'Psychological contract in the context of the wider organisational

system. Challenges and Opportunities in Kellogg's Company'.

By

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Acknowledgments

Declaration

I hereby declare that the information contained in this Dissertation is entirely my own work and all the research was conducted in an ethical manner. All information other than my own contribution will be fully referenced and listed in the relevant bibliography section. A promise of confidentiality has been made to the research participants and as such for the purpose of this research no names of the participants have been given. This research is submitted for the assessment of the programme of study leading to the award of M. A. in Human Resource Management.

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Abstract

This dissertation explores the concept of psychological contract and its relevance in organisations. It looks at how a strong psychological contract can have an impact on the employment relationship in the wider organisational context and examines the factors that can cause psychological contract violation.

Despite the current economic climate the demand for qualified working capacity is increasing faster than ever. As the competition in the labour market has intensified the so called 'war for talent' has begun and companies are showing an ever increasing interest in strategies to differentiate themselves in order to attract a highly skilled and talented workforce. Also, there is an increasing need for employers to manage their human capital strategically in order to maximise the potential and contribution of employees. Therefore, to achieve this, it is important to understand the role and importance of the psychological contract as a form of employment relationship and how it links to other elements of the organisational environment.

The objective with this research was to examine the concept of the psychological contract with a particular focus on employer branding in European Headquarters of Kellogg's Company in Ireland. The researcher conducted quantitative surveys and qualitative interviews about the opinions of employees on the concept of the psychological contract. For this research one of the objectives was also to examine whether employer brand is a major contributor to a good employment relationship and a strong psychological contract.

The findings convey that overall employees are aware of the importance of the psychological contract and its importance when achieving organisational objectives. The findings also convey that there are mutual expectations and obligations between employees and the organization indicating a strong psychological contract.

This research contributes to the literature review and adds value to the topic of psychological contract. The limitations of the study, and possible directions for future research, are discussed.

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1.0 Introduction

'Psychological contract in the context of the wider organisational system. Challenges and Opportunities in Kellogg's Company'.

Organisations exist in a constantly changing and demanding environment. Uncertainty and instability in business and politics continue to demand greater flexibility and strategic responsiveness. The ability to adapt to this environment and the changing nature of the workplace can determine not only the performance, but also the survival of the business. According to CIPD (2010) changes currently affecting the workplace include:

•   More employees on part-time and flexible work.

•   Organisations downsizing and delayering, meaning remaining employees have to do more.

•   Markets, technology and products constantly changing.

•   Technology and finance becoming less important than human resources as sources of competitive advantage.

•   Traditional organisational structures becoming more fluid.

These changes have persuaded organisations to take the psychological contract more seriously. Given that the effect of these changes is that employees are increasingly recognised as the key business drivers.

Moreover the recession has had an increasingly negative impact on employee attitudes, most significantly in relation to job satisfaction, motivation and security. This suggests that managers will have a serious challenge to restore and maintain employees' commitment as organisations emerge from the recession. The continuous search for competitive advantage

leaves organisations seeking different ways to organise work. As a result, growing employment flexibility poses new challenges to employment relationship in organisation (CIPD 2010).

These pressures have created a need for different approaches to human resources in organisation. As a result, the psychological contract can be seen as offering a framework for dealing with these challenges and monitoring employee attitudes and commitment. The purpose of this research is to discuss the concept of psychological contract as a form of employment relationship in the context of the wider organisational system and also as a tool for achieving greater efficiency in an organisation. Effective Human Resource Management using a strong psychological contract can greatly impact those relationships. There are a number of contextual elements that influence the psychological contract within organisation and determine these relationships.

I will discuss those elements in the context of organisational culture, learning organisation, SHRM, management styles, value systems of people, leadership, HR policies and practises of the business. All of these dynamic elements have to be managed strategically.

The purpose of this research is also to analyse the term psychological contract from the employee perspective in a particular organisation with the aim of suggesting an improvements that could strengthen it and increase overall organisational performance. In the current economic climate where the level of employee's efforts can determine organisation's success, it is important to understand what motivates employees to go that extra mile and commit to organisational objectives. Therefore a strong psychological contract with employees can act as a key tool in establishing decent employment relationships. The final study will contrast and compare the theoretical data around the area and findings from the research questions. Through my research I hope to establish whether the existing

psychological contract of the company is motivating managers and staff to perform and enhance overall company performance. One of the aims is to identify to what extent employees believe that they have mutual expectations and obligations between them and the organization. This research will analyse theoretical data around the area, outline research methodology used by the researcher, present any significant findings from data collection and analysis and propose recommendations that could be practically applied and help the organisation to improve its efficiency. Both qualitative and quantitative data research will be conducted to explore employees' opinions which then can be compared and contrasted. Data analysis and findings should then be used in support of the literature review which will conclude this dissertation.

2.0 Background of the company

Kellogg's Company was formed when the production of Kellogg's Corn Flakes® began at W.K. Kellogg's newly formed Battle Creek Toasted Corn Flakes Company in 1906. The unit of analysis for this study is European Headquarters of Kellogg's Company in Ireland. Kellogg's currently employs approximately 250 people in Ireland at its European office and its Irish business and 8,000 across the European region. The Company established its European headquarters in Swords in 2005, where it now locates a number of teams in Marketing, Sales, Finance, Supply Chain, Legal, HR, Corporate Affairs and Nutrition to lead these functions across Europe (Kellogg's Company 2011).

With 2010 sales of nearly $12 billion, Kellogg's Company is the world's leading producer of cereal and a leading producer of convenience foods, including cookies, crackers, toaster pastries, cereal bars, fruit-flavored snacks, frozen waffles and veggie foods. The Company's brands include *Kellogg's*®, *Keebler*®, *Pop-Tarts*®, *Eggo*®, *Cheez-It*®, *All-Bran*®, *Mini-Wheats*®, *Nutri-Grain*®, *Rice Krispies*®, *Special K*®, *Chips Deluxe*®, *Famous Amos*®, *Sandies*®, *Austin*®, *Club*®, *Murray*®, *Kashi*®, *Bear Naked*®, *Morningstar Farms*®, *Gardenburger*® *and Stretch Island*®. The company has a significant global presence. Kellogg's products are manufactured in 18 countries and marketed in more than 180 countries around the world (Kellogg's Company 2011).

2.1 Aims and objectives of the company

Some of the major aims and objectives of the company are to leverage diversity and seek different perspectives to better understand the marketplace, promote continuous learning, and focus on fundamentals and capability to outperform the competition, enhance a high-performance culture that combines a strong performance ethic with a supportive and trusting environment (Kellogg's Company 2011).

2.2 Employment Relationship and Employer Brand

The company has been recognized as one of the Irish Independent, Best Workplaces in Ireland, as assessed by the Great Place to Work Institute. The company was ranked third in the SME category (less than 250 employees) which indicates a very strong psychological contract and efficient employment relationship. Almost 90 per cent of company's staff took part in the questionnaire. Kellogg's employer branding is derived from its corporate image and its core values. *(For Kellogg's value statement documentation refer to appendix 1).* The employer branding messages that are consistently conveyed throughout the organisation focus on: encouraging employees to add life to the business through their own personal and professional growth, achieving an acceptable work-life balance of personal health and education information for example promoting good nutrition, food pyramid leaflets in canteen, information leaflets on salt levels in food products etc. (Kellogg's Company 2011). *(For Sample Nutrition Workshop documentation refer to appendix 2)*

Kellogg's prides itself in offering a unique culture, which is supportive and people focused; one which fosters creativity, success and the development of their people. Company also provide a wide range of competitive benefits such as:

• Offers competitive flexible benefits packages

• Invests in the training and personal development of its employees

• Invests in the health and safety of its employees

•Supports work/life balance initiatives

• Promotes flexible working options, including summer hours

Adding to its employer brand company was recently announced 10th 'Best Multinational Workplace in Europe'

3.0 Literature Review

3.1 The Psychological Contract: Formation and Content

The concept of a psychological contract defines the basic level of employment relationship that consists of beliefs and perceptions by both parties about what they expect from each other (Armstrong 2006). According to Clutterbuck (2005) psychological contract is the term used to describe how people feel about the exchange of these beliefs and perceptions. Interest in the psychological contract was driven by a desire to search for new and more innovative people management practises in the context of economic restructuring and increased international competition (Cullinane and Dundon 2006). Rousseau (1989) refers to the psychological contract as an individual's beliefs regarding reciprocal obligations. Additionally she describes belief as a component of a psychological contract in that certain actions are believed to be particularly appropriate, while others are not. However, only those beliefs involving obligations of mutuality are contractual. According Rousseau (1990, p.390) "beliefs become contractual when the individual believes that he or she owes the employer certain contributions (e.g. hard work, loyalty, sacrifices) in return for certain inducements for example high pay, job security etc."

The idea of the psychological contract in an organisational context developed as a result of HRM evolution and is tracked back to the early work of Argyris 1957 who used the term to describe the relationship between the employees and foreman in a factory in which he was conducting research. He saw this employee employer relationship as being dominated by an environment within which the employees would maintain highly productive with minimal grievances if the foreman respected the norms of their informal culture (Roehling 1997). The term 'psychological contract' was then first used in the early 1960s, generally described as an offer of commitment by the employee in return for job security provided by the employer -

or in some cases the legendary 'job for life'. The concept became more popular following the economic downturn in the early 1990s (CIPD 2010).

Traditional contracts are transactional and relational. Transactional contracts involve specific exchanges for example pay for attendance. Such transactional contracts involve acquisition of people with specific skills to meet present needs (e.g. high tech firms, temporary employment agencies). Highly competitive wage rates and the absence of long-term commitments are characteristics of transactional contracts. Relational contracts, in contrast, involve open-ended agreements to establish and maintain a relationship for example hard work, loyalty in exchange to security (Rousseau 1990).

However the recession and continuing impact of globalisation are alleged to have destroyed the basis of this traditional deal since job security is no longer on offer (Stevens 2005). Current employment dynamics, triggered by organizational reactions to changes in world market have resulted in a loss of employee loyalty whilst at the same time employers demand flexibility, adaptability, and innovation from those same employees. These fundamental changes in obligations and expectations are the very dynamics underlying the re-discovery of, and interest in, the psychological contract as both employees and employers struggle to redefine the relationship that exists between them (Paterson 2001). This re-discovery was led by the work of Rousseau (1990) capturing the mood of labour market flexibility and economic restructuring of the employment relationship. Rousseau (1990) suggest that as a result of prevailing trends in employment and management practices the employee employer relationship is undergoing many changes and can take a variety of forms.

The psychological contract concept is supposed to have a key role to play in understanding organizational behaviour. In order to determine the nature and the content of a psychological contract and how it affects employment relationship it is necessary to understand the

interlinking factors, which according to Guest et al. (2010) are occurring at three main levels: societal, organisational and individual level.

 At societal level economic, political, cultural and sub-cultural factors such as perceptions about employer-employee obligations and perceptions of what constitutes violation can play a part. At organisational level human resource policies can play a significant part in contract formation, for example training, performance management system, and disciplinary procedures. At individual level factors such as career ambitions, reward expectations and personal values or previous employment experiences can influence the psychological contract (Guest et al. 2010). The stronger the employer and employee value the relationship between them the healthier is the psychological contract. Clutterbuck (2005) proposed a value model that has three core meanings-values as worth, value as respect and value as beliefs. Value as worth refers to how each side creates added value to each other, such as sense of equity or exchange of value to shareholders in return to a reasonable rewards. Value as respect refers to how the employees feel about the organisation and how they feel the organisation regards them, while values as beliefs may relate to honesty, fear treatment and social responsibility (Clutterbuck 2005).

Guest 1988 also suggest that the focus of the psychological contract depends on promises, obligations and expectations, which determine different levels of psychological engagement with an organisation (Pate and Malone 2000). Additionally to support Guest's argument Schein 1965 (cited in Roehling 1997) proposed that the notion of a psychological contract implies that the individual has a variety of expectations of the organization and that the organization has a variety of expectations of him. These expectations not only cover how much work is to be performed for how much pay, but also involve the whole pattern of rights, privileges, and obligations between worker and organizations and determine the nature and the content of a psychological contract and how it affects the employment relationship.

Furthermore Rousseau suggests that mutuality of these expectations and obligations is a core determinant of the psychological contract. Rousseau (2001) emphasises employee's sense of obligations rather than expectations on the assumption that unmet obligations would be more damaging to a psychological contract than unmet expectations.

3.2 Perspectives on: psychological contract and its violation

According to Rousseau (1989, p.128) "violating a psychological contract is failure of organizations or other parties to respond to an employee's contribution in ways the individual believes they are obligated to do so". According to Roehling (1997) "it has been argued that the violation of a psychological contract can have important individual and organizational consequences, including anger and frustration, decreased employee motivation, job dissatisfaction, reduced employee commitment, turnover, employee initiated lawsuits and unionization efforts". Perceived contract breach leads to unmet expectations and loss of trust, which in turn can negatively affect employee's contributions. Employee dissatisfaction and demotivation comes from violations of psychological contract in the form of issues such as pay, working hours and conditions of employment which is the basis of negotiable rather than psychological agenda (Cullinane and Dundon 2006). Hover Rousseau (1989) argues that the experience of inequity and unfairness is distinct from that of contract violation, when inequities are perceived. Equity can be restored by increased wages, a change of job duties, or by some other corrective action, while contract violation cannot be so easily restored.

According to Pate and Malone (2000) trust and relationship are very sensitive to changes and small violations can cause big problems. The danger is the individuals' emotional reaction to the breach of contract. A distinction has been made between psychological contract breach and violation. Breach implies organisation's failure to meet one or more obligations, with

one's psychological contract, but may not completely damage it. While violation is an emotional state that causes behavioural responses. Sources of violation could be: employee's perception of unfairly distributed outcomes, for example varying financial rewards among colleagues and promotions; perception of unfair application of procedures; incongruent expectations, for example trying to build a career with an organisation in the context of job insecurity (Pate and Malone 2000).
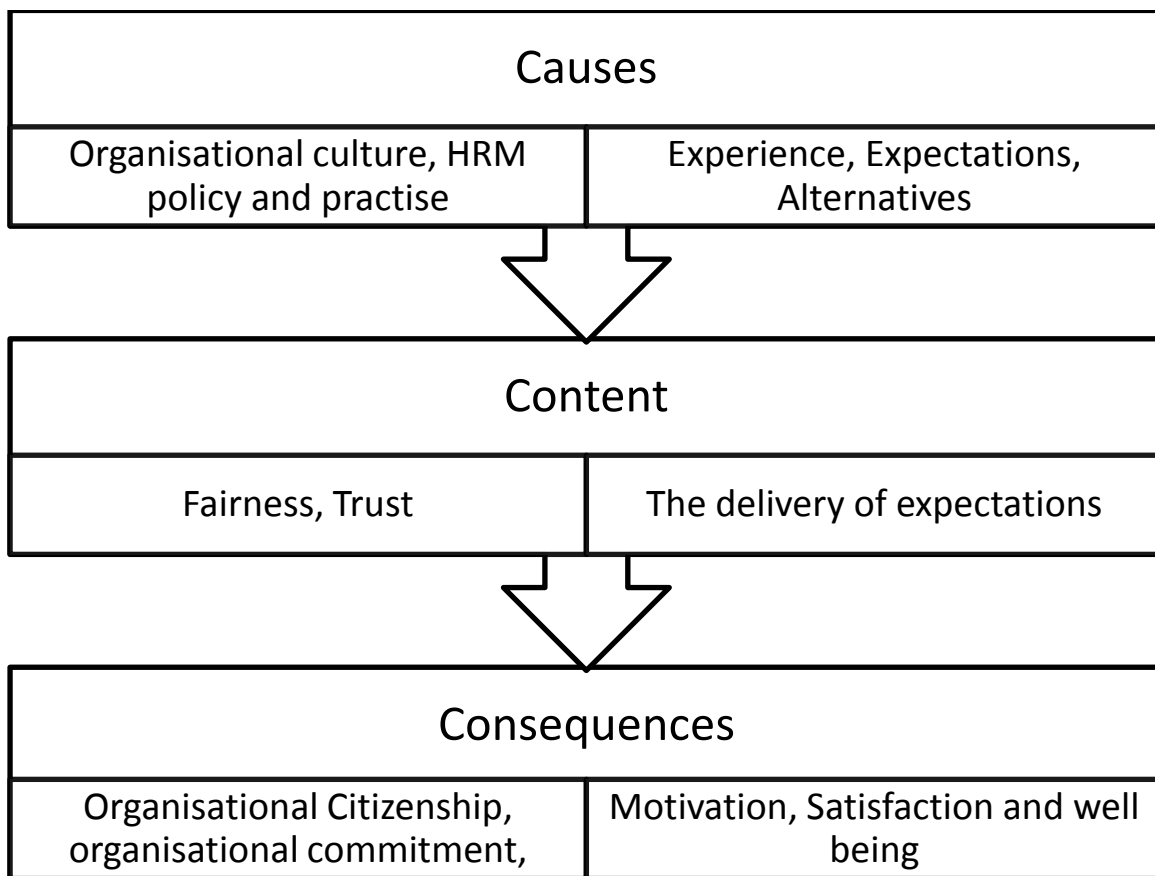
Moreover Hitt et al. (2009) suggest that sources of motivation behind psychological contract violation also have a significant impact. In the external environment for instance current economic conditions are influencing employee motivation and management's ability to control it. The psychological contract is closely linked to the concept of motivation. Understanding those forces, motivation theories and how they can be put in to practise can help organisation to strengthen the psychological contract and improve its performance. Since the psychological contract refers to such employee expectations that are not defined by actual employment contracts several motivation theories attempts to explain some of these expectations and why employees behave in the ways they do. Process theories in particular place more emphasis on the psychological aspect of employee motivation. However it is difficult to understand different individual expectations towards an organisation. Moreover motivation is a complex issue for management particularly in recessionary times.

According to CIPD (2010) there are also a number of strategic implications of the psychological contract:

- Process fairness

- Communication

- Management style

- Managing expectations

Employees expect to be treated fairly as human beings with job security satisfaction and opportunities for growth, while employers expect to gain commitment and outstanding performance. Guest (2004) argues that "the psychological contract needs extending to give greater weight to context incorporating issues of fairness and trust that lie at the heart of employment relations".

Misunderstanding of the expectations, perceived unfairness and failure to meet the terms of a psychological contract can lead to poor employment relationships which in turn will affect the overall organisation performance. Additionally Guest proposed a model of psychological contract suggesting that core of the contract can be measured in terms of fairness, trust and delivery of expectations (Armstrong 2006).

Causes	
Organisational culture, HRM policy and practise	Experience, Expectations, Alternatives

Content	
Fairness, Trust	The delivery of expectations

Consequences	
Organisational Citizenship, organisational commitment,	Motivation, Satisfaction and well being

There is a debate surrounding an area of the psychological contract. According to Taylor (2008) there is an on-going change in establishing psychological contracts which reflects the needs of the business environment. The changes involve employers giving less job security and receiving less loyalty from employees in return. It raises the question how organisations will be able to hold on to the best people in near future with temporary contracts and no benefits or pensions. Subsequently there is a contradiction between fixed term contracts v management and development of employees for sustained competitive advantage.

There are many different perspectives on employment relations and the concept of psychological contract as for example Seeck and Parsifal (2008) discusses the challenges and opportunities in employment relations by stating that 'employees emerge as active parties to the psychological contract, consciously modifying and constructing it instead of simply reacting to employer behaviour, as is assumed in current research. Another discussion on employment relations was proposed by Fox (1966). In the 'Frame of Reference' work of Fox (1966), the distinction have been made between unitary and pluralist approaches and co-operation as a central concern suggest that using psychological contract to control believes and perceptions of employees will deliver higher performance, but it is methodology of exploiting people as it gives power to employers. This indicates pluralist employee relations. Additionally according to Guest (2004) Fox placed issues of power, trust, and fairness at the centre of his analysis and explored the scope to develop a positive psychological contract and associated employment relationship in the workplace by moving from a low trust to a high trust dynamic.

Moreover in terms of the pluralistic frame of reference, management have to face the fact that there are other sources of leadership, other focuses of loyalty, within the social system it governs. It is with these that management must share its decision making and accept reality of work group interests in order to successfully modify the behaviours of employees and

manage the psychological contract. In contrast the unitarist approach to employee relations places more emphasis on achieving high trust relations between management and employees using motivation and individual involvement. A unitary system suggests the team analogy that duty of the leader is to act in such ways as to inspire the loyalty he demands. Thus morale and success is closely connected and rest heavily upon personal relationships (Fox 1966).

3.3 Elements of psychological contract

3.3(1) Culture and Psychological Contract

Part of HRM role is to determine the culture of an organisation which has to be strategically relevant. Organisation's vision, mission and business strategy determines effective cultural believes values and norms, which consequently determines organisations behaviour, the way people think, perceive and act. Culture can form and develop its own personality through a serious of minor events in the competitive environment such as crisis that can also be considered as cultural shocks. The example of the process of adjusting the culture could be government avoiding sudden shock and implementing changes slowly. This could also be considered as a way to control people's attitudes towards the changes. The ability to control people's beliefs is the ability to control the culture, which as a result enables organisations to control and manage the outcomes, performance, productivity and development of an organisation (Cullen 2010). Organisations has to manage the culture and provide people with the cognitive map that is the same as of organisation that will guide peoples' actions. (Cullen 2010) There is a link between organisational culture, climate and psychological contract. The climate describes how people perceive the existing culture. Climate will influence the attitudes and employment relationships therefore the acceptance of culture has a significant

effect on climate. Characteristics such as democratic functioning, recognition of needs and expectations, appropriate organisational structure, equitable reward systems determines healthy organisational climate. In order to manage psychological contract organisations need to develop a climate of high-trust.

