since 1994. According to Harker and Zenios (2000), some of the human resource development targets of financial intuitions are to focus on affirmative action, the valuing and management of diversity, the promotion of black economic empowerment and the entrenchment of diversity and equity at all levels of employment. Even before the implementation of the EEA, Sparrow (1996) confirmed that affirmative action is an important measure for banking institutions. Since then enormous strides have been made to include a diverse and representative workforce. According to the annual review of the financial sector in 2007, financial sectors employment equity targets were met (Mboweni, 2004). There are 30% black men directors, 7% black women directors, 22% black men executives and 4.9% black women executives in the total management structure. Furthermore, of the black men management representation, out of the all the employees, 25% is senior management, 30% middle management, 50% junior management. In black women management there is 4% senior management, 10% middle management and 15% junior management. Targets were set for 2008 by banking institutions and most of these targets were already met in the ten year transformation process (Godongwana, 2007).

The previous governor of the SA Reserve Bank, Mr. Tito Mboweni, stated that “The main aim of employment equity policies is to rid the banking institution of all discrimination that occurred especially in the past” (Godongwana, 2007). It is important to have equity in an organisation, but if these equity measures are not implemented correctly, it can cause conflict between groups of people (Bendix, 2001) and employees may start to question their employment contract and conditions of employment. With all the existing employment equity measures, designated and non-designated employees might start to question the fairness of their treatment in the organisation, which can give rise to questions regarding their psychological contract. Even though research suggests that there are differences in the way designated and non-designated groups experience their psychological contracts, companies may benefit and ensure marginal differences by implementing and making use of effective affirmative action procedures.

The following research questions can be formulated based on the above-mentioned description of the research problem:

- How do designated and non-designated groups of a banking institution in the North West Province experience the psychological contract?
- What is the difference in the experiencing of breach and violation of the psychological contract by designated and non-designated groups of a banking institution in the North West Province?
- What are the correlations between the psychological contract and the experience of affirmative action of designated and non-designated groups within a banking institution in the North West Province?
- Will there be differences in the experience of affirmative action policies experienced by various designated and non-designated groups of a banking institution of the North West Province?
- What future recommendations can be made?

1.2 RESEARCH OBJECTIVES

The research objectives are divided into general and specific objectives.

1.2.1 General objective

The general objective of this research is to determine the psychological contract of designated and non-designated groups of a banking institution in the North West Province.

1.2.2 Specific objectives

The specific objectives of this research are the following:

- To determine the difference in experiencing of breach and violation of contract by designated and non-designated groups of a banking institution of the North West Province;
- To determine the correlations between the psychological contract and the experience of affirmative action between designated and non-designated groups of a banking institution of the North West Province.
- To determine whether there will be differences in the experience of affirmative action policies experienced by various designated and non-designated groups of a banking institution of the North West Province; and
- To make recommendations for future research.

1.3 RESEARCH METHOD

The research method consists of a literature review and an empirical study.

1.3.1 Literature review

The literature review will focus on previous research that has been done on breach and violation of contract, the psychological contract, discrimination and affirmative action. The results

obtained in the literature are used to determine the relationship between the above-mentioned constructs. The following databases were consulted: EBSCO Host, Google Scholar, Internet, Emerald, Textbooks, The South African Labour Relations Act, previous dissertations and Academic Journals.

1.3.2 Empirical study

The empirical study entails that the specifically stated objectives were achieved as follows:

1.3.2.1 Research design

A quantitative research design was utilized. A cross-sectional survey design was used to collect the data and reach the objectives of this study. Cross-sectional designs are used to examine groups of subjects in various stages of development simultaneously, while the survey describes a technique of data collection in which questionnaires are used to gather data about an identified population (Burns & Grove, 1993). One group of people is observed at one point of time (Neuman, 1997). A sample is drawn from a population at a specific time. This design is well suited to the descriptive and predictive functions associated with correlation research, whereby relationships between variables are examined (Shaughnessy & Zechmeister, 1997).

1.3.2.2 Participants

A stratified random sample ($n = 131$) was taken from permanently appointed designated and non-designated employees of different branches in a South African banking institution in the North West Province. The stratified random sampling method (Du Plooy, 2001) was used not only to draw a representative sample, but also to include subgroups (age, home language, gender, position in company, tenure in organisation, supervisor over others, qualification, part of designated group, groups in designated group). A list of permanent employees working in the banking institution was collected from the Human Resource Manager of the company. Representative designated and non-designated employees on low, middle and top management of

a South African banking institution in the North West Province were given a questionnaire to complete via e-mail which was sent back to the researcher. The participants consisted of 37 men and 94 women. Eighty two employees were in a lower position in the company, 38 in a middle position while only 11 employees were from top management. The home language of 92 employees was Afrikaans, 13 English, 19 employees speak Setswana while the rest speak other languages.

1.3.2.3 Measuring battery

A structured, self completion questionnaire was used to collect the data. A peer review was done beforehand on the questionnaire to ensure that the questions were reliable, valid and that all the questions were interpreted the same. The questionnaires that were used to compile the questionnaire are the following:

- *Psycones Questionnaire* that contains questions regarding specific employer and employee obligations as viewed by and employee (PSYCONES, 2006). Questions were selected to determine the psychological contract component.
- Discrimination and affirmative action questions were selected from different existing questionnaires to determine the discrimination and affirmative action component.

The questionnaire was in English. The questionnaire consists of 37 items. Twenty eight questions were taken from *Psycones Questionnaire* to determine the psychological contract component. It consists of three items that contain questions regarding employer obligations for example: "Has your organisation promised or committed itself to provide you with a job that is challenging?"; "Has your organisation promised or committed itself to allow you to participate in decision-making?". The emotions associated with the psychological contract, for example: "I feel happy"; "I feel sad"; "I feel pleased". The third item is the overall state of the psychological contract for example: "Do you feel that organisational changes are implemented fairly in your organisation?"; "Do you feel fairly treated by managers and supervisors?". A further 9 items were included that focused on affirmative action policies and procedures for example: "I believe

that affirmative action appointments have a negative influence on productivity within my organisation”; “I understand the reason for affirmative action within my organisation”.

