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Gasa, Sifiso

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Psychological contract and trust – implications for organisational performance in the clearing and forwarding sector.

Sifiso Gasa

Student No: 2499381

Supervisor Dr Jenika Gobind

2499381@students.wits.ac.za

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TABLE OF CONTENTS

CHAPTER 1 INTRODUCTION …….……. 1

1.1 Background ……... 1

1.2 Problem statement……. 2

1.3 Research questions…… 3

1.4 Justification of the study……. 3

1.5 Delimitations of the study…… 4

1.6 Structure of the paper…… 4

CHAPTER 2 LITERATURE REVIEW….…… 6

2.1 Introduction…… 6

2.2 The psychological contract……... 6

2.3 Causes of the psychological contract…… 7

2.4 Psychological contract influence on organizational performance…… 19

2.5 Empirical literature review ……... 11

2.6 Literature mix…… 12

2.7 The role of the social exchange theory in the psychological contract…… 12

2.8 Social exchange theory……. 13

2.9 Human resource theory…… 13

2.10 The human resource theory role in the psychological contract…… 14

2.11 Conceptual framework…… . 14

CHAPTER 3 RESEARCH METHODOLOGY …….…… 17

3.1 Introduction …… 17

3.2 Research approach……..… 17

3.3 Research paradigm…….…… 17

3.4 Research design……..…… 18

3.5 Population……...…… 18

3.6 Sampling method…… 18

3.7 Sample…… 18

3.8 Data collection…….…… 19

3.9 Data analysis…….…..…… 19

3.10 Quality assurance……..…… 20

3.10.1 Data trustworthiness……..… 20

3.10.2 Data transferability……..…..… 20

3.11 Ethical considerations……..……...…...… 20

3.12 Summary……..…….….. 21

CHAPTER 4 PRESENTATION OF FINDINGS…….……... 22

4.1 Introduction…….……..… 22

4.2 Research question 1……... 22

4.2.1 The relevance of the psychological contract in the organisation…… 22

4.3 Research question 2……..……. 24

4.3.1 Causes for a breach in the psychological contract……..…..…. 24

4.4 Research question 3…….……..….. 26

4.4.1 A breach in the psychological contract may influence trust…..……..….. 26

4.5 Summary…….. 27

CHAPTER -5- DISCUSSION OF FINDINGS……...……...…… 28

5.1 Introduction……. 28

5.2 The relevance of the psychological contract in the organisation…….. 28

5.3 Causes of a breach in the psychological contract……... 29

5.4 A breach in the psychological contract may influence trust……..…… 30

5.6 Summary……..…….. 31

CHAPTER 6 - CONCLUSION, LIMITATIONS AND RECOMMENDATIONS.33

6.1 introduction ……..… 33

6.2 Conclusion…….…. 33

6.2.1 The relevance of the psychological contract in the organisation…….... 33

6.2.2 Causes of a breach in the psychological contract……..… 34

6.2.3 A breach in the psychological contract may influence trust……..… 34

6.3 Limitations……..……. 35

6.4 Recommendations……...….. 36

6.4.1 Practical implications…….……. 36

6.4.2 Future studies……..…… 36

6.5 Final reflections…….……. 38

REFERENCES……. 38

LIST OF FIGURES

Figure 2.1: Relationship between social exchange and human resource theories……. 11

LIST OF TABLES

Table 2.1: Literature matrix…… 15.

CHAPTER-1-INTRODUCTION

A psychological contract contravention is a common occurrence in organisations, often resulting in a breakdown in trust between employer and the employee. This occurrence is in contrast with the organisation's objective of optimal performance and to increase profits (Morsch & Dijk, 2020). This phenomenon has adverse consequences in the organisation through employees that are disengaged, high employee turnover/attrition, employee performance, skills and knowledge, skill erosion to name but a few. All these have an impact on organisational performance (Whalley, 2021).

Trust is critically important in the psychological contract as it is the nexus that maintains the very essence of the psychological contract. Since trust manifests itself in every individual's daily life which impacts both the personal and professional sphere, low or high levels of trust in an employment relationship provides impetus in the management of the psychological contract (Mobile Ecosystem Forum, 2016).

The unfulfillment of the promise considered to be a breach of the unwritten contract comes to fruition when the employer does not honor the commitment they made to the employment relation and the employees make the notice of that. Consequently the adverse outcome of promissory unfulfillment is the erosion of trust and employees transcending to a state of dissatisfaction (Agarwal & Bhargava, 2013). Whilst appreciating the critical role of this promissory compact in the place of work, this study will take a more comprehensive look at the impact the psychological contract holds in a logistics company which forms the context of the study. The organisation is in the mainstream logistics industry, specialising in clearing and forwarding. The core business of the organisation is Airfreight, Sea freight, Contract Logistics, Project Cargo, and Road Transport. The organisation has a national footprint and has a presence in Sub Saharan Africa. The occupational structure comprises of Executive Management, Senior Management, Mid-Management, Junior Management and skilled workforce, Semiskilled and elementary workforce. The organisation is equally owned by JSE local partner as well as a Germany holding company.

1.1 Background

Organisations suffer adverse consequences due to the lack of understanding of the promises that they make to employees but fail to fulfil (De Clercq et al., 2021). The psychological contract can be defined as the employee's beliefs regarding the reciprocal commitments between employees and the organisation (Gong & Wang, 2022). When commitments made

between these two parties are not honored, they yield to a psychological contract breach resulting in the paralysis of some of the human resources elements like engagement, skills erosion, knowledge management etc.

These have a direct impact on the strategy and direction of the organisation, based on the relationship between employee performance and the accomplishment of company goals through its performance related outcomes (Li et al., 2016).

One of the drivers of organisational effectiveness is employee engagement. Studies have shown that there is a correlation in high levels of employee engagement and productivity.

Employee engagement is one of the areas that suffers considerably because of the nonfulfillment of this contract. When employees are of the view that the employer has been in breach of the psychological contract, levels of engagement plunge (Naidoo et al., 2019). Turnover is one of the areas in a human resource context that is adversely affected. This is based on the fact that, when employees make the association of the none fulfillment of the promise, they view it as breach of the contract breach albeit psychological, they feel a sense of betrayal and thus make them disengaged from the organisation (Bravo et al., 2019).

Employees tend to adopt a work to rule attitude towards their work if they experience a breach in the psychological contract by what (De Clercq et al., 2021)) describe as thwarted performance outcomes, which manifests themselves in a below par propensity to meet the expected levels of performance commitments. This is attributable to their adverse response to an organisation they deem less trustworthy.

Although extensive research has been done on this contract contravention, however more research is needed that is sector specific. The study which focuses the psychological contract and trust – implications for organisational performance, aims to identify the implicit nature of this contract and intimate relationship that hinges on trust between the employer and the employee, along with the implications on organisational performance (Li et al., 2016).

1.2 Problem statement

The psychological contract is delicate in nature, what seems to be at the fore is trust and how this influences the performance of the organisation. Trust is linked with the promissory contract and is dependent on the mutual perceptions and a belief that the other party into the relationship will reciprocate through the fulfillment of their promises (Snyman et al., 2022). Trust plays an

important part in reconciling the psychological contract relationship with other employment factors.

The creation and sustainability of the psychological contract represents an organisational conundrum.

Failure to meet one's obligations typically increases the other's suspicions and monitoring and as such, leads to a decline in the perceived value of the employment arrangement (Montes et al., 2015).

The aggrieved employee engages in state of feeling a sense of betrayal where she or he perceives that she or he has made a contribution and in converse the employer's ineptitude to reciprocate (Atkinson et al., 2018). The result of the breach is the employee re-evaluating the relationship with the organisation.

The effect of the psychological contract is delineated in its description as a perception that the employee has in relation to how far the organisation has failed to deliver on its promises and commitment. The consequences of this is severe response through the manifestation of negative feelings of betrayal, anger and mistrust (Gong & Wang, 2022).

