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Re-establishing the psychological contract as a precursor to employee retention

Abstract

The violation and breach of a psychological contract and trust often results in a decline in employees' willingness to contribute and intentions to stay in an organization. Hence, this paper aims to understand the psychological contract and trust and their role in employee retention. It focuses on employee and organizational expectations and the importance employees attach to these and assesses issues of trust, job satisfaction and intentions to leave. Data was collected using an established questionnaire whose psychometric properties of validity and reliability were assessed using Factor Analysis and Cronbach's Coefficient Alpha respectively. Data was analyzed using descriptive and inferential statistics. The findings reflect that mutual trust and, meeting expectations and having their expectations met by the organization are important to employees. Based on the results of the issues of the psychological contract and trust, recommendations are tabulated, which when implemented, have the potential for enhancing employee retention and reducing intentions to leave the organization.

Introduction

Organizations are currently operating in turbulent and changing environments. Many organizations to date have been perplexed by restructurings, organizational downsizing, environmental changes and constantly fluctuating markets. In recent times, the economic environment has evolved extensively due to international competition and globalization of markets, requiring organizations to become more flexible and to increase productivity. These changes have aroused implications for the attraction and retention of employees. It has led to confusion with regards to the expectations and obligations that the employee and employer have of each other (the psychological contract), decreased levels of job security in organizations and made it difficult for human resource managers to retain employees (De Vos & Meganck, 2007). Therefore, this study assesses the psychological contract and, the relationship between the psychological contract and retention of employees taking cognisance of both employer and employee expectations.

1. Background

As we have progressed into the 21st century employees have placed a great deal of attention on the psychological contract including the importance placed on organizations to fulfil their obligations. The psychological contract can be described as a contract that exists between the employer and their employees. It is characterized as a match between the expectations the organization has of its employees, the expectations the employees hold of their organization and what the organization is equipped to offer in return (Roussouw & Van Vuuren, 2010).

During the 1980s, organizations and their employees were associated with comparatively conservative psychological contracts. During that period employees of those organizations felt affiliated, a sense of belonging and loyalty. This provided employees with a strong feeling of security and stability. Organizations have put forward a distinct corporate culture and developed a set of corporate values, creating an individual brand for the organization. Therefore, employees easily associated themselves with the employer brand. As a result, these practices enable employees to recognize and identify themselves with the organization and can be viewed as an effort from the organization to define the psychological contract, thereby assisting in employee retention.

Organizations in the 1980s were uprooted by business reengineering, retrenchments, large scale downsizing and restructuring. This led to a serious knee jerk reaction where the long-established perception of the psychological contract was dented, losing its mark which was rooted in stability (Roussouw & Van Vuuren, 2010). The downfall of the psychological contract caused a great loss to the psychological well-being of employees. The desertion of the psychological contract connecting employees to a lifelong career with the organization has damaged the security, stability and tranquillity of the workplace bringing about high levels of turnover and low levels of job tenure. This gave rise to the need for management to address retention, the types of organizational inducements and human resource strategies that are effective in reducing employee turnover. Hence, retention strategies became an effective tool in reducing turnover. Evidently, psychological contracts focus on employees' subjective interpretations and evaluations of

inducements and how this will affect their intentions to stay. Hence, retention practices might only turn out successful if they are aligned with what employees' value and what they take into consideration when deciding to remain (intention to stay) with or leave the organization (intention to quit). These subjective interpretations of retention factors of employees will influence the effectiveness of retention policies set out by the organization. This brings together both themes that can advance our understandings of the factors affecting employee retention (De Vos & Meganck, 2007). Thus, organizations need to commit themselves to developing unique retention strategies and to understand the factors that allow for an increase in job tenure thereby, reducing voluntary turnover.

1.1. The psychological contract and its fundamental purpose. The psychological contract can be defined as "the terms of social exchange relationship that exists between individuals and their organization" (Turnley & Feldman, 2000, p. 30). These beliefs emerge when employees believe that organizations have promised them inducement in return for their services rendered (contributions). The psychological contract produces attitudes and emotions which form and control behavior. Previous research conducted indicated that psychological contracts are relevant in shaping employment relationships (Turnley & Feldman, 2000).

Literature over the years has provided numerous definitions of the term psychological contract, which was coined by Argyris in 1960, as:

♦ The expectations of an individual employee that identifies the expectations of the individual and the organization to give and receive from each other in their working relationship (Sims, 1994).
♦ An implicit, non-verbal and unwritten expectation of employees and employers going beyond the expectation (Schein, 1978).
♦ A person's perceptions and expectations with regards to a shared obligation within the employment relationship (Rousseau, 1989).
♦ The effort and contributions which employees are prepared to give in exchange for something valuable from the organization, such as continuous growth and development (Newell & Dopson, 1996).