The six-point rating scale was used in the questionnaire where designated and non-designated participants were asked to rate the degree to which they agree or disagree with a particular statement on a scale from 0 to 5. The scale consist of 0 being NO (where the person felt the psychological contract was completely violated) and 1 to 5 being YES (where the person felt promises were not kept at all) [1] to promise fully kept [5]). A Likert type scale (1 = strongly disagree and 5 = strongly agree) was also used (Du Plooy, 2001). Previous research reported Cronbach’s alpha coefficients for the *Psycones Questionnaire* that was very high, with employer and employee obligations ($\alpha = 0.95$), emotions concerning the psychological contract ($\alpha = 0.70$), and the state of the psychological contract ($\alpha = 0.93$) (PSYCONES, 2006). These are acceptable Cronbach alpha’s coefficients according to the guideline of $\alpha > 0,70$ (Nunnally & Bernstein, 1994), which indicates that the *Psycones Questionnaire* is a reliable and valid measuring instrument.

1.3.2.4 Statistical analysis

The statistical program SPSS 17.0 for Windows was used to analyse the data that were collected from the measuring battery (SPSS inc., 2009). The Cronbach’s alpha coefficient ($> 0,70$), inter-item correlation coefficient and exploratory factor analysis was used to determine the reliability and validity of the measuring instruments (Clark & Watson, 1995). Descriptive statistics (e.g. means, standard deviations, skewness and kurtosis) were used to analyse the data. The mean indicates the average score obtained by the research group on each measuring instrument and the standard deviation indicates the extent to which individual scores differ from the mean obtained.

A simple principal component analysis was carried out to determine the number of factors to be extracted. The product-moment correlation was used to determine the extent to which one variable is related to another. A multi-regression analysis was done to show the predictability between certain constructs. Multivariate analysis of variance (MANOVA) was performed to

assess the differences in the experience of affirmative action policies of demographic groups. Item-level analysis is performed by using analysis of variance (ANOVA).

1.4 RESEARCH PROCEDURE

The measuring batteries were compiled and sent to permanently appointed designated and non-designated employees of the banking institution. The questionnaire was provided via e-mail to participants and arrangements regarding the collection of the questionnaires were communicated. A letter requesting participation, motivation for the research and guaranteeing anonymity and confidentiality was included. Participants were encouraged to complete the questionnaire in return for feedback which will improve their working conditions. Ethical aspects regarding the research were also discussed with the participants. In order to obtain the optimum response, a brief personal discussion was held with the bank manager, where the positive aspects of the research were stated. The overall results on how the banking institution's participants responded to the research topic was provided to the manager, as well as recommendations to help them increase productivity, loyalty and trust of their organisation.

1.5 OVERVIEW OF CHAPTERS

Chapter 2 will focus on the literature review and an empirical study focusing on the research method, results, discussion and conclusion. Chapter 3 will deal with the discussion, limitations and recommendations of this study.

1.6 CHAPTER SUMMARY

This chapter discussed the problem statement and research objectives. The measuring instruments and research method used in this research were explained, followed by a brief overview of the chapters that follow.

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CHAPTER 2

RESEARCH ARTICLE

THE PSYCHOLOGICAL CONTRACT OF DESIGNATED AND NON-DESIGNATED GROUPS IN A FINANCIAL INSTITUTION.

C. STRYDOM

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ABSTRACT

The objective of this study is to determine the influence of affirmative action on designated and non-designated groups in a financial environment. A cross sectional survey design was used. A stratified random sample ($n = 131$) was taken from permanently appointed designated and non-designated employees of different branches in a South African banking institution in the North West Province. A structured, self completion questionnaire was used to collect the data. The questionnaire was compiled by using the *Psycones Questionnaire*, which contains questions regarding specific employer and employee obligations, as viewed by the employee (PSYCONES, 2006). Questions were selected to determine the psychological contract component. Discrimination and affirmative action questions were selected from different existing questionnaires to determine the discrimination and affirmative action component. The results show little difference in how designated and non designated groups experience violation in their psychological contracts when affirmative action policies are correctly implemented.

OPSOMMING

Hierdie studie het ten doel om die invloed van regstellende aksie op aangewese, sowel as nie-aangewese groepe, in 'n finansiële omgewing te bepaal. Daar is van 'n dwarsdeursnee-opname ontwerp gebruik gemaak, terwyl 'n ewekansige steekproef ($n = 131$) verkry is vanaf aangewese sowel as nie-aangewese groepe wat in verskillende takke van 'n Suid Afrikaanse handelsbank in die Noordwesprovinsie werksaam is, ingespan is. 'n Gestruktureerde, self voltooide vraelys is gebruik om die data te versamel. Die vraelys is opgestel deur van die *Die Psycones-vraelys* gebruik te maak, wat vrae bevat rakende spesifieke werknemer sowel as werkgever verpligtinge, soos gesien deur die werknemer (PSYCONES, 2006). Vrae was gekies om die psigologiese kontrak komponent te bepaal. Diskriminasie en regstellende aksie vrae was gekies vanuit verskeie reeds bestaande vraelyste ten einde die diskriminerende en regstellende aksie komponent te bepaal. Die resultaat dui nie 'n noemenswaardige verskil aan in terme van hoe die onderskeie groepe 'n breek in hul psigologiese kontrak ervaar, wanneer regstellende aksie beleide reg ingespan word nie.

Due to socio-political transformation, South Africa has been subjected to dramatic changes that influenced employment relationships, as well as the employment contract between employees and employers (Grogan, 2003). Prior to 1994 some South African employees did not have as many rights and privileges as they currently have due to certain legislations that were enforced. Before 1994, legislation in South Africa was subjected to Apartheid. The American Heritage Dictionary of the English Language (2004) defines Apartheid as “an official policy of racial segregation formerly practiced in the Republic of South Africa, involving political, legal, and economic discrimination against non-whites”. The New Dictionary of Cultural Literacy (2002) describes Apartheid as “policies that long denied blacks and other non-whites civic, social and economic equality with whites” (Hirsch, Kett & Trefil, 2002).