These results have a direct impact on organisational identification and commitment, job performance, affective commitment, employee engagement, turnover and ultimately productivity. Therefore, suggesting that a contravention in this contract may influence trust, which may have an implication for organisational performance (Abela & Debono, 2019).

1.3 Research Questions

The primary research questions that will guide this study are:

- Why do you think a psychological contract is relevant for an organisation?
- What are the causes of a breach in the psychological contract at Röhlig-Grindrod?
- Does a breach in the psychological contract at Röhlig-Grindrod influence trust and does this have an implication for organisational performance?

1.4 Justification of the study

Organisations lose talent which adversely impacts on the performance and the sustainability of the organisation since organisations rely on human capital skills for survival and ultimately to make profits. This contract is not a formal contract that is written, but is promissory in nature and premised within the unwritten set of expectations (Bravo et al., 2019). It needs to be

handled with extreme care. This study is important in that it will provide insights into behaviors at work from a human resource perspective. Failure to understand the causes of the psychological breach can have catastrophic consequences for the organisation.

The erosion of trust is one of the critical components that can suffer because of this breach. Trust is at the heart of the psychological contract due to it being dependent on unwritten expectations and a conviction that is reciprocal, that each party will keep it respectfully (Snyman et al., 2022). The social exchange theory states that the psychological contract is constituted of beliefs regarding mutual exchanges.

In applying the social exchange theory in a human resource context, the study will provide additional insights and deepen the theoretical understanding of the relationship between the psychological contract, trust, and the implications on organisational performance (Bravo et al., 2019).

1.5 Delimitations of the study

The perspectives provided in literature for the psychological contract are valuable and relevant in the understanding of this type of contract breach. The study consists of a case study conducted at one organisation.

The use of the social exchange theory in the psychological contract breach in conjunction with Human Resource (HR) theory will be utilized to address the research questions. This research seeks to contribute to the subject field as a violation of trust in the clearing and forwarding organisation hasn't been researched and delineated optimally.

The organization selected for this study provides a diverse workforce profile both in terms of demographics and occupational levels, making it possible for the study to provide a balanced view.

1.6 Structure of the chapters

The structure of the chapter is as follows:

Chapter 1: A synopsis of the study will introduce the background of the study. The problem statement will be posited with research questions formulated to answer the problem statement. Justification and delimitations of the study will be followed by a critical review of the literature.

Chapter 2: a critical review of literature will be delineated with the aim of discovering gaps that are probed in this paper. A rational for the theoretical underpinnings based on dynamic capabilities will be informed by the critical review of literature.

Chapter 3: the rationale for the theoretical framework will be followed by a motivation for the research methodology, which is approached from a critical interpretivist research paradigm.

Chapter 4: the results of the study will then be presented followed by a discussion and interpretation of the results.

Chapter 5: the concluding section will synthesize the findings regarding critical discernments from the research.

Chapter 6: this chapter addresses the implications of the study to the organisation and industry. A reflection on the limitations of the study, as well as recommendations for future research will be provided.

CHAPTER -2-LITERATURE REVIEW AND THE THEORETICAL FRAMEWORK

2.1 Introduction

In this section, a critical review of literature that deals with the psychological contract breach, the impact that the psychological contract has on the organisational performance will be undertaken. The social exchange theory and the human resources theory will form part of the review in order to provide insight into how these theories influence this contract. The literature that will be reviewed in this section is presented to answer the following review questions.

- Why do you think a psychological contract is relevant for an organisation?
- What are the causes of a breach in the psychological contract?
- Does a breach in the psychological contract influence trust and does this have an implication for organisational performance?

2.2 The psychological contract

The psychological contract is a cornerstone upon which the employer-employee relationship is built. This relationship is characterised by trust that exist between these two parties (Mousa, 2020). It is important to take note that this contract resides in the perception of the beholder wherein the relationship is takes refuge in between the employee and the employer. The relationship itself is somewhat fluid as it is triggered by the change in the actual contract over time (Wiechers et al., 2023).

A psychological contract is defined as beliefs that are entrenched between the employee and the employer and are reciprocal in nature (Tufan & Wendt, 2020). According to (Pierce et al., 2020) within the organisational premise, this unwritten contract can be further explained as the beliefs that the employee holds regarding the shared trade undertaking that are located between the people and the organisation.

The explanation he provides of the psychological contract is that these are exchanges that are covert and tacit in nature, they do not form part of the conventional formal contract of employment. These are however established in the cerebral schema of the reciprocal association that exist between the employer and the employee (Wiechers et al., 2023)

According to (Naidoo et al., 2019), the psychological contract represents a tacit deal that exist between the employee and the employer. This deal comprises of trust, fairness, and the

fulfillment of the deal. The psychological contract is a resourceful tool to monitor employee employer relationship that exist in an organisation (Agarwal & Bhargava, 2013).

A different description of the psychological contract is posited by AL-Abrrow et al. (2019) that is an arrangement of giving and taking, it is the nexus between the employer and the employee, where promises are neither written nor documented, but have far reaching effect on the relationship. The psychological contract brings a different dynamism on which organisations can derive dependence for survival and ultimately prosperity (Mousa, 2020). At the center of the psychological contract is trust, which plays a critical part in the creation of a potential causal relationship between people and the organisational outcomes. This infers a mediating effect of the organisational trust and employee productivity (Whalley, 2021).

Trust is at the epicenter of social relationship that is premised in stability and in a way determines each parties behavior towards the other. It emanates relational connections and the assumptions that are covert in their nature (Mitterer & Mitterer, 2023)

2.3 Causes of breach in the psychological contract

A breach in this contract is a culmination of dynamics that are twofold. Unfulfilled expectations and trust erosion. These two dynamics act as a mediation in the relationship that exist between the two parties and their behavioral responses thereof (Mitterer & Mitterer, 2023).

Psychological contracts are in their nature vibrant, characterised by an evolution of one stop organisational experience (Rituparna Roy et al., 2019). Unfair treatment, failure to recognise effort, unjust rewards, and recognition programmes amongst other things, contribute to the breach of psychological contract. Employees want to be rewarded for the extra mile they go as far as work responsibilities are concerned (Mitterer & Mitterer, 2023).

The perception that the company looks after employees and adopts recognition and reward programmes that recognises their contribution, mitigates the risk of the psychological contract breach (Rituparna Roy et al., 2019). The lack of a supporting environment, especially from those charged with management responsibilities creates a situation where once the psychological is breached becomes extremely difficult to restore. The lack of autonomy in the job can also cause a violation in the contract as it demotivated employees to have the creative spark when executing their duties (Gulzar et al., 2024).

Therefore ability to motivate and create opportunity enhancing mechanism can also be regarded as one of the caused for a breach in the psychological contract (De Ruiter et al., 2017).

The other cause that is associated with this compact and its nonfulfillment is the abusive behavior of those in power. This is inclusive of behaviors like, mocking, rudeness, ridiculing others in public, belittlement, silent treatment and intimidatory eye contact (Ghani et al., 2020).

Since this unwritten undertaking is premised on a reciprocal exchange of promises, commitment, and perceptions. This tacitly define the parameters of the employment relationship. They are inextricably associated with working conditions and employment security (Estreder et al., 2020).

This constitutes organisational justice in the employee's perception. Conversely if the employees see the organisational injustice, the result is a breach of the psychological contract. The organisational justice is explained as the lens that the employee uses to see the allocation of organisational resources (Estreder et al., 2020). The result of this is the mismatch between envisaged goals.

Organisational justice makes mention of the perceptions of employees as they relate to how they are treated by the organisation. The result of a fair and just system is the feeling of being valued. The perception of employee justice and organisational trust levels correlates high (Snyman et al., 2022).