Maguire (2003) contends that the common underlying dimension of these definitions of the psychological contract is attributed towards an employee's contained expectations, beliefs, responsibilities and promises with regards to representing a fair exchange within the margins of the employment relationship.

Evidently, unlike the formal nature of the employment contract, the psychological contract has no physical existence; characterized as dynamic, voluntary, subjective and informal, it is seen as an understanding and a set of expectations held by both the employer and employee. Rousseau (1990) described the content of the psychological contract as external employability, loyalty, dynamic performance, stability, equitable pay, internal advancements, internal employability, trust, state of well-being, fairness and all other related contents. This type of relationship accomplishes two tasks: it defines and describes the employment relationship and manages their mutual expectations (Brewster, Carey, Grobler, Holland & Warnich, 2008). Dissatisfactions are inevitable but can be alleviated if management appreciates and considers that their key role is to manage expectations (Armstrong, 2006). There have been many studies conducted on the breach and violation of psychological contracts (Knights & Kennedy, 2005; Robinson & Morrison, 1993; Turnley & Feldman, 1998). Violations of the psychological contract have become very common and this is a critical area where organizations will have trouble in retaining employees.

1.2. Exploring employer and employee expectations and obligations. Research over the years has primarily indicated that employees' expectations are located within the psychological contract which has become a key area of exploration by researchers (Guest, 1998; Herriot, Manning & Kidd, 1997; Rousseau, 1990; Schein, 1978). The psychological contract provides a functional framework to managing the open process of employees' expectations (Herriot & Pemberton, 1996). This exchange agreement between the employer and employee plays a pivotal role in developing the psychological contract and the formulation of expectations perceived by each other (Curwen, 2011). Levinson, Price, Munden, Mandl & Solley (1962) considered the psychological contract as a set of mutual expectations. The notion behind the psychological contract identifies the fundamental processes concerning the expectations within the employment relationship (Curwen, 2011).

Mitchell (1974) defined expectancies as cited by Robinson and Rousseau (1994, p. 247) as "the perceived probabilities of outcomes resulting from employee behavior, e.g. the likelihood of reward". Coyle-Shapiro and Parzefall (2008) noted that mutual expectations arise from unconscious motives, therefore, the employer and employee may not be aware of each other's expectations.

The early definitions of the psychological contract introduced the concept of the employers'

expectations in addition to employees' expectations. Rousseau (1989) argued that these types of expectations perceived are difficult to comprehend as a whole. Csoka (1995) defined expectations as the essential building blocks of the psychological contract. In addition to expectations, obligations of the employer and employee are usually paired with expectations.

The findings of Levinson et al.'s (1962) study emphasized the functionality of role reciprocity and highlighted the effect of anticipated satisfaction of the employee-employer expectations. Much emphasis is placed on the actual fulfilment of needs created within the employment relationship where employees work at fulfilling the needs of the employer if their needs have been met (Coyle-Shapiro & Parzefall, 2008). Once these expectations are met the psychological contract is considered as fulfilled. It is imperative that the employer and employee work towards this. Gouldner (1960) suggests if employees perceive the attributes of fair treatment, justified rewards and respect they will feel obliged to reciprocate by increasing their performance and remain loyal to the organization, therefore, avoiding any harm which can impact the organization. Various literature notes that fulfilment of expectations lead to higher levels of commitment, increased employee efforts and positive attitudes of employees (Guest, 1996; Makin, Cooper & Cox, 1996; Rousseau, 1996).

1.3. Psychological contract and retention. In South Africa, retention practices have created various challenges to organizations as they struggle in the war of talent acquisition, a shortage of skilled manpower and an occurrence of unremitting brain drain (Kinnear & Sutherland, 2001). The concept of retention management is described as an approach of managing talented employees and the means of keeping them for a longer engagement period than your competitors by implementing strategic retention management initiatives. Lockwood (2006) noted that retention is a vital process and element in managing talent.

Grobler and Diedericks (2009, p. 3) define the concept of retention as "measures to keep the talent that contributes to the success of the organization". Researchers have explained employee retention as:

♦ An intentional move made by organizations to foster an atmosphere which engages employees for a long-term period within the organization (Chaminade, 2007).

♦ A beneficial process to both the organization and employee, which encourages staff to remain with the organization for a maximum period until the end of the lifecycle of a project (Sandhya & Kumar, 2011).