According to Sako (cited in Armstrong 2006, p. 221) 'trust is a cultural norm which can rarely be created intentionally because attempts to create trust in a calculative manner would destroy the effective basis of trust'. It can be created and maintained by the development of better mutual understanding of expectations.

Additionally leaders who believe that human capital should be used to solve business problems must foster the culture that allows for experimentation and mistakes- which are often unacceptable in HR functions today (Davenport, Harris and Shaprio 2010). Managing the mood of organisation becomes an essential leadership skill. This requires the ability to balance the bad and good news this way avoiding violations of psychological contract. According to Rousseau (1989) psychological contract should be a product of culture and not a cause.

3.3(2) Employer Branding and Psychological contract

According to IDS HR studies (2005, p2) the term 'employer brand' was first devised in the early 1990s and described as 'the package of functional, economic and psychological benefits provided by employment and identified with the employing company'.

Additionally according to Resource Based View inimitable and rare characteristics of a firm's resources can contribute to sustainable competitive advantage (Johnson, Scholes and Whittington 2008). Therefore the ability to attract best possible workers using distinctiveness

of the brand will enable to enhance commitment and trust which is the basis for strong psychological contract. Thus the psychological contract can be affected by employer branding before employment relationship even takes place. Branding of the company gives sense of the values within the organisation, which determines the willingness of people to work for that organisation- people are being attracted psychologically to work for that company already. According to IDS HR studies (2005) externally, the employer branding message focuses on bridging the gap between people's perception of the company and the actual realities of the business and it is often expressed in terms of commitments or promises that an organisation makes to its staff.

Employer branding is defined as "a targeted, long-term strategy to manage the awareness and perceptions of employees, potential employees and related stakeholders with regards to a particular firm" (Pilbeam and Corbridge 2006, pg.8). Employer branding aims to differentiate organisation's characteristics as an employer from its competitors in labour market through highlighting the unique aspects of employment package. This is known as "the value proposition"-financial and non-financial rewards offered to employees for committing to organisation's goals and delivering high performance (Pilbeam and Corbridge 2006).

Furthermore according to Backhausand and Tikoo (2004) in their study of employer branding firms can use employer branding to attract and engaged employees in the culture and the strategy of the firm and strengthen psychological contract. Recent trends toward downsizing, outsourcing, and flexibility on the part of the employer have imposed a new form of psychological contract, in which employers provide workers with marketable skills through training and development in exchange for effort and flexibility. The benefits also includes the ability to compete in the labour market for the best talent, while a more engaged and committed workforce is likely to perform better (IDS HR Studies 2005).

Additionally the strength of company's product brand plays a role in the strength of its employment brand, but varies depending on the company and industry.

Google, Best Buy, Sysco and others are beginning to understand how to ensure highest productivity, engagement and retention of top talent. JetBlue, for example created employee satisfaction metric around its people's willingness to recommend the company as a place to work, so JetBlue can monitor employee engagement monthly (Davenport, Harris and Shaprio 2010). Employer attractiveness from a psychological contract view may be underestimated. According to Berthon et al. (2005) it is only recently when organisations began to see employees as internal customers and jobs as internal products that are supposed to attract, motivate and satisfy the needs of its customers.

3.3(3) Management of Change and Psychological Contract

According to Greek philosopher Heraclitus, "There is nothing permanent but change"

Effective change management can reduce the immediate impact on psychological contract.

Change upsets the understanding of the reality of things and imposes problems throughout all departments. It can have major impact on psychological contract and employment relationship. According to Hitt, Black and Porter (2009) 'uncertainty about the likely impact of change and competence fears can influence employee's willingness to accept change and cause resistance'.

Most common reason for resistance is a perceived threat to job security and loss of money which is particularly relevant in current economic climate. A lot of organizations are introducing major changes to save costs and basically to survive. But in order to do so

organisation have to manage the psychological contract by changing individual attitudes, believes and perceptions first (Hitt et al. 2009).

Researchers such as Jones and Sinar 2006 (cited in Vrontis et al. 2010 pg.26) emphasised that 'it is leader's responsibility to promote the change and avoid the resistance between members. The process of change has to create readiness for the change, by effectively managing readiness change leaders can shape stakeholders' attitudes and effectively prevent resistance.'

Effective change management can reduce the immediate impact on psychological contract. The most common mistake in organisational change programmes is absence of accurately planned strategy for managing overall process. According to Nadler (cited in Tiernan et al. 2004 pg. 440) organisational change is successful when Organisational performance meets the expectations without excessive costs to organisation's stakeholders. For this to be achieved Michel Beer and his colleagues' (cited in Clarke and Meldrum 1999) suggest that individuals in organisation have to change first. Additionally Vrontis and his colleagues (2010) advocate that in order to manage the change in any organisation it requires a change in people's attitudes believes and perceptions first, which can be done using psychological contract as a tool to achieve involvement and participation . Employees tend to accept change more once they get to participate in its process. It can also act as informative tool to the managers. Maintaining a good employment relationship with employees depends on how the relationship are perceived by both parties and the quality communication is a key factor in that perception (Clutterbuck, 2005)

According to Kelly (2010) it is important that employees don't feel like change is forced on to them and they have no choice, this can also violate the psychological contract. Managing managers to foster psychological contract with employees takes more time than to manage

employees themselves. Managers have to make sure that employees are coming with you and if not, why not, in such case managers have to be encouraged to reassess their approach. This way business priority are being delivered by using psychological contract with employees and this is how HR strategically adds value to the organisation and shows importance of its role to corporate executives' board.

3.3(4) Learning Organisation and Psychological Contract

Senge (1990) highlights the fact that in changing business environment only those organisations that are flexible, adaptive and productive will outperform others. For this to happen, organizations need to 'discover how to increase people's commitment and capacity to learn at all levels. He identifies five basic disciplines for innovative learning organizations:

- Systems thinking

- Personal mastery

- Mental models

- Building shared vision

- Team learning

Furthermore Szostek (2001) suggests that learning organization enables to reflect the holistic view of the individual this way engaging it to psychological contract with the organisation. A learning organization balances individual with organizational needs and sees shared values as fundamental to collective sense of direction. The essence of learning organisation is to provide more enriched work experience and enhance the overall vision of the organization. Personal mastery is most important when building a futuristic, competitive, enriched learning

organization. Additionally according to CIPD (2010) Continues learning and development steered by a learning leader can shape the culture and provide the grounds for continuing change. When change is necessary, the ability to make a 'value case' for learning makes it more likely that key stakeholders will support learning activities where they are required.

3.3(5) Performance Management and Psychological Contract

As discussed above in the arguments of Guest (1988) and Schein (1965) the expectations can determine different levels of psychological engagement with an organisation. Managers need to manage expectations, for example through systems of performance management which provide for regular employee appraisals. Flood and his colleagues (2008) put forward new Models of High Performance Work Systems and suggest that the way for organisation to compete in the economy is to have High Performance Work Systems. HPWS is about building management systems that deal effectively with issues including strategic human resource management, employee involvement and participation, diversity and equality management, and flexible working. Where companies are found to manage these issues more extensively, expectations can be managed more effectively and higher levels of business performance can be demonstrated. To support these models argument by Armstrong (2006) suggests that performance related schemes tend to be more successful if there is mutual agreement on expectations through performance management. Intentions and decisions communicated both to employees and individuals will result in higher trust environment and consequently stronger psychological contract.

A misapplication of performance management systems can negatively affect the psychological contract with employees. For example, when people who are actually are high performers score badly in performance review that is only based on a certain period of time

can damage their psychological contract. Old PM systems can be subjective, which has impact on psychological contract. The new style of management is focusing on positive things and fairness of data, but it is very difficult to maintain PM system as it is very hard to manage people's performance appropriately and avoid unfairness. However subjectivity is not the only issue. PM faces the dilemma of who to focus the resources on, high performing employees or support the weakest performers to improve their level. Also other factors make it difficult to control a psychological contract, such as right management style, industrial relations, individual needs, structures within an organisation and many other factors influencing the process. Effective PMS fitted within learning organisation culture is expected to strengthen psychological contract and empower employees to go above the job description (Richard et al. 2009).

3.3(6) Measures of psychological contract

Considering different views in the literature it could be said that overall the psychological contract measures can include two parts: the expectations employees have of the organization (organization obligations and promises) and the expectations employees believe the organization has of them (employee obligations).

However there are many different types of measurements of the psychological contract. In 1998 Rousseau and Tijoriwala (cited in Freese and Schalk 2008) reviewed assessments used in psychological contract research and distinguished three forms of measurement of the psychological contract:

a) Feature-oriented: comparing the contract to some attribute or dimension. Contracts can be characterised, for example, as short term, or having an extended scope and influence on no work activities.

b) Content-oriented: examining the specific terms of the contract. Contracts include specific obligations based on promises made by the employer and employee. Examples are the provision of opportunities for training, security, challenging tasks, flexible working hours; confidentiality, working overtime when needed, and delivering good services.

c) Evaluation-oriented: assessing the degree of fulfilment, change or violation experienced within the context of the contract. The fulfilment of, for example, the provision of training by the employer, or working overtime by the employee can be assessed.

However Universal agreement about how the content of the psychological contract should be measured is lacking. To accommodate this Freese and Schalk (2008) proposed six specific criteria that could apply to psychological contract measurements:

Criterion 1: A psychological contract measurement has to be theory-based or inductively developed (content as well as evaluation measures).

Criterion 2: A psychological contract measurement should assess mutual obligations/promises (construct validity of content and evaluation measures).

Criterion 3: The psychometric properties of the psychological contract measurement and the appropriateness for the sample have to be assessed (content validity of content and evaluation measures)

Criterion 4: The evaluation of the psychological contract has to be assessed for separate items. Global measures of fulfilment or violation have to consist of multiple items to ensure the reliability of the measure (content validity of evaluation measurements).

Criterion 5: In the evaluation of the psychological contract it should be assessed whether a certain item is important. In addition, the evaluation should be direct (construct validity of evaluation measures).

Criterion 6: Violation of the psychological contract has to be distinguished from fulfilment, and from contract breach (construct validity of evaluation measures).

However Freese and Schalk (2008) highlighted that it is difficult to develop a standardised measure to study the content of psychological contracts. Many researchers, therefore, opted to describe features of psychological contracts as it should make it easier to compare psychological contracts across organisations.

4.0   Proposed Research Methodology

This section introduces a brief discussion (summary and definitions) of different research methodology available to the researcher. This section will also identify and justify the various research methods that were chosen in answering the research question and justifying the objectives of the study.

4.1 Aims and Objectives

The main aim of this research will be to discuss the notion of psychological contract in the broader context of organisational life such as: organisational culture, employer branding, performance management, and value systems of people. The aims also include identifying the challenges and opportunities of the psychological contract in light of current economic conditions. Additionally one of the objectives is to examine the concept of psychological contract with a particular focus on employer branding in European Headquarters of Kellogg's Company in Ireland. Quantitative survey and qualitative interviews will be used to gather data.

The research objectives of this study are as follows:

1. Are employees aware of the psychological contract concept

2. How it links to the wider organisational system such as culture, employer brand, values, performance management etc.

3. Identify what roles doe's values systems play in establishing a strong psychological contract.

4. The link between strong psychological contract and employer brand.

5. Examine the importance of psychological contract as a form of employment relations

6. Identify opinions and attitudes of employees towards the organisation and try to measure the strength of psychological contract(commitment and motivation)

7. Identify the challenges and opportunities that organisations are facing trying to avoid the violations of psychological contract (using qualitative data)

8. Identify to what extent employees believe they have mutual expectations and obligation between them and the organization.

9. Explore the conditions that give rise to psychological contract violation in the workplace

10. Outline recommendations and best practice policies procedures and solutions to sustain psychological contract in the workplace

4.2 Data collection method

The main aim here is to develop a general understanding of psychological contract in Kellogg's Company.

The methods selected to answer the research question depends on many factors, including practical and ethical considerations. The researcher used a deductive approach for data collection in order to test rules and generalisations against the theory, which will be discussed in more detail in the following section. As from the practical consideration, quantitative data was more available and less disruptive for the business thus it serves as the basis of the research. The researcher distributed a survey *(Appendix 3)* to determine employee attitudes towards psychological contract in their workplace. Out of 50 distributed surveys, 23 were completed.

The researcher used Liker Scale, one-dimensional scale from which respondents choose one option that best aligns with their view. This allows for numerical value to be given to each of the responses enabling the researcher to measure the correlation between different sets of

data, which was done using Product Moment Correlation Coefficient, and to calculate the mean, mode and median figure in the responses.

4.3 Research Philosophy

According to Lewis, Thornhill and Saunders (2007) the research philosophy helps to underpin a research strategy and the methods researcher will choose to as a part of that strategy which will also be influenced by practical considerations. Three main research philosophies are: epistemology, ontology and axiology.

Epistemology

According to Sounders and his colleagues (2007) epistemology concerns what constitutes acceptable knowledge in a field of study. Wass and Wells (1994) see it as the way of explaining social behaviour and how can nature of human action be revealed through this research. Jankowicz (2005) raises the question of whether preferences and beliefs count as knowledge, worth of being included in the research and what counts as evidence or proof. These questions need to be addressed before progressing with the research. There are three epistemological perspectives-positivism, realism and naturalism.

Positivism

Positivism is a philosophical research position that is concentrated around an observable social reality and producing law-like generalisations using existing theories to develop hypothesis that will then be tested and confirmed (Sounders et al. 2007). Knowledge in positivism research is extended through logical deduction and objective observation and measurement, while data are quantitative (Wass and Wells 1994).

Realism

Realism is a philosophical position recognizing the existence of an external reality and its subjective interpretation. Realism, from a positivist perspective, is able to integrate etic explanation with a degree of subjective interpretation and assume a scientific approach to the development of knowledge (Wass and Wells 1994).

Naturalism

Naturalism is an anti-positivist position in which data and explanations are defined as the interpretative understanding of the causes of action (Wass and Wells 1994). *Interpretivism* advocates that it is necessary for the researcher to understand differences between human as social actors and stresses the need to reduce law-like generalisations (Sounders et al. 2007)

Axiology

According to Jankowicz (2005) research depends significantly on people's beliefs and shared values about what constitutes research. Jankowicz (2005) suggest that all knowledge creation consists of four elements in combination:

1. A statement that certain beliefs might be acceptable
2. Information relevant to the plausibility of that statement
3. Some method of bringing the first two elements together
4. Some means of convincing other people that the outcome obtained makes sense.

Additionally Sounders et al. (2007) suggest that researcher's own values play a big part in knowledge creation process. There is possibility that the researchers will write their own statement of personal values in relation to research topic. Clearly expressed values in the research can heighten the awareness of value judgments made in the conclusions drawn from

data. Being clear about own value proposition may help with ethical considerations and when arguing the research position (Sounders et al. 2007).

Ontology

According to Jankowicz (2005, p. 106) ontology is 'a branch of metaphysics within the nature of existence'. Sounders and his colleagues (2007) suggest that ontology raises questions of the assumptions researchers have about the way the world operated and the commitment held to particular views. Different people looking at the same research topic, depending on their role and background, may think very differently about it that will define their ontological position.

Jankowicz (2005) suggest that ontological position determines which event researcher decides to notice and which event to ignore, which evidence to collect and which to set aside in building the argument.

Sounder et al. (2007) discusses the two aspects of ontology that are likely to be accepted as producing valid knowledge.

Objectivism is the first aspect which implies that social entities exist in reality external to social actors. *Subjectivism* is the second aspect which holds that social phenomena are created from the perceptions and is associated with the term constructionism. Social constructionism views reality as subjects of the research study not only interact with the environment, but also seek to make sense of it through their interpretations of events and meanings. The role of the researcher is to understand the subjective reality to make research data more meaningful (Sounders et al. 2007)

Deductive Theory

According to Bryman and Bell (2011) 'deductive theory represents the most common view of the nature of the relationship between theory and research'. Researcher deduces a hypothesis, develops a theoretical framework which has to be tested using data. Identifying theories and testing them using data is known as deductive approach. *Deduction process: theory results in observations/findings.* Deductive approach links in to positivism position of research philosophy and is emphasised by quantitative research such as survey questions. It is testing rules and generalisations against the theory in this case it will involve testing the importance of psychological contract in Kellogg's Company and trying to examine the psychological contract in the concept of wider organisational system such as culture, expectations and obligations between organisation and employee etc. One of the theories is that there is a link between strong psychological contract and employer brand and that employer branding can be used to attract and engage employees in the organisation's culture and strategy. Quantitative approach was used to try and test the theory using data.

Inductive Theory

Exploring data and developing theories from them and relating it to the literature is known as an inductive approach. The purpose of the literature review here is to review most relevant and significant research on the topic. As a result of effective analysis inductive approach allows for new findings and theories to emerge (Sounders et al. 2009). *With an inductive approach theory is an outcome of research: observations/findings results in theory.*

Induction is collecting data at the basic level using qualitative research methods such as interviews and focus groups and developing the theory as a result of data analysis. According to Ghauri and Gronhaug (2005) it is generally accepted that for inductive research, qualitative methods are most useful, as they help to build a hypothesis and explanations. In this case it

also involved trying to understand the perceptions of employees about the concept of psychological contract in Kellogg's and make sense of the interview data by analysing it (Saunders, Lewis and Thornhill 2007). However the main method of data collection was quantitative methods using deductive theory approach described.

Qualitative Methods and Quantitative Methods

As mentioned in the previous discussion Research methodology can be Quantitative and Qualitative. According to Bryman and Bell (2007, p.28) quantitative research emphasises a deductive approach between theory and research, embodies the view of social reality as an external, objective reality while qualitative research emphasises an inductive approach to relationship between theory and emphasises individual's interpretation of social world. Combination of both these methodologies is called triangulation (Dawson 2009, pg.20). This research approach is also known as mixed approach. According to Sounders et al. (2009), ach research method has its own strengths and weaknesses. They argue that the use of a single method will influence the results and so the use of mixed method will enhance the results of the findings.

Quantitative research

Quantitative research works on the assumption that 'all human behaviour is open to measurement and that humans behave accordingly to some universal principles which can be identified and used to predict future behaviour' (Tarling & Crofts 1998, p.61). The results gained from this type of research will be in the form of numbers and statistics as quantitative research is carried out using surveys, questionnaires, unstructured interviews, etc. The data gained will be more valid and credible if the researcher will remain as objective as possible when collecting the information.

Bryman and Bell (2007, p.155) outlines the process of quantitative research which could be used as a starting point. This may not be fallowed step by step but could act as a guiding tool during the process. The steps are as follows:

1. Theory

2. Hypothesis

3. Research design

4. Devise measures of concepts

5. Select research sites

6. Select research respondents

7. Collect data

8. Process data

9. Analyse data

10. Findings/conclusions

    (Bryman & Bell 2007, p.155)

Quantitative data will be used to measure the frequency of responses such as age, gender, education, range of activities, rates of job satisfaction etc. Quantitative research is ideal where there is a large body of people who need to be interviewed in the case of surveys, questionnaires, etc. which is less time consuming. One of the criticisms of this research method is that it does not allow room for individual opinions.

Qualitative Qualitative research can be seen as a direct contrast to quantitative as it 'explores attitudes, behaviour and experiences through such methods as interviews or focus groups' (Dawson 2010, p.14).

The main steps of qualitative research represent how research process can be visualized (Bryman and Bell 2007, p.406). The steps are as follows:

1. General research questions

2. Selecting relevant sites and subjects

3. Collection of relevant data

4. Interpretation of data

5. Conceptual and theoretical work

   -Specification on the research questions

   -Collection of further data

6. Findings/conclusions

   (Bryman & Bell 2007, pp.405-406)

Qualitative data can be used to identify intrinsic and extrinsic job factors, sources of motivation, and causes of employee dissatisfaction in the workplace, personal opinions, and values and believes. It is appropriate for a much smaller number of people on which to carry out research through interviews, focus groups, shadowing, etc. It allows the researcher to gain a much more in-depth view of how the subject matter is interpreted in real life as opposed to theory. The researcher thus chose to use unstructured interviews to collect rich quantitative data.

Questionnaires

This technique is widely used because of its economic benefit and possibility to ask large numbers of people about what they think, feel or do (Cameron and Price 2009). It can help to gather a number of different pieces of information that will contribute to my enquiry and help to refine the next stage of data gathering. Questionnaires are effective when gathering large

amount of data cost effectively and when research question is clear and specific (Cameron and Price 2009). There are three types of questionnaires: closed-ended, open-ended or a combination of both. The researcher chose closed ended questions to collect specific answers giving the respondent multiple choices.

Interviews

Interview can be unstructured, semi-structured and unstructured.

For this research the researcher chose the Unstructured Interviews *(To view prescribed interviews refer to Appendix 4).* Since the interviews were conducted with the very high level employees the researcher chose the method where questions can be changed or adapted to meet the respondent's intelligence, understanding or belief. Unlike a structured interview they do not offer a limited, pre-set range of answers for a respondent to choose, but instead advocate listening to how each individual person responds to the question (Bryman & Bell 2007).

Interviews can provide much greater information then questionnaires. They are sometimes described as 'a conversation with a specific purpose'. The purpose of the interview must be kept clear and firmly in mind throughout the interview process. The purpose of my interview will be to generate more information (Cameron and Price 2009).

Advantages of interview are: face validity, flexibility, richness of information, interactivity etc. The disadvantages of interviews are: it is a difficult method; it is time-consuming and gives scope for misrepresentation (Cameron and Price 2009).

Unstructured interviews are more flexible and will allow the researcher to collect the particular information required for the topic, while semi- structured interviews contrasts

information gained from questionnaires and has to be based on the same questions (Cameron and Price 2009).

In addition some more questions may arise during the research therefore new methodologies may be needed. After all the required data is gathered and analysed it will be then interpreted. Results and conclusions will be used for producing final recommendations to the company on the present issues.

The research philosophy can be also explored through the concept of research paradigms, the way of examining social phenomena from which particular understandings of these phenomena can be gained and explanations attempted (Sounders et al. 2007). For the purpose of this research functional paradigm was adopted. Objectivism as the ontological position is being adopted for this research. This essay operating within the functional paradigm in this case is an evaluation study of psychological contract to discuss its context and make recommendations as to the way in which it may be made more effective.

4.4 Research design

Lewis, Thornhill and Saunders (2007) state that research design is the general plan of how the researcher will go about answering a research question. This contains clear objectives driven from the research question, specifying the sources of data, constraints and ethical considerations.

The research question seeks to demonstrate the relationship between psychological contract and the broader context of organisational life such as: organisational culture, employer branding value systems and possible causes of psychological contract violation.

The methods selected to answer the research question depends on many factors, including practical and ethical considerations. The method that researcher will choose to address

research question will depend on the organisation that researcher will get access to. For this purpose the researcher used a combination of research methodology- qualitative and quantitative discussed above. Triangulation was used to gain different viewpoints and to make the findings more valid.

The researcher considered the independent use of qualitative methods such as unstructured interviews to gain better understanding of a psychological contract concept in a particular organisation. However this method alone was insufficient as it would limit the number of employees who participates in the study. Unstructured interview imposed some time constraints on the ability to conduct a high number of interviews, as most employees were unable to spare their working time for in-depth interviews given busy working environment. For this reason quantitative method was used in conjunction to qualitative.

Despite the fact that qualitative methods imposed some time constraints, the researcher found that the use of qualitative methods was highly valuable in gaining the opinions of top management allowing for more valuable and reliable findings.

For the purpose of this research the researcher also adopted Interpretivism as an epistemological position of the research philosophy. Interpretivism stresses the necessity for the researcher to understand the differences between humans in a role as 'social actors' (Saunders, Lewis and Thornhill 2007). Since there may be the need to test theory and the other to develop theory a combination of deductive and deductive approach were used.

The steps of grounded theory research occur simultaneously. The researcher was observing, collecting data, organizing data, and forming theory from the data at the same time. An important methodological technique in grounded theory research is the constant comparative process in which every piece of data is compared with every other piece (Simon and Francis 2001).

Primary and Secondary Data

According to Ghauri and Gronhaug (2005) the main advantage of primary data is that information collected is more consistent with research questions and objectives. The main disadvantage of primary data is that it can be time consuming. Moreover it is difficult to persuade target groups to cooperate and answer the questions. Another disadvantage is that the researcher has less control in data collection; research is fully dependent on the willingness and ability of respondents (Ghauri and Gronhaug 2005). As in this case the researcher was also fully dependent on the willingness and ability of respondents.

Therefore the use of secondary data must also be considered in line with the findings from primary data. Secondary data are useful to better understand and formulate research question and problem. While the main drawback is that data are collected for another study with different objectives and may not accurately fit in with the purpose of the research (Ghauri and Gronhaug 2005). The secondary data used by researcher in this case was from internal and external sources. The Internal sources such as company documentations, managers' performance management handbook, training manuals, company's press and website information. External sources used were books, journals, case studies and professional HR websites.

4.5 Pilot Survey

A pilot study was conducted to test the survey questions in order to minimise the likelihood of respondents having problems in answering the questions and also to maximise accuracy of responses and reliability. The surveys were tested on two employees and one manager to ensure questions were clear and will provide valid data. An issue arose with few questions as

manager suggested the criteria should be specified in the question. The question was then changed so that it could then provide richer data.

4.6 Sample

Population was 250 employees, but due to time constraints and busy work environment the researcher chose a sample group of 50 of which 23 surveys were returned. Given that the unit of analysis for this study is a European Headquarters the majority of employees are working under very tight time constraints to meet impending deadlines, to produce reports, travel arrangements etc. As a result the researcher was limited to the sample available. The extent of generalizations in my findings relates to Kellogg's Company in Ireland only, it may not apply entirely to all companies around the world.

4.7 Ethical Considerations

The ethical issues are a very important aspect of quality work (Jankowicz 2005). The researcher got a survey proof read several times by English native speakers and also distributed a pilot survey in order to ensure that all the questions were politically and grammatically correct and ethical in its approach. The researcher followed the main guidelines of confidentiality and ethics: obtained permission to quote company information, concealed the provenance of particular viewpoints when particularly requested to do so.

Additionally because respondents tend to give socially desirable responses the researcher designed a questionnaire in the way that ensures confidentiality and captivates vital sensitive data.

5.0   Findings, Analysis and Discussion

The previous section outlined the methodology employed to answer the research questions. This section presents the results and analysis of primary data from the questionnaire and interviews regarding the psychological contract. The findings concentrate on the main aims and objectives of the research. The questionnaire being analysed was answered by 23 employees chosen at random from different departments in Kellogg's Company. The results were collected and entered manually in to "Survey Monkey" for analysis. This is presented as follows.

Questions: 1;2;3

The following diagrams represent a response rate in the relation to type of the employment and the section employees belong to. The majority 95.7% of sample employees are full time, while only 4.3% are part-time employees. Additionally majority of employees are permanently employed 87% while only 13% are on temporary contract. The third graph represents variation in the sections of a business majority of which 60.9% are operational staff.

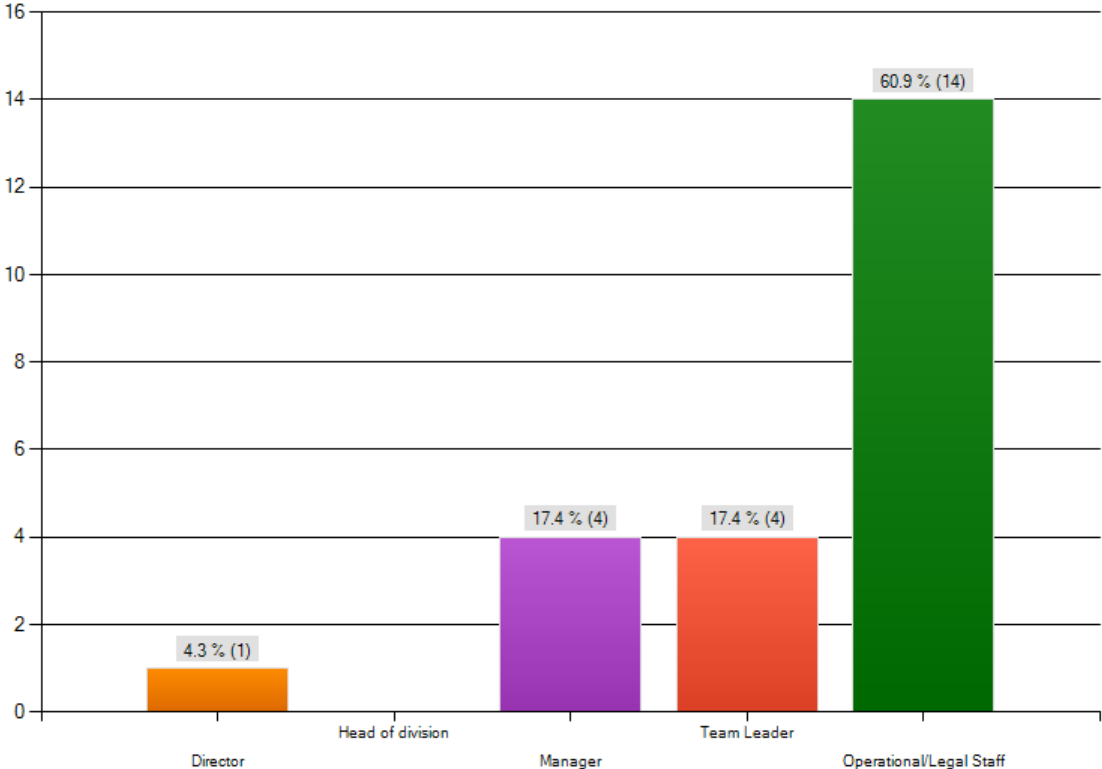## Are you currently in full or part-time employment?

95.7 % (22) — Full time employee
4.3 % (1) — Part Time

Is your contract of employment permanent, temporary or fixed?
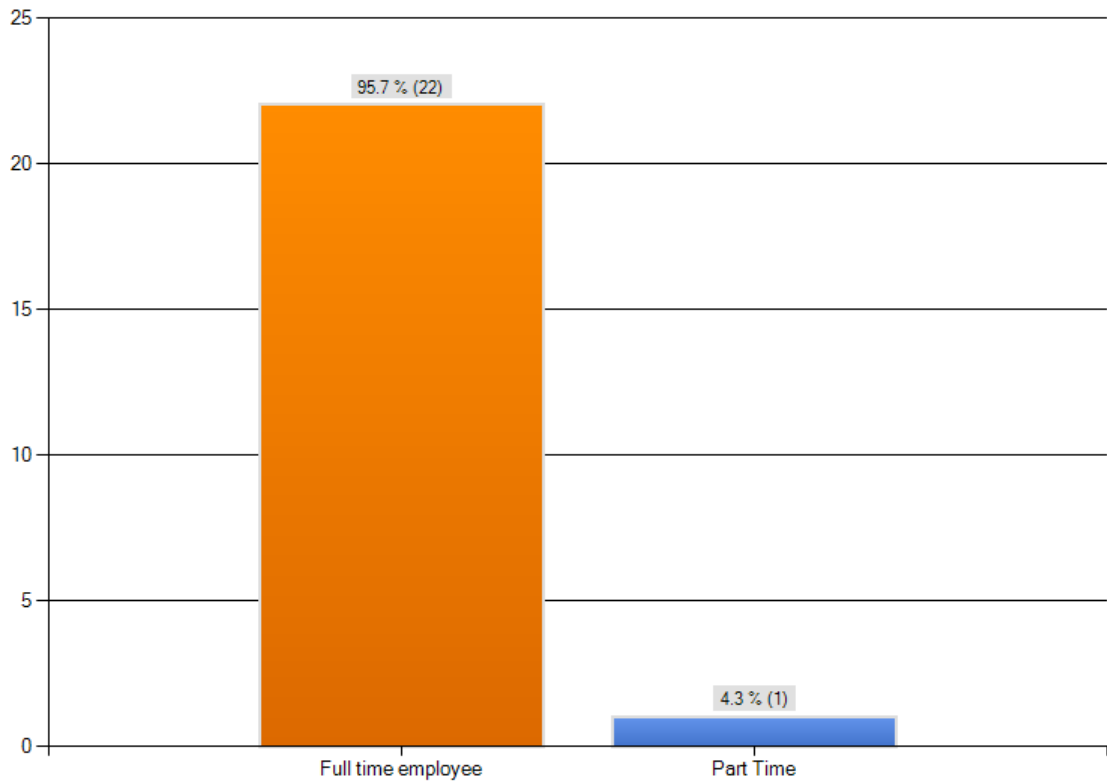
87.0 % (20) — Permanent
13.0 % (3) — Temporary
Fixed
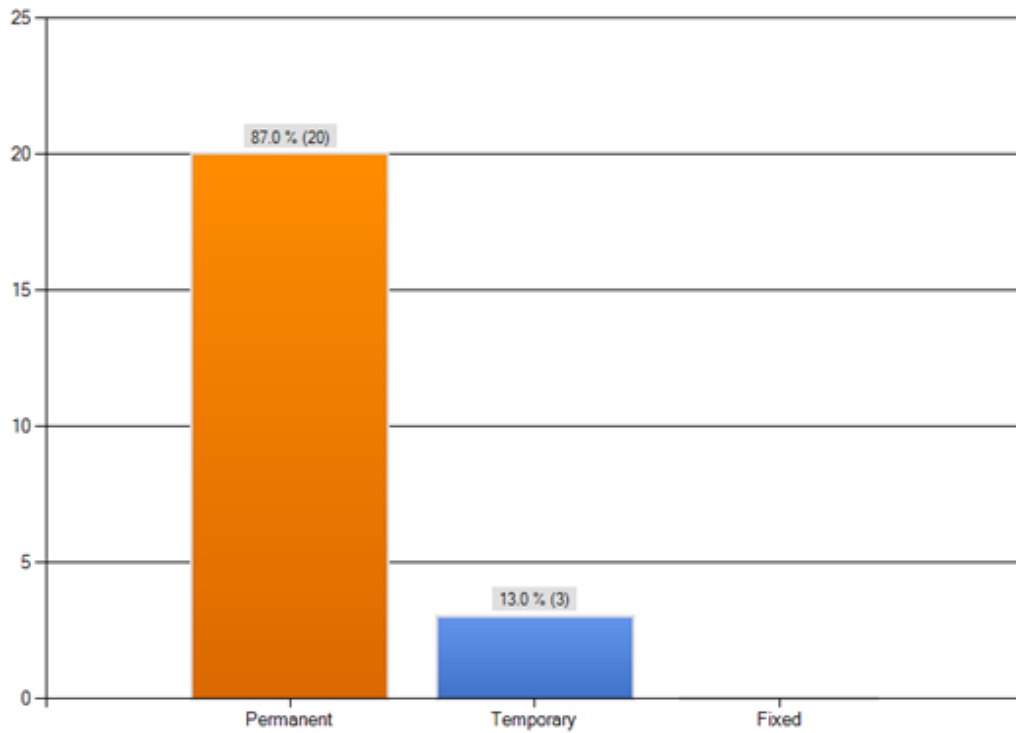
What section do you belong to?

Question 4.

From the results of the questionnaire, it was found that 43.5% of employees are working in their present role for more than 2 years and 30.4% are working in their present role for approximately 1 to 2 years which may be an indication that employees are getting promoted quite frequently. Additionally it is interesting to note the unit of analysis is EHQ and that staff turnover internally is quite high as new positions are arising allowing space for promotion.

How long have you worked in you present role?

Category	Percentage (Count)
Less than 6 months	4.3 % (1)
6 months to 1year	21.7 % (5)
1 year to 2 years	30.4 % (7)
More than 2 year	43.5 % (10)
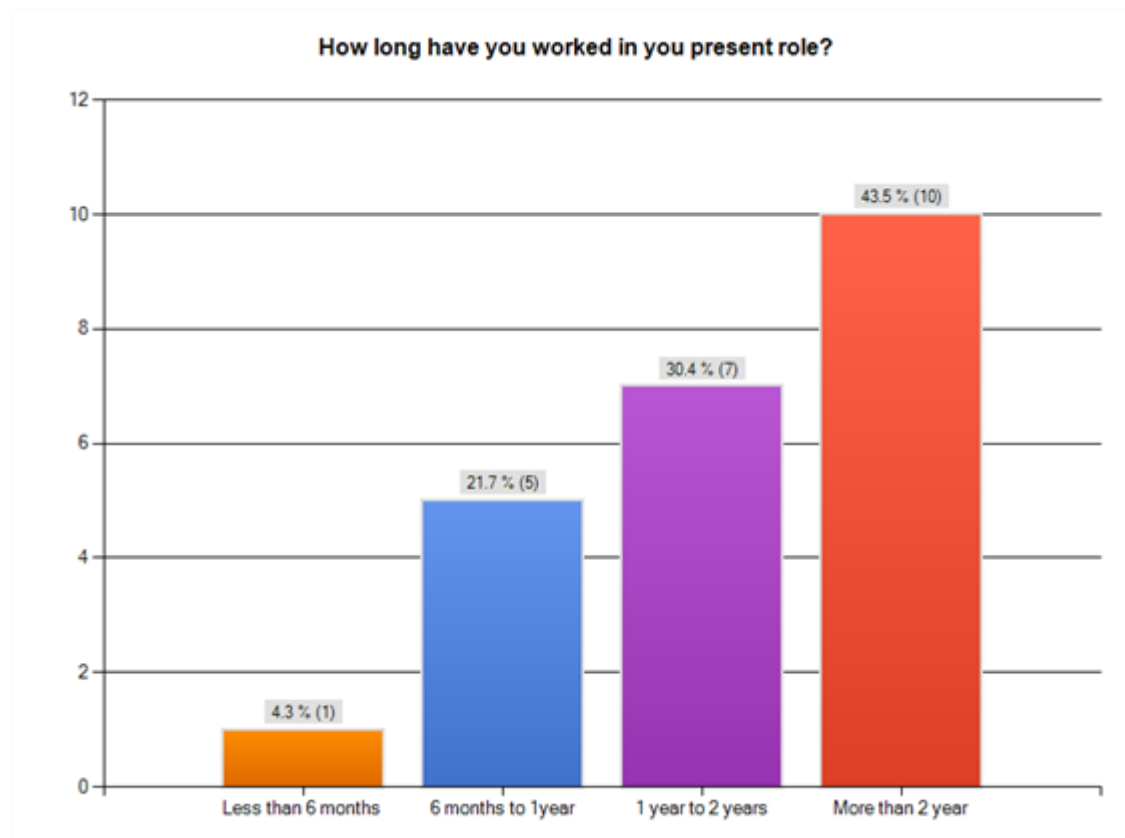
Question 5.

The following graph represents the length of service with the organisation and results indicate that majority of employees are with the company for more than 2 years. These figures can be an indication of low staff turnover and high retention supporting the latter findings and indicating a presence of a strong psychological within organisation.

How many years have you worked in this organisation?
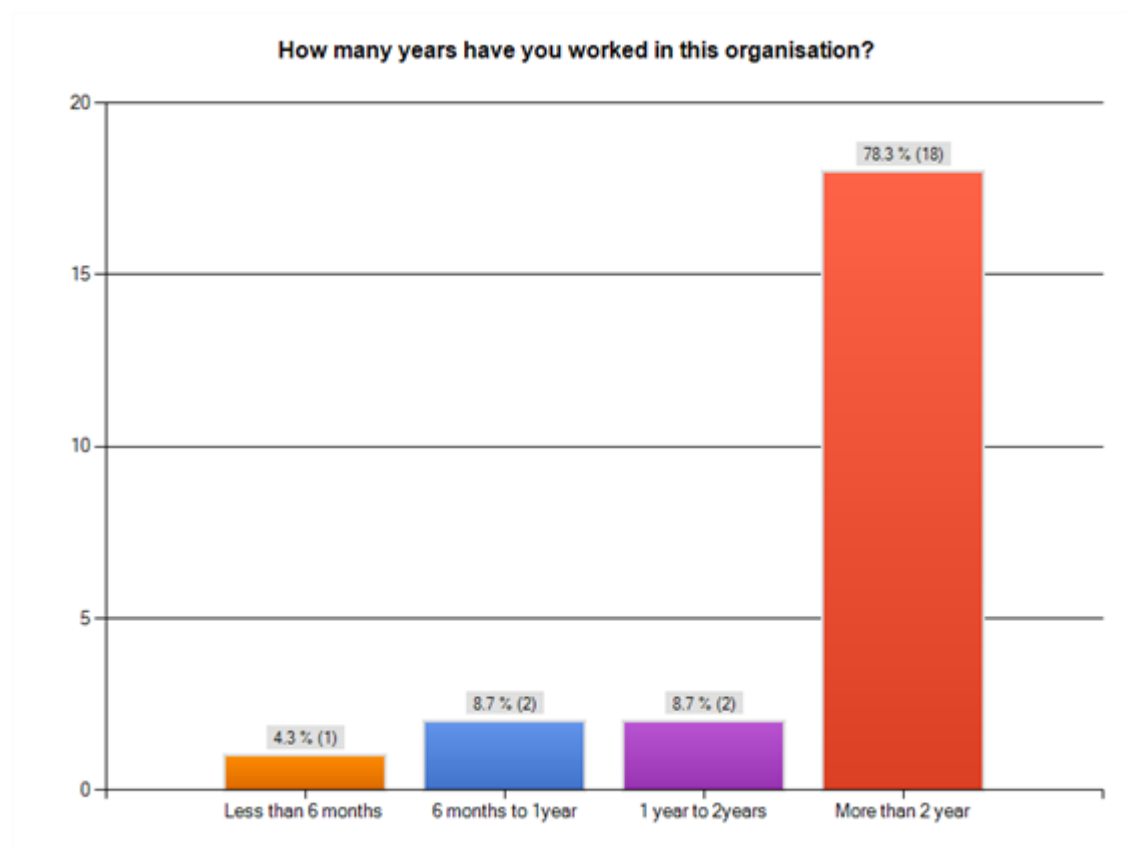
Question 6.

The department breakdown of the respondents was slightly uneven as the researcher was limited to the sample available manly in HR and Finance department. As a result the response rates were higher for these departments. These findings will be used to compare and contrast the results of the following research questions. Additionally it was interesting to analyse the opinions of HR employees given that psychological contract terms became one of the main elements within the HR function with a particular emphasis being placed on the development of moral and ethical standards within organisations while at the same time placing more emphasis on the concept of the psychological contract and its importance when searching for more efficient ways to manage human capital in the organisations.

Which department are you working for?
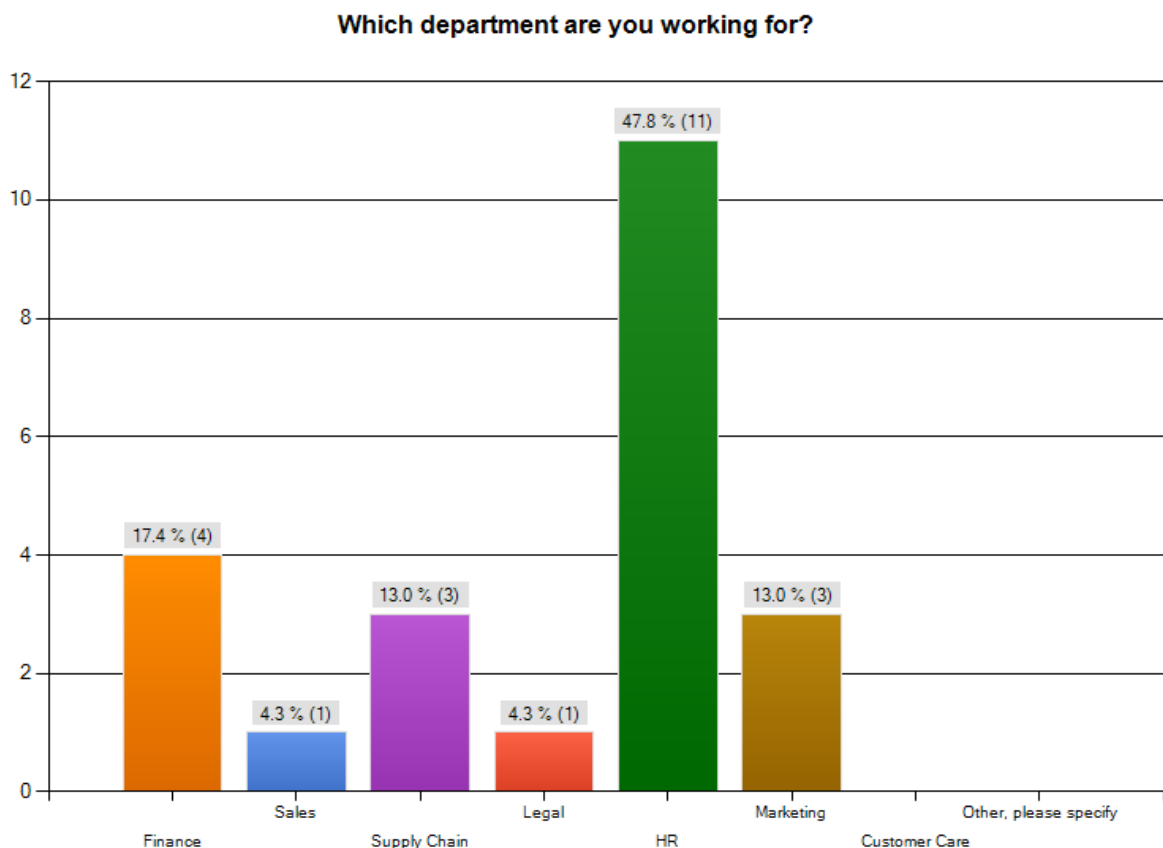
Question 7.

The following findings are very important as it indicates how familiar the respondents are with the concept of the 'psychological contract'. Since the majority of respondents 60.9% are somewhat familiar with the concept it added more value to the research and enabled the researcher to make relevant and useful analysis that can be used to make meaningful recommendations.

To what extent are you familiar with the concept of the 'psychological contract'?
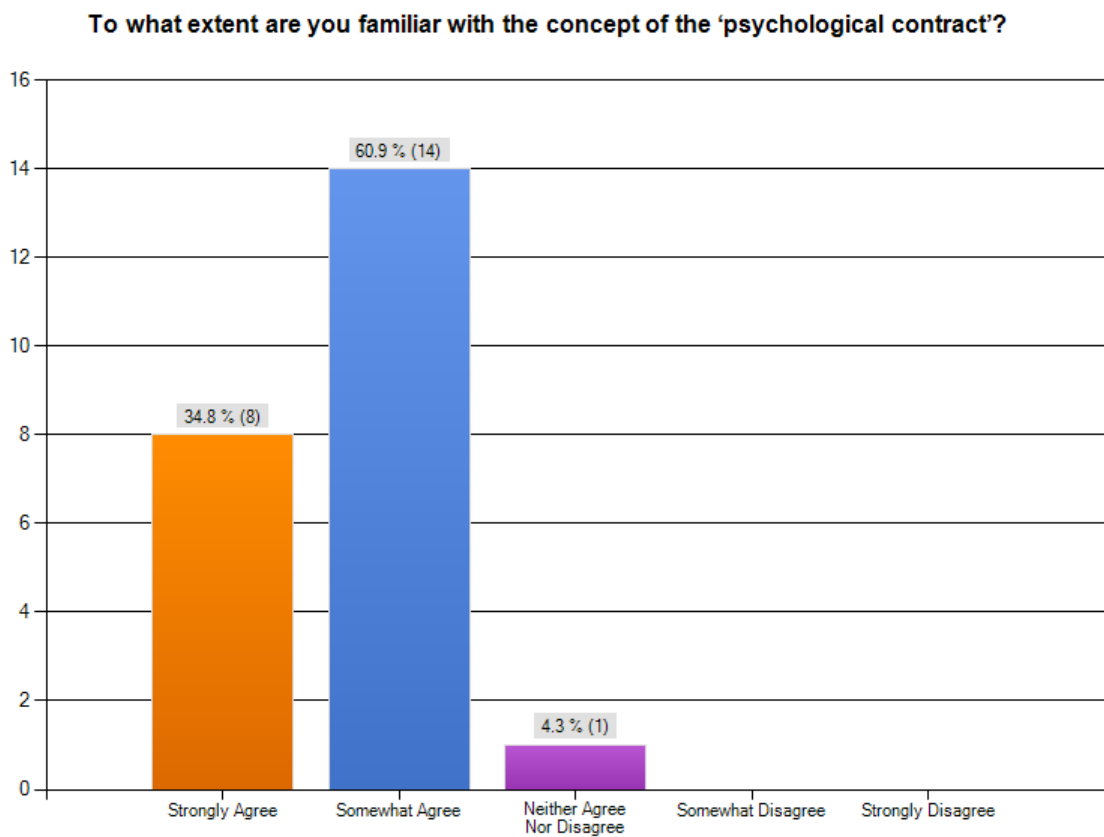
Question 8.

The following findings indicate that almost 70% of respondents agree the psychological contract is an important concept in the organisation. These findings add value to the research by making data more valuable and relevant. It is also crucial in achieving the aims and objectives of this research in order to demonstrate an important link between the psychological contract and the broader context of the organisational environment such as: organisational culture, employer branding, performance management, and value systems of people that will be discussed next.

Do you think the psychological contract as a part of employment relationship is an important concept in the organisation?
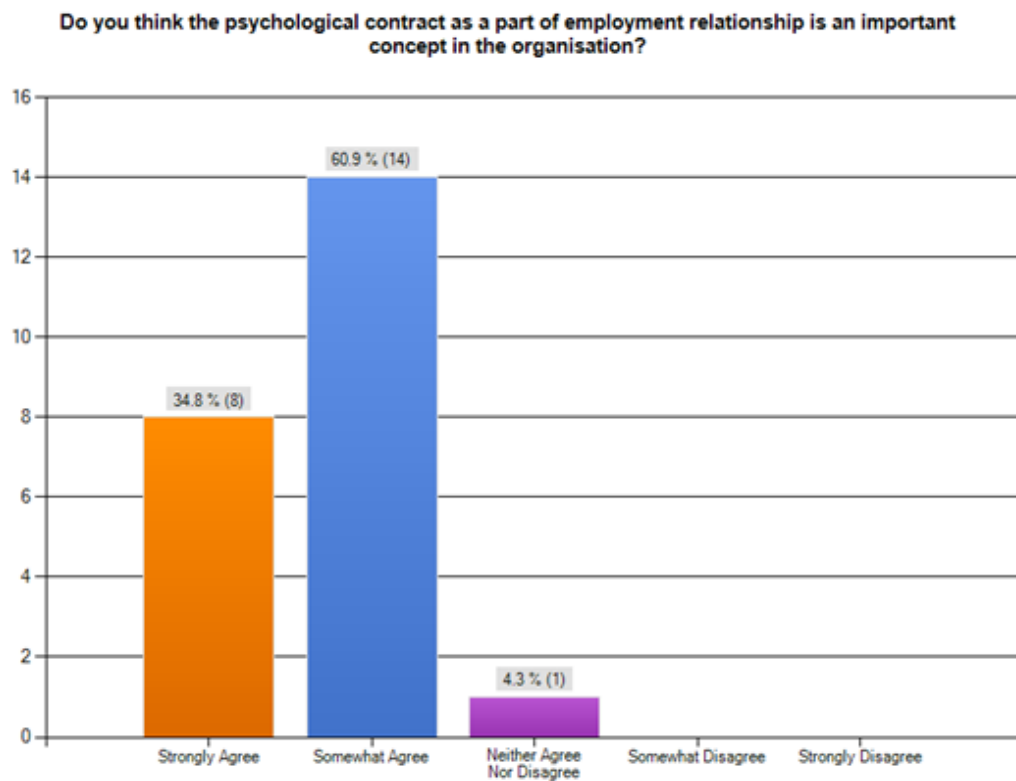
Question 9.

The following graph reveals the findings that support *the 2.2 section on Employment Relationship and Employer Brand.* The company has been recognized as one of the Best Workplaces in Ireland by the Great Place to Work Institute. The researcher findings also show that 100% of respondents from different business sections agree they would recommend Kellogg Company as a 'great place to work'. These findings indicate a very strong psychological contract and efficient employment relationship.

Would you recommend your company as a great place to work?

100.0 % (23)

Strongly Agree | Somewhat Agree | Neither Agree Nor Disagree | Somewhat Disagree | Strongly Disagree
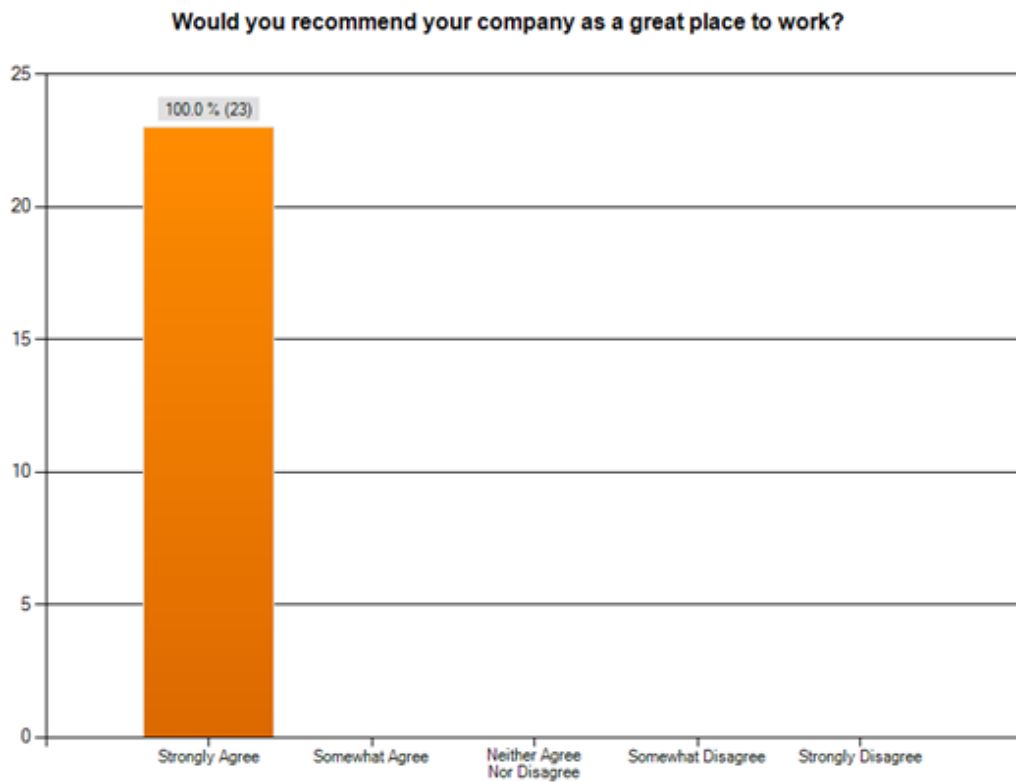
Question 10.

One of the objectives of this research was to examine the concept of psychological contract with a particular focus on employer branding and the findings reveal that it is a major contributing factor to employees' willingness to work for the organisation, thus indicating the link between strong psychological contract and employer brand.

If you would recommend your company as a great place to work would employer brand be a major contributing factor to it?
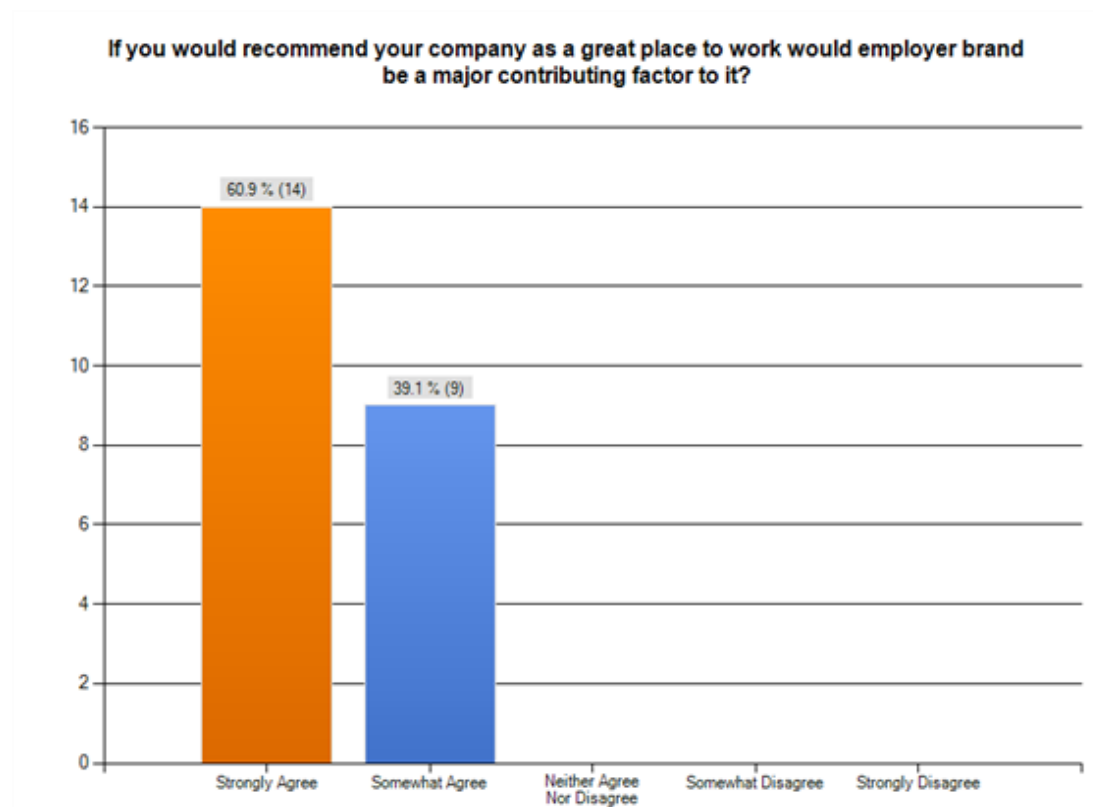
Question 11.

The following graph indicates that 73.9% of respondents strongly agree employer branding can be used to attract and engage employees in the organisation's culture and strategy. These findings support Backhausand and Tikoo (2004) study of employer branding suggesting that firms can use employer branding to attract and engage employees in the culture and the strategy of the firm and strengthen the psychological contract. Therefore the ability to attract the best possible workers using distinctiveness of the brand can enable to enhance commitment and trust which is the basis for a strong psychological contract.

To what extent do you feel firms can use employer branding to attract and engage employees in the organisations culture and the strategy?

Strongly Agree	73.9 % (17)
Somewhat Agree	21.7 % (5)
Neither Agree Nor Disagree	4.3 % (1)
Somewhat Disagree	
Strongly Disagree	
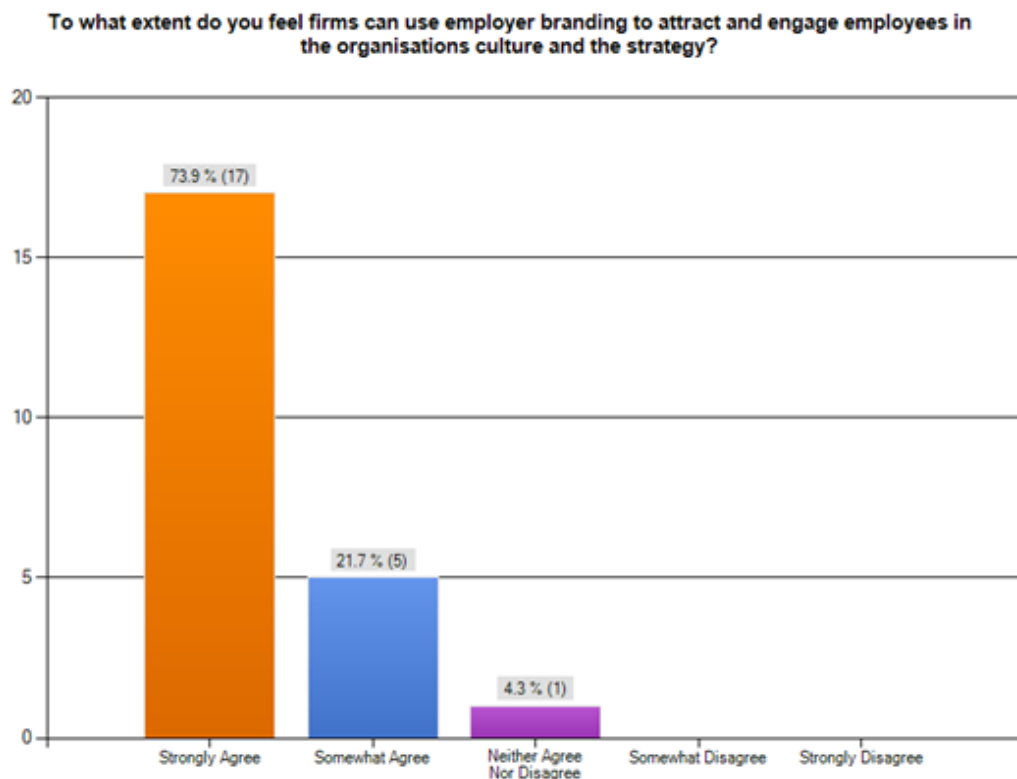
Question 12.

As the below graph indicates there was a fairly even distribution between those who somewhat agree and those who neither agree nor disagree that employer of choice status depends on the benefits, opportunities and culture that staff actually experience on a day to day basis.

To what extent do you feel that 'employer of choice' status stands or falls on the real benefits, opportunities and culture that staff experience on a day-to-day basis?
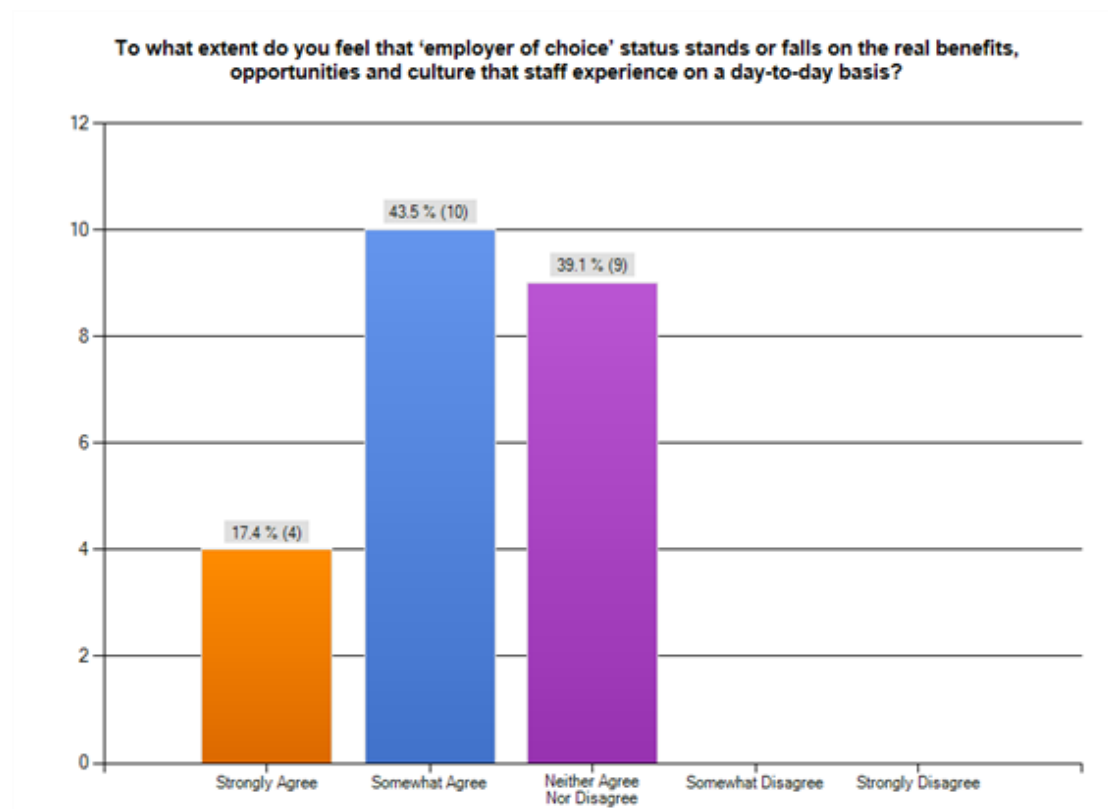
Question 13.

According to Clutterbuck (2005) values refers to how employees feel about the organisation and how they feel the organisation regards them, while Guest et al. (2010) suggest that personal values can influence the psychological contract. The following findings indicate that 65.2% of respondents somewhat agree that value systems can be a determining factor in individual's decision to work for that organisation.

To what extent do you feel the organisation's value system determines an individual's willingness to work for that organisation?
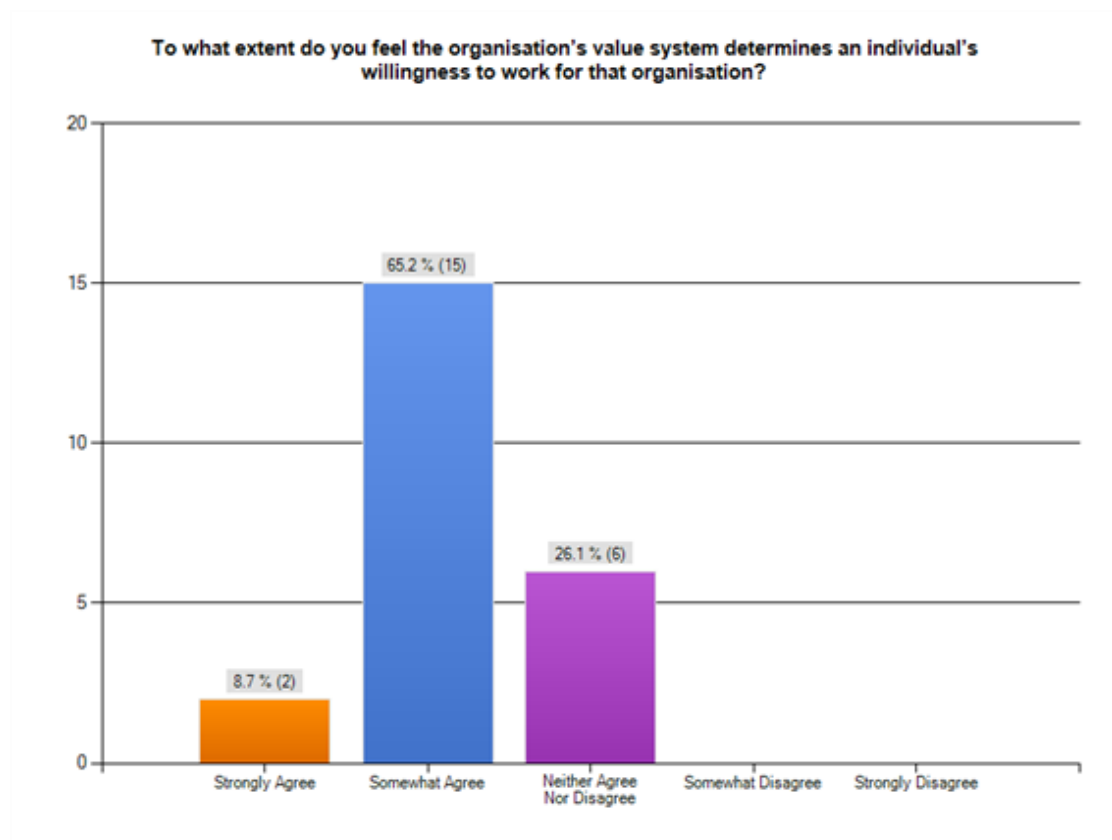
Question 14.

From the results of the survey, it was found that 69.6% of the study sample somewhat agree that organisation's value systems are a determining factor in their decision to work for the company, while 13.0% of study sample strongly agreed values would impact their decision. It is interesting to establish that a value system is an important factor in individual's decision to work for a particular organisation.

To what extent do you feel that the organisation's value system was a determining factor in your decision to work for the company?
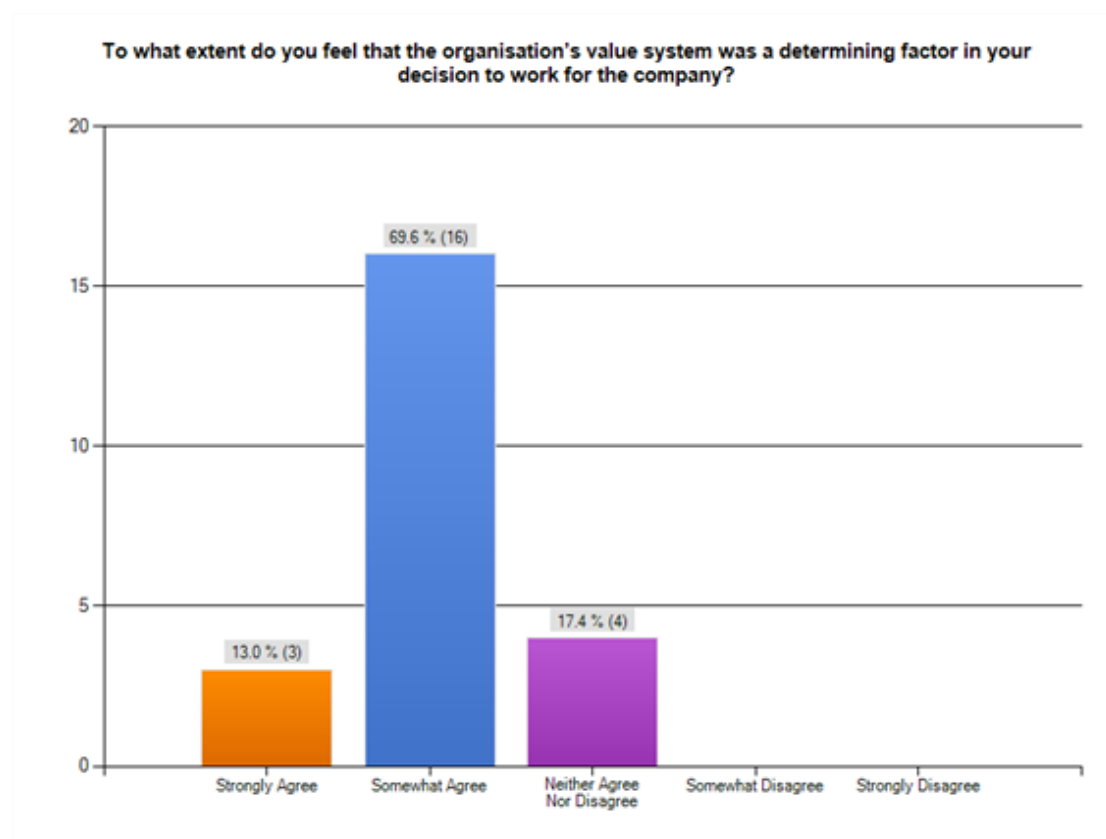
Question 15.

Since Kellogg's employer branding is derived from its corporate image and its core values the following findings completely supports it as 82.6% of respondents strongly agreed that the overall culture is supportive of those values. However the earlier findings demonstrate that value systems is not necessarily a major contributing factor to individual's willingness to work for the organisation.

Do you think that the overall culture is supportive of those values?
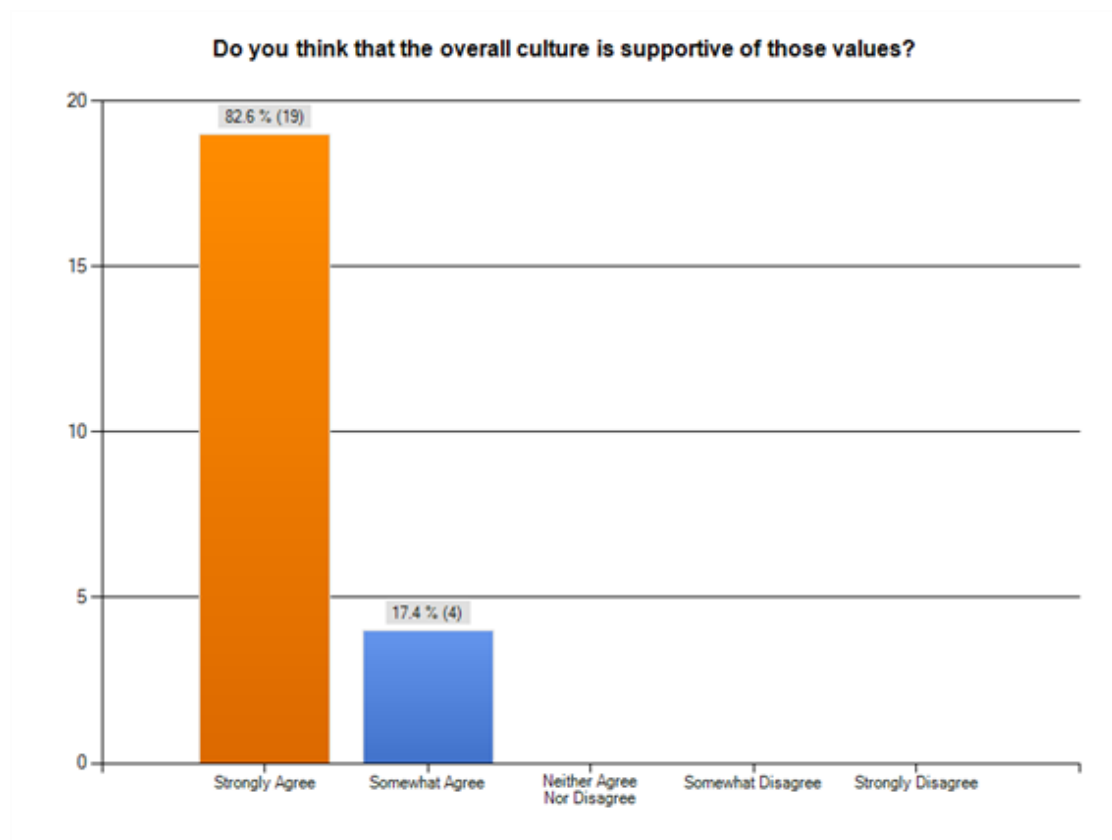
Question 16.

73.9 % of respondents somewhat agreed that they have opportunity to influence the values of the organisation, however only 8.7% of respondents strongly agreed to this statement indicating that organisation have strong culture and values. This in part is the indication that in order to manage the psychological contract the organisation needs to hire people with the right cultural fit to match organisational values.

To what extent do you feel that employees have an opportunity to influence the beliefs and values of the organisation?
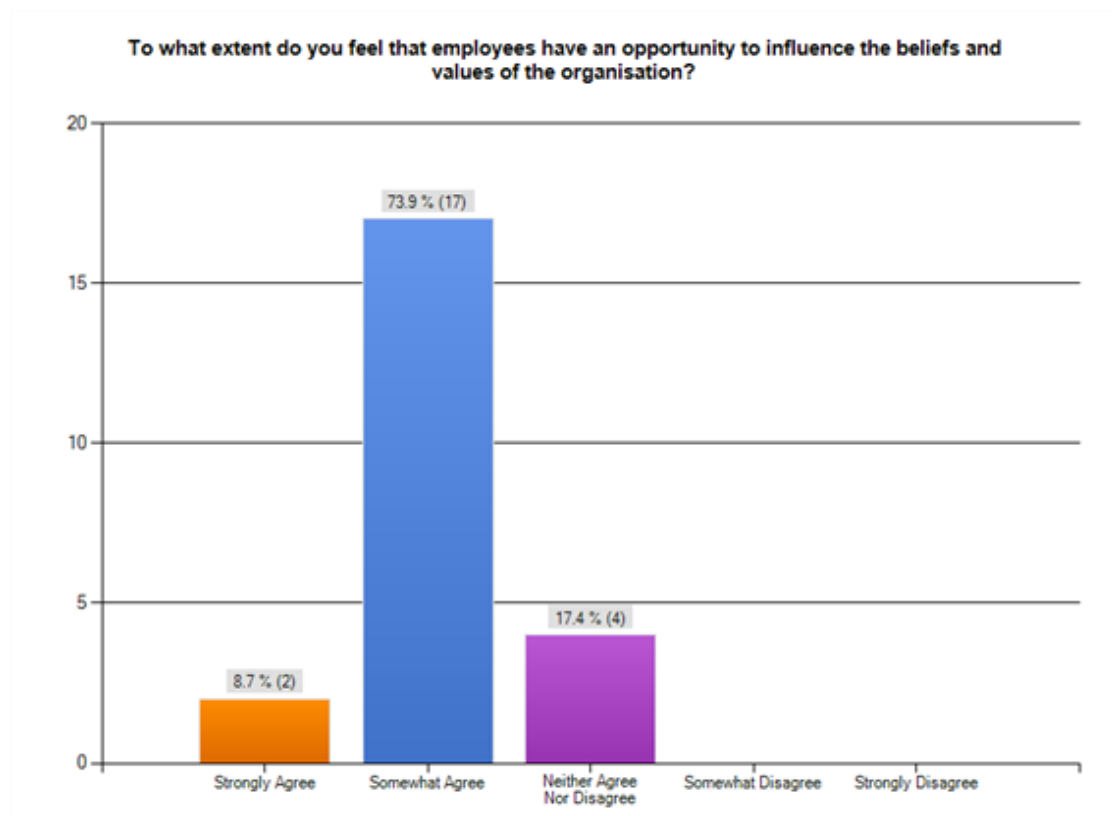
Question 17.

This graph represents a fairly equal distribution between responses. More than half of the respondents strongly agree that organisation's culture can be a contributing factor to the strength of the psychological contract, while 47.8% of the respondents somewhat agree. The literature suggest that ability to control the culture enables organisations to control and manage the outcomes, performance, productivity and development of an organisation (Cullen 2010), however the researcher didn't come across concrete evidence in the literature of how to use culture as a tool for managing the psychological contract.

Do you think that the organisation's culture can be a contributing factor to the strength of the psychological contract with employees?
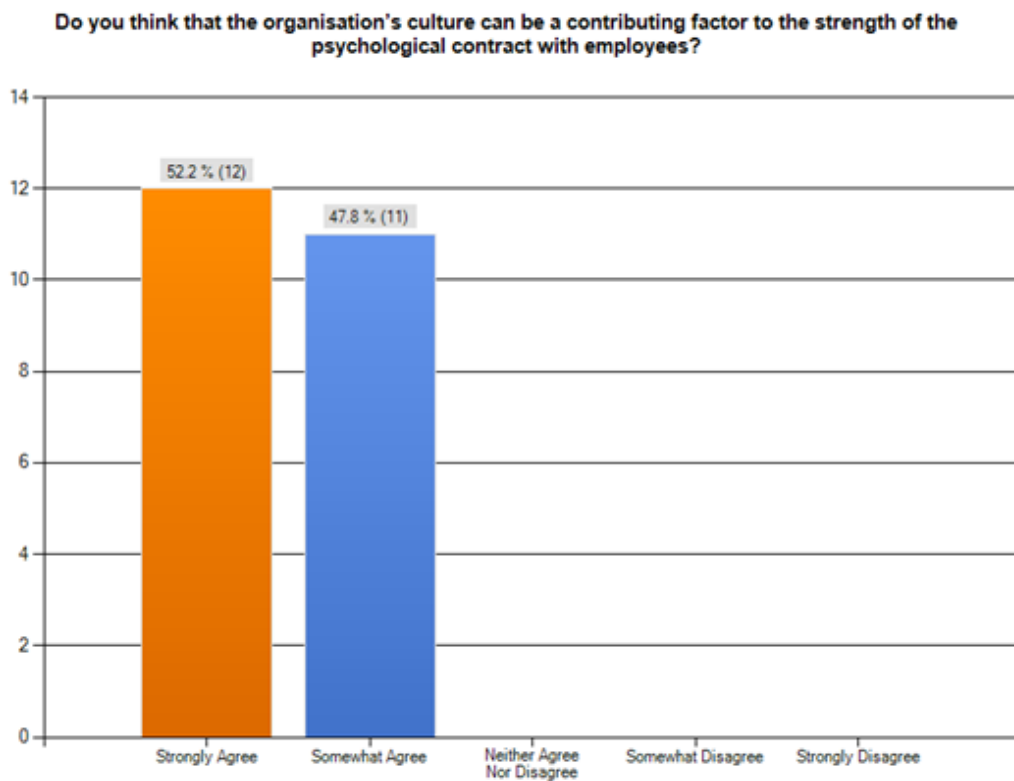
Question 18.

These findings indicate that majority of respondents (78.3%) strongly agrees that organisations need to develop a climate of high-trust and commitment in order to successfully manage a psychological contract. These findings support some of the different perspectives in the literature on employment relations and the concept of psychological contract, some of which suggest that in order to develop a positive psychological contract and employment relations organizations need to move from low trust to high trust dynamic (Guest 2004). Additionally the literature suggests that trust can be created and maintained by the development of a better mutual understanding of expectations which will be discussed in the following findings of questions 19 and 20.

Do you think that in order to successfully manage a psychological contract and retain employees organisations need to develop a climate of high-trust and commitment?

78.3 % (18)

21.7 % (5)

| Strongly Agree | Somewhat Agree | Neither Agree Nor Disagree | Somewhat Disagree | Strongly Disagree |
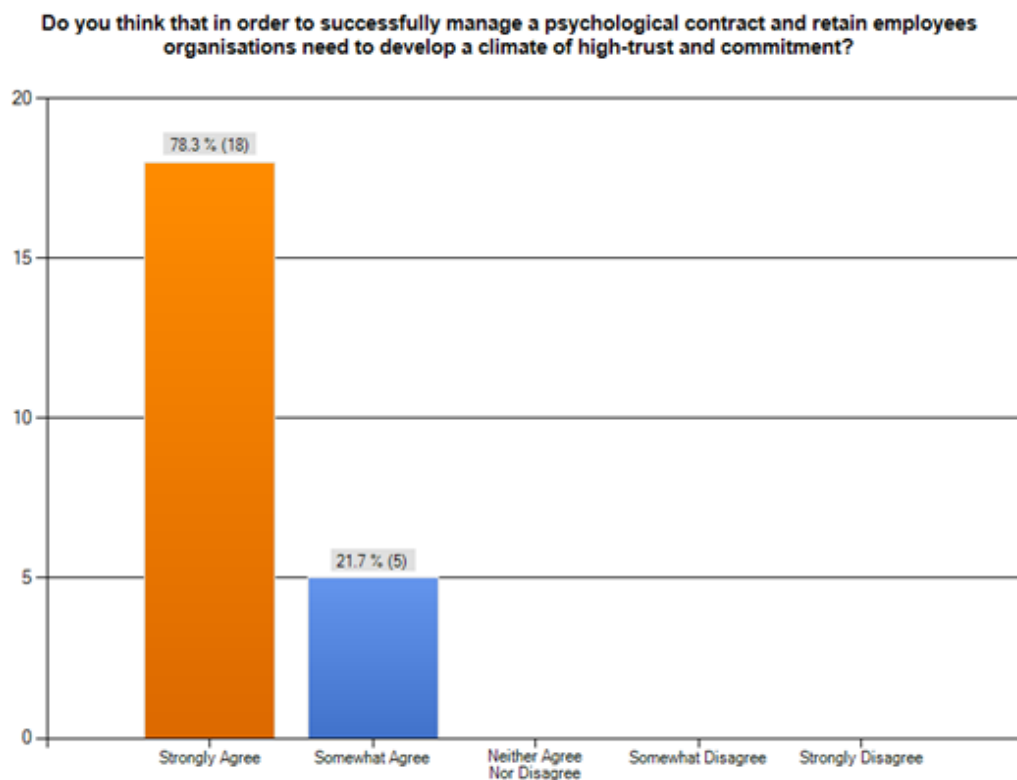
Question 19.

The following findings support Guest's (1988) suggestions that the focus of psychological contract depends on promises, obligations and expectations, which determine different levels of psychological engagement with an organisation. As seen from the these findings more than half of the respondents strongly agree and nearly half somewhat agree that promises, obligations and expectations between organisation and employees can determine a level of engagement.

To what extent do you feel that promises, obligations and expectations between organisation and employees can determine a level of engagement with an organisation?

52.2 % (12)
47.8 % (11)

Strongly Agree · Somewhat Agree · Neither Agree Nor Disagree · Somewhat Disagree · Strongly Disagree
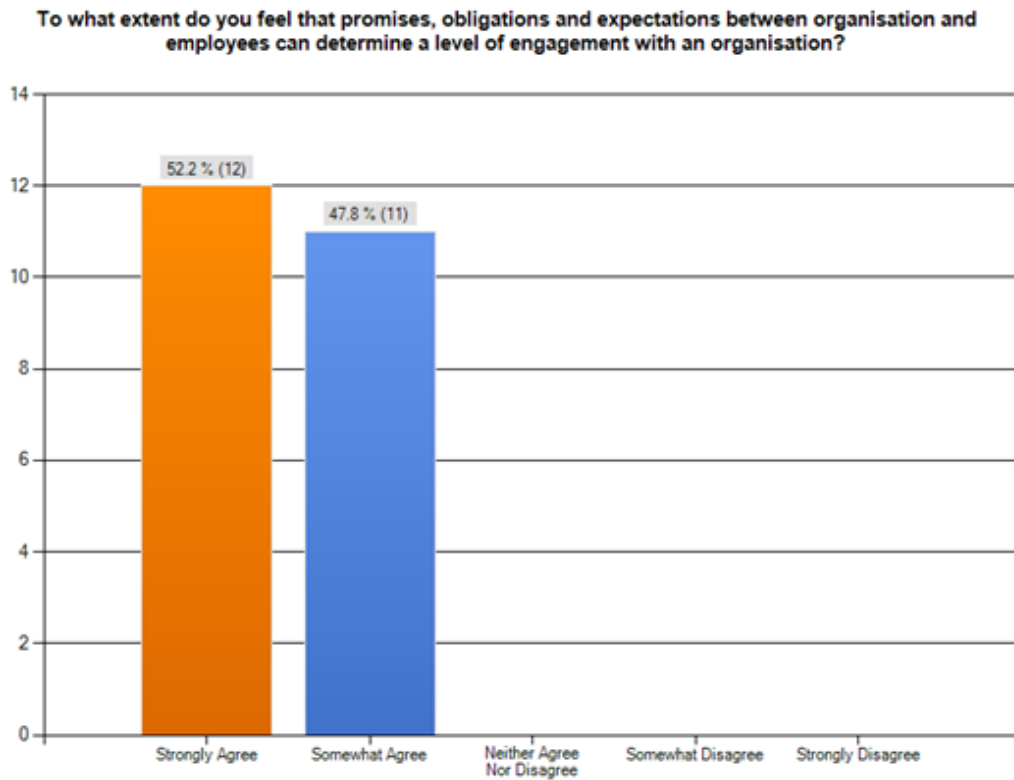
Question 20.

The following section seeks to evaluate employees' attitudes towards employer-employee obligations and expectations. According to the literature the notion of psychological contract implies that the individual has a variety of expectations of the organization and that the organization has a variety of expectations of him and that mutuality of these expectations and obligations is a core determinant of the psychological contract (Rousseau 2001). The following findings indicate that the majority of the respondents (91.3%) agree to have mutual expectations and obligations with their organisation.
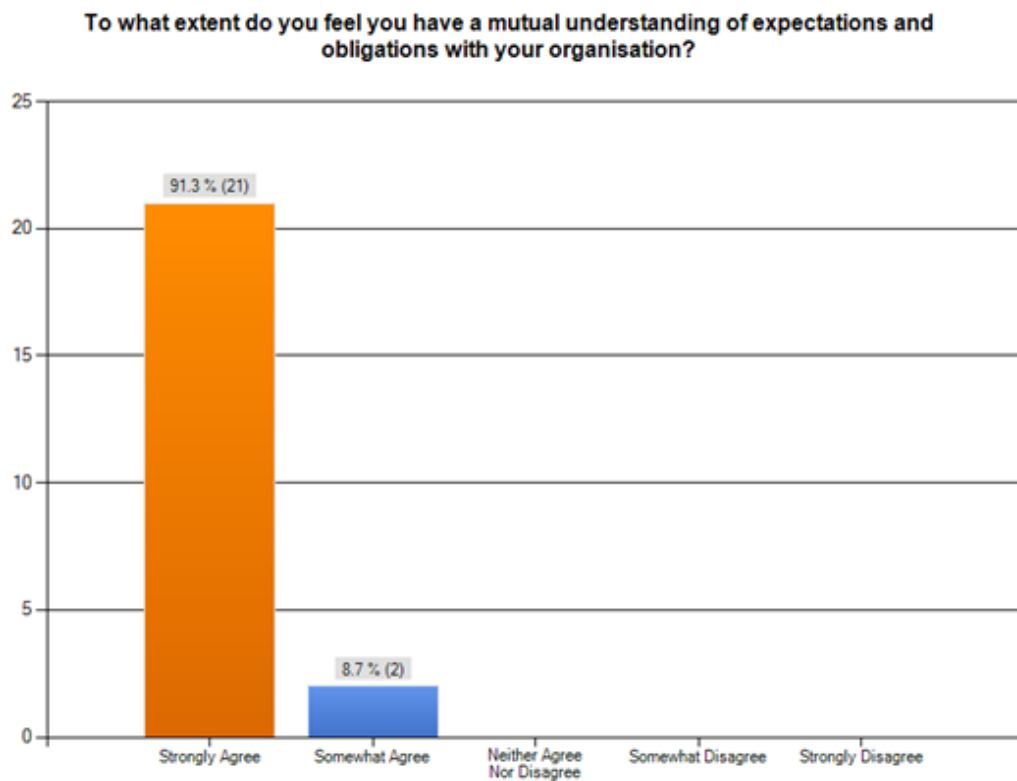
Question 21.

From the following results it was found that 22 out of 23 employees strongly agreed that employee's failure to meet organisation's expectations could affect the overall company's performance. None of the respondents felt opposite. The literature review also indicates that failure to meet the terms (expectations, obligation) of a psychological contract can lead to poor employment relationship which in turn will affect the overall organisation performance (Armstrong 2009).

Do you think that employee's failure to meet organisation's expectations could affect the overall company's performance?

95.7 % (22)

4.3 % (1)

Strongly Agree   Somewhat Agree   Neither Agree Nor Disagree   Somewhat Disagree   Strongly Disagree
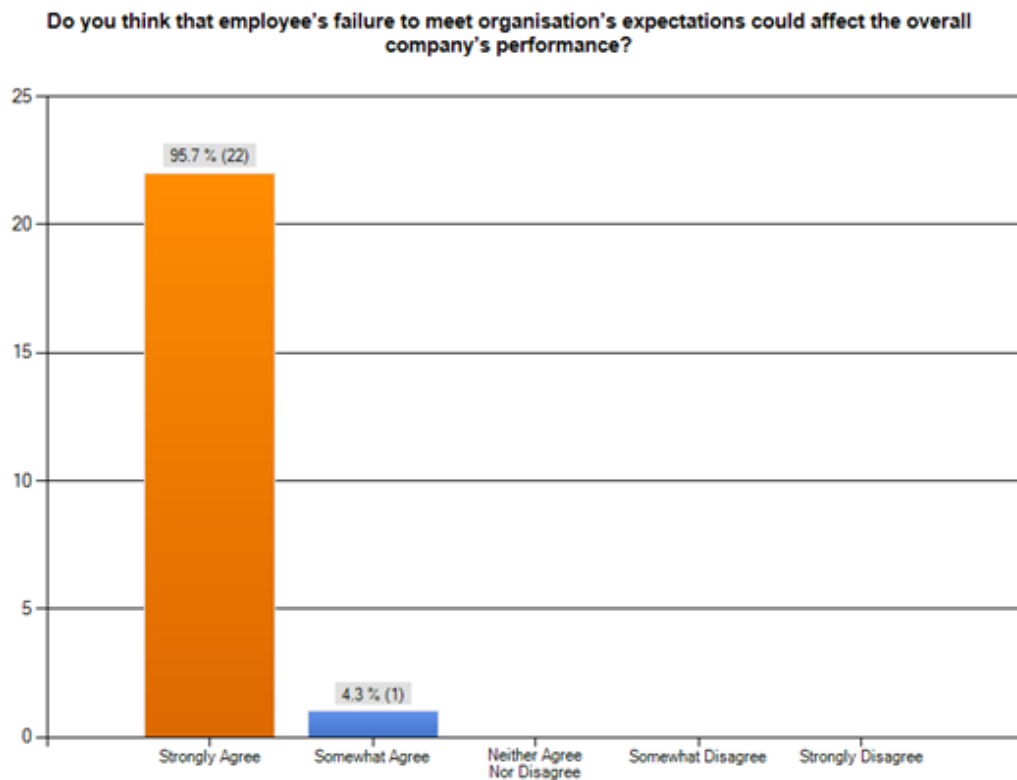
Question 22

According to Armstrong (2006) performance related schemes tend to be more successful if there is mutual agreement on expectations through performance management. To add to the literature the following findings demonstrate that majority of employees strongly agreed that performance management schemes in their organisation are mutually agreed upon. As a result intentions and decisions communicated both to employees and individuals can result in higher trust environment and consequently a stronger psychological contract.

To what extent do you feel that performance related schemes are mutually agreed in your organisation?
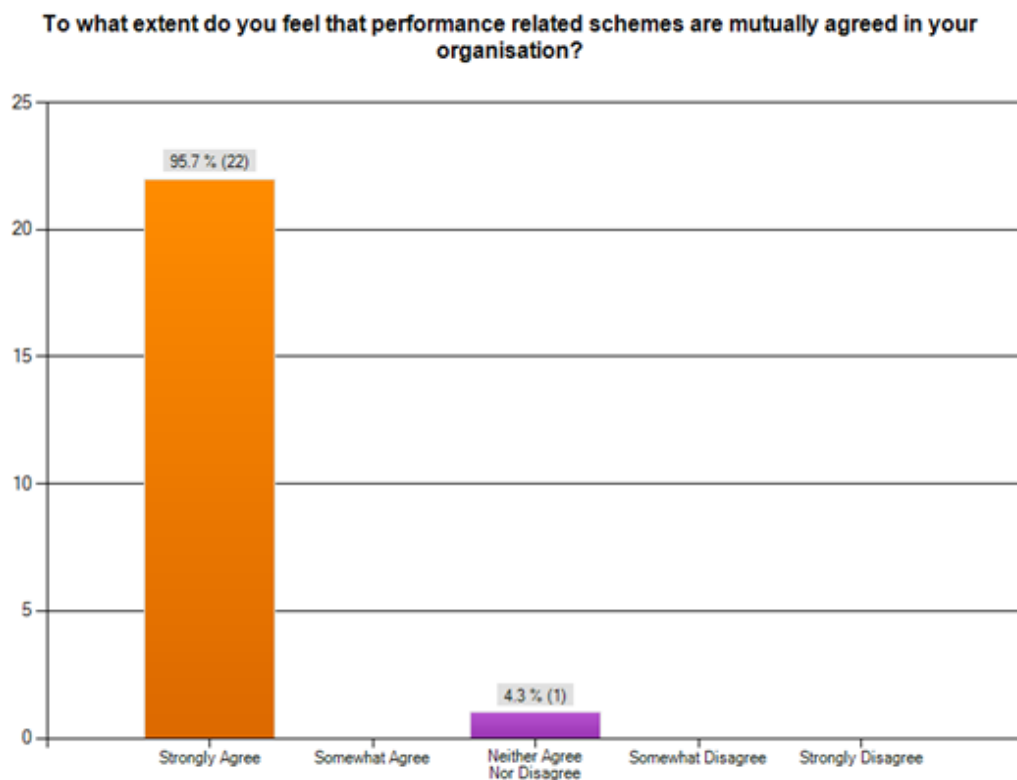
Question 23.

Following the findings from the question 22 above it came no surprise to the researcher that the majority of employees feel motivated to perform to meet these expectations. Once employees feel that they have mutual expectations and obligations with an organisation it is then foreseeable to have higher motivation and consequently higher performance levels.

To what extent do you feel you are motivated to perform these expectations?

	95.7 % (22)			
Strongly Agree	Somewhat Agree	Neither Agree Nor Disagree	Somewhat Disagree	Strongly Disagree

4.3 % (1) — Somewhat Agree
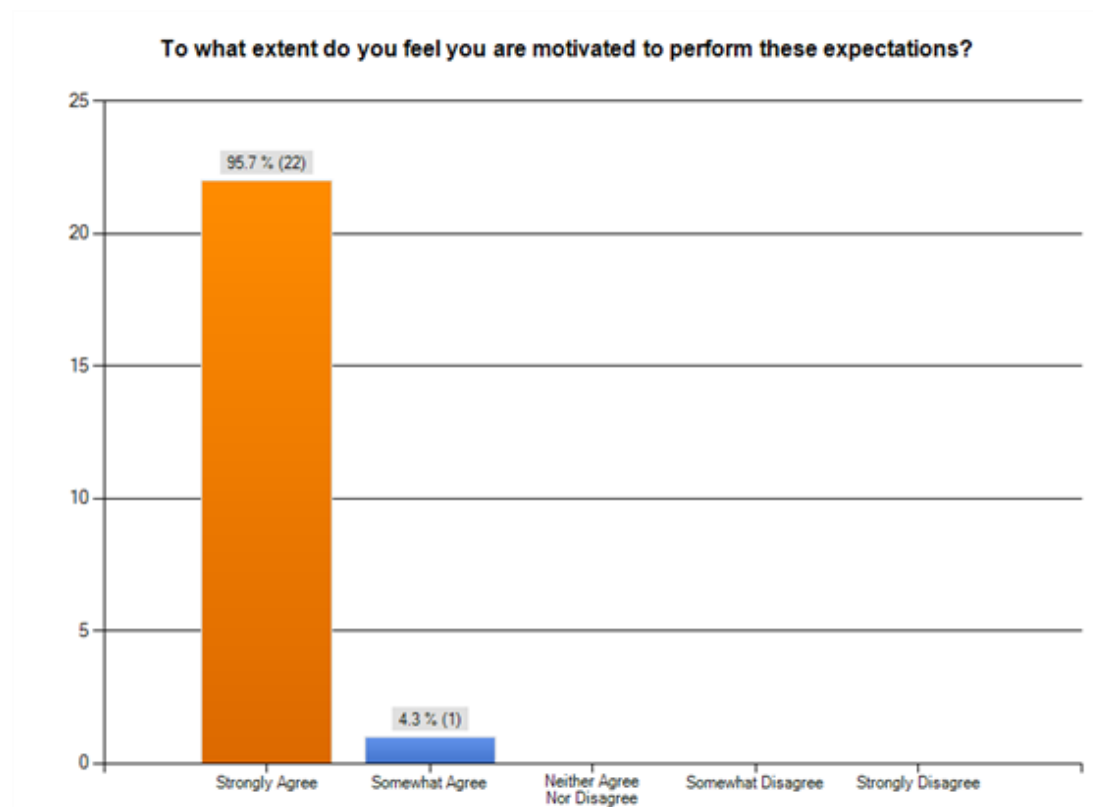
Question 24.

The respondents were asked to indicate how strongly they agreed the organisation is investing in their development opportunities. The literature review indicates that a new form of psychological contract exists; in which employers provide workers with marketable skills through training and development in exchange for effort and flexibility (IDS HR Studies 2005). The responses given indicate that employees within the unit of analysis feel they are given opportunities for development. These findings also support the company's culture which is supportive and people focused; one which fosters creativity, success and the development of their people (Kellogg's Company 2011).

To what extent do you feel there is an investment in your development and the opportunities available to you from the organisation?

	91.3 % (21)	8.7 % (2)			
	Strongly Agree	Somewhat Agree	Neither Agree Nor Disagree	Somewhat Disagree	Strongly Disagree
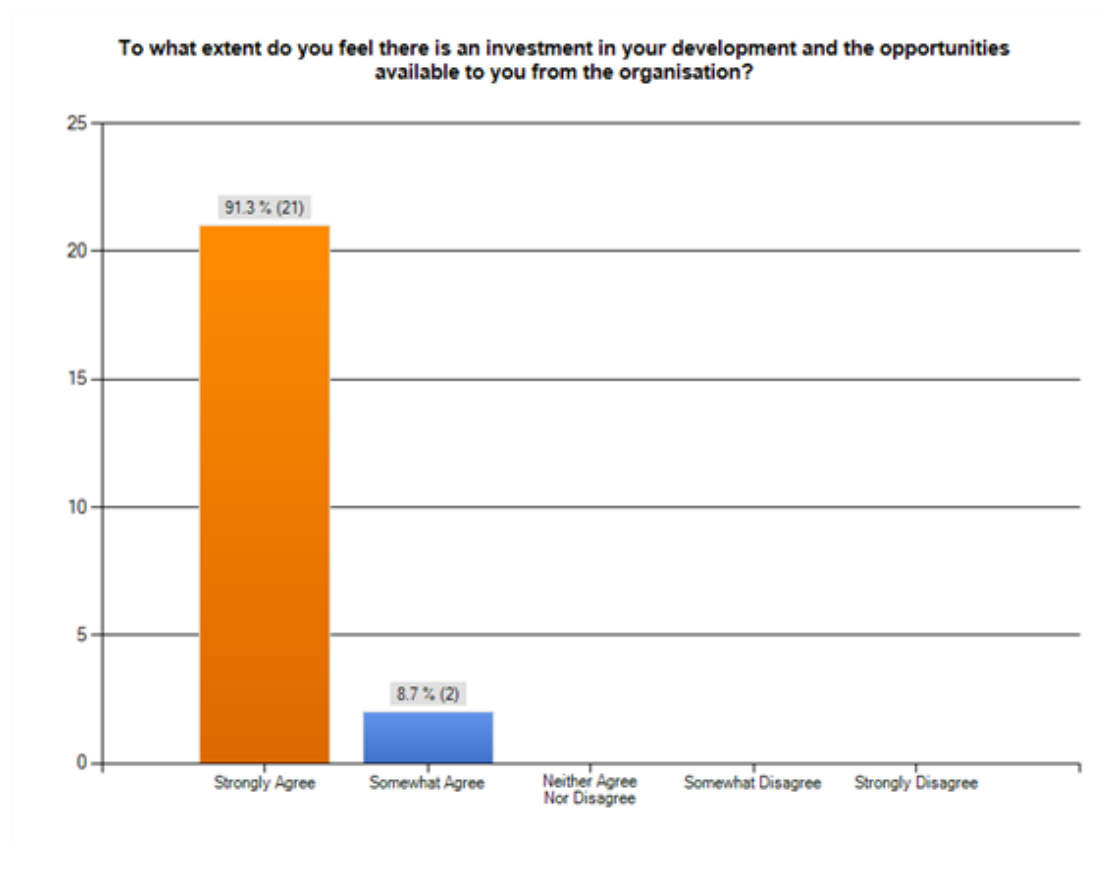
Question 25.

Out of the total 23 respondents 21 felt that their work is sufficiently stretching to help them build competence and strong track record, while 2 respondents somewhat agreed this was the case. This indicates the exchange of training and development in exchange for effort and flexibility indicating strong psychological contract.

To what extent do you feel that your work is sufficiently stretching to help you build competence and strong track record?
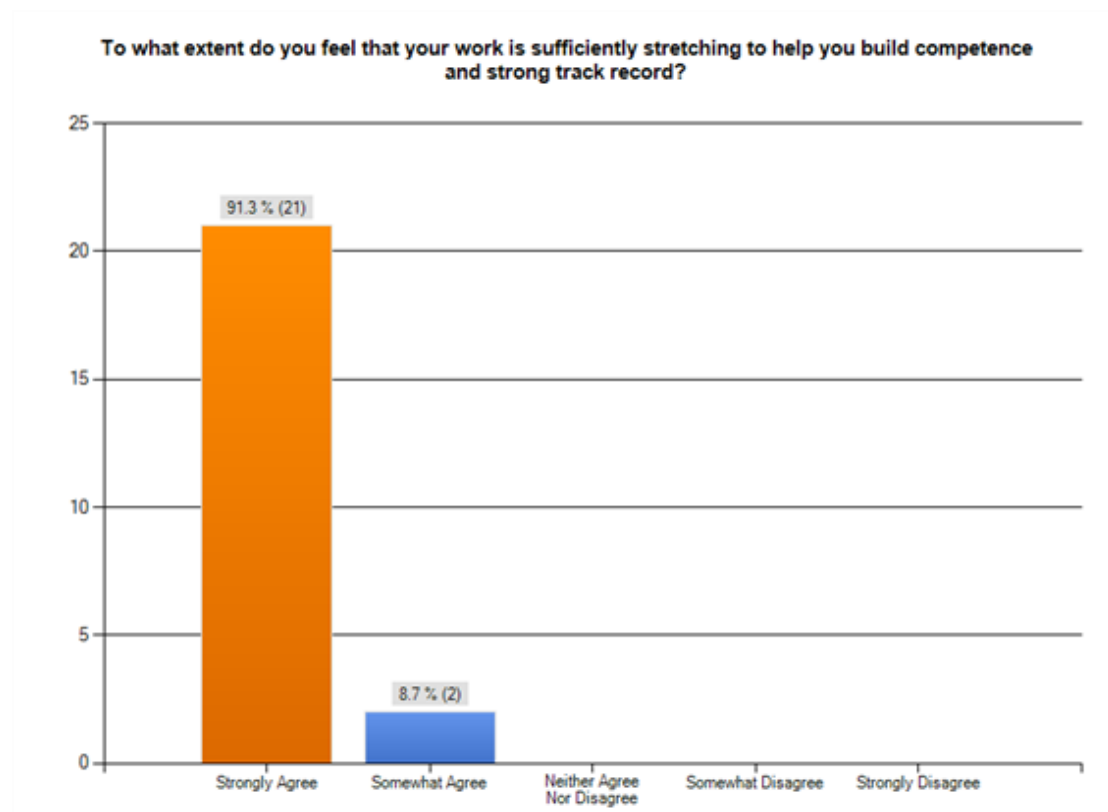
<u>Question 26.</u>

According to the literature career ambitions can influence the psychological contract and can even be a source of its violation (Guest et al. 2010). Additionally the following graph represents that the majority of the respondents 82.6% strongly agreed that career progression within the company can affect employee's psychological contract. The rest of the respondents 17.4% also somewhat agreed it could have an effect on psychological contract.

To what extent do you feel that career progression within the company can affect an employee's psychological contract?
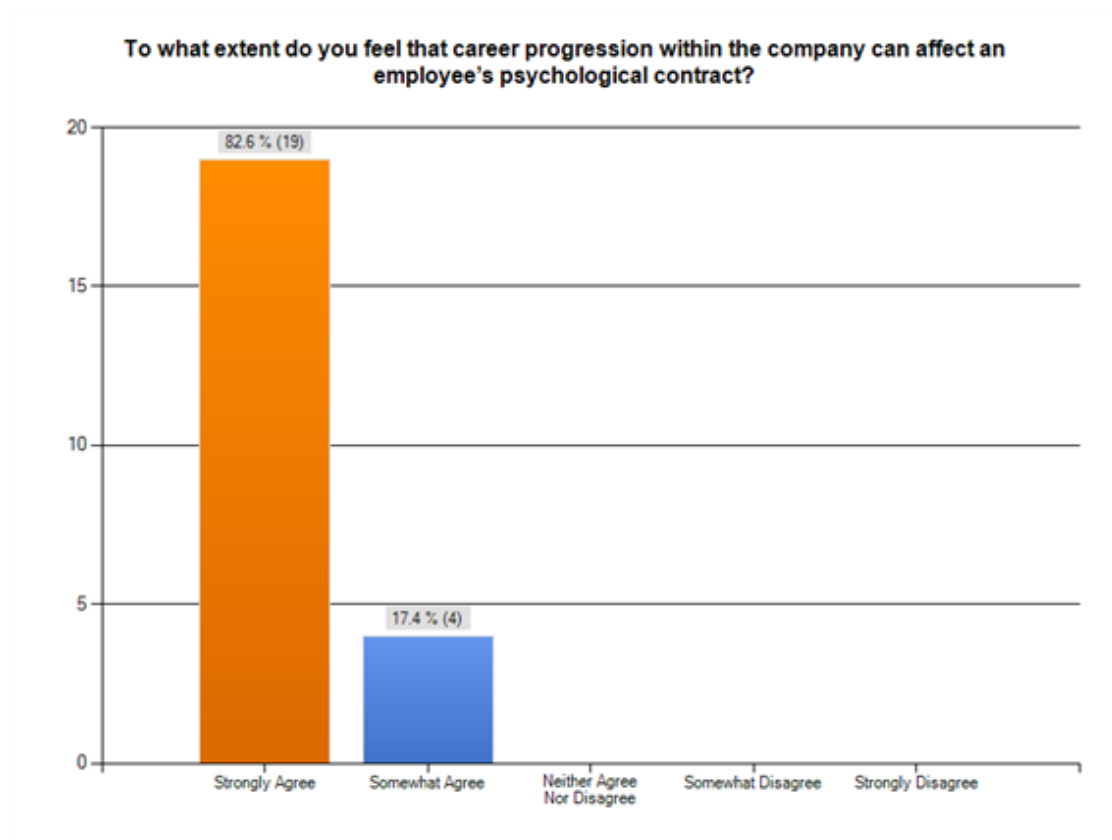
Question 27.

The literature suggests that the ability to adapt to this environment and changing nature of workplace can determine the performance, but also the survival of the business. As a result the psychological contract can be seen as offering a framework for dealing with these challenges and monitoring employee attitudes and commitment (CIPD 2010). It is important to note that Kellogg's employees understand the importance of a strong psychological contract, particularly when the majority of the respondents were in the HR department. The results indicate 56.5% of the respondents strongly agreed a strong psychological contract can act as a tool for achieving greater efficiency, 39.1% somewhat agreed and only 4.3% were not sure.

To what extent do you feel that a strong psychological contract between the organisation and the employee can act as a tool for achieving greater efficiency in an organisation?
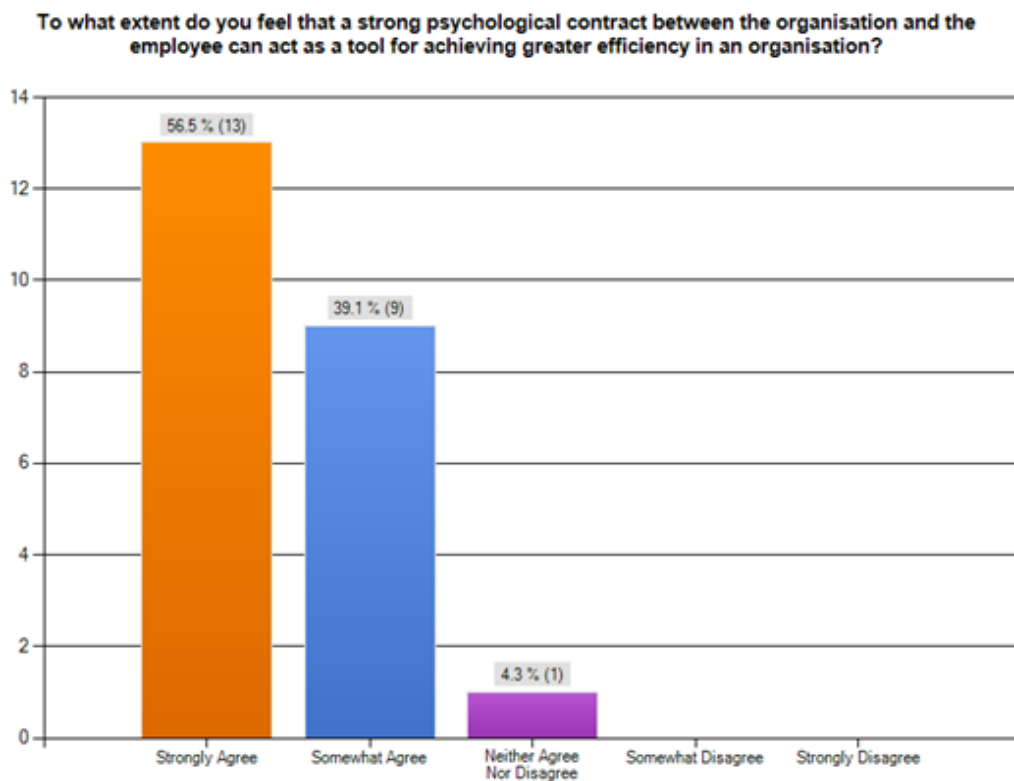
Question 28.

The following findings indicate that if employees are not completely aware of the importance of a strong psychological contract it does not necessarily mean it won't have an effect. 30.4% employees within the sample somewhat agreed, while 47.8% neither agreed nor disagreed with the statement. In fact 17.4% somewhat disagreed that psychological contract can only have an effect if employees are aware of its importance. However since the results are so unevenly distributed, it could be argued though that the content of psychological contract can have more effect on employment relationship by creating an awareness of the concept within individuals. Furthermore these findings indicate possible areas for further research.

To what extent do you feel that the concept of the psychological contract can only have an effect if employees are aware of the importance of a strong psychological contract?
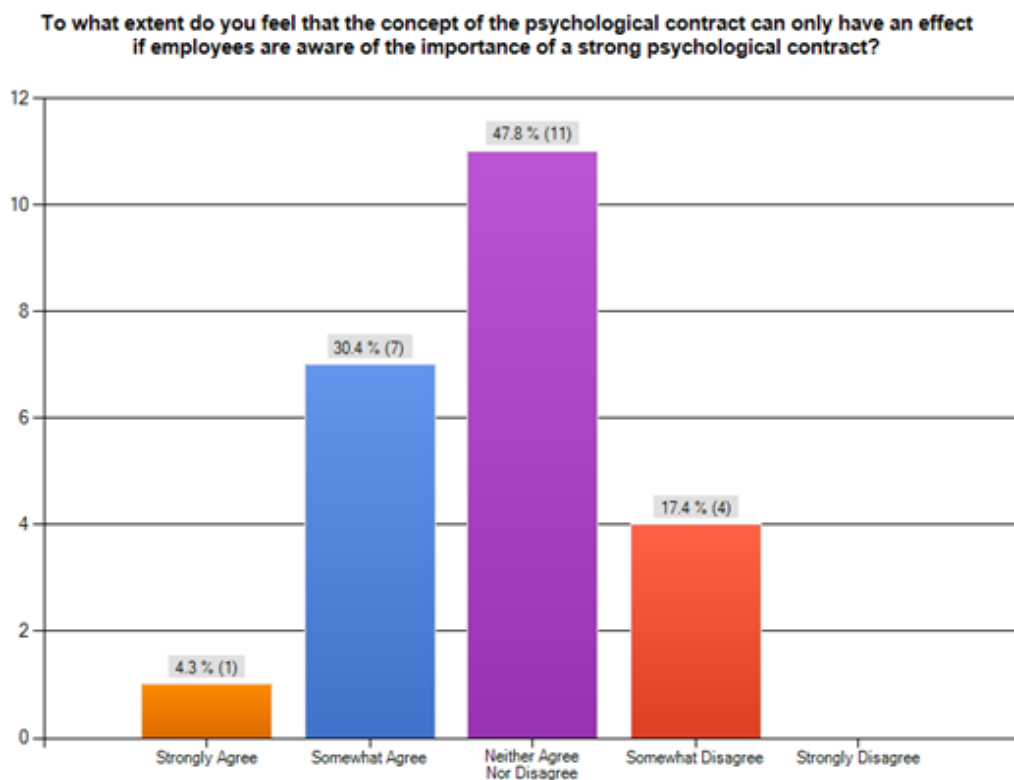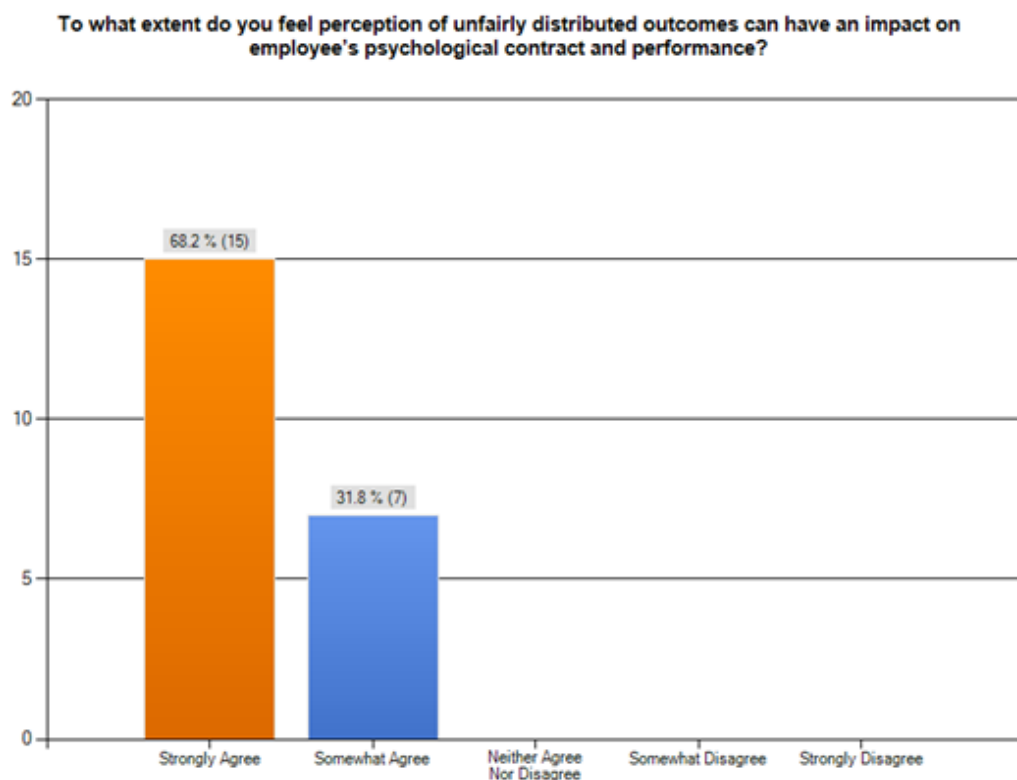
Question 29.

The following findings are crucial to the aims and objectives of this research. One of the main aims was to explore the conditions that could give rise to psychological contract violation in the workplace. The graph represents different conditions that could give rise to psychological contract violation and which conditions the respondents felt were the most likely causes of this violation. According to the literature sources of violation could be: employee's perception of unfairly distributed outcomes, for example varying financial rewards among colleagues and promotions; perception of unfair application of procedures; incongruent expectations (Pate and Malone 2000). While according to Clutterbuck (2005) communication is a key factor in these perceptions To support the literature the following findings indicate that the majority of the respondents agree these are the main conditions for psychological contract violation.

Which of the following conditions do you think can give rise to violation of the psychological contract in the workplace? Please the tick appropriate boxes.

Condition	Value
Varying financial rewards	52.2 % (12)
Perception of unfair application of procedures	78.3 % (18)
Incongruent expectations	39.1 % (9)
Job insecurity	39.1 % (9)
Poor management style	100.0 % (23)
Ineffective communication	87.0 % (20)
Temporary contracts	
Misapplication of performance management	65.2 % (15)
Tall Organisational structure	34.8 % (8)

Question 30.

The literature suggests that maintaining a good employment relationship with employees depends on how the relationship is perceived by both parties and that the quality of communication is a key factor in that perception (Clutterbuck, 2005). The following findings indicate that majority of the respondents felt perception of unfairly distributed outcomes can have an impact on employee's psychological contract.

Question 31.

Respondents were asked to indicate how important money, culture, values, fair treatment and potential to progress are when assessing their relationship with an employer. The following responses indicates that the most important factors were potential to progress (95.7%), fear treatment (95.7%), culture (73.9%), prevailing values (72.7%) and only 9.1% of the respondents indicated money as very important factor when assessing a relationship with their employer.
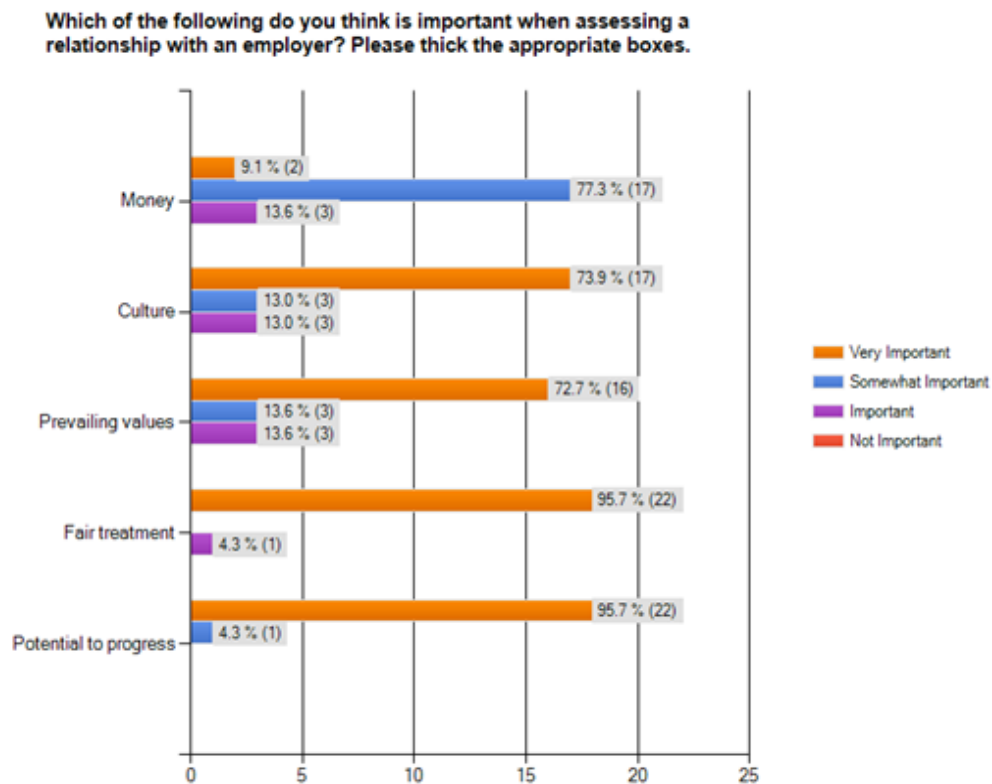
5.1 Summary of Findings from Interviews: analysis and discussion

Qualitative findings indicate that unwritten values in Kellogg's are the key to psychological contract between employer and employee. So that those employees expect to be treated by the values, treated with integrity and have pride in what they are doing. These findings also links in to the one of the major objectives of this research which is to identify what roles doe's values systems play in establishing a strong psychological contract. According to HR director "Kellogg's they have been live. People will be constantly reminded of the values and people expect that's a contract they bought in to and the company will uphold that contract". These findings also supports the findings from quantitative data in Question 22, that expectations on performance related schemes are mutually agreed in the organisation as majority (95.2%) of the respondents strongly agreed to it. Additionally according to HR manager mutual expectations are: "commitment, innovation, working in "K" values way on the organisations behalf, while people expect career progression, fear treatment, training etc. However it was found that attitudes and believes are important as well, employee's expectations depends on the individual and as HR manager stressed "different people expect different things". According to the literature psychological contract can be seen as offering a framework for dealing with these challenges and monitoring employee attitudes and commitment. But in order to do so organisation have to manage the psychological contract by changing individual attitudes, believes and perceptions first (Hitt et al. 2009).

Findings indicate that managers and leaders don't engage employees enough to be honest with them of tough business situations when there is a problem, especially in current economic climate. Additionally one of the reasons found for managers not engaging employees was a fear of sharing bad news. Consequently employees feel left out and not

included. As a result they may start to feel disengaged, out of control etc. When contrasted it was interesting to see that the findings from qualitative data in Question 18 in the survey corresponds to the findings from qualitative data and supports the literature review. The majority (78.3%) of the respondents strongly agreed that in order to manage psychological contract, the climate of high trust and commitment is essential. Honesty, ownership and autonomy are really important. According to HR manager "once you are very clear of these challenges people can accept it more positively. The findings indicate that the main challenge to a psychological contract is having a clear communication.

Findings from the qualitative data demonstrates that the extent of damage as a result of psychological contract violation could depend on the employee's influential position in the organization, for example a breach or violation of a manager's psychological contract would potentially have a greater consequences for the organization than a similar breach or violation of the psychological contract of a worker on the shop floor. However it mainly depends on the manager and almost depends on the kind of person employees are reporting to, no matter what level that manager is. These findings supports Fox 1966 statement that "morale and success is closely connected and rest heavily upon personal relationships". Findings also demonstrates that it also depends on how sensitive a person is to some issues than others, so it is not entirely depending on the level of the person.

 As seen from these findings effective communication at all levels: middle managers and senior manager, shop floor workers etc. are one of the main conditions that can give rise to psychological contract violation in the workplace, thus supporting the literature and matching the findings from quantitative data. One of the problems identified as a result of data analysis was that managers not always have enough training and accountability to communicate effectively. The solution to this is to invest more in up skilling managers, particularly lover

level managers. However in Kellogg's there are effective communication throughout the entire organisation and all levels.

One of the main objectives was to establish the link between strong psychological contract and employer brand. As a result it was interesting to find that organisation is working on the new employer brand at the moment, trying to capture the sense of pride, sense of relationships and feelings in its brand and show Kellogg's more than a place to work, but the place where employees can get satisfaction, career progression, stimulation, challenge and sense of achievement from that. All of which allows Kellogg's as an employer to be competitive in labour market. Additionally, according to HR manager "for internal candidates', employer branding is important too, in order to retain them."

In order to establishing a strong psychological contract, and be competitive employer brand is essential. According to HR Director "when looking at other companies such as Google, Dell, and Microsoft etc. it's such a broad offer of engagement, which puts companies in the "war for talent". You have to be at the edge of your game and be externally focused as well as internally as we try to do this in Kellogg's."

However findings also indicate that it's impossible to create a strong psychological contract for every employee, because every employee is different. As a result it imposes the need to use all the elements of organisational system to create a big picture, which goes down to different levels of organisation.

In conclusion it was found that psychological contract is an important concept in the context of wider organisational system and touches all areas of the business, not just HR. One of the biggest challenges is that organisations and people underestimate psychological contract and the demands of newer generations, which is essential in order to stay competitive in the market.

5.2 Summary of the Findings from Surveys: analysis and discussion

Following analysis, of the questionnaires, management interviews were conducted that were aimed at providing a more detailed understanding of some of the research objectives.

One of the objectives of this research was to identify to what extent employees have mutual understanding of expectations and obligations between them and the organisation. The quantitative data collected reveals that majority of the respondents (91.3%) sees both mutual understanding of obligations and expectations as a key to strong psychological contract which supports Rousseau's (2001) suggestions that mutuality of these expectations and obligations is a core determinant of the psychological contract. These findings also supports Guest's (1988) arguments suggesting that the focus of psychological contract depends on promises, obligations and expectations, which determine different levels of psychological engagement with an organisation. Additionally the results reveal that 22 out sample of 23 employees strongly agreed that employee's failure to meet organisation's expectations could affect the overall company's performance. Furthermore qualitative data collected reveals that employees within the sample are in general fairly highly motivated to perform these expectations indicating a strong psychological contract, majority of the respondents (91.3%) agreed to have mutual expectations and obligations with their organisation.

Additionally majority of the respondents agree that career progression can affect employee's psychological contract. It was found that employees within the unit of analysis feel they are given opportunities for development and ability to build on their competencies and track record, which in part indicates a presence of a "New" psychological contract form in which employers provide workers with marketable skills through training and development in exchange for effort and flexibility (IDS HR Studies 2005) for example in Kellogg's, given flexible working hours, summer hours etc.

However, the finding from quantitative data also indicates that individuals may have to understand and appreciate the concept of the psychological contract before they can contribute to defining its content. The findings from a survey indicate that if employees are not completely aware of the importance of a strong psychological contract it does not necessarily mean it won't have an effect. 30.4% employees within the sample somewhat agreed, while 47.8% neither agreed nor disagreed with the statement. In fact 17.4% somewhat disagreed that psychological contract can only have an effect if employees are aware of its importance. However since the results are so unevenly distributed, it could be argued that the content of psychological contract can have more effect on employment relationship by creating an awareness of the concept within individuals. Furthermore these findings indicate possible areas for further research.

It can be summarised that employees within the sample are in general aware of the psychological contract concept and its importance. The link has also been established between psychological contract and wider organisational system. The discussion on culture, employer branding, performance management and value systems demonstrates a clear link between all the dynamic elements of organisational environment and the psychological contract. However the researcher didn't came across concrete evidence in the literature of how to use culture as a tool for managing the psychological contract.

One of the objectives was to identify the link between psychological contract and employer brand. Findings reveal that employer brand is a major contributing factor to employees' willingness to work for the organisation, thus indicating the link between strong psychological contract and employer brand. 73.9% of respondents strongly agreed employer branding can be used to attract and engage employees in the organisation's culture and strategy. The researcher findings also show that 100% of respondents from different business sections agree they would recommend Kellogg Company as a 'great place to work'. These

findings indicate a very strong psychological contract and efficient employment relationship. Since employer branding gives people the sense of values within an organisation it was interesting to see that the overall Kellogg's culture is supportive of those values, it was found that 69.6% of study sample somewhat agree that organisation's value system was a determining factor in their decision to work for the company.

When exploring the conditions that can give rise to psychological contract violation it was interesting to discover that these findings supports the literature. It was found that, employee's perception of unfairly distributed outcomes, varying financial rewards perception of unfair application of procedures; incongruent expectations and miscommunication were the most likely violators.

Although almost 70% of respondents agree the psychological contract as a form of employment relationship is an important concept in the organisation, the research could be further improved by providing more evidence and exploring the area for further research.

6.0 Conclusions and Recommendations

The ultimate aim of HRM has changed over the years and rather than being primarily employee relations focused, HRM has begun to task itself with the strategic element of business development and fundamentally the bottom line and search for more efficient ways to manage human capital in the organisations. It was in the aftermath of the 1990s recession that the term psychological contract returned to HR discussions, as the concept of jobs for life gave way to a performance-based reward culture. In response to the current crisis there have been many developments with the HR function with a particular emphasis being placed on the development of moral and ethical standards within organisations at the same time placing more emphasis on psychological contract concept and its importance when achieving organisational objectives. Increasing pace of change and competition in the specific industries has also imposed the need for organisations to look for new ways of retaining the skills and knowledge and gaining the commitment of employees.

This study intended to confirm the importance of the psychological contract as a form of employment relationship. The actual findings were discussed in the light of the literature, compared and contrasted in order to test the theory and to develop theory if appropriate. Possible areas for further research were discovered as a result of these findings.

Following the findings of this research together with the use of theoretical contributions researcher proposed a number of recommendations:

Organisations may consult with employees to tackle the concept of the psychological contract. Employees could be involved in the dialogue about the psychological contract and in the management of it in order to create the awareness of the concept and its importance.

Since one of the main future objectives is to be able to attract and retain talented and skilled workforce some suggestions could be made in respect to developing the employer brand.

Employee research seeking their input in the context of employer branding could be one way of embracing the ideas. Continuous employee feedback is a proven way of assessing perceptions about the existing employer brand. Project teams could be used to speak direly to employees about what they perceived to be the company's strengths and weaknesses. A number of line managers could be asked to be internal 'consultants', with responsibility for speaking to their teams and passing on feedback to the brand developers (IDS HR Studies, 2005) Regular e-mail surveys could be used to continually refine the employer proposition. Once a preliminary picture has been established, more in-depth research can attempt to pinpoint brand strengths and weaknesses. However, overall organisation seems to have very strong employer brand and strong psychological contract with its employees.

These research findings demonstrate an important link between the psychological contract and the broader context of organisational environment such as: organisational culture, learning organisation, employer branding, performance management, and value systems of people.

In conclusion the main challenge is to adapt to the environment and changing nature of the workplace and employment flexibility and also to continuously improve the employment relationship and invest in employee engagement to strengthen the psychological contract using effective communications, while the opportunities lies in the ability to sustain the strong psychological contract and positive effect it has on the relationship between the organisation and its employees.

7.0 Appendix

Appendix 1
Kellogg's Value statement

_____

o   Demonstrate a commitment to integrity and ethics

       Show respect for and value all individuals for their diverse backgrounds, experience, styles, approaches and ideas

o   Speak positively and supportively about team members when apart

o   Listen to others for understanding

o   Assume positive intent

o   Accept personal accountability for our own actions and results

       Focus on finding solutions and achieving results, rather than making excuses or placing blame

o   Actively engage in discussions and support decisions once they are made

o   Involve others in decisions and plans that affect them

o   Keep promises and commitments made to others

o   Personally commit to the success and wellbeing of teammates

       Improve safety and health for employees, and embrace the belief that all injuries are preventable

o   Show pride in our brands and heritage

o   Promote a positive, energizing, optimistic and fun environment

       Serve our customers and delight our consumers through the quality of our products and s services

o   Promote and implement creative and innovative ideas and solutions

o   Aggressively promote and protect our reputation

o   Display openness and curiosity to learn from anyone, anywhere

o   Solicit and provide honest feedback without regard to position

o   Personally commit to continuous improvement and are willing to change

o   Admit our mistakes and learn from them

o   Never underestimate our competition

o

o   Stop processes, procedures and activities that slow us down or do not add value

o   Work across organizational boundaries/levels and break down internal barriers

o   Deal with people and issues directly and avoid hidden agendas

o   Prize results over form

o   Achieve results and celebrate when we do

- o   Help people to be their best by providing coaching and feedback
- o   Work with others as a team to accomplish results and win
- o   Have a can-do attitude and drive to get the job done
- o   Make people feel valued and appreciated
- o   Make the tough calls

_____

Appendix 2
<u>EHQ Nutrition Workshops</u>

An understanding of nutrition is a key competency for all Kellogg employees and as we move forward as a food company, it has never been more important.

On the 21st September 12.30 – 4.30pm, we will run a half day, fun and interactive session and you can learn all about the following:

1. Nutrition Basics: The role of different nutrients in maintaining health and how the five main food groups contribute to a healthy diet. Gain an understanding of the role of fortification, food additives, super foods and functional foods.

2. Nutrition and Health: What are the barriers to healthy eating? Find out about the elements that affects health and particular lifestyle diseases.

3. EU legislation on health claims and food labelling: What does it all mean and how does it affect us?

4. Kellogg Brand Information, Competitors and Corporate Strategy: What are the current issues around food and Kellogg's position as a company? Gain skills in communicating our key messages and an understanding of our Nutrition Strategy.

Sample of the survey distributed.

Q1. Are you currently in full or part-time employment?

○ Full time employee

○ Part Time

Q2. Is your contract of employment permanent, temporary or fixed?

○ Permanent

○ Temporary

○ Fixed

Q3. What section do you belong to?

○ Director

○ Head of division

○ Manager

○ Team Leader

○ Operational/Legal Staff

Q4. How long have you worked in you present role?

○ Less than 6 months

○ 6 months to 1year

○ 1 year to 2 years

○ More than 2 year

Q5. How many years have you worked in this organisation?

○ Less than 6 months

○ 6 months to 1year

○ 1 year to 2years

○ More than 2 year

Q6. Which department are you working for?

○ Finance

○ Sales

○ Supply Chain

○ Legal

○ HR

○ Marketing

○ Customer Care

○ Other, please specify

Q7. To what extent are you familiar with the concept of the 'psychological contract'?

○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagree

Q8. Do you think the psychological contract as a part of employment relationship is an important concept in the organisation?

○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagree

Q9. Would you recommend your company as a great place to work?
○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagree

Q10. If you would recommend your company as a great place to work would employer brand be a major contributing factor to it?
○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagree

Q11. To what extent do you feel firms can use employer branding to attract and engage employees in the organisations culture and the strategy?
○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagree

Q12. To what extent do you feel that 'employer of choice' status stands or falls on the real benefits, opportunities and culture that staff experience on a day-to-day basis?
○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagree

Q13. To what extent do you feel the organisation's value system determines an individual's willingness to work for that organisation?

○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagree

Q14. To what extent do you feel that the organisation's value system was a determining factor in your decision to work for the company?

○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagree

Q15. Do you think that the overall culture is supportive of those values?

○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagree

Q16. To what extent do you feel that employees have an opportunity to influence the beliefs and values of the organisation?

○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagree

Q17. Do you think that the organisation's culture can be a contributing factor to the strength of the psychological contract with employees?

○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagree

Q18. Do you think that in order to successfully manage a psychological contract and retain employees organisations need to develop a climate of high-trust and commitment?

○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagree

Q19. To what extent do you feel that promises, obligations and

expectations between organisation and employees can determine a level of engagement with an organisation?

○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagree

Q20. To what extent do you feel you have a mutual understanding of expectations and obligations with your organisation?

○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagree

Q21. Do you think that employee's failure to meet organisation's expectations could affect the overall company's performance?

○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagree

Q22. To what extent do you feel that performance related schemes are mutually agreed in your organisation?

○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagree

Q23. To what extent do you feel you are motivated to perform these expectations?

○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagree

Q24. To what extent do you feel there is an investment in your development and the opportunities available to you from the organisation?

○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagree

Q25. To what extent do you feel that your work is sufficiently stretching to help you build competence and strong track record?

○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagree

Q26. To what extent do you feel that career progression within the company can affect an employee's psychological contract?

○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagre

Q27. To what extent do you feel that a strong psychological contract between the organisation and the employee can act as a tool for achieving greater efficiency in an organisation?

○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagree

Q28. To what extent do you feel that the concept of the psychological contract can only have an effect if employees are aware of the importance of a strong psychological contract?

○ Strongly Agree

○ Somewhat Agree

○ Neither Agree Nor Disagree

○ Somewhat Disagree

○ Strongly Disagree

Q29. Which of the following conditions do you think can give rise to violation of the psychological contract in the workplace? Please the tick appropriate boxes.

- ☐ Varying financial rewards
- ☐ Perception of unfair application of procedures
- ☐ Incongruent expectations
- ☐ Job insecurity
- ☐ Poor management style
- ☐ Ineffective communication
- ☐ Temporary contracts
- ☐ Misapplication of performance management
- ☐ Tall Organisational structure

Q30. To what extent do you feel perception of unfairly distributed outcomes can have an impact on employee's psychological contract and performance?

- ☐ Strongly Agree
- ☐ Somewhat Agree
- ☐ Neither Agree Nor Disagree
- ☐ Somewhat Disagree
- ☐ Strongly Disagree

Q31. Which of the following do you think is important when assessing a relationship with an employer? Please thick the appropriate boxes.

	Very Important	Important	Somewhat Important	Not Important
Money	☐ *Which of the following do you think is important when assessing a relationship with an employer? Please thick the appropriate boxes. Money Very Important	☐ Money Important	☐ Money Somewhat Important	☐ Money Not Important
Culture	☐ Culture Very	☐ Culture	☐ Culture	☐ Culture Not

	Important	Important	Somewhat Important	Important
Prevailing values	☐ Prevailing values Very Important	☐ Prevailing values Important	☐ Prevailing values Somewhat Important	☐ Prevailing values Not Important
Fair treatment	☐ Fair treatment Very Important	☐ Fair treatment Important	☐ Fair treatment Somewhat Important	☐ Fair treatment Not Important
Potential to progress	☐ Potential to progress Very Important	☐ Potential to progress Important	☐ Potential to progress Somewhat Important	☐ Potential to progress Not Important

Appendix 4

Interview with European HR Director (**HRD**)

Question 1: Do you think the psychological contract as part of the employment relationship is an important concept in the organization?

HRD: In Company like Kellogg's where there is a real strong culture. There is a lot that is unwritten, relationship based, based on understandings, unwritten values. For example, our values in Kellogg's, they are written, but there is a very much of psychological contract between employer and employee. So that I as employee expect to be treated by the values treated with integrity, that I will have pride in what I'm doing. I think there is a bit of unwritten peace in terms of what we expect as employees, we expect employees to have pride in what they do and we don't treat them as this is just a job, a nine to five thing.

Question 2: Do you think that the value system in Kellogg's would be a determining factor in people decision to work for the company?

HRD: I completely agree with this. I have worked in other companies, where there have been values, but they haven't been lived. Where in Kellogg's they have been lived. Here in Kellogg's people will be constantly reminded of the values and people expect that's a contract they bought in to and the company will uphold that contract. The values I think are the biggest bedrocks, the biggest foundations we have as a contract between employer and employee as how we expect people to behave, how we expect people to interact with each other. We expect people to take accountability, we expect people to think of better ways to do your job, add value, and not just do the job, and we expect employees to be very proud of the business. And to be honest I have seen this more than I have seen in other companies. One other area around expectations in contract is pay and reward. I think we are the company that pay for performance, the more you add the more you get rewarded.

Question 3:   So do you think mutually agreed performance management system is an important part in the management of expectations?

HRD: It is, but I don't think that some people get that we pay for performance. I think that is one of the areas where people get breakdowns and where there can be missunderstatings, but we expect people to do their best and to contribute.

Question 4:   In the light of current economic conditions do you think there are many challenges or opportunities of having a strong psychological contract in organisation? What would be those challenges in general for all organisations?

HRD: I think the biggest expectation that people will have in the current economy is: the concerns of where is the business going, how can you guarantee me as an employee right vision, job security is massive, can you tell me that our strategy is correct and we are going to the right direction? I think that a lot of times employee will get a lot of feedback through the "Great Place" to work survey. I think that managers and leaders don't engage employees enough to be honest with them of current situation, let's say look, we have a problem, let's work together to improve. Consequently employees feel left out and not included. And I think when you feel in the dark you start to feel disengaged, out of control etc.

Question 5: And what do you think would be the reason for managers not engaging employees?

HRD: I think that one of the main reasons is that leaders are afraid to share bad news. Particularly in cultures like Kellogg's- good news culture. I think managers think it's my problem as a leader and I have to fix it and protect people from bad news. But by protecting you don't give them all the information and make them feel nervous. Honesty, ownership and autonomy are really important. I have seen in other organisations and I have seen it here that being upfront with people can surprise you, because people understand that we are all in this together, so we understand if we have to reduce the overheads or we have to take some painful measures, but thank you for sharing with us. I think sometimes you underestimate how much employees are in touch with the outside world, its hitting people at home and their pockets.

Question 6: To what extent do you believe damage as a result of psychological contract violation will depend on the employee's influential position in the organization, for example would you agree that a breach or violation of a manager's psychological contract would potentially have greater consequences for the organization than a similar breach or violation of the psychological contract of a worker on the shop floor.

HRD: It depends on the manager and almost depends on the person you are reporting to, no matter what level that manager is. One of the biggest reasons people leave organisations is because of their managers. The leader of the organisation or the leader of the function is their manager. The managers have to be very aware of the psychological contract. I think middle managers, more junior mangers think it's not their responsibility to communicate, that will be done by the head of organisation. In Kellogg's we have effective communication throughout

the entire organisation and all levels. We understand that people take communications more seriously when they hear it from their direct managers. In order for communications to be effective people have to understand it and know the people delivering the message, people that that they have day to day contact with, have the interactions. But the problem is that managers not always have enough training and accountability to take that on.

Question 7: **Do you think that could be an area for improvement?**

HRD: Massive area for improvement, in up skilling managers, particularly lover level managers. You can go from being an individual contributor, but not have enough investment in management skills. You have a general understanding of people management, but also the part of the job is to tell employees what their vision is and whether they fit in it, because every employee wants to know whether they fit in. Also it is important for a manager to be a real leader in terms of communication, inspiring people, really cementing that contract between the employee, which happens at the employee manager level not the organisational level, because no leader no matter how good there are can't touch that many people.

Question 8: **To what extent do you feel firms can use employer branding to attract and engage employees in the culture and the strategy.**

HRD: I think it's massive these days because. Years ago I remember I you could move around if it didn't work out you could move to another employer, now I think there are very few changes: you got to be sure of the employer you are going to, it also have to be very cultural fit with you as a person, also people want more from the employer these days. Employees want the employer to understand them and their family provide them with WLB,

career progression etc. The list of demands is quite large, so as employers in terms of the competition we have to be able to put out there what we sell. We working on the new employer brand at the moment, traditionally it's a "special feeling", trying to capture sense of pride, sense of relationships and feelings, we want people to see Kellogg's more than a place to work, but the place where they can get satisfaction, career progression, are treated well and also be stimulated, challenged and get sense of achievement from that.

Question 9:   To what extent do you feel employees receive a level of support from the organisation and from their peers in growing their skills, knowledge and performance?

HRD: They need that and I would say that employees are less patient these days, because people want to progress faster, go from role to role, which is one of the difficulties. There is a need to keep people motivated. We try to recruit mobile people, so the more mobile there are the more opportunities they have, in Kellogg's people do a number of programmes every year that would be stretched assignments and the best learning is through stretched assignments, rather than in the classroom. But it is so demanding and so pressurised, because you are at the point where you are competing with other companies. If you look at other companies such as Google, Dell, and Microsoft etc. it's such a broad offer of engagement, which puts companies in the war for talent. You have to be at the edge of your game and be externally focused as well as internally as we try to do this in Kellogg's. We are starting to talk about Kellogg's as a brand not only product brand.

Question 10: Do you think that psychological is an important thing to have in the wider organisational context?

HRD: I think it is, I think it touch all areas of the business, not just HR. I think we underestimate psychological contract, we underestimate newer generations as how in tuned they are and their preferences. Now people need a constant stimulation, fast career progression, all of which has to be addressed by the organisations in order to be competitive. Despite current economic conditions employees are quite demanding

Question 1:   Do you think the psychological contract as part of the employment relationship is an important concept in the organization?

HRM: Speaking about Kellogg's I think that it is important, but we need to put more focus on it, because sometimes we feel we have some problems related to expectations of the people and actual reality of the business. Therefore it is important to communicate with employees frequently about their expectations from Kellogg's and provide employees with honest answer of what is realistic.

Question 2:   In light of current economic conditions what do you think are the main challenges and opportunities of having a strong psychological contract with employees in organization?

HRM: I think that the most important thing is communication and challenges associated with it and being very clear and honest with employees. For example you can communicate salary units and explain how economic challenges impact it. I think that once you are very clear of these challenges people can accept it more positively.

Question 3:   To what extent do you believe damage as a result of psychological contract violation will depend on the employee's influential position in the organization, for example would you agree that a breach or violation of a manager's psychological contract would potentially have greater consequences for the organization than a similar breach or violation of the psychological contract of a worker on the shop floor.

HRM: I don't completely agree with that. I think that braking psychological contract at any level will affect the organisation, because at the end you are losing talent and employees'

commitment. For me the level is not so important, it is more important how the person perceive that. We have people that are more sensible to some issues and it's easier to break their psychological contract and lose them, while a different person may not mind the same issues as much. Anyway in my experience if you break psychological contract at any level you will have problems in the long or short term.

Question 4: What do you believed the mutual expectations and obligations are between employees and the organization?

HRM: I think that Kellogg's expect from people passion, commitment, new ideas and respect to the organisation. I think that organisation expects people to work in "K" values way and achieve the targets every year, but I think that attitudes are the most important thing. Employee's expectation depends on the individual, different people expect different things, but I think that people expect respect, fear treatment, career, training.

Question 5: To what extent do you feel employees receive a level of support from the organisation and from their peers in growing their skills, knowledge and performance?

HRM: We have different tools to ensure that people receive this support. It also depends on the manager, because managers are managing employee's development. In Kellogg's we have very good managers that uses those tools to develop their employees. I think that the most important thing is that managers give employees the responsibilities and a chance to make mistakes and learn from them, which is the best way to improve.

Question 6:   To what extent do you feel firms can use employer branding to attract and engage employees in the culture and the strategy?

HRM: I think employer branding is very important, particularly when speaking about future employees. You need to be very well known in the labour market that is different than consumer market. If you won't advertise your employer brand you may be the best company in the world with the best offerings and benefits in the world, but if your employer brand is not strong, nobody will know that. For internal candidates' employer branding is important to in order to retain them. The most important in employer branding is strong communication of company's values, culture, benefits etc.

Question 7: So do you think that organization's culture, strategy and employer brand can be a contributing factor to a strong psychological contract with employees?

HRM: Yes I agree with that, because at the end of the day psychological contract is putting all the expectations on the table and giving a clear vision of what is Kellogg's and its expectations to employees. After that you need to build personal with every person, because every person is different and create with them a personal psychological contract by trying to balance those expectations from both parties. However you can't create a strong psychological contract for every employee, because every employee is different. So you need to use all the elements of organisational system to create a big picture, which goes down to different levels of organisation.

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