According to (Ghani et al., 2020) one of the issues that contribute to the breach of the contract is the knowledge hiding phenomenon. This is premised on an individual's intent to obfuscate information or knowledge that has been asked by another individual. This manifests itself in the behavior of the knowledge holder engaging in conduct that portrays him or her as playing dumb and evasive hiding.

These individuals can also display destructive behaviors by expressing themselves as ignorant of the information being sought by the knowledge requestor (Ghani et al., 2020).

The pre-employment expectations that employees have or form about the organisation constitute socialisation where a give and take scenario develops and is reflective unconsciously until such time that the balance is disrupted (Griep et al., 2020)

According Salin and Notelaers (2020), one of the causes of the psychological breach is workplace bullying. Bullying concerns itself with harassment, belittling or making disparaging remarks about others, purposefully isolating someone.

These are all reflective of psychological mistreatment and contain an impower balance. Since bullying correlates with the negative outcomes in ultimately results in the psychological contract breach (Salin & Notelaers, 2020).

Poorly crafted policies that are aimed at retaining talent in the business can also be the cause of a break in the psychological contract. According (Snyman et al., 2022) , employees relate to policies like compensation, job characteristics, opportunities for development, support from the superior, career opportunities and work life balance as a determination to their long stay in the organisation. The human resources unit of an organisation can play a major role in in the fulfillment of the psychological contract by making sure that the policies that are in place support the honoring of the psychological contract. According to (Aggarwal et al., 2007), HR can play a significant role in promoting positive attitudes and behaviors for employees. Employee engagement is one of but few examples that augments the psychological contract fulfillment since it provides a reasonable forecast on employee results, the success of the company and how it performs financially (Aggarwal et al., 2007).

Conversely, policies that are hostile to these would violate this type of contractual arrangement. The other dimension that comes to the fore as the cause of the breach is that of the organisation's hostility to economic exchange arrangements (Snyman et al., 2022). Employees bear the long term effect of the poorly crafted policies after their employment with their company. These past employment experiences play a major part in influencing the psychological contract. These can be contrasted on the same breath as early life experiences of employees with the organisation (Aggarwal et al., 2007).

This is deemed critical by employees since it talks to stability and loyalty and is testament to the organisation's philosophy on emotional engagements and beliefs to its employees (AL-Abrrow et al., 2019). When the employee reciprocates the emotional engagements and beliefs that the organisation holds, this strengthens the competitive edge for the organisation. Conversely a trust deficit is likely to yield in reduced productivity which ultimately adversely impacts on the organisation's performance (Whalley, 2021).

2.4 Psychological contract influence on organisational performance

There is a strong relationship between the psychological contract and how the organisation performs. This is supported by the interaction of individuals in a work setting in pursuit of the organisational objectives which must be achieved (Abela & Debono, 2019).

Employees conduct themselves in manner that is counterproductive when observing that the organisation committed a breach, this feeling of violation or breach becomes harmful to the organisational aspirations (Griep et al., 2020).

The effect on organisational performance starts when there is an emotional detachment from the employees to the organisation. They view their association with organisation as less important due to the organisations perceived failure to fulfill its promises (Agarwal & Bhargava, 2013).

The extent to which the organisation can deliver on its visions, goals and objectives is reliant on the employees' devotion to excellence in the performance of their jobs.

In the international journal (Li et al., 2016) highlights the cognitive and affective reactions of employees in relation to the organisational environment and its impact on competitive climate after the employees have experienced a breach in the psychological contract.

Employees with an imbued psychological contract fulfillment show a high affective commitment to the organisation attributable to a positive wellbeing and attitude with respect work (Aggarwal et al., 2007). This unwritten undertaking plays a significant role in the organisation's customer proposition. This is premised in the analogy that a happy employee leads to a happy customer, therefore providing a link of association between the psychological contract and organisational performance (Li et al., 2016).

In this implicit exchange process (Gong & Wang, 2022) posits that where there is an organisation's ineptitude to deliver on its commitments, there is a high propensity that employees will respond accordingly and this is adversely aimed at the organisation.

This tacit arrangement has a implications on the overall climate as well as health of the organisation, this is due to the organisational misbehavior as a result of the breach in this implicit arrangement (AL-Abrrow et al., 2019). The trust deficit that emanates from the employer not committing to the promises undertaken to the employees presents an impediment to the organisational health development.

When the employer has developed attitudinal perception that is negative around employees, the result is low confidence, apprehension, and pessimistic assessments of the organisation. The direct repercussion on the organisational goals is substandard performance on areas like innovation and creativity, which are inconsistent with the goals of the organisation as far as performance is concerned (AL-Abrrow et al., 2019).

2.5 Empirical literature review

The perspective that is adopted in this study is that the violation of psychological contract has an impact on trust. The trust issue has adverse organisational effects from an organisational point of view when tempered with. The repercussions range from disengaged employees, employee wellbeing, job satisfaction, silent quitters to an exodus of talent in the organisation. All of these have a direct correlation with organisational performance, goals and vision. Table 2.1 below attempts to synthesize the findings based on the data extraction.

Table 2.1: Literature matrix

Theme	No. Articles	References	Research Gap
The impact of perceived psychological contract breach, abusive supervision, and silence on employee wellbeing.	5	(Morch et al.,2020)	• No measures to be implemented on affected employees because of the breach. • Inconsistencies in organisational size with big organisations better placed to honor the psychological contract.
Psychological contract, job satisfaction, commitment, and turnover intention.	2	(Bravo et al.,2019)	• Lack of dynamism evolving over time, only partial and static observations of the psychological contract used. • Lack of coverage on other company agents to establish the failure of people in honoring the psychological contract.
Effects of Psychological Contract Breach on Organisational Outcomes.	1	(Agarwal et al.,2013)	Because of lack of inclusivity from all sections of the workforce only white-collar employees participated in the study.

Organisational identification as a mediator for the effects of psychological contract breaches on organisational citizenship behaviour.	2	(Tufan et al.,2020)	• No clear distinction in the transactional and relational psychological contract violation. • Snowballing effect applied to select partakers rather focusing on one industry.
Effects of psychological contract breach on attitudes and performance.	3	(Jun 2 et al.,2016)	• A trickle-down phenomenon applied thereby lacking diversity in the participants. • Lack of definitive conclusion regarding causality. • One sector focus undergoing a takeover process.

2.6 Theoretical and conceptual framework

To get insight into the psychological contract and trust and the implications on organisational performance, a theoretical framework will be explored looking into two theories in particular, social exchange theory as well as the human resource theory.

2.7 The role of social exchange theory in the psychological contract

The psychological contract is intuitive in its appeal which highlights why a theory that is dominant, through the reciprocal relationship element of it becomes relevant (Pierce et al., 2020). This theory posits that when one party in the relationship undertakes to do something for the other party, the other party reciprocates. The disparity or breach occurs when the other party dishonors the undertaking. The consequence of this is the employees perceiving the social exchange with the organisation as trivial in nature, due to the unfulfillment of the promise (Agarwal & Bhargava, 2013).

This theory postulates that reciprocity is central to the efforts committed by the employees. Examples of this include compensation through proper rewards, job security and opportunities for career advancement (Morsch & Dijk, 2020).

The cost benefit analysis is a central part of this theory in that comparison of alternatives are formed. It can also be a barometer of direct contract breaches and their likely impact on outcomes (Atkinson et al., 2018).

2.8 Social exchange theory

This theory has been widely used in the study of psychological contract based on what researchers have said, is its intuitive appeal. According to (Pierce et al., 2020). statements like (my employer has done something for me hence my obligation to reciprocate) are inextricably linked to the contract.

The social exchange theory postulates that trust from a relationship perspective develops through mutually beneficial social exchange (McLeod et al., 2021).

It further proposes that people engage in social exchanges with others based on the premise that the benefits they ought to attain will in all probability equate to the effort that they have invested. The social exchange theory further posits that people feel obligated to return something that they deem valuable to the organisation, if the perception is that the organisation has invested something valuable to them (Pierce et al., 2020).

The social exchange theory alludes to trust in the relationship between the employee and the organisation and how this is impactful through the rules of exchange with each party becoming loyal and committed to the relationship (Whalley, 2021).

2.9 Human resource theory

Human resource management is defined as a myriad of activities that is aimed at managing people to achieve improved economic performance in the organisation (Ho & Kuvaas, 2020). The human resource management theory alludes to the role that employee engagement plays in the achievement of organisational goals (Eva et al., 2019).

Job resource considers feedback central in the psychological contract. If feedback is done properly, it can increase levels of engagement for employees in positive and more innovative behavior.

The correlation is insufficient feedback not made available to employees, employees form a perception that the organisation has not kept its end of the bargain in the contract fulfillment, leading to disengaged employees (Eva et al., 2019).

The human resource theory posits that stronger relationships can be forged by the employer's endeavor to meet the needs and expectations of the employees (Halimah et al., 2022)

The two theories provide different perspectives on the intricacies of psychological contract violation. When combining these different perspectives, one is able to gain more nuanced insights in the complex dynamics of the psychological contract.

2.10 The human resource theory role in the psychological contract

The human resource theory is premised in the understanding that organisations thrive or become successful based on the direct recruitment practices in terms of the past placements and future placements. If the organisation is effective at selecting the right people and implements strategies to retain them, they are likely to achieve organisational success through performance (Halimah et al., 2022).

Human resource procurement becomes essential in the pursuit of a sustainable competitive edge. The human resource theory is referred to as the mutual gain theory and is centered around collaboration where the relationship is mutually beneficial.

According to Ho and Kuvaas (2020) positive emotions that employees experience or the negative experiences of sadness and anger are as the result of the psychological wellbeing located in the human resource theory. It is further posited that organisations should endeavor for the creation of positive and supportive work environment (Ho & Kuvaas, 2020). The next section discusses the conceptual framework that describes how the two theories when combined provide direction and guidance in answering the research questions.

2.11 Conceptual framework

Guided by the social exchange and the human resources theories, the combination of these two theories forms the conceptual framework of the study going forward. The two theories are used to form the conceptual framework because they both provide recognition of the critical roles played by relationships and reciprocity in pursuit of the organisational goals. According to Almaaitah et al. (2017) human connections are formed by subjective cost benefit and these connections are premised in economics, psychology and sociology.

Almaaitah et al. (2017) further posits that the social exchange theory is about negotiated exchanges between parties. Therefore, to understand the dynamics of these relationships which are reciprocal in nature an exploration of these two theories is important.

It is accepted that human resource practices that are effectively articulated, yield positive organisational outcomes (Almaaitah et al., 2017). While the psychological contract is an organisational promise (Montes et al., 2015). Nonfulfillment as depicted in the figure below of the social exchange theory correlates with Rewards, which a human resource element and cost which equals outcome.

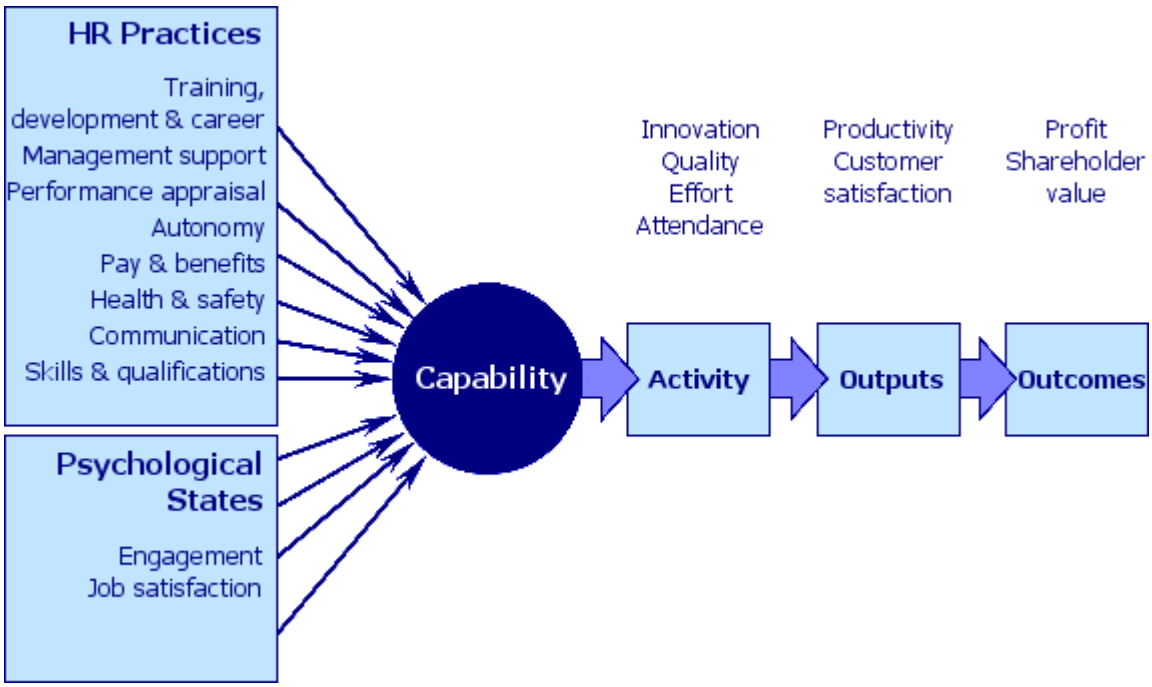

Figure 2.1: Relationship between social exchange and human resources theories

Figure 2.1 above aims to depict the relationship between social exchange and human resources theories. This relationship is informed by the HR practices of training and development, career management, pay and benefits. When these are in place and extended to the employee, the employee responds positively by becoming more capable. This increases activity and yields positive performance outcomes thus creating shareholder value which is a product of positive organisational performance (Ho & Kuvaas, 2020). In what is a reciprocal exchange in a form of workplace interventions like the balanced score card. The link is based on outcome wherein, the result is employee satisfaction, performance, motivation, and intent to stay.

Interview schedule.

1.Why do you think a psychological contract is relevant for an organisation?

1. When do you think a psychological contract is created or formed why do you say so?

1. Why do think the psychological contract is an important contract for an employee?

2. What do you think are the causes for a breach in the psychological contract?

2. In your opinion what do think are the signs of a breached psychological contract?

2. Who do think is responsible for maintaining the psychological contract?

3. Do you think that a breach in the psychological contract may influence trust?

3. In your view do you think that a loss of trust has implications for organisational performance?

3. In your opinion do you think that the psychological contract can be repaired? Please explain why you say so.

2.12 Summary

This chapter describes the literature review as well as the theoretical and conceptual framework. This also included the empirical review of literature.

CHAPTER -3-RESEARCH METHODOLOGY

3.1 Introduction

Research Methodology refers to the various techniques utilized in conducting research, following a systematic way to solve a problem and indicating how the research was carried out (Gounder, 2012). The proposed methodology articulates a systematic plan in terms of collection, analysis, and the interpretation of data to provide answers to the research questions thus meeting the objectives of the study.

The chapter highlights the following sections to outline the critical parts of the research methodology proposal. These include design, collection methods, analysis techniques and ethical considerations.

A deductive approach is employed. A research paradigm of interpretivism is used in this study. This study is qualitative, guided by the research design principles. An interview guide is used where a sample of participants are objectively selected. Qualitative data was collected for thematic analysis. Ethical considerations are adopted and used in the study to ensure ethical and legal compliance.

3.2 Research approach

The deductive approach is selected with the aim of bringing logical ideas together to make sense and aid in the data analysis. The theoretical propositions emanating from the literature review serves as a point of departure as postulated by (Whalley, 2021). The relevance of the deductive approach used in this study is imperative, in that it aims to outline psychological contracts and trust, as well as their implications for organisational performance as examined in literature. The deductive approach provides structure and logic to the theory and aided with the assessment of validity through the analysis of data. The psychological contract phenomenon is articulated with the aim of obtaining results from participants, while logically presenting findings to better understand the expected outcomes (Whalley, 2021).

3.3 Research paradigm

An interpretivist research paradigm provides an indication that participants in this study are people who hold their own views and therefore bring their own personal perspectives and interpretations to this study. The interpretivist paradigm assists in providing an intrinsic reflection of the views of the researcher regarding the environment he lives in or wishes to

remain. The interpretivist paradigm is premised on the notion that, the perceptions of people, ideas, thoughts and meanings that are important to them can be understood through researching their culture (Pervin & Mokhtar, 2022). By using the interpretivist paradigm to get insights in the psychological contract and trust-implications for organisational performance, one recognises that social constructs that are shaped and influenced by individual experiences and interpretations (Pervin & Mokhtar, 2022).

3.4 Research design

The interview guide is designed in a way that allows the participants to identify a psychological contract and trust while at work and the implications for organisational performance. The questions from the interview guide focuses on the psychological contract and trust-implications for organisational performance through dialogue with the participants.

A random group was interviewed first as a pilot. The feedback obtained is used to review the interview guide.

This ensures validity and reliability. In using the interview guide, the study on psychological contract and trust can provide-implications for organisational performance can provide valuable insights into the perceptions, experiences of employees regarding the psychological contract.

3.5 Population

According to (Winer, 2003) what defines a population are the fundamentals that meet the inclusion requirement in the study. The population of the study comprises all occupational levels of the selected organisation. This includes employees at the executive level, senior management, middle management, skilled employees, and the elementary level of the organisation.

3.6 Sampling method

Purposive sampling is applied in order for a diverse representation of perspectives within the sample. This is done so that participants are in a position to bring insight into the research question.

3.7 Sample

A sample representation of the population for the study is selected from the employees from the researched organisation at all occupational levels, resulting in a final sample of ten participants.

3.8 Data collection

Personal direct interviews are used to gather the data from the identified organisation. The researcher used the same interview guide to ask questions to ensure validity and consistency of the collected data (Pervin & Mokhtar, 2022). These interviews are conducted face-to-face with participants. In the process, the researcher attempts to make the participants feel comfortable during the interviews. In circumstances where the participant do not understand a particular question, the questions are rephrased to ensure the correct information is attained.

An interviewing guide template is used in all the processes of the questioning. The researcher uses the same set of questions throughout the interviews for the purpose of aiming to achieve consistent and reliable data.

In the process of data collection, the researcher is mindful of making a decision to determine whether enough data has been collected. This is done with the intent of establishing whether the intended research objectives are achieved (Binga et al., 2019). Interviewing ten participants allows for sufficient data to be collected and allowing the researcher the opportunity to satisfy himself that no additional information was necessary.

3.9 Data analysis

The data collected is subject to qualitative analysis to identify the understanding of the psychological contract and trust, and what implications this had organisational performance. The research interview transcripts are vital to the study as they serve as evidence for all the findings from the exercise with the participants. The whole study relies on responses from the participants which are documented in the transcript. The transcript also works as a point of reference in the instances of clarification of for the study and to further support the legitimacy of the accumulated findings. The transcripts for each member of the group will be rotated amongst each to identify the same responses or the new ones that could have been missed. This assisted in ensuring the validity and reliability of the data is collected. This was done to ensure the process is understood and to know what is expected of them when the interviews commenced.

The participants are also made aware that all information which they provide would remain private to ensure trust and openness during the interaction. Furthermore, it is communicated that all information from other participants would be stored secured and not disclosed.

3.10 Quality assurance

3.10.1 Data trustworthiness

The collected data undergoes the rigorous test of criteria, what this means and how it is recognised. It is scrutinized for credibility, and as a result the findings of this study were plausible and trustworthy. In this regard an alignment is achieved between theory, the research question, data collection, analysis and results (Stenfors et al., 2020). Sampling strategy, the depth and volume of the data, this includes analytical steps adopted, are deemed appropriate from a framework point of view (Stenfors et al., 2020).

The study will also comply with the dependability aspect of trustworthiness, translating to extent to which the study may be repeated in the same environment.

3.10.2 Data transferability

This research adheres to the transferability criterion of ensuring that, the findings can be transferred to another setting, context, times, populations or group (Stenfors et al., 2020). A context which is comprehensive provides a description of how the research is conducted and how this influenced the findings.

3.11 Ethical considerations

The study is guided by ethical considerations whereby a consent form is signed by both participants and researchers with the emphasis on anonymous identities.

The researcher ensured that the information regarding the purpose of the study is effectively communicated, complying with legal formalities. For this study, authorization letters are provided to ensure credibility and legitimacy of the research to the volunteering participants.

The interview findings are clear to make the study valid. The participants are given a democratic choice to opt out from the study if they no longer want to be part of the study.

The researcher handles the participants data with the utmost confidentiality, using it for research purposes only.

Anonymity ensures participants who are selected from other divisions of the business outside of human resources where the researcher is based.

3.12 Summary

This chapter outlines the research methodology relevant to the topic researched. This includes the research approach, the research paradigm, research design, population, sample, the sampling method used, data collection, data analysis, quality assurance and ethical considerations which were adhered to and implemented.

CHAPTER -4- PRESENTATION OF FINDINGS

4.1 Introduction

In this chapter responses that emerges from the interviewed participants of the study are delineated within the context of psychological contract and trust – implications for organisational performance in the clearing and forwarding sector.

4.2 Research question 1

4.2.1 The relevance of the psychological contract in the organisation

Participants stated that the psychological contract is relevant for the organisation due to its promissory nature. They felt that it creates an obligation to both parties to fulfil what they promised, this is to avoid disappointment. Participant one (P1) stated *"I think it is relevant because of a few things. So, one, we look at the organisation, and then we look at the second component, which is an individual. So, from the organisation point of view, if an organisation wants to grow, and the only way it can grow is keep their staff in a balance. I wouldn't say always happy because you can't always make everyone happy. There are challenges here and there but if you make certain promises to individuals you need to make sure that you fulfil them and if you can't fulfil them also brief the individuals beforehand so that disappointments and in as much as we have, like I mentioned, politics, we need to be not biased or partial in our decisions because I think a lot of things that disappoint a lot of people, let's say for example I come to an organisation I'm expecting growth and I'm seeing or I also know that I perform and then the position gets given to someone else because of favouritism or colour or things like that that can demotivate people now that is from organisation or another thing to mention once you do that, you might lose good assets in the company and therefore it means that it's going to delay you getting to the target that you want to get to and then from an individual point of view you're going to get disloyalty. You'll start seeing people being sick, people not coming to work or not performing, making every excuse because you've broken their trust, or even their expectations is not clearly defined. Or, like I mentioned, as you progress, if you see that you are unable to fulfil those promises that you gave, you make sure that you communicate that so that the individual understands and what are the other alternatives just to keep them motivated. So just in a nutshell, that's what I can say. That's why it is important for organisations as well"*.

Other participants felt that the relevance of the psychological contract is in the values of the organisation since the values represent who the company is, with participant three (P3) stating *"I think it stems to the values of an organisation and the trust. So, there is certain things that are obviously contractual and there are certain things that are based on conversation and that's the basis of it. So, a relationship with a work relationship or a personal relationship is based on trust and the psychological aspect of contract covers that."*

Do they really leave their values by keeping to the promises that they make? The other participants also felt that the relevance of the psychological contract is in the management of expectations by both parties.

When asked as to when do they think the psychological contract is formed. Some participants alluded to the fact that it is formed as soon they start work, while others took it back to the time when the role is advertised, because therein a picture gets painted of the organisation. Participant one (P1) said *"So firstly, we look at, before a person starts working for a company, they will see what you're advertising. They come for interviews, they will hear what you're saying. Once they start, they will look at what is happening in the company. So, I think that forms just as a person starts reading what you're advertising. That's where it starts, before they start reading the company. And then, let's say, once the individual has been with the company after the probation period, then you can say definitely the agreement would have started then, because the individual would have been briefed. This is what's going to happen, because I'm sure even in interviews people would ask what the growth is like in the company. So, it starts from the communication and upon engagement with the company"*. This will also include the time they sign the contract. Other participants stated that, the psychological contract is formed when they are asked to do something, and this creates an expectation that they will be rewarded in return. The sentiment of trust is reiterated by participant four (P4) who said *"from the time an employee signs the letter of offer. In my view that's when a psychological contract is formed or created because that's when the expectation is created"*.

When asked why do they think that the psychological contract is an important contract for an employee. The participants responded that it allows employees to know where they currently stand with the organisation. Other participants felt that it provides them with goal that they can work towards, something that they would want to achieve, based on what has been promised to them.

The other response on the importance of the psychological contract is that it serves as motivation, stimulation, something to look forward to and helps with your growth aspirations.

The other view from the participants is that it makes one decide whether they want to be with the organisation or not. Motivation in particular came out strong as participants mentioned that, even if they are feeling down the psychological contract makes them look forward to the next day at work.

4.3 Research question 2

4.3.1 Causes for a breach in the psychological contract

Participants stated people make promises without understanding the depth of their promises. Participant three (P3) stated "*I think there's numerous. I think sometimes people make promises that they are actually or expectations or outcomes that they not entitled or allowed to make. They make that without fully understanding the depth. Sometimes I think, they make them thinking that the person won't bring their side of the deal. Sometimes I feel it's not fair like enticement. Sometimes I also think that it's a reflection on the other person that has broken the contract, because do they have, courage is the wrong word. Do they have the empowerment to make the contract to be fulfilled.*" Communication came up as the main contributing factor from most participants. Participant four (P4) mentioned "*Communication, that's the most important thing. Where there is no communication way. Sometimes you know you'd rather people come and tell you exactly why they're not doing something or why you're not capable of doing something and maybe it's even the courses that they've sent you to*". They felt lack of communication or insufficient communication thereof is one of the main contributing factors. Another factor that some participants identified as a cause of the breach in the psychological contract is overpromising and then under delivering on the promise, this made participants feel that they could not trust the promises that those that represent the organisation make. Some of the participants pointed to the culture of the organisation as one of the causes as well, wherein they sated that if organisation says they have integrity, there is trust and confidentiality and conversely the opposite is done, a breach in the psychological contract will take place. Other participants highlighted the issue of favouritism as a cause in the breach of the psychological contract. If employees perceive that there is no equal treatment in the way in which they are treated, that will cause a breach in the psychological contract as well. Participants were asked what they think the signs of a breached contract were.

Some responded that when management start changing the tone when you engage with them becoming irate, there is a different answer every day characterised by delays. Other participants mentioned adverse outcomes like late coming and a dip in performance as signs of a breached psychological contract. Other participants mentioned that trust will be affected as they would be less trusting. Participant two (P2) posited "*Definitely I would say looking from my side, low performance, coming late, even if maybe I've got something to implement into the department, I won't trade forward because I know technical trade forward, but at the end of the day I won't get anything.*

So, there's no benefit for me. So as soon as the employee doesn't benefit, it will affect the company as well". Others postulated substandard performance as another sign that would be affected. Disappointment, delusional, CVs going out to the market also came up in the responses of some of the participants. Participant four (P4) said "*So, from an employee perspective, the signs would be an employee being, sending his CV, being on the market, sending his CV out on the market. Yes, that is a signal that this person, you know, is not being fulfilled in the current position, number one. Number two, an employee who doesn't perform to their fullest capacity, that is also one of the red flags that you would see from an employee perspective*".

One of the participants mentioned that one of the signs is excitement which quickly turns into disappointment. When the participants were asked who they thought is responsible for managing the psychological contract. Some responded that, it is the human resources department, while others felt that it is both parties. Participant three (P3) stated "*We always like to say the employer, but to be honest, two parties enter into a contract. So, both parties are responsible for that maintenance of it*". The other respondents felt that the organisation is responsible for maintaining the psychological contract and some said the person making the commitment is responsible. Respondent eight (P8) mentioned "*The organisation and I'd also say the leader or the manager that made the promise or the psychology contract to a certain individual. It is their responsibility to keep that up and the core values of the company, if the core values of the company are stated as that, accountability should be on the ex-go of the company to make sure that it is there*".

4.4 Research question 3

4.4.1 A breach in the psychological contract may influence trust

When participants were asked whether they thought that a breach in the psychological contract my influence trust, all respondents answered yes. Respondent one (P1) answered "*definitely, trust will be broken*". The response from participant two (P2) is "*from my side, let's say my manager doesn't trust me, definitely I'll slowdown from my side*". Participant eight (P8) alluded to the fact that "*I mean, if you, especially if one of the core values of the company is integrity and trust, and those are broken, I mean, people are very sensitive these days*". When participants were asked if they thought that a loss of trust has implications for organisational performance. Their answer is yes, participant three (P3) stated "*Yes. It will lead to demotivation, it will lead to the person won't perform at their optimal because they're holding back, because they don't know what the benefit will be in that, in performing, because the contract has been broken or breached*".

Participant four (P4) answered "*100% and, if you talk about high performing cultures and if one of these pillars falls which is trust, has a direct impact on organisation performance".* The answer that came from participant five (P5) is along the same lines on how the loss of trust has implications for organisational performance. The answer is *"100%, because that's where people, they will resign. They will leave the company. you will lose valuable people, people with experience, yes. people who would have grown within the company. I mean, they will go elsewhere*". Participant ten (P10) also agreed and stated "*Yes, the loss of trust has a very big impact in the performance of the organisation. I can say the KPI can be down, we might not reach the target, we might not trust, we might not even respect whatever is happening, our client, the stock of the at the end of the day we cannot care of whatever we are doing within the company, we just come and work for us to get paid, but we cannot love whatever we are doing*".

The participants were further asked if in their opinion they thought that the psychological contract can be repaired and to explain why they said so. The views were mixed in the responses regarding this question. Some of the participants felt that it would be difficult to repair once it has been broken, because it affects trust. Most participants however felt that it can be repaired even though it would require hard work and commitment. They posited that just like any other relationship, the other party deserves a second brake.

Participant two (P2) stated "*Yes, it can be repaired because from my side, like as a manager, let's say you've got five employees and then you know employees. Okay, let me just explain an*

example. So we are talking about the psychological contract. Yes. Now you do not trust the organisation because do you think that that relationship can be amended, can be repaired, can be restored. It's a bit difficult. I can say no. It's very hard to repair. Yeah, because let's say for the past like past two years you've been promising me something and even now, I didn't get it so Tomorrow you come back to me. I'm going to give you this thing definitely won't trust you because that trust is already gone. It's already gone the trust. Yes, so it's going to be pretty hard It's pretty hard for me to trust you back again, so I think keeping promises is the key for both employees and the employer". Participant three (P3) mentioned "*It can be repaired. I think it will always be tainted slightly, but I mean, in life or in business, everybody does fail, and the way is to fix it and go forward. Will you be reserved to enter it in the game? Maybe, but actions speak louder than words. So, if you are able to make good on whatever the contract or the agreement is, yeah, I do believe it can be repaired*".

The other sentiment shared is that there is no short-term solution in repairing a damaged psychological contract.

This view is explicitly articulated by participant eight (P8) who said "*So, I do think it can be repaired, but I do think it won't be short term, it will be long term. Because people, I mean, it takes a long time to build trust and if that trust is broken, then you start from the ground floor again trying to rebuild the trust. So definitely it can be done, but very, very in the long term. So yes, it can be done*".

4.5 Summary

In this chapter, the participants expressed their understanding of the psychological contract, trust and how these impact on the performance of the organisation. The view is that the contract is relevant because it allows the organisation to realise its vision due to the positive outcomes associated with it, if managed correctly. It also acts as a reflection of the values that the organisation embodies. This contract is formed even before the person sets foot in the organisation, when they see the job advert, already expectations are formed, and the contract established. The causes of the breach in the contract are in the main, unfulfilled promises, favouritism and not leaving up to the values that the organisation has set for itself. Trust is central to this contract. If promises are not kept, it adversely affects trust that exist between the employer and the employee. Employees somewhat feel let down, hence they allude to the difficulty of repairing the trust. They postulate that, it would require effort and time to repair trust if it has been broken.

Chapter -5- Discussion of findings

5.1 Introduction

The main objective of this research study is to assess the psychological contract and trust – implications for organisational performance in the clearing and forwarding sector. This chapter provides findings obtained based on the three research questions, in an attempt to gain insight into the intricacies of the psychological contract and trust, and what the implications are for the organisational performance. These empirical findings are contrasted with the findings from the literature review.

5.2 The relevance of the psychological contract in the organisation

According to Mousa (2020), the psychological contract is the cornerstone upon which the employer-employee relationship is built. According to Li et al. (2016), the degree to which the company can deliver on its vision and goals is dependent on how devoted the employees are. The departure of experienced people leads to a skills erosion which impedes the organisation to function optimally, this is the view that is expressed by the participants. The relevance of the psychological contract is supported by Griep et al. (2020) who states that employees form pre-employment expectations about the organisation, leading to socialisation where '*a give and take*' situation develops. The psychological contract brings a different dynamism on which organisations can derive dependence for survival and ultimately prosperity (Mousa, 2020). Since this type of contract is located in how the beholder sees the relationship, it takes refuge in the relationship between the employee and the employer. The relationship itself is somewhat fluid as it is triggered by the change in the actual contract over time (Wiechers et al., 2023).

The issue of relevance manifest itself in the organisational power play. This notion of power is what Ghani et al. (2020) alluded to by stating that the psychological contract is breached through the related cause of abusive power, through inclusive behaviour like silent treatment and intimidatory eye contact. A statement is made by a participant regarding power in the organisation wherein people make decisions that they are not entitled to make, sometimes overpromising. This behaviour could be employees taking advantage of the autonomy that they obtain from the organisation, which if managed properly can have positive impact on the psychological contract. The positive effect that autonomy has on the contract is posited by (Gulzar et al., 2024), they discussed workplace autonomy and the honorary promise from the people relates high to each other.

This relates to what Estreder et al. (2020) identified, stating the perception of employees on how the resources of the organisation are distributed, can be termed organisational justice. In this distribution of resources some people engage in power overreach.

What is of interest to this research, is the stage at which the psychological contract is formed. One participant stated that before the person starts to work, they would have seen the job advert and that is when the psychological contract is formed based on the expectations. In what AL-Abrrow et al. (2019) describe as a give and take arrangement, this is overtly expressed by one participant wherein a statement is made that as soon as they are asked to do something, this is when a reciprocal expectation is formed. The unfulfilled expectations result in adverse consequences of trust erosion (Mitterer & Mitterer, 2023).

This means that when an employee is requested to do something, they immediately expect to be given something in return. This is the assertion made by Rituparna Roy et al. (2019) wherein it is stated that psychological contracts are in their very nature vibrant, and characterised by evolution.

5.3 Causes of a breach in the psychological contract

One of the respondents mentioned the issue of favouritism or unequal treatment as what causes the breach in the psychological contract. If employees perceive that they are being treated fairly and valued, the psychological contract is positively perceived (Snyman et al., 2022). Culture also featured in the responses of participants as a cause of the breach in the psychological contract.

Even though in the literature review, culture is not as overtly deliberated on, however one could make an inference based on what one participant alluded to, in terms of the poorly crafted policies. This relates to compensation, job characteristics, opportunities for development, support from the superior, career opportunities and work life balance as a determination to their long stay in the organisation (Snyman et al., 2022). These are all matters of culture, which is how things are done in the organisation. It is interesting to note that some of the participants as part their responses felt that the human resource department is responsible for maintaining the psychological contract. In terms of who is responsible for the maintenance of the psychological contract, some of the participants felt that both the employer and the employee are responsible for the maintenance of the psychological contract. However, some differed with this view and stated that the human resource department is responsible for the maintenance of the psychological contract.

This view is supported by Aggarwal et al. (2007) who stated that to a greater degree the practices that human resource puts in place and the relationship that exist between the employer and the employees, while playing a crucial role in development and shape of the psychological contract.

This emergence of the exchange relationship commences at the point of recruitment and selection process and continues to the tenure of the employee in the organisation (Aggarwal et al., 2007).

5.4 A breach in the psychological contract may influence trust.

In the quest of understanding the impact of the psychological contract and trust – implications for organisational performance. One of the participants likened the psychological contract to a marriage wherein she stated that the foundation of marriage is trust.

In this marriage analogy the participant further expanded by stating that, promises are made by both parties and that it takes years to work through these promises.

Since psychological contract is unwritten (Salin & Notelaers, 2020), trust becomes the linchpin and regulator of this contract. It emerged during the interviews that, when employees do not trust the promises that the organisation make, it can lead them to potentially feel demotivated, and resign in silence. At the centre of the psychological contract is trust, which plays a critical part in the creation of a potential causal relationship between people and the organisational outcomes. This infers a mediating effect of the organisational trust and employee productivity (Whalley, 2021). Trust is the cornerstone of social relationship that is premised in stability and in a way determines each parties behavior towards the other. It emanates relational connections and the assumptions that are covert in their nature (Mitterer & Mitterer, 2023).

There is a correlation between a psychological contract and organisational performance. According to (Griep et al., 2020), employees will act in a manner that is counterproductive in situations of them observing that the organisation has committed a breach of the psychological contract, this feeling of employees is of detriment to the organisation.

This view is found in the responses of participants, in which they stipulated that, if they see that the company has not fulfilled its end of the promises, they deliberately slow down performance. If the employees slow down performance, it adversely affects the organisation (Gulzar et al., 2024). This is a less than ideal situation for the employer and employees are mindful of this act.

In terms of the psychological repair, the views differed from the participants although most responses alluded to the fact that it can be repaired. Other participants stated that as in life where failure is a feature, it does not necessarily mean that one must give up, conversely hard work is required for success hence the same analogy can be extended to the psychological contract.

The exercise of the repair could take long but if the defaulting party is earnest about their intention to repair the contract, then the psychological contract can be repaired. The possibility of the psychological contract repair is supported by De Ruiter et al. (2017) who stated that, in order to mitigate the risk of the psychological contract being irreparable, those in leadership roles need to apply management principles that are supportive. These principles may include ability, motivation and opportunity enhancing practices.

However, there were participants that felt that the psychological contract cannot be repaired because it is built on trust and that once trust is broken it cannot be restored. According to work published by De Ruiter et al. (2017), this is true if managers are not intentional in diagnosing the extent of the psychological contract breach and how the employee perceive the breach. These findings give further evidence that managers need to choose the correct leadership principle or a combination of these practices to minimize the potential lasting damage of a breech in the psychological contract.

5.6 Summary

The psychological contract is a vital cog in the employment relationship wheel (Pierce et al., 2020). It brings about alignment in the pursuit of the organisation's mission and vision . If the organisation has a culture of not fulfilling the promises it makes to its important stakeholder, which is the people, it runs the risk of people working against the vision. Employees become demoralized, demotivated, and start engaging in behaviors like sabotage, loafing, work to rule which all adversely affect output and efficiency. Subtle behaviors that might be perceived as trivial have long term effects on how employees perceive the organisation from promise fulfillment point of view, favoritism is one of the behaviors that employees cite as a cause of the breach in the psychological contract which in turn contributes to the organisation reputation of not subscribing to organisational justice (Wiechers et al., 2023). Trust is the foundation upon which the psychological contract is formed, making the repair of the psychological contract extremely difficult because trust is earned. Even though the repair of a psychological contract is possible, it takes time to repair.

The maintenance of the psychological contract is not a one-way street, it however requires both parties i.e. the organisation and the employee to commit to it. In the end, all organisations have a vision and if the psychological contract is fulfilled, it culminates to positive outcomes with employees buying into the vision and knowing that whatever reciprocal effort they make will result in them benefiting when the vision is realized (Manresa et al., 2021).

Chapter 6 - Conclusion, Limitations and Recommendations

6.1 introduction

In this chapter, conclusion, recommendations, and limitations will be discussed.

6.2 Conclusion

6.2.1 The relevance of the psychological contract in the organisation

The psychological contract is an important feature in the employment relationship, it is an unwritten promise that has far reaching effects on how employees behave as well as how the organisation is perceived at large. Employees associated with the organisation, past and current are its own ambassadors, hence the message that they spread out there once they leave the organisation has an effect as far as the reputation of the organisation is concerned.

The primary objective of organisations is to make profit. This objective is made possible through the efforts of their employees, therefore, organisations need to consider the potential reputation damage that can occur from breaking psychological contracts, from the words of unfulfilled employees.

The same applies with the current employees who get demotivated by unfulfilled promises and ultimately leave an organisation with skills. This cam have significant impact of an organisation's ability to realise its vision.

It is interesting that even employees see this risk. Participant (P1) in his response alluded to the fact that, employees willfully make errors in the execution of their work so that the company is harmed, this where this risk lies if an organisation does not keep its promise employees may be encouraged to engage in potentially harmful behavior. Organisations are kept in check by the values that they have adopted in pursuance of their mission and vision. When employees see these values and yet organisations do the converse, these values then become some form of platitudinous statements. Participant one (P1) responded that the psychological contract represents the value system of the organisation. One cannot stop thinking about the effects of a positive psychological contract, where promises are kept and what this does to the motivation levels of the employees.

Productivity, enhanced customer experience and ultimately the bottom line are all positively affected. A happy employee leads to a happy customer, therefore providing a link of association between the psychological contract and organisational performance (Li et al., 2016).

6.2.2 Causes of a breach in the psychological contract

The very nature of the psychological contract is promissory and unwritten. Some of the people in management roles engage in seeking to achieve near ended goals and make promises to those that report to them without due mandate of making such promises. Expectations are prominent feature in the psychological contract, so whether this is said flippantly or in earnest, employees expect something in return. Trust also seemed to feature, so if both parties do not trust each other, it will result in the breach of the psychological contract. Participant two (P2) alluded to the fact that lack of trust can cause a breach in the psychological contract.

This deal comprises trust, fairness, and the fulfillment of the deal. In essence, a common thread in terms of the causes of a breach in a psychological contract is when the other party does not fulfill what they had promised the other party.

This is because psychological contracts are reciprocal in nature (Rituparna Roy et al., 2019). Unfair treatment, failure to recognise effort, unjust rewards, and recognition programmes amongst other things, contribute to the breach of psychological contract.

A breached psychological contract manifests itself in many ways inside an organisation, this include employees that are demotivated, sabotage, lack of productivity, silent quitting and high staff turnover, amongst others (Estreder et al., 2020). It would also appear that one may take advantage of the psychological contract, because it is unwritten and its existence is theoretical, however, the effects of this breakdown in psychological contracts is real for those who feel that a promise has not been kept.

As a result of this, employees start to question the organisational justice. Organisational justice is explained as the lens that the employee uses to see the allocation of organisational resources (Estreder et al., 2020).

6.2.3 A breach in the psychological contract may influence trust.

Trust is at the heart of the psychological contract. This is because it is promissory and tacit in nature. Therefore, the only thing that employees have is trust, trusting that the organisation will fulfill the promise they made.

Respondents that stated that they form expectations before even joining the organisation based on the job adverts which in some cases would contain information on values. It so happens that

when they join an organisation, they discover that the organisation acts contrary to the values they purport to subscribe to.

This results in trust erosion that employees have with an organisation. All the participants shared the same view that a breach in the psychological influences trust and in their case the trust is adversely affected. The answers that came from the participants when asked if a breach in the psychological contract may influence trust. Their responses were 100%, absolutely, definitely, of course. Since a breach in the psychological contract influences trust, employees start to engage in counterproductive behaviors.

These counterproductive behaviors include, embarking on go slows, resignations and to some degree sabotage. All these adversely affect the organisational performance. One of the catalysts of a high-performance organisation is culture. P4 alluded to the fact that if you talk about high performing cultures and if one of these pillars falls which is trust, it has a direct impact on organisation performance. The psychological relationship is characterised by trust that exist between these two parties (Mousa, 2020).

The trust element of the relationship is what makes it difficult for the psychological contract to be repairable. It is interesting to note that, participants felt that it can be repaired, however that since it includes trust it will take time to for it to be repaired. Participant six (P6) alluded to the fact that there is a saying that once you lose trust, it's very hard for you to rebuild it. It can. There is an opportunity to rebuild trust, but it will take a very long time.

6.3 Limitations

The limitations experienced in the study is the lack of the full grasp of the research topic by the lower-level employees. Some of the respondents were bit skeptical in terms of fully expressing themselves in fear that the information might be used against them albeit the researcher explaining that what is discussed in the meeting remains confidential and no names would be disclosed. Language barrier for some of the participants may have hindered accurate expressions. English was used to conduct the interviews and by virtue of the language not being the first language for some of the participants, it impeded some participants in expressing themselves. Some of the participants that wanted to participate in the study were constrained by work commitments and couldn’t honor the commitment to the interviews.

6.4 Recommendations -

In consideration of the limitations of the study, the following recommendations are made of the study.

6.4.1 Practical implications

It is recommended that a larger sample side is used in order to get more views on the psychological contract and trust, implications for organisational performance. The timing of conducting interviews needs to be taken into consideration as some of interviews were conducted on weekends or after work hours because of work commitment constraints and fear of reprisal for some.

6.4.2 Future studies

The study could focus more on specific sections of the workforce to understand the intricacies of the psychological contract on that particular section of the employees and then identify patterns. A larger sample size, more specifically on a certain occupational levels would potentially assist in identifying consistencies and inconsistencies in terms of how employees respond to the psychological contract. It would also be impactful to look at the two sides of the psychological contract both from the negative and positive aspect of it. The pure focus of this topic in a specific sector (whether employees feel like the contract is fulfilled or not fulfilled and the impact of these feelings) is delineated in a sector like logistics, clearing and forwarding.

6.5 Final reflections

The psychological contract is indeed a sophisticated contract in that it is unwritten, and people mostly react through silent responses to demonstrate their level of dissatisfaction in its nonfulfillment (Estreder et al., 2020). These silent responses include people engaging in adverse activities that are counterproductive to the organisation's vision. People silently quit, others are demotivated and subsequently leave the organisation, This results in the manifestation of high staff turnover and ultimately impacts the organisation through the loss of critical skills (Aggarwal et al., 2007).

It appears that managers do not understand the psychological contract and the impact its nonfulfillment has on employees. The employees might not understand the terms of this contract, however, they do understand that if a promise is made it needs to be kept.

Trust is indeed a major component of this contract to the extent that if managers do not understand, that through their actions of not honoring their promises, employees loose trust and the restoration of trust is an extremely difficult task (Aggarwal et al., 2007). As one participant drew parallels between this contract and marriage, which both require commitment and continuous work. To me the most extreme reaction to the nonfulfillment of the contract was sabotage which can harm the organisational performance.

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