Literature has concurred that human resource professionals are faced with the challenges of attracting, deploying, motivating and retaining talented employees (De Vos, Meganck & Buyens, 2006; Turnley & Feldman, 2000). It is also noted that organizations struggle to retain talented employees who are critical to organizational survival. In more recent times, the concept of retention management has emerged and has been further explored to reduce both voluntary and involuntary turnover (De Vos et al., 2006).

Several studies reflect that employee psychological contract breach and violation will result in a decline of employees' willingness to contribute and intentions to stay with the organization (Coyle-Shapiro, 2002; Robinson, 1996; Robinson, Kraatz & Rousseau, 1994; Turnley & Feldman, 1998; 2000). Other studies have indicated there is a positive correlation between psychological contract breach and actual turnover (Guzzo & Noonan, 1994; Robinson, 1996).

Based on the aforementioned literature, this study:

1. Assesses employee perceptions of the dimensions of the psychological contract and trust.
2. Assesses employees' future intentions to leave and their perceptions of their current job and organization.
3. Focuses on the relationship between employee's expectations of their organization and the importance they attach to having these expectations met.
4. Investigates the relationship between the organization's expectations of their employees and the importance of employees to meet those expectations.
5. Assesses the relationship between the level of importance employees attach to their organization trusting them and for them to trust the organization.
6. Investigates the relationship between employee satisfaction and intention to leave.

2. Research design

2.1. Respondents. Data was collected from employees in a financial banking institution in South Africa, located in the province of Gauteng, within the Johannesburg CBD. A sample of 304 employees was drawn from a population of 1400 employees within the retail information technology (IT) group of the financial banking institution using convenience sampling. The adequacy of the sample was assessed using Sekaran and Bougie's (2013) population-to-sample size table which indicates that for a population of 1400, the corresponding minimum sample size should be 302, thereby confirming the adequacy of the sample size.

The composition of the sample utilized in this study may be described in terms of the biographical variables. In terms of age, the highest percentage of respondents (33.9%) are from the 26-35 years category, followed by those who are 36-45 years (32.9%), 46-55 years (21.1%), > 55 years (7.9%) and then those employees who are 18-25 years (4.3%). Evidently, nearly two-thirds of the population are from 26 to 45 years old. In terms of tenure, the majority of the respondents (40%) are serving the organization for 3-7 years, followed by those with a tenure of 0-2 years (21%), > 18 years (16%), 8-12 years (15%) and then 13-17 years (8%). In terms of work level, the majority of the respondents (33.9%) are at general staff level, 28.9% are in middle management, 21.7% are at junior management level and 14.8% and 0.7% of the respondents are at senior management and executive management levels respectively. The adequacy of the sample for the computation of Factor Analysis was further determined using the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (0.961) and the Bartlett's Test of Spherecity (33264.918, $p = 0.000$) which respectively indicated suitability and significance. The results indicate that the normality and homoscedasticity preconditions are satisfied.

2.2. Measuring instruments. Data were collected using a measuring instrument designed by Cable (2008) consisting of three sections. Section 1 included biographical data relating to age, gender, race, educational level, organizational level and tenure in the organization and was measured on a precoded nominal scale. Section 2 incorporated the psychological contract and consisted of structured close ended questions which was measured using a seven point itemised rating scale ranging from (1) no obligation to (7) extreme obligation and, (1) no importance to (7) extreme importance. The dimension of Trust was measured using closed ended questions where some responses sought a dichotomous response (Yes or No) and the other items used a 4 point rating scale ranging from (1) slightly important to (4) very important. Section 3 incorporated the employment issues and were measured on a seven-point rating scale ranging from (1) strongly disagree to (7) strongly agree relating to specific dimensions, namely, intention to seek alternative employment, commitment to your current organization, involvement in your current job, the support your organization provides, how well you believe your values match your organization's and how satisfied you are with your current job.

2.3. Procedure. In-house pretesting was adopted and a pilot test was used to improve the reliability of the measuring instrument. The questionnaire was pretested in-house by asking specialists to review the items and their relevance and to ensure that the questionnaire adhered to the principles of wording and measurement. A pilot test was conducted using 12 respondents which confirmed the accuracy of interpretation of items and ease of understanding and hence, no changes were required.

2.4. Statistical analyses of the psychometric properties of the questionnaire. The validity of the questionnaire relating to the psychological contract and the dimensions thereof were statistically analyzed using Factor Analysis. Only items with item loadings > 0.5 were considered to be significant. If an item loaded significantly on more than two factors, only that with the highest loading was considered. In terms of the subdimensions of the psychological contract being assessed, 4 factors with latent roots greater than unity were extracted from the factor loading matrix.

Factor 1 relates to expectations that the employee believes that the organization has of him/her and accounts for 24.97% of total variance. Factor 2 relates to the importance of employees meeting expectations and accounts for 20.05% of the total variance. Factor 3 relates to the importance of employees having their expectations met and accounts for 17.13% of the total variance and Factor 4 relates to the expectations employees believe the organization has of him/her and accounts for 9.82% of the total variance.

The reliability of the questionnaire was statistically assessed using Cronbach's Coefficient Alpha. The overall Cronbach's Coefficient Alpha for psychological contract is 0.987. Since this reliability estimate is close to unity, it is clear that the measuring instrument has a very high degree of reliability. Furthermore, the item reliabilities which range from 0.986 to 0.987, for the dimensions of psychological contract show a high level of internal consistency and stability.

Data was analyzed using descriptive (mean, standard deviation) and inferential statistics (correlation).

3. Results

Employee perceptions of the psychological contract were measured on a 1 to 7 point itemised scale (Table 1). It is indicative that the higher the mean score values, the more positive are the employees' perceptions about the psychological contract and its dimensions. Furthermore, the dimension of trust was measured on a 1 to 4 point itemised scale. Likewise, the higher the mean score value, the stronger is the importance of trust.

Table 1. Descriptive statistics: psychological contract dimensions

Dimension	Mean	95% Confidence interval for mean		Std. dev.	Min.	Max.
		Lower bound	Upper bound			
To what extent you believe the organization has to meet expectations.	5.863	5.737	5.989	1.114	1	7
The importance to you of having your expectations met.	6.016	5.904	6.129	0.994	1.9	7
The expectations you believe your organization has of you.	5.626	5.493	5.758	1.174	1	7
The importance of your meeting expectations.	6.046	5.936	6.156	0.973	1	7
How important do you believe it is for your employer to trust you.	3.890	3.850	3.930	0.361	2	4
How important is it for you to trust your employer.	3.87	3.83	3.920	0.406	1	4

From Table 1, the study identified that meeting expectations is most important to employees (Mean = 6.046) thereby reflecting that they display commitment. However, meeting expectations (Mean = 6.046) are just as important as having their expectations fulfilled (Mean = 6.016). Furthermore, respondents' in their perceptions of the psychological contract strongly believe that the organization has to meet their expectations (Mean = 5.863). The lowest mean value, though relatively high, reflects the expectations that employees believe that their organization has of them (Mean = 5.626). Further-more, the importance that employees attach to being trusted by the organization (Mean = 3.89) and to trust the organization (Mean = 3.87) are equally high when assessed against a maximum attainable score of 4.

Employees' future intentions and perceptions of their current job and organization were measured on a 1 to 7 point itemised scale (Table 2).

Table 2. Descriptive statistics: future intentions and perceptions of current job and organization

Dimension	Mean	95% confidence interval for mean		Std. dev.	Min.	Max.
		Lower bound	Upper bound			
Intention to seek alternative employment.	3.947	3.864	4.031	0.737	1	6.8
Commitment to your current organization.	4.268	4.147	4.390	1.077	1.6	7
Involvement in your current job.	3.936	3.802	4.070	1.186	1	7
The support your organization provides.	4.142	4.033	4.251	0.966	1	7
How satisfied are you with your current job.	5.259	5.109	5.408	1.322	1	7
How well you believe your values match your organization's values.	5.058	4.805	5.211	1.353	1	7

From Table 2 it is evident that the highest mean reflects employees level of satisfaction in their current job and role within the organization (Mean = = 5.259). This is followed by the respondents' belief that their values match the organizational values (Mean = 5.059), employees' commitment to their current organization (Mean = 4.268), their perception of the support their organization provides (Mean = 4.143), their intention to seek alternative employment (Mean = 3.947) and lastly, their involvement in current job (Mean = 3.936). It is evident that employees who do not experience high levels of involvement in their current job will have an intention to seek alternative employment.

From Table 2, it is evident that more employees are committed to remain in their current organization (Mean = 4.268) than those who have intentions to seek alternative employment (Mean = 3.947). Frequency analyses that reflect the possibility of retention include:

♦ In terms of satisfaction, 69.4% of the respondents reflect that they like working in the organization.
♦ 65.2% of the respondents believe their values match the organization's.

♦ In terms of employee commitment to the current organization, 54.6% of the respondents indicate that they will be very happy to spend the rest of their career in the organization, 49.3% indicate that their lives will be disrupted if they wanted to leave the organization immediately and 41.1% reflect that they would find it difficult to leave the organization even if they wanted to.
♦ In terms of the support organizations provide to employees, 53.7% of the respondents felt that should they have a problem their organization will assist them.
♦ In terms of employee's intention to seek alternative employment, 49% of the respondents have no intentions to quit their job and 45.3% are not searching for another job in other organizations.
♦ In terms of employee involvement in their current job, 41.1% of the respondents believe that they are personally involved in their job.

Frequency analyses that reflect the intentions to leave include:

♦ In terms of employee satisfaction with their current job, 14.8% of the respondents are not satisfied in their current job.

♦ In terms of how well employees believe their values match the organizations, 11.1% of the respondents reflect that their values do not match the values of their organization's values.

♦ In terms of employee commitment to the current organization, 41.1% of the respondents would not feel guilty if they left the organization immediately, 37.1% indicated that they would leave the organization and 28.3% felt that they do not owe a great deal to the organization.

♦ In terms of employee's intention to seek alternative employment, 37.1% of the respondents indicate that they will be looking for a new job in the near future.

♦ In terms of employee involvement in their current job, 40.2% of the respondents believe

that their interest is not centered around their job, 38.1% reflected that they do not live, eat and breathe their job, 27.3% reflect that their job is a small part of who they are and 10.5% confirm that their jobs are not central to their existence.

In attempts to better understand details of the psychological contract, employees' expectations of the organization and their perceptions of the organization's expectations of them were further evaluated (Tables 3 to 5).

3.1. Hypothesis 1. There is a significant relationship between employees' expectations of their organization and their importance of having these expectations met (Table 3).

Table 3. Spearman rank order correlation: psychological contract and importance of having expectations met

Items	Psychological contract	
	Correlation coefficient	p
1. Provide career development opportunities.	0.675	0.000*
2. Communicate organizational knowledge.	0.706	0.000*
3. Fulfil the formal employment contract.	0.674	0.000*
4. Treat all employees fairly and equitably.	0.633	0.000*
5. Provide competitive remuneration.	0.759	0.000*
6. Provide feedback on performance and other issues.	0.687	0.000*
7. Apply organizational policy consistently.	0.690	0.000*
8. Act with integrity, staying true to its values and beliefs.	0.729	0.000*
9. Promote and manage the use of intellectual knowledge.	0.685	0.000*
10. Provide leadership and motivation.	0.711	0.000*
11. Express support of employees.	0.718	0.000*
12. Demonstrate commitment to its own commitment.	0.690	0.000*
13. Maintain acceptable norms and values.	0.748	0.000*
14. Manage change and provide strategic direction.	0.699	0.000*
15. Provide professional and personal support.	0.706	0.000*
16. Provide personal growth and development opportunities.	0.736	0.000*
17. Provide a physically and socially safe environment.	0.707	0.000*
18. Maintain professionalism at all times.	0.716	0.000*
19. Provide employees with the resources to carry out the job.	0.738	0.000*
20. Treat employees with respect.	0.730	0.000*
21. Provide rewards of value to employees.	0.759	0.000*
22. Create an environment in which people work together.	0.738	0.000*
23. Support employees in maintaining work-life balance.	0.747	0.000*

Note: $p < 0.01$.

Table 3 indicates that there is a significant and direct relationship between employees' expectations of their organization and the importance these employees attach to these expectations being met at the 1% level of significance. Hence, hypothesis 1 may be accepted. The implication is that as the importance that employees attach to their expectations being met increases, so too do their expectations of their organization to fulfil their expectations. The correlation coefficients also reflect strong relationships with greater importance and expectations being reflected with regard to providing competitive remuneration and rewards of value ($r = 0.759$),

maintaining acceptable norms and values ($r = 0.748$), supporting employees in maintaining work-life balance ($r = 0.747$), providing employees with resources to carry out the job ($r = 0.738$), creating an environment in which people work together ($r = 0.738$), providing personal growth and development opportunities ($r = 0.736$) and treating employees with respect ($r = 0.730$).

3.2. Hypothesis 2. There is a significant and direct relationship between the organization's expectations of their employee and the importance of employees to meet those expectations (Table 4).

Table 4. Spearman rank order correlation: the expectations you believe your organization has of you
and the importance to you of meeting these expectations

Items	The expectations you believe your organization has of you	
	Correlation coefficient	p
1. Provide career development opportunities	0.537	0.000*
2. Communicate organizational knowledge	0.571	0.000*
3. Fulfil the formal employment contract	0.605	0.000*
4. Treat all employees fairly and equitably	0.503	0.000*
5. Provide competitive remuneration	0.225	0.000*
6. Provide feedback on performance and other issues	0.449	0.000*
7. Apply organizational policy consistently	0.528	0.000*
8. Act with integrity, staying true to its values and beliefs	0.418	0.000*
9. Promote and manage the use of intellectual knowledge	0.432	0.000*
10. Provide leadership and motivation	0.531	0.000*
11. Express support of employees	0.604	0.000*
12. Demonstrate commitment to its own commitment	0.576	0.000*
13. Maintain acceptable norms and values	0.583	0.000*
14. Manage change and provide strategic direction	0.450	0.000*
15. Provide professional and personal support	0.520	0.000*
16. Provide personal growth and development opportunities	0.378	0.000*

Note: $p < 0.01$.

Table 4 indicates that there is a significant and direct relationship between the expectations employees believe their organization has of them and their importance in meeting those expectations at the 1% level of significance. Hence, hypothesis 2 may be accepted. The implication is that as employers' expectations of their employees to fulfil their needs increase, so too does the importance attached by the employees to meeting these expectations. The correlation coefficients also reflect strong relationships with greater importance and expectations being reflected with regard to the expectations which employers perceive employees have an obligation to fulfil the formal employment contract ($r = 0.605$), express support of employees ($r = 0.604$), maintain acceptable norms and values ($r = 0.583$), communicating organizational knowledge ($r = 0.571$), provide career development opportunities ($r = 0.537$), provide leadership and motivation ($r = 0.531$) and applying organizational policy consistently ($r = 0.528$).

3.3. Hypothesis 3. There is a significant relationship between the level of importance employees attach to their organization trusting them and for them to trust the organization (Table 5).

Table 5. Spearman rank order correlation: how important do you believe it is for your employer to trust you
and for you to trust your employer

Items	How important do you believe it is for your employer to trust you	
	Correlation coefficient	p
1. How important do you believe it is for your employer to trust you?	1.000	
2. How important is it for you to trust your employer?	0.467	0.000*

Note: $p < 0.01$.

Table 5 indicates that there is a significant relationship between the importance employees attach for their employer to trust them and for them to trust the employer in return. Hence, hypothesis 3 is accepted at the 1% level of significance.

3.4. Hypothesis 4. There is a significant but inverse relationship between employee satisfaction with their current job and intentions to leave the organization (Table 6).

Table 6. Spearman rank order correlation: level of satisfaction with current job and intentions
to leave the organization

Items	Level of satisfaction with current job	
	Correlation coefficient	p
1. Intention to leave the organization.	-0.346	0.000*

Note: $p < 0.01$.

Table 6 indicates that there is a significant but inverse relationship between employee satisfaction with their current job and intentions to leave the organization at the 1% level of significance. This means that the more satisfied employees are in the organization, the less the chances are that they will have intentions to leave the organization. Hence, hypothesis 4 may be accepted.

4. Discussion of results

Psychological contract dimensions. *Employees' expectations of their organization and their importance of having these met.* The results of the study indicate that there is a significant and direct relationship between employees' expectations of their organization and the importance these employees attach to these expectations being met. The implication is that as the importance that employees attach to their expectations increases, so too do their expectations of their organization to fulfil their expectations.

In this study, the dimensions of employees meeting expectations obtained an average mean value of 6.046 (maximum = 7), the highest scoring mean value in this dimension. This indicates that the majority of the respondents reflect a very high importance level of meeting expectations. A deeper analysis on the importance of meeting expectations is undertaken using frequency analysis. The results indicated that the majority of the employees place extreme importance on staying true to their own values and beliefs. According to Cohen (2011), individual values of employees should not be neglected as they make a significant contribution to understanding perceived psychological contracts (Cohen, 2012) and therefore, have the potential to impact on work outcomes. According to Reilly, Chatman and Caldwell (1991), Kristof (1996) and Netemeyer, Boles, McKee and McMurrian (1997), a person value match with the organization is considered during employee selection and is centered on the beliefs of employees' values which are congruent with the organization, or person and organizational goals.

In addition, Brown (1995) reaffirmed that when employees perceive that their values do not match the organization's values, these results in dissatisfaction and eventually leads to a change of job. Likewise, in the current study a significant and inverse relationship was noted between employee satisfaction and intentions to leave the organization. Chatman (1989, p. 335) cited that "Higher levels of person-organization fit exist when there is congruence between the norms and values of organizations and the values of persons". Furthermore, this is inherent

in the dimension focused on the congruency between personal values and organization values. The concept of person-organization fits as explained by Kristof (1996) and suggests that an overlaying feature between the people and the organization is its compatibility. Essentially, this occurs when at least the employer or the employee provides what either party needs, sharing a congruent/similar characteristic or both. Likewise, the levels of fit employees perceive to have with the organization directly has an impact on the obligations they perceive the organization has to them. Thus, it is imperative to note that the changing nature of the employment relationship challenges organizational identification and hence, influences key outcomes within the organization, including effort, cooperation, organizational support and citizenship behaviors (Epitropaki, 2013; Tekleab, Takeuchi & Taylor, 2005; Cooper & Thatcher, 2010).

In a study, Cable (2008) noted that the organization has obligations placed on employees, whilst acknowledging it is proposed to be rated as imperative for those employees who perceive a higher level of fit with the organization. Furthermore, the significance of this relationship should be fostered through the belief that there is a high level of fit between the employee and the organization. In addition, the organization needs to take cognisance of their obligations under the psychological contract. Thus, tying in with the subsequent factor of respect, employees' needs will be met through commitment to each other and hence, are characterized by increased levels of procedural justice, respectively indicating a strong indicator of employee-organization relational ties. In retrospect, employees who feel they are not being treated fairly would deem unfair practices to suggest that organizations have little respect for them and hence, affect organizational identification (Epitropaki, 2013; Tyler & Blader, 2003).

In addition, this study further identified that respondents place high levels of importance on treating other employees with respect including themselves. Thus, any perceived inequity in the distribution of rewards or perceived injustices in the decision-making process or any perception that employees are treated with disrespect or in an unseemly manner, may possibly lead to unmet expectations and hence, lead to the violation of the psychological contract. Sharpe (2001) reaffirmed this and noted that in an interview study of two factories. Furthermore, in this relationship foreman would respect the norms of the informal culture of the workers. In addition, De Vos, Buyens and Schalk (2003) suggested that organizations are required to

display respect to employees thereby, understanding the personal situations of the employee. Furthermore, it is imperative to note that perceived organization climate can be encouraging if reciprocation of support and respect occurs between both the employer and employee. Thus, if the reciprocation does transpire and the employee feels or perceives a sense of appreciation and respect for the work being conducted will result in an increase in perceived organizational climate. Consequently, if respect and appreciation is not expressed adequately, or present, then the employee may begin to harbor suspicion, resulting in an increase in organizational cynicism (Dean, 1996; Wangombe, Wambui & Kamau, 2014).

In this study, it was further noted that a small amount of employees (4.3%) place low importance on being loyal to the organization whilst 61.8% place high levels of importance on loyalty. Loyalty in the workplace leads an employee towards job satisfaction and positively correlates with job satisfaction of employees and hence, employees remain loyal when they perceive that they have a sense of value and a sense of pride; thus, have low or no intention to leave the organization (Cole, 2000; Ineson, Benke, Laszlo, 2013; Khuong & Tien, 2013; Van Knippenberg, 2006). Similarly, in the current study a significant but inverse relationship was noted between employee satisfaction and intentions to leave the organization. In this regard, De Vos et al. (2003) affirmed that the development of the psychological contract has been used as an important construct to provide explicate understanding of employee behavior and attitudes towards their loyalty. According to Mueller, Wallace and Price (1992), loyalty further intervenes in an employee's decision to quit or stay within an organization.

Expectations employees believe their organization has of them and their importance to meeting these expectations. The study identified a significant and direct relationship between the expectations employees believe their organization has of them and their importance in meeting those expectations. The implication is that as employers' expectations of their employees to fulfil their needs increase, so too does the importance attached by the employees to meeting these expectations.

The study indicated that a significant percentage of respondents place high levels of importance on treating employees with respect (83.9%), acting with integrity, staying true to its values and beliefs (82.9%) followed by treating all employees equitably and fairly. According to Coyle-Shapiro and Conway (2005) and Chaudry and Tekleab (2013), it is imperative to recognise the employee expectations relating to that social exchange which may assist in

identifying the factors that profile employee perceptions under the conditions of the psychological contract and determine promises fulfillment as a predictor of turnover. Aityan and Gupta (2012) noted that when employers express respect to its employees and acknowledge their achievements and contributions to the organization's success, it definitely builds employee loyalty. This is further evident in the study where respondents displayed moderate levels of loyalty. Whilst employees place efforts towards loyalty to their jobs, in return, their employers provide financial reward and other, less tangible rewards that are valued to employees (Fu & Cheng, 2014; Morrison & Robinson, 1997). It is imperative to note that studies mentioned in this paper reflect a correlation between pay and intention to quit. In addition, organizations need to win the commitment and loyalty of employees by offering competitive and attractive remuneration packages. In a study conducted by Fu and Cheng (2014), it was noted that employees' expectations are represented by the incentives and treatments expected by them with regards to the employment relationships. In addition, any unfulfilled expectations denoted that the employee did not perceive or recognise any such incentives and treatments from the employer.

Furthermore, Aityan and Gupta (2012) identified that employees look for a stable and productive workplace that is enshrined with fairness, respect and equality. However, it is imperative that both the employer and employee need to come to a point of agreement on these differences and identify goals that motivate the other to ensure that expectations are met. A study conducted by Aityan and Gupta (2012) revealed a significant difference between the organization and employees in the assessment of the employer-employee relationship.

In this study, some respondents attached low levels of importance to having their expectations met in terms of providing personal growth and development opportunities and career development opportunities whilst the majority reflected a preference for development. Shoaib, Noor, Tirmizi and Bashir (2009) noted that career development is regarded as a planned effort in achieving a balance between individual career needs and organizational requirements. Various researchers have noted a significant relationship between career development opportunities and employee retention (Agarwal & Ganjiwale, 2010; Chen, 2014; Dabos & Rousseau, 2004; Hall & Moss, 1998; Nouri & Parker, 2013; Shoaib et al., 2009). In fact, organizations are recommended to invest in the advancement of employees through training opportunities resulting in career advancement (Hassan, Razi, Qamar, Jaffir & Suhail, 2013). According to Allen, Shore and Griffeth

(2003), Hassan et al. (2013) found that employees that receive more training display low levels of intention to leave the organization than those who receive no training. Hall (2002) reaffirmed that career development opportunities are vital for both the employer and the employee. It is essential that organizations provide career development opportunities as a strategy in achieving career resilience. Also, by providing adequate career development opportunities, employees will perceive their expectations are being met by having a career that is well defined with opportunities to grow and develop. In addition, such desirable opportunities will lead them to remain in the organization thereby, contributing to increased levels of loyalty. In this regard, De Vos and Meganck (2007) emphasizes that organizations need to evaluate their promise fulfilment and identified promises of career

development opportunities as the most predictive factor of intention to leave resulting in employees seeking alternative employment. Thus, loyalty is strongly illustrated by the fulfilment of promises relating to career development.

Recommendations and conclusion

The results of the study reflect that as the importance that employees attach to their expectations increases, so too do their expectations of their organization to fulfil their expectations. Likewise, as employers' expectations of their employees to fulfil their needs increase, so too does the importance attached by the employees to meeting these expectations.

Based on the results of the study, Table 7 provides recommendations for enhancing retention based on issues of the psychological contract and trust.

Table 7. Recommendations for enhancing retention based on issues of the psychological contract and trust

Dimension/focus	Recommendations
Employees' expectation of their organization and their importance of having these expectations met.	♦ Provide competitive remuneration and rewards of value. ♦ Maintain acceptable norms and values. ♦ Support employees in maintaining work-life balance. ♦ Provide employees with resources to carry out their job. ♦ Create an environment in which people work together. ♦ Provide personal growth and development opportunities. ♦ Treat employees with respect.
Organization's expectations of the employee and the importance of employees to meet those expectations.	♦ Fulfil the formal employment contract. ♦ Express support of employees. ♦ Maintain acceptable norms and values. ♦ Communicate organizational knowledge. ♦ Provide career development opportunities. ♦ Provide leadership and motivation. ♦ Apply organizational policy consistently.
Trust	♦ Create and maintain an environment of mutual trust under the terms and conditions of the employment contract. Never breach an employment contract.
Employee commitment, involvement, satisfaction, values, loyalty versus intention to seek alternative employment	♦ Since loyalty intervenes in an employee's decision to quit or remain within an organization, the psychological contract must be developed in a way that reflects an understanding of employee behavior and attitudes towards their loyalty. Also, the organization must provide support for the growth and development of employees. Furthermore, there must be synergy between the values of employees and that of the organization. This will enhance employee satisfaction, commitment, involvement and loyalty to the organization.

Collectively, these results indicate that the psychological contract is a model of both scientific and practical importance; it is pertinent and significant to the field of human resources and especially relevant in helping organizations retain its employees. The results of the study reflect distinguishable recommendations (Table 7) which when implemented have the potential to ensure the fulfilment of employer-employee expectations which are managed under the terms and conditions of the exchange agreement found in the psychological contract. Thus, the study clarified that the

psychological contract can be regarded as managing the employee relationship in terms of understanding both employer and employee expectations and the exchange agreement thereof. In order to retain employees it is imperative that employee expectations are managed effectively, by creating an offer that is mutually understood by employees and the organization. Once their expectations are met the psychological contract is considered as fulfilled. Thus, the study highlights the importance of the employer and employee effectively working towards this in attempts to enhance employee retention.

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