

**EXPLORING EMPLOYEE PERCEPTIONS OF THE PSYCHOLOGICAL CONTRACT,  
EMPLOYEE MOTIVATION AND RETENTION IN THE SOUTH AFRICAN MOTOR  
INDUSTRY**

by

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**2024**

## Declaration

I declare that ***Exploring employee perceptions of the psychological contract, employee motivation and retention in the South African motor industry*** is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

I further declare that I have not previously submitted this work, or part of it, for examination at Unisa for another qualification or at any other higher education institution.

I further declare that ethical clearance to conduct the research was obtained from the Department of Human Resource Management at the University of South Africa. I also declare that the study was carried out in strict accordance with the Unisa Policy on Research Ethics and that I conducted the research with the highest integrity, taking into account Unisa's Policy on Copyright Infringement and Plagiarism.



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Sailesh Naran

27<sup>th</sup> February 2024

Date

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*“If I have seen further than others, it is by standing upon the shoulders of giants.” – Sir Isaac Newton*

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## **Abstract**

The historical roots of the employment relationship date back to early civilisations, marked by individuals seeking expertise in exchange for rewards. Unspoken expectations between parties often shape the dynamics of this relationship, influencing individual motivation and organisational retention strategies. This study delves into these three pivotal aspects: the psychological contract, employee motivation and retention. This research employs a qualitative methodology, and in-depth virtual interviews with eight employees from diverse regions, race groups, and genders within the South African motor industry. It aims to fill an existing knowledge gap in the South African context by exploring the perceptions of both managerial and non-managerial employees, focusing on the interconnectedness of the psychological contract, employee motivation, and retention in one study, which currently does not exist. Given the industry's size and the dearth of research on this topic, this study enhances understanding of the employment relationship, which can be critical knowledge for dealer principals and HR practitioners in order to improve HR practices. The study also demonstrates that employee motivation and retention are intricately linked to the psychological contract thus supporting the existing research in this area.

## **Key Terms**

Managerial staff, non-managerial staff, loyalty, recognition, employee turnover

## **Opsomming**

Die historiese wortels van die arbeidsverhouding kan teruggevoer word tot vroeë beskawings waar individue hul kundigheid vir belonings verruil het. Onuitgesproke verwagtinge tussen partye vorm dikwels die dinamika van hierdie verhouding deurdat dit individuele motivering sowel as organisatoriese retensiestrategieë beïnvloed. Hierdie studie ondersoek drie sentrale aspekte, naamlik die sielkundige kontrak, werknemermotivering en retensie. Die studie het ten doel om 'n bestaande kennisgaping te vul deur kwalitatiewe metodologie, en diepgaande virtuele onderhoude met agt werknemers uit diverse streke, rassegroepe en geslagte uit die Suid-Afrikaanse motorbedryf te benut. Die studie stel ondersoek in na die persepsies van beide bestuurs- en niebestuurspersoneel deur te fokus op hoe die sielkundige kontrak, werknemermotivering en retensie mekaar kruis – 'n unieke benadering wat nog nie vantevore verken is nie. Gegewe die grootte van die bedryf en die gebrek aan navorsing oor hierdie onderwerp, voeg hierdie studie kritieke insigte tot die arbeidsverhouding wat vir beide handelaarprinsipale en menslikehulpbronpraktisyns wat verlang om menslikehulpbronpraktyke te verbeter, van groot waarde is. Die studie onderstreep voorts die intrinsieke skakel tussen werknemermotivering en retensie en die sielkundige kontrak wat die studie in lyn stel met bestaande navorsing in hierdie veld.

## **Sleutelwoorde:**

bestuurspersoneel, niebestuurspersoneel, lojaliteit, erkenning, werknemeromset.