During the decades, a range of legislation was introduced that extended the segregation against whites, blacks, Coloureds and Indians. The most noteworthy legislation that was implemented, was the Group Areas Act No 41 of 1950 (SADET, 2004). This act declared certain areas for the exclusive use of one particular racial group and it became obligatory for people to live in a designated area for their classification group. This act led to the forced removal of over three million people to designated areas. The Suppression of Communism Act (Internal Security Act) No 44 of 1950, banned certain organisations and persons from promoting ‘communism’. This act was so broadly defined that nearly any non-conforming group could be ‘banned’ (Clark & Worger, 2004). The Suppression of Communism Amendment Act No 50 of 1951 focused on situations where people conspired to overthrow the government, or where people or groups of people harboured, concealed, failed to report, or assisted people that intended on committing so-called acts of terrorism against the government. The Bantu Authorities Act No 68 of 1951 led to the establishment of tribal, regional and territorial authorities (independent homelands) and the Natives (Abolition of Passes and Co-ordination of Documents) Act No 67 of 1952 which, despite its title, led to the rigid application of Pass Laws (Horrell, 1978). All of these legislations gave rise to discrepancies that were experienced by employees of these different groups in their employment relationship, as well as with differentiations in their employment contracts. Due to the inequality of the legislation and the discrepancies, some changes had to be made. These changes ensured that a more participative relationship between the employer and all employees

developed and employees had more rights and were becoming more part of the organisation since the abolishment of Apartheid (Nel et al., 2004).

Since the 1994 general elections, South Africa has been well on its way towards the conversion of a political and social democracy. With the abolishment of Apartheid came increased attentiveness of the social discrepancy and socio-economic inequalities between different races and genders (Burns, 2006). The new government implemented equity strategies, such as affirmative action, employment equity and diversity management, to bring previously disadvantaged individuals, particularly black South Africans, women and people with disabilities, into the economic mainstream (Nel et al., 2004). Through the implementation of the Employment Equity Act (EEA) 55 of 1998 (Republic of South Africa, 1998), the government enforced equity policies, such as affirmative action, in the broader private sector.

According to Venter (2006), affirmative action is “inclusive, granting equal opportunities to all, but providing certain special measures to those previously excluded, for the purpose of securing adequate advancement of these groups in order to ensure equal enjoyment of human rights and fundamental freedoms”. Kreitner and Kinicki (2004) define affirmative action as a fair discriminatory intervention that is aimed to right imbalances, unfairness, discrimination or faults of the past. The commitment to equality is a persistent and prevailing feature of the EEA (55 of 1998). The objectives of this Act, as stated in section 2, are to achieve equity in the workplace by:

- “(a) promoting equal opportunity and fair treatment of employment through the elimination of unfair discrimination; and
- (b) implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure their equitable representation in all occupational categories and levels in the workforce”.

In the above context, the *designated group* refers to black people, women and people with disabilities. The term “black people” refers to Africans, Coloureds and Indians who resided in South Africa before 1994 (Republic of South Africa, 1998). Thus, *non-designated groups* refer to white males.

Hartzer (1998) states that affirmative action is necessary for the continued existence of the business sector in South Africa and also to ensure that the South African workplace becomes more representative of its demographics. However, Bendix (2001) and Gills, Gomes, Valliere and Doyon (2001) indicate that affirmative action initiatives can constitute as reverse discrimination. Zelnick (1996) regards affirmative action “as a racially discriminatory practice against whites and other non-favoured ethnic groups. It favours the less qualified over the more qualified and it is, therefore, a systematic attack upon objective merit selection criteria”. White workers feel threatened, estranged and disempowered by the new legislation (Robbins, Odendaal & Roodt, 2004) and this leads white workers to emigrate and a huge loss of valuable skills for a young democratic nation. All these changes in legislation lead to new expectations and obligations for different types of employees in South Africa, and this in turn influences the psychological contract of employees. Some of the implications that can happen when employees feel that their expectation is unmet, can cause an unmotivated and inefficient workforce, employees are dissatisfied and lacking in commitment and higher labour turnover (Guzzo & Noonan, 1994).

The goal of this paper is to determine the experience of affirmative action by designated and non-designated employees in a financial institution in the North West Province. To reach the above goal, a brief literature study is given to highlight the background of the South African financial sector, by focusing on banking institutions. A literature study was done on the psychological contract theory, since the goal of this study also focuses on different psychological contracts of designated and non-designated groups. Thereafter, the participants of this study will be discussed, in context of the goal of the study and the research method and results will follow, before some recommendations and conclusions are given.

Affirmative action at South African banking Institutions

The banking institutions’ culture, composition and approach have had many changes since 1994. Since then, enormous strides have been made to include a diverse and representative workforce in the banking sector (Mboweni, 2004). In 2005 the financial sector’s primary objective was

“promoting a transformed, vibrant, and globally competitive financial sector that reflects the demographics of South Africa, a sector that contributes to the establishment of an equitable society by effectively providing accessible financial services to black people and by directing investment into targeted sectors of the economy”. A further objective was to “invest in human resource development across the full spectrum of skills, with special emphasis on increasing the participation of black people in skilled, strategic and operational leadership in the sector” (Godongwana, 2007). According to the annual review of the financial sector in 2007, financial sectors employment equity targets were met. In the annual review of the financial sector in 2007, the financial sector reported that in the director and executive class there was 30% black men directors where 7% was black women directors, 22% black men executives and 5% black women executives out of the total employees. With management it was said that they were on track to meet 2008 black management targets (25% senior management, 30% middle management and 50% junior management were black). They had already met or were close to 2008 black women manager targets that was 4% senior management, 10% middle management and 15% junior management (Godongwana, 2007). These changes in the composition of organisations leads to new expectations that in turn leads to new psychological contracts of employees.

The Psychological Contract

Research describes psychological contracts as the perception of what the reciprocal arrangements between an employee and employers are that makes up the employment relationship (Robinson, Kraatz & Rousseau, 1994). The psychological contract is not a written contract, but it implies a reciprocally agreed set of expectations and satisfaction of needs arising from the employment relationship (Mullins, 1996). Further, Rousseau (1996) defined the psychological contract of employment “as an employee’s insight of what he/she owes the employer and the inducements the employee believes that he/she is owed in return”. For the purpose of this study, the researcher defines the psychological contract as the implicit and unspoken mutual expectations that govern the relationship between the employer and the employee. Employees and employers form expectations about the employment relationship that lead them to believe that certain actions will

be reciprocated. If these expectations are not reciprocated it can lead to perceptions that may impair their psychological contract (Rousseau, 1989).

In South Africa, organisations have a dual-fold task to make sure that they comply with relevant employment legislations by making their workforce more representative of its population, while they must adapt to ever changing and unstable markets to ensure productivity and their survival (Hiltrop, 1995). In the face of such challenges, many organisations must reinvent themselves through structural processes, such as reorganisation, reformation, mergers and downsizing (Knights & Kennedy, 2005). Similar transformations usually involve the renegotiation and amendment of the employment relationship to fit changing circumstances (Altman & Post, 1996). Although these changes are crucial for the continued existence of the organisation, it is the way in which change is executed that often results in the desecration of psychological contracts (Knights & Kennedy, 2005). Therefore, the psychological contract that provided safety, solidity, predictability, fairness and mutual respect to the employment relationship has been severely transformed (Hiltrop, 1995).

Breach or Violation of the Psychological Contract

In a climate of change many employees are confronted with increased uncertainty and responsibilities and they may feel that the psychological contract made between themselves and their employer has been damaged (Hiltrop, 1995). When either of the parties in the employment relationship feels that the other has failed to fulfil one or more of the commitments made of the psychological contract, there is a breach of contract. If the breach is considerable, it can entail a violation of the psychological contract (Morrison & Robinson, 1997). Morrison and Robinson (1997) define psychological contract breach “as the cognition that one's organisation has failed to meet one or more obligations within one's psychological contract in a manner commensurate with one's contributions”.

Violation of the psychological contract involves a strong emotional experience or feeling of betrayal, distress and disappointment resulting in emotions such as anger, resentment, a sense of

wrongful injustice and harm (Rousseau, 1989). This emotional experience culminates in attitudinal and behavioural responses, including job dissatisfaction, lowered morale and commitment to the organisation (Morrison & Robinson, 1997). Psychological contracts can usually be related to trust, commitment, motivation, citizenship behaviour and intention to leave (Coyle-Shapiro, 2002). In the case where contract breach or violation occurs, employees will respond by increased turnover, reduced work performance, absenteeism, reduced job satisfaction, reduced commitment and reduced willingness to engage in organisational citizenship behaviours (Robinson, Kraatz & Rousseau, 1994). In addition, an increased intent to leave the organisation, loss of trust and even malicious acts can occur (Turnley & Feldman, 1999).

There are many differences across groups of employees in terms of which discrepancies are most likely to be interpreted as psychological contract violations (Turnley & Feldman, 1999). As indicated by Rousseau (1996) and Robinson and Rousseau (1994), promotion and advancement opportunities comprise one of the most ordinary obligations employees perceive that their employers have to them. Therefore, organisational barriers to one's career advancement represent a clear breach of the psychological contract most employees have with their employers regarding implicit promises of employment. For non-designated groups, in particular, discrepancies involving job security are likely to be highly salient and a particularly important issue as the likelihood of losing one's job through legislation increases. Non-designated groups may also feel contract violation when they expect that the organisation will provide fair promotion opportunities and if they do not receive a promotion, or believe that they have been treated unfairly. While if affirmative action is implemented correctly, fairly and well communicated to all employees it can ensure that designated and non-designated employees do not experience breach or violation of their psychological contracts.

Morrison and Robinson (1997) suggest that the greater the size of the discrepancy between what was promised and what is actually received, the more salient the discrepancy becomes. Thus, they argue that the greater the magnitude of the discrepancy, the more likely individuals are to notice that their psychological contract has not been kept. Similarly, Turnley and Feldman (1998) found that employees responded less strongly to psychological contract violations when

they perceived that the organisation had been procedurally fair in how it handled changes in job security, compensation and promotion policies. If employees view affirmative action policies as fair they will likely not perceive any psychological contract breach or violations.

METHOD

Research design

A cross sectional survey design was used in order to collect data and obtain the research objectives. Cross-sectional research designs are used to examine groups of subjects in various stages of development simultaneously, while the survey describes a technique of data collection in which questionnaires are used to gather data about an identified population (De Vos, Strydom, Fouche & Delpont, 2005) and one group of people is observed at one point in time (Neuman, 1997). A sample is drawn from a population at a specific time. This design is well suited to the descriptive and predictive functions associated with correlation research, whereby relationships between variables are examined (Shaughnessy & Zechmeister, 1997).

Participants and research procedure

A random sample ($n = 131$) was taken from permanently appointed designated and non-designated employees of different branches in a South African banking institution in the North West Province. The questionnaire was compiled and sent to permanently appointed designated and non-designated employees of the banking institution. The questionnaire was provided via e-mail to participants and an arrangement regarding the collection of the questionnaires was communicated. A letter requesting participation, motivation for the research and guaranteeing anonymity and confidentiality was included. Participants were encouraged to complete the questionnaire. Ethical aspects regarding the research were also discussed with the participants. In order to obtain the optimum response, a brief personal discussion was held with the bank manager, where the positive aspects of the research were stated. The overall results on how the banking institution's participants responded on the research topic were provided to the manager,

as well as recommendations to help them increase productivity, loyalty and trust of their organisation.

Table 1 gives an indication of the characteristics of the participants of the study.

According to Table 1, more than half of the participants were women (71,8%). There was 81,7% that was part of the designated group with white females being the biggest designated group by 41,2%. A total of 70,2% spoke Afrikaans and 14,5% Tswana. Of all the participants, 52,7% possessed a Grade 12 certificate or less and 28,2% possessed a Diploma or Certificate, only 7,6% possessed a Post-graduate degree. Regarding the position of participant in the organisation, 62,6% were in the lower level of the organisation and only 8,4% were in the top level of the organisation. Almost half of the participants (48,9%) supervised other employees.

Table 1

Characteristics of the Participants (n =131)

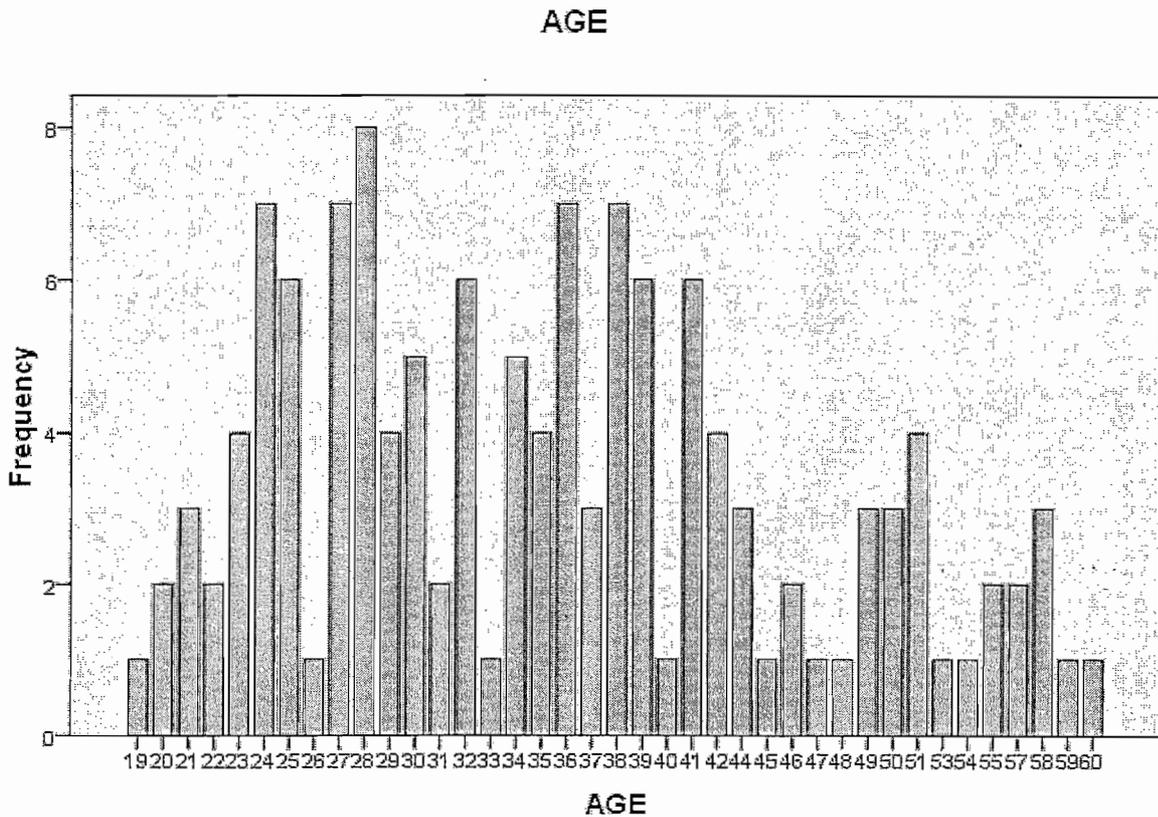
Item	Category	Frequency	Percentage
Language	Afrikaans	92	70,2
	English	13	9,9
	Zulu	1	0,8
	Xhosa	1	0,8
	SetSotho	4	3,1
	Sotho	1	0,8
	Tswana	19	14,5
Gender	Men	37	28,2
	Women	94	71,8
Position in Company	Low	82	62,6
	Middle	38	29,0
	Top	11	8,4
Supervisor	No	67	51,1
	Yes	64	48,9
Qualifications	Grade 12 or less	69	52,7
	Diploma/Certificate	37	28,2
	Degree	15	11,5

	Post-graduate studies	10	7,6
Equity Group	Designated group	107	81,7
	Non-designated group	24	18,3
Group	African	26	19,8
	Coloured	22	16,8
	Indian	4	3,1
	White Female	54	41,2
	Disabled Person	1	0,8
	White Male	24	18,3

Graph 1 gives an indication of the age of the participants. Regarding the age of participants, a total of 51,9% of participants was under the age of 35. The respondents age differs from 19 to 60. The mean is 35,76, the median 35 and the mode 28 (6,1%).

Graph 1

Age of the Participants



Measuring Battery

The *Psycones Questionnaire* was used that contains questions regarding specific employer and employee obligations as viewed by an employee (PSYCONES, 2006). Questions were selected to determine the psychological contract component. Twenty eight questions were taken from the *Psycones Questionnaire* to determine the psychological contract component. They consist of three items that contain questions regarding employer obligations for example: “Has your organisation promised or committed itself to provide you with a job that is challenging?”; “Has your organisation promised or committed itself to allow you to participate in decision-making?”. The emotions associated with the psychological contract for example: “I feel happy”; “I feel sad”; “I feel pleased”. The third item is the overall state of the psychological contract for

example “Do you feel that organisational changes are implemented fairly in your organisation?”; “Do you feel fairly treated by managers and supervisors?”. The 6 point rating scale was used in the questionnaire where designated and non-designated participants were asked to rate the degree to which they agree or disagree with a particular statement on a scale from 0 to 5. The 6 point rating scale consist of 0 being NO (where the person felt the psychological contract was completely violated) and 1 to 5 being YES (where the person felt promises were not kept at all [1] to promise fully kept [5]). A Likert type scale (1 = strongly disagree and 5 = strongly agree) was also used (Du Plooy, 2001). In previous studies the Cronbach’s alpha coefficients reported for the *Psycones Questionnaire* were very high, with employer and employee obligations ($\alpha = 0.95$), emotions concerning the psychological contract ($\alpha = 0.70$), and the state of the psychological contract ($\alpha = 0.93$) (PSYCONES, 2006). These are acceptable Cronbach’s alpha coefficients according to the guideline of $\alpha > 0,70$ (Nunnally & Bernstein, 1994) which indicates that the *Psycones Questionnaire* is a reliable and a valid measuring instrument.

Discrimination and affirmative action questions were selected from different existing questionnaires to determine the discrimination and affirmative action component. A Likert type scale (1 = strongly disagree and 5 = strongly agree) was used (Du Plooy, 2001). Nine items were included that focused on affirmative action policies and procedures for example: “I believe that affirmative action appointments have a negative influence on productivity within my organisation”; “I understand the reason for affirmative action within my organisation”.

Specific questions were included to gather information about the demographic characteristics of the participants, such as: age, home language, gender, position in company, tenure in organisation, supervisor over others, qualifications, part of the designated group and which equity group are they part of.

Statistical analysis

The statistical program, SPSS 17.0 for Windows, were used to analyse the data that was collected from the measuring battery (SPSS inc., 2009). A simple principal component analysis

was carried out to determine the number of factors to be extracted. The Cronbach's alpha coefficient, inter-item correlation coefficient and exploratory factor analysis was used to determine the reliability and validity of the factors identified through the factor analyses. Descriptive statistics, including the means, standard deviations, skewness and kurtosis, were used to describe the data. The mean indicates the average score obtained by the research group on each measuring instrument and the standard deviation indicates the extent to which individual scores differ from the mean obtained. The product-moment correlation was used to determine the extent to which one variable is related to another. A multi-regression analysis was done to show the predictability between certain constructs. Multivariate analysis of variance (MANOVA) was performed to assess the differences in the experience of affirmative action policies of demographic groups. Item-level analysis is performed by using analysis of variance (ANOVA).

RESULTS

A simple principal components analysis was carried out on the employer obligation construct, the overall state of the psychological contract construct, the emotions of the psychological contract items and the experience of affirmative action policies constructs to see how many factors for each of the construct can be extracted. For the emotions of the psychological contract some of the items (item 17, 19 and 20) were reversed, due to the negative aspect of the items and to keep the scales similar. In the construct, experience of affirmative action policies, some of the items did not group well, so items 25, 26, 27 and 29 were grouped together and labelled as positive experience of affirmative action policies. Items 24, 28 and 30 were not grouped together, but left as individual components. For the purpose of this study item 24 refers to question 24 in the questionnaire that states "I believe that affirmative action appointments have a negative influence on productivity within my organisation". Item 28 refers to question 28 that states "I experience unfair discrimination against me in the organisation" and item 30 that is question 30 states "I believe that employees from designated groups experience special treatment from management". An analysis of the eigenvalues ($> 1,00$) and screen plot indicated that one factor could be extracted for the employer obligation construct, the overall state of the psychological contract construct, the emotions of the psychological contract items and the

experience of affirmative action policies constructs. The factor analysis is successful ($< 0,40$), since the loadings of the factors were higher than $0,40$. All of the four constructs mentioned above have a Cronbach alpha higher than the guideline of $\alpha > 0,70$ (Nunnally & Bernstein, 1994).

Table 2 shows the descriptive statistics and the Cronbach's alpha coefficients (α) of the measuring instruments.

Table 2

Descriptive Statistics and Alpha Coefficients of Measuring Instruments (n =131)

Variable	Mean	SD	Skewness	Kurtosis	A
Employer Obligations	3.79	0.68	0.48	0.13	0.93
Emotions of the Psychological Contract	2.90	0.39	0.26	0.84	0.83
Positive Experience of Affirmative Action Policies	3.70	0.72	0.35	0.77	0.76
Overall State of the Psychological Contact	3.26	0.87	0.16	0.58	0.90
Item 24: I believe that affirmative action appointments have a negative influence on the productivity of the organisation	2.94	1.32	0.13	1.07*	
Item 28: I experience unfair discrimination against me in the organisation	3.76	1.08	0.63	0.16	
Item 30: I believe that employees from designated groups experience special treatment from management	3.04	1.05	0.01	0.52	

* High kurtosis

Inspection of Table 2 shows that the Cronbach alpha coefficients of all the constructs were higher than the guideline of $\alpha > 0,70$ (Nunnally & Bernstein, 1994). Therefore, all scales showed good reliabilities. It is evident in Table 2, that all scales of the measuring instruments have relatively normally distributions, with low skewness and kurtosis. Even though item 24 (1.07) is a bit high, it is still acceptable. Therefore, it appears that all the constructs have acceptable levels of internal consistency.

The product-moment correlation coefficients between the constructs are reported in Table 3.

Table 3

Correlation Coefficients between Contents (n=131)

Item	1	2	3	4	5	6	7
1. Employer Obligations	1	-	-	-	-	-	-
2. Emotions of the Psychological Contract	0.07*	1	-	-	-	-	-
3. Positive Experience of Affirmative Action Policies	0.37* ⁺	0.11*	1	-	-	-	-
4. Overall State of the Psychological Contract	0.68* ⁺⁺	0.12*	0.33* ⁺	1	-	-	-
5. Item 24	0.14*	0.07*	0.30* ⁺	0.15*	1	-	-
6. Item 28	0.34* ⁺	0.14*	0.34* ⁺	0.40* ⁺	0.21*	1	-
7. Item 30	0.05*	0.14*	0.03	0.16*	0.25*	0.19*	1

* Statistically significant correlation: $p > 0,05$

+Practically significant correlation: $r > 0,30$ (medium effect)

++Practically significant correlation: $r > 0,50$ (large effect)

Table 3 shows that employer obligations are practically significantly related to the positive experience of affirmative action policies (large effect) and item 28 (medium effect). Employer obligations are further statistically significantly related to all the other factors. Emotions of the psychological contract are statistically significantly related to all the factors. In addition positive experience of affirmative action policies is practically significantly (medium effect) related to overall state of the psychological contract, item 24 and item 28. Overall state of the psychological contract is practically significantly (medium effect) related to item 28 and statistically significantly related to item 24 and item 30. Item 24 is statistically significantly related to item 28 and item 30. Item 28 and item 30 are statistically significantly related to each other.

Next, three standard multiple regression analyses were performed. The first assessed the contribution that employer obligations, emotions of the psychological contract, overall state of the psychological contract, item 24 and item 28 had on positive experience of affirmative action policies. The second assessed the contribution that employer obligation, positive experience of affirmative action policies and item 24 had on item 28. Thirdly, the contribution of item 24 assessed on item 30. The results are reported in Table 4.

Table 4

Multiple Regression Analyses with Positive Experience of Affirmative Action Policies, item 28 and item 30 as dependable variables respectively

Model	Unstandarised Coefficients		Standarised Coefficients	T	p	F	R	R ²	ΔR2	
	B	SE	Beta (β)							
1	Employer Obligation	0.39	0.09	0.37	4.53	0.00*	20.49	0.37	0.37	0.13
	Emotions of the psychological contract	-0.20	0.163	-0.11	-1.21	0.23	1.46	0.11	0.11	0.04
	Overall State of the Psychological Contract	0.28	0.07	0.33	4.03	0.00*	16.23	0.33	0.11	0.11
	Item 24	0.16	0.05	0.30	3.54	0.00*	12.50	0.30	0.09	0.08
	Item 28	0.23	0.06	0.34	4.08	0.00*	16.67	0.34	0.11	0.11
2	Employer Obligation	0.54	0.13	0.34	4.10	0.00*	16.83	0.34	0.12	0.11
	Positive Experience of Affirmative Action Policies	0.51	0.12	0.34	4.08	0.00*	16.67	0.34	0.11	0.11
	Item 24	0.17	0.07	0.21	2.46	0.15	6.03	0.21	0.05	0.04
3	Item 24	0.20	0.07	0.25	2.97	0.04*	8.78	0.25	0.06	0.06

* Statistically significant $p < 0,05$

As can be seen in Table 4 in the first regression analysis, it seems that overall state of the psychological contract ($\beta = 0,33$; $t = 4,02$; $p < 0,01$), item 24 ($\beta = 0,30$; $t = 3,54$; $p < 0,01$) and item 28 ($\beta = 0,34$; $t = 4,08$; $p < 0,01$) predict positive experience of affirmative action policies. Thirteen percent of the variance in the positive experience of affirmative action is declared by employer obligation and 11% is declared by the overall state of the psychological contract and by item 28.

In the second step of the regression analysis, significant predictors of item 28 are employer obligation ($\beta = 0,34$; $t = 4,10$; $p < 0,01$), positive experience of affirmative action policies ($\beta = 0,34$; $t = 4,08$; $p < 0,001$). 11% of the variance in item 28 action is explained by employer obligation and the positive experience of affirmative action. In the third step of the regression

analysis, significant predictors of item 30 are item 24 ($\beta = 0,25$; $t = 2,97$; $p < 0,05$). 6% of the variance in item 30 is explained by item 24.

In Table 5 a MANOVA was performed to assess the differences in the experience of affirmative action policies of demographic groups.

Table 5

MANOVA – Differences in the Experience of Affirmative Action Policies of Demographic Groups

Variable	Value	F	Df	P	Partial Eta Squared
Age	0.06	1.32	152.00	0.88	0.72
Gender	0.74	1.70	4.00	0.20	0.26
Qualification	0.15	4.44	12.00	0.00*	0.47
Designated Group	0.42	1.22	16.00	0.28	0.20

<0,05 = significant effect

In an analysis of Wilk's Lambda values in Table 5, no statistically significant differences ($p < 0,05$) in the experience of affirmative action policies could be found between the age of individuals, the gender of individuals or the designated group individuals belong to. However, statistically significant differences ($p < 0,05$) were found for qualifications of individuals. The relationship between the experience of affirmative action policies and these demographic variable levels that showed a statistically significant difference was further analysed using ANOVA.

The results of the ANOVA based on gender, qualification, and designated groups are given in the following tables.

Table 6

Differences in the Experience of Affirmative Action Policies of Gender

Item	Male	Female	<i>P</i>	Partial Eta Squared
Item 24	3.06	2.93	0.57	0.02
Item 28	3.50	3.86	0.23	0.07
Item 30	3.03	3.051	0.50	0.02
Positive Experience of Affirmative Action Policies	3.72	3.64	0.41	0.03

* Statistically significant difference: $p < 0,05$

Table 7

Differences in Experience of Affirmative Action Policies of Qualification

Item	<Grade 12	Diploma/ Certificate	Bachelors	Post- graduate	<i>P</i>	Partial Eta Squared
Item 24	2.89	3.42	2.80	2.22	0.22	0.18
Item 28	3.72	3.89	3.72	3.33	0.34	0.14
Item 30	3.12	3.12	2.80	2.33	0.01*	0.49
Positive Experience of Affirmative Action Policies	3.62	3.71	3.72	3.64	0.03*	0.33

* Statistically significant difference: $p < 0,05$

Table 8

Differences in Experience of Affirmative Action Policies of Designated Groups and white males

Item	African	Coloured	Indian	White Females	Disabled	White male	<i>P</i>	Partial Eta Squared
Item 24	3.89	3.45	4.00	2.35	3.00	2.44	0.34	0.18
Item 28	3.91	3.88	4.00	3.87	5.00	3.13	0.96	0.03*
Item 30	2.74	3.21	2.75	3.19	3.00	3.00	0.64	0.10
Positive Experience of Affirmative Action Policies	4.00	3.57	3.50	3.58	3.75	3.59	0.40	0.16

* Statistically significant difference: $p < 0,05$

Table 7 shows that there are statistically significant differences between item 30 and positive experience of affirmative action policies based on qualifications. It seems that participants experience differences in their experience of their affirmative action policies when qualification differs. Table 5, 6 and 8 do not show any significant differences between the experience of affirmative action policies based on gender or designated groups and non-designated groups.

DISCUSSION

The objective of this study was to determine the differences in the experience of the psychological contract of designated and non-designated groups of a banking institution in the North West Province. The factor structures of the measuring instruments were determined via principal axis factoring. A simple principle component analysis was used on all the measuring instruments. As can be seen from the above results, all items of the employer obligation construct, the overall state of the psychological contract construct and the emotions of the psychological construct grouped well together, while some items of the experience of affirmative action policies constructs did not group well together. Items 25, 26, 27 and 29 were grouped together and labelled positive experience of affirmative action policies, while item 24 (“I believe that affirmative action appointments have a negative influence on productivity within my organisation”), item 28 (“I experience unfair discrimination against me in the organisation”) and item 30 (“I believe that employees from designated groups experience special treatment from management”) were not grouped together and were left as individual components. According to Table 2, all of the four constructs mentioned above have a Cronbach alpha higher than the guideline of $\alpha > 0,70$ (Nunnally & Bernstein, 1994). Therefore, all the above-mentioned constructs showed good reliability.

Pearson’s product moment correlation showed statistically and practically significant positive correlations between employer obligations, positive experience of affirmative action policies and item 28 (“I experience unfair discrimination against me in the organisation”). In addition positive experience of affirmative action policies is practically significantly related to the overall state of the psychological contract, item 24 (“I believe that affirmative action appointments have a

negative influence on productivity within my organisation”) and item 28 (“I experience unfair discrimination against me in the organisation”). Overall state of the psychological contract is practically significantly (medium effect) related to item 28 (“I experience unfair discrimination against me in the organisation”). All of the above correlations can imply that when one item increases the correlated item will also increase.

Multiple regression analysis was conducted to determine the predictability between constructs. As can be seen from Table 4, it seems that overall state of the psychological contract, item 24 (“I believe that affirmative action appointments have a negative influence on productivity within my organisation”) and item 28 (“I experience unfair discrimination against me in the organisation”) predict positive experience of affirmative action policies. Significant predictors of item 28 (“I experience unfair discrimination against me in the organisation”) are employer obligations, positive experience of affirmative action policies, while a significant predictors of item 30 (“I believe that employees from designated groups experience special treatment from management”) are item 24 (“I believe that affirmative action appointments have a negative influence on productivity within my organisation”).

According to the MANOVA performed in Table 5 and the results obtained from the ANOVA’s bases on gender, qualification, and designated groups show that there are statistically significant differences between item 30 (“I believe that employees from designated groups experience special treatment from management”) and positive experience of affirmative action policies bases on qualifications. It seems that designated and non-designated groups do experience differences in their experience of their affirmative action policies when qualification differs.

All of the above discussed can have an implication for organisations to ensure that they comply with relevant legislation, that they communicate well with all groups of employees regarding affirmative policies and procedure and that they ensure that all groups of employees experience practises in the organisation as fair. If organisations ensure that the above-mentioned practises are in place, they will ensure that designated and non-designated groups of employees do not experience differences in regards to the breach or violation of their psychological contract.

RECOMMENDATION

This study explored the psychological contracts of designated and non-designated groups. Important findings were made in this study in terms of designated and non-designated employees psychological contracts. Based on the findings of this study, organisations are advised to ensure that affirmative action policies are implemented correctly and communicated to all groups of employees, and then designated and non-designated employees would not differ in their experience of violation in their psychological contracts. It is important to have equity in an organisation, but if these equity measures are not implemented correctly, it can cause conflict between different groups (Bendix, 2001) and employees may start to question their employment contracts and term of employment conditions.

McLean Parks and Schmedemann (1994), therefore state that “organisation's rules, policies and procedures should be based on procedural, methodical justice. Any perceived inequity in the distribution of rewards, any perceived injustice in decision making processes, or any perception that one has been treated with disrespect or in an undignified manner, may lead to unmet expectations becoming violations of the psychological contract”. Even though research suggests that there are differences in the way designated and non-designated groups experience their psychological contracts, organisations may benefit and ensure marginal differences by implementing and making use of appropriate affirmative action procedures. In South Africa affirmative action is a reality. However, when affirmative action policies are implemented correctly and good communications are in process, there will be fewer violations of people's psychological contracts.

It is recommended that similar studies be undertaken in all sectors of South Africa. Future longitudinal studies should be conducted to see the differences between these groups over time. Larger samples will also allow for more representative conclusion, however, it is recommended that these samples are equally inclusive of all designated and non-designated groups.

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CHAPTER 3

CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

The purpose of this chapter is to provide conclusions regarding the results of the empirical study of the research article. Conclusions are drawn up with respect to the research objectives. Furthermore, the limitations of this study are discussed and suggestions for future research will also be presented. Recommendations to assist the organisation are provided and applicability of this study is discussed.

3.1 CONCLUSION

The general objective of this study was to determine the psychological contract of designated and non-designated groups of a banking institution in the North West Province. Based on the results from the research article, the following conclusions can be drawn:

The first objective of this study was to determine the difference in experiencing of breach and violation of contract by designated and non-designated groups of a banking institution of the North West Province. Previous research shows that there are differences in the way designated and non-designated groups experience breach and violation in their psychological contract. According to above empirical findings, it is noted that designated and non-designated employees do not experience significant differences in the breach or violation in their psychological contracts at a banking institution in the North West Province.

The second objective was to determine the correlations between the psychological contract and the experience of affirmative action between designated and non-designated groups of a banking institution of the North West Province. Empirical findings from the research article show strong correlations between the experience of affirmative action with employer obligations, overall state of the psychological contract.

The third and final objective was to determine whether the experience of affirmative action policies was differently experienced by various designated and non-designated groups of a banking institution of the North West Province. From above findings it is clear that employees do experience a difference in their experience of their affirmative action policies when qualification differs, but no further differences could be found between the age, gender or the designated group they belong to.

3.2 LIMITATIONS

The first limitation of this study is that the empirical study only included employees of one company and in one industry, which means that the results cannot be generalised. Nonetheless, the results should add to the body of knowledge of psychological contracts. The second limitation of this study was the sample size. A total of 131 employees answered the questionnaire, which can mean that the results cannot be generalised. A third limitation was the data collection method utilised. Since the questionnaire was distributed through email, some participants working in the same area could have discussed some questions and this could influence the response. Limitations were also evident in the proportions of the gender and group to which employees belong to proportions. Only 28% men answered the questionnaire, while 71% was answered by women. An amount of 82% was chosen from the designated group, while only 18% was part of the non-designated group. Lastly, the questionnaire was in English, while 70% participants are actually Afrikaans speaking. The respondents' level of proficiency in English could have influenced the results.

3.3 THE APPLICABILITY OF THE FINDINGS

The researcher finds the applicability from the findings of this study to be:

- A handy tool for management to integrate findings in this research into their strategic focus areas.
- The practical significances obtained during this research are an indication that there is definitely a need to further explore the results obtained.

3.4. RECOMMENDATIONS

The following recommendations regarding the research can be made:

- Organisations are advised to consider managing the psychological contract as a means of maintaining effective employment relations. They should start to recognise the psychological contract as a two-way deal.
- Organisations should address the outer context of human resource management and policies to ensure that it complies with all legislative aspects as well as that these policies are communicated to all staff. Mclean Parks and Kidder (1994), therefore, state that “organisation's rules, policies and procedures should be based on procedural, methodical justice. Any perceived inequity in the distribution of rewards, any perceived injustice in decision making processes, or any perception that one has been treated with disrespect or in an undignified manner, may lead to unmet expectations becoming violations of the psychological contract”.
- Search for new ways of managing employment relations to meet the interests and concerns of both employees and the organisation.
- Finally, many practical implications of the current study exist for organisations interested in retaining the professional people who work for them. In light of the shortage of qualified employees, particularly those with extensive specialised technical skills, decreasing employee turnover is important and thus it is important for organisations to ensure that employees do not experience breach or violation of their psychological contracts.

Based on the findings of this study organisations are advised to ensure that affirmative action policies are implemented correctly and communicated to all groups of employees, and then designated and non-designated employees would not differ in their experience of violation in their psychological contracts.

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