## **Okucashuniwe**

Umsuka womlando wobudlelwano bokuqashwa usukela emuva ezimpucukweni zakuqala, lapho abantu babeshintshana ngobuchule ukuze bathole imiklomelo. Okulindelwe okungashiwongo phakathi kwezinhlangothi kuvame ukulolonga ukuguquguquka kwalobu budlelwano, kube nomthelela wokugqugquzela komuntu ngamunye kanye namasu okugcina inhlango. Lolu cwaningo luphenya izici ezintathu ezibalulekile: inkontileka yengqondo, ugqozi lomsebenzi nokugcinwa. Ukusebenzisa indlela yokusebenza ngokuchaza, okuhlanganisa ukuthi abantu ngabanye bahlukile njengezindaba zabo zempilo kanye nezingxoxo ezijulile usebenzisa ubuchwepheshe nabasebenzi abayisishiyagalombili abavela ezifundeni ezihlukahlukene, izinhlanga nobulili embonini yezimoto yaseNingizimu Afrika, ucwaningo luhlose ukugcwalisa igebe lolwazi elikhona. Ihlola imibono yabo bobabili abasebenzi abangabaphathi nabangebona abaphathi, igxile endleleni inkontileka yengqondo, ugqozi lomsebenzi nokugcinwa kwezinto ezihlangana ngayo - indlela eyingqayizivele engazange ihlolwe ngaphambilini. Uma kubhekwa ubukhulu bemboni kanye nokushoda kocwaningo ngalesi sihloko, lolu cwaningo lunikela ngemininingwane ebalulekile ebudlelwaneni bokuqashwa, okubalulekile kothishanhlolo babathengisi nabasebenzi bakwa-HR abafuna ukuthuthukisa izinqubo ze-HR. Ngaphezu kwalokho, ucwaningo lugcizelela ukuxhumana kwangaphakathi phakathi kokugqugquzelwa kwabasebenzi nokugcinwa kanye nenkontileka yengqondo, ehambisana nocwaningo olukhona kule ndawo.

## **Amagama asemqoka**

Abasebenzi abangabaphathi, abasebenzi abangebona abangabaphathi, ukwethembeka, ukuqashelwa, inzuzo yabasebenzi

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## **CHAPTER 1: INTRODUCTION AND OVERVIEW OF THE STUDY**

*“The journey of a thousand miles begins with the first step” – Lao Tzu*

### **1.1 INTRODUCTION**

The topic of this research study revolves around the psychological contract and two facets of the employment relationship, namely employee motivation and employee retention within the South African motor industry. More specifically, the research is focused on gaining an in-depth understanding of employee perceptions of the psychological contract and how it affects and is related to employee retention and motivation. Gaining an in-depth understanding of these facets, particularly within the South African motor industry, has become fundamentally important in recent years for both employees and management alike.

This chapter starts with a background to the study and moves onto the researcher’s personal motivation and interest in the research area. Thereafter, the problem statement, research objectives and research questions are presented. This chapter ends with the envisaged contributions of this research study to the current body of knowledge in the realm of human resource management.

### **1.2 BACKGROUND TO AND MOTIVATION FOR THE RESEARCH STUDY**

The following section will provide an in-depth exploration of the psychological contract, a crucial yet often overlooked aspect of the employment relationship. A detailed discussion on how this unwritten, mental agreement between employer and employee influences various facets of the workplace, particularly employee motivation and retention will be also be provided. By examining the psychological contract's impact on trust, behaviour, and organisational commitment, this section will highlight its significance in maintaining a harmonious and productive work environment. Furthermore, the discussion will extend to the challenges faced by employers in managing the psychological contract, especially in the context of the South African motor industry, where socio-economic factors and labour dynamics present unique challenges. This background will set the stage for understanding the interplay between

the psychological contract, employee motivation, and retention, providing a foundation for the study.

### **1.2.1 BACKGROUND TO THE STUDY**

The psychological contract is an unwritten and mental contract between the employer and employee without the mutual expectations of the employment relationship being documented (Alev & Bozbayindir, 2021; Li & Dai, 2015). A psychological contract refers to an informal agreement formed on the basis of shared understanding between an employer and an employee regarding aspects of their working relationship that are mutually advantageous (Diab-Bahman & Al-Enzi, 2020; Li & Dai, 2015; Schroth, 2019). A study conducted by Satpathy, Patnaik and Mohanty (2016) shows that the psychological contract stands on seven pillars, namely career advancement, competitive remuneration, high performance recognition, skills development, job stability, professional growth and dedicated HR support.

Given the intangible nature of the psychological contract, it is challenging for management to detect whether a breach, whether intentional or unintentional, has occurred. Nevertheless, the consequences become apparent. When there is a rupture in the psychological contract, it marks the termination of trust and initiates deviant behaviour in the employee (Satpathy et al., 2016). The employee-employer relationship comprises both the implicit psychological contract and the explicit employment contract. The implicit psychological contract is the unsaid mutual expectation between an employee and the employer and can consist of elements such as understanding of good faith, fairness, transparency, and honesty (Diab-Bahman & Al-Enzi, 2020). On the other hand, the explicit employment contract contains elements such as the company's rules, policies, and entitlements of the employee during their employment with the organisation (Schroth, 2019). Consequently, the primary challenge confronting employers today is the establishment and maintenance of trust with their employees as well as connecting the implicit psychological contract and the explicit employment contract (Satpathy et al., 2016).

Employee motivation and retention in key positions are vital to any organisation that wishes to have a sustainable business in the future (Robinson & Rousseau, 1994a). For this reason, it is imperative that organisations develop a good understanding of the

various factors that influence employee motivation and the factors that fuel employee turnover. It is commonly known that a myriad of factors influence morale and motivation of an employee as well as their decision to leave the organisation (Satpathy et al., 2016). Some of these factors are remuneration, untrusting attitudes, job ambiguity, unfair rules, violation of employee trust, lack of career growth opportunities as well as poor work/life balance (Li & Dai, 2015; Satpathy et al., 2016).

The loss of employee motivation as well as contributing factors to employee turnover can in turn translate not only to high unforeseen costs that the organisation has to incur, such as those associated with recruitment and hiring, but also lead to non-monetary disruptions, such as loss of know-how, that can threaten the survival of the organisation, as well as the motivation and retention of the other employees (James & Shaw, 2020).

Organisations in South Africa during the 1980s were subjected to radical changes in the employment relationship due to restructuring, re-engineering of business models and large-scale retrenchments. This led to the breakdown of the psychological contract that connected employees to lifelong employment with a particular employer, job security and increased employee turnover (Dhanpat & Parumasur, 2014). This change in the nature of the employment relationship enabled management to address employee retention by developing retention strategies to reduce employee turnover (Varma, 2017). The success of retention practices hinges on their alignment with the values and considerations that employees consider when deciding to either stay (intention to stay) or leave (intention to quit) the organisation (Dhanpat & Parumasur, 2014). The employee's subjective interpretations of these retention factors play a crucial role in shaping the effectiveness of the organisation's retention policies (Dhanpat & Parumasur, 2014; Varma, 2017). On the other hand, changes in the employment relationship also led to changes in the psychological contract, a breach in the psychological contract has been known to result in high employee turnover and decreased levels of motivation (Dhanpat, Buthelezi, Joe, Maphela, & Shongwe, 2020).

Employee motivation is another facet that is closely related to the psychological contract and employee retention. Employee motivation exists in two forms: extrinsic and intrinsic motivation (Dhanpat & Lees, 2021). The fulfilment and/or breach of the psychological contract is linked to extrinsic motivation due to the fact that the psychological contract

governs implicit areas of the employment relationship that are not solely within the employee's control (James & Shaw, 2020). Extrinsic motivation refers to employee motivation that is seated in factors that are outside of the individual (Varma, 2017).

Varma (2017) states that some of the common sources of extrinsic motivation are the remuneration itself received by the individual, perks and benefits, such as medical aid, provident fund contributions, preferential parking bays, as well as promotion, bonuses, salary increases and lastly praise and recognition given by management for exceptional performance. Since the psychological contract is understood as a mental contract between the employee and the organisation, a perceived fulfilment or breach of this contract may have a positive or negative impact on employee motivation if the employee is motivated extrinsically based on the fairness of the employment relationship with regards to matters of mutual interest (Abdullah, Ahmed, Ibrahim, Ismail, Ngah, Tajuddin & Zin, 2012; Varma, 2017).

In addition, employee motivation may have a direct influence on employee retention from the perspective of both the employee and employer (Abdullah et al., 2012). Employees who experience a sense of ownership with regard to the organisation, feel a sense of inner fulfilment from their employment relationship and adopt the values of the organisation will be more motivated to perform their job function to the best of their ability over an employee that does not feel such a connection (Kuswati, 2020; Sheridan, 1992). This viewpoint relates to the retention of key employees as fulfilment of the psychological contract in the form of a strong and supportive organisational culture. It can play a role in not only maintaining employees' extrinsic motivation, but also ensuring that retention strategies are effective, as the success of retention strategies is based directly on lowering employees' intention to leave (De Vos & Meganck, 2009; Varma, 2017).

Due to these viewpoints, it can be understood that the psychological contract, employee motivation and retention are interrelated constructs of the employment relationship (Akkermans, Bal, De Jong & De Jong, 2019; Akkermans, Bal & De Jong, 2019; Dhanpat et al., 2020). A sound understanding of the interrelationship between the psychological contract, employee motivation and employee retention allows management to better understand employment dynamics and thus craft improved HR strategies and ensure that these strategies are aligned with organisational strategic

objectives.

Previous research on the psychological contract and employee retention behaviour has predominantly been conducted from a quantitative perspective (e.g. Oorschot, Moscardo & Blackman, 2021; Van Gilst, Schalk, Kluijtmans & Poell, 2020; Woodrow & Guest, 2020). In terms of studies conducted in the South African context, more quantitative research has been conducted particularly within the call centre environment (Dhanpat et al., 2018). No prior research has been conducted on the psychological contract, employee motivation and retention perceptions, seeking to understand the interrelatedness of these three constructs in one study within the South African context and more specifically within the motor industry from a qualitative perspective. In the pursuit of comprehensively exploring the psychological contract, employee retention and motivation in the South African motor industry, this qualitative study is of paramount importance. By employing a qualitative research approach, the study delves into the intricate contextual factors, complexities of human behaviour and abstract perceptions that quantitative approaches may not capture (Khanna, 2022; Patel & Patel, 2019). The qualitative approach thus enriches our understanding of the psychological contract, employee motivation and retention.

This study is critically important to the South African context as it addresses the unique dynamics of the psychological contract, employee motivation, and retention within the motor industry, a sector vital to the nation's economy. Unlike international studies, which often do not account for South Africa's distinct socio-economic challenges, cultural diversity, and labour market conditions. Factors such as the country's diverse workforce, historical context of labour relations, and current economic challenges profoundly influence employee perceptions and behaviours. Thus, findings from international contexts cannot be seamlessly applied. This research provides localised insights that can serve as the foundation for tailor-made strategies for enhancing employee satisfaction and organisational commitment. By focusing on these three interconnected constructs, this study offers a comprehensive understanding that is crucial for developing effective management practices in the South African motor industry, ultimately contributing to improved productivity and competitiveness in a global market.

Due to the ever-changing dynamics of the employment relationship, it has become increasingly vital for employers to keep abreast of changes in the employment

relationship to ensure that they are equipped with knowledge on the psychological contract, employee motivation and retention perceptions (Dhanpat et al., 2020). This will enable them to improve organisational efficiencies, develop and implement effective policies, retain key talent and gain a deeper understanding of employee motivation, as well as the steps management can take to improve retention of key employees and motivation of all.

### **1.2.2 PERSONAL MOTIVATION TO CONDUCT THIS RESEARCH STUDY**

Based on my personal observations and my experience in the motor industry as an HR practitioner, some of the main challenges faced by dealerships in the South African motor industry are retaining key talent across all departments and ensuring that employee motivation remains high during tough economic times. This observation can be rooted in the transferability of skills between dealers within the dealer network and also to other manufacturers, as well as perceived breaches in the psychological contract with regard to remuneration, promotion, performance management and training opportunities. The upskilling of staff in all departments entails a great financial investment because technician training courses and product knowledge courses for sales staff are costly. Once having acquired these skills, the employability of these staff members increases and so does their value to the organisation. Therefore, retaining employees can result in numerous advantages for organisations, such as reducing recruitment expenses, minimising the need for extensive training of new staff and enhancing overall productivity and employee performance. This, in turn, contributes to higher profits and the attainment of organisational objectives (Dhanpat, Lugisani, MaboJane, Modau & Phiri, 2018).

This particular area of HR has interested me as it is a central point in my understanding of the issues faced by my previous employer. Being part of a motor dealership, my organisation had experienced low motivation among staff in all departments and subsequently very high turnover of employees. This entailed the loss of highly skilled individuals across all departments to larger dealerships both within the same manufacturer and to other manufacturers and dealer groups due to the transferability of skills. This translated to a loss of intellectual capital for the organisation and ultimately reflected not only in the inability to achieve set targets, but also in the loss of clientele as the remaining employees lacked the skill and know-how of the employees that left.

The organisation began an investigation in order to uncover the cause of the high turnover, but did not come up with a valid conclusion.

In terms of the exit meetings held, I discovered that a major contributing factor to the high turnover was the perceived breach of the psychological contract that employees felt in terms of further training and development, work/life balance, as well as a myriad of other factors. Upon addressing the internal loss of motivation of current employees, I noticed that once again a perceived breach of the psychological contract was one of the underlying causes of the low motivation. Through these situations, the common denominator was the psychological contract; therefore, my interest in this study was to gain a better understanding of how the psychological contract impacts motivation and retention within the organisation, and how these three concepts are intertwined. The results of this study can help organisations in the motor industry to ensure that staff motivation remains high in trying times, as well as to prevent top-performing employees from joining competitors and thus retaining and increasing the competitive advantage of the dealership and the brand as a whole.

### **1.3 CONTEXT OF THE STUDY**

This study took place in the context of the South African motor industry and, in particular, within the passenger vehicle sector. The motor industry is one of the largest industries in South Africa, contributing 6.3% to GDP through manufacturing and retail (Plekker & Haan, 2018). It earned a total revenue of R503 billion in 2018, while also contributing 15.5% of South African exports. The motor industry also employed 457 000 people as of 2018, making it one of the largest employers in South Africa (Plekker & Haan, 2018). Due to the size of the industry, an understanding of the psychological contract is imperative to the success of strategic HR strategies. Therefore, this study aids in providing insight to management on how the psychological contract can be used to improve motivation and retention, as a breach of the psychological contract often leads to low levels of motivation and high employee turnover.

The South African motor industry not only contains dealerships of well-known vehicle brands, but also extends to the fuel and petroleum companies, motorcycle companies as well as vehicle repair shops, such as privately-owned workshops, panel shops and spares dealers. Due to the industry being labour-intensive, there is an ever-growing

need for line managers and dealer principals to have a well-developed understanding of the employment dynamics in relation to the changing market environment. Often in motor dealerships, competitive advantage lies in customer service and employee know-how due to dealerships within a dealer group or brand all selling the same product. It is for this reason that it is critical for management to know and understand the intricacies of people management as well as the dynamics of employee motivation, retention and undocumented mutual expectations.

#### **1.4 PROBLEM STATEMENT**

The psychological contract is an inherent aspect of the employment relationship, and its existence is as old as the employment relationship itself. The employment relationship and the psychological contract can be seen as two sides of the same coin and thus one cannot exist without the other (Akkermans, 2019). Gaining a deeper understanding of the psychological contract is critical in order for management to better manage the employment relationship (Dhanpat & Parumasur, 2014; Khanna, 2022; Patel & Patel, 2019). The psychological contract is also related to employment-related constructs such as employee motivation and retention. This creates incentive for management to better understand this link, as motivation and retention impact both tangible and intangible aspects of the organisation, such as productivity, hiring costs, loss of knowledge as well as motivation of remaining employees (Sheridan, 1992; Varma, 2017).

Previous studies on this topic were conducted in the United States, United Kingdom, Europe, Australia, Japan, India, and China. These studies were conducted in industries such as healthcare, education, manufacturing, hospitality, and retail and mainly from a quantitative perspective. Within the South African context, a similar study was conducted in the call center industry, however this study did not include all the explored concepts in one study. A study that encompassed the psychological contract, employee motivation, and retention in one study, within the South African motor industry has not been conducted, therefore this research study aims to fill that gap and provide South African HR professionals with greater knowledge in terms of these concepts thus contributing to local knowledge.

#### **1.5 RESEARCH QUESTIONS**

Van Zyl (2014) defines a research question as a question that the researcher has



developed around which the research is built. The researcher needs to ensure that the research question is not only clear but also focused, concise, complex and arguable (Kothari, 1990). This implies that the research question offers sufficient details, enabling the audience to grasp the purpose easily without requiring further clarification. It needs to be focused on a particular subject area, it needs to be expressed in the fewest possible words without lengthy explanations, it needs to have a sense of depth so that it cannot be answered by a simple yes or no but would rather require an analysis of ideas and different sources and lastly the research question needs to ensure that it is open to debate and will pave the way for future research (Johnson, Adkins & Chauvin, 2020; Thornhill, Lewis & Saunders, 2009). When developing research questions, it is important that the research question be centred on a topic that is of genuine interest to the researcher and that the researcher is passionate about (Liamputtong, 2020; Mauch & Park, 2003).

In terms of this study the research questions are industry-specific and aimed to gain a deeper understanding of the psychological contract as well as how it is linked to employee motivation and retention factors of key staff. The research question for this study is as follows:

- 1) How can the psychological contract, motivation and retention be considered for optimal employee performance in the South African motor industry?

This research question is further broken down into:

- 1) From an employee perspective, what are the important aspects related to the expectations in a psychological contract?
- 2) From an employee perspective, when is the psychological contract breached?
- 3) From an employee perspective, what are the effects of a psychological contract for employee motivation?
- 4) What motivates employees in the motor industry in South Africa?

## **1.6 RESEARCH OBJECTIVES**

### **1.6.1 PRIMARY RESEARCH OBJECTIVE**

The primary objective of this study was to gain a deeper and more in-depth understanding of the psychological contract as well as employee perceptions of constructs such as motivation and retention within the particular context of the South African motor industry.

### **1.6.2 SECONDARY RESEARCH OBJECTIVES**

The secondary objectives of this study were based from the vantage point of management and were as follows:

- a) To explore the underlying factors that impact employee retention and motivation across all departments at motor dealerships within the South African motor industry.
- b) To understand the effects of employee motivation and retention on overall organisational performance.
- c) To understand the effect of the psychological contract on the employment relationship as a whole.
- d) To draw conclusions and make recommendations for further research in the field of human resource management and, in particular, the South African motor industry regarding the nature of the psychological contract and what management can do to ensure that these three constructs interact with each other in a manner that is conducive to optimal organisational performance and growth.

## **1.7 SIGNIFICANCE OF THE STUDY**

The psychological contract is a facet of employment relations and has received considerable attention in recent years due to the changing dynamics of the employment relationship (Lwin, 2022). Scholars have not researched the association between retention and motivation perceptions and the psychological contract within the context of the South African motor industry in a single study using qualitative research. This research is a starting point in uncovering the perceptions of employees of the psychological contract, motivation and retention perceptions in the South African motor industry.

This research could prove to be valuable given the dynamic nature of interpersonal relationships, thus offering HR practitioners valuable insights. It can serve as an informative resource, aiding HR professionals in gaining a deeper understanding of the psychological contract, employee motivation and retention perceptions within the employment relationship. This knowledge can, in turn, assist in aligning HR strategies more effectively with the overall organisational strategy and direction. This research has the potential to assist dealerships and HR professionals in retaining valuable staff, and the findings may also prove beneficial for future researchers exploring these variables. Since the South African motor industry is large, this research study also serves as the starting point for future researchers who wish to explore these constructs in the wider motor industry, such as within motorcycle dealerships or petroleum organisations. The findings of this research have the potential to add to the existing knowledge base in the field of HR and for individuals focusing on psychological and HR factors that might impact the retention of valuable staff members. Concepts such as the psychological contract are academic in nature and not generally heard at dealership level. This study introduces the psychological contract and its implications to management and therefore makes a contribution in the form of new knowledge for dealerships nationwide.

The start of 2020 brought about a worldwide pandemic known as COVID-19. This pandemic introduced new norms such as social distancing, mask-wearing and sanitisation. Workplaces were changed radically, not only in terms of the manner in which organisations reached their goals, but also in the way employees were managed, and the South African motor industry was no exception. Subsequently, the COVID-19 pandemic brought about another workplace phenomenon known as the great resignation (Jiskrova, 2022). The great resignation saw employees reconsidering their expectations of the employment relationship and seeking out new organisations in which their needs could better be met. This entailed a high turnover of employees across all industries and this posed a new challenge for HR practitioners and senior managers to revisit their organisational strategies with regard to retention and motivation of individuals (Jiskrova, 2022).

## **1.8 HUMAN RESOURCE MANAGEMENT AS A FIELD OF STUDY**

This study is set in the field of human resource management (HRM), which is a multifaceted discipline that manages the interplay between individuals and their skillset

on one hand and the company and its business needs on the other (Fahim, 2018). It involves strategic planning, talent acquisition, talent development and retention of human capital, with an emphasis on optimally utilising the workforce to achieve organisational goals (Ma, Mayfield, M., & Mayfield, J., 2018). The importance of HRM for businesses lies in its role as the catalyst for aligning human potential with corporate objectives, fostering a conducive work culture and navigating the evolving landscape of employment relations. Effectively executed HRM practices enhance employee engagement, productivity and overall organisational resilience, ultimately contributing to sustained competitive advantage in an ever-changing and dynamic business environment (Hirsch, 2021; Ma et al., 2018).

## **1.9 THEORETICAL BOUNDARIES**

The theoretical boundaries of this study highlight the theoretical foundations which guided the exploration of the psychological contract, employee motivation and employee retention. This section establishes the theoretical framework that shaped the study, defining the theoretical parameters within which the research was conducted (Suddick, Cross, Vuoskoski, Galvin & Stew, 2020). The study drew on two foundational theories to inform its theoretical framework: Döckel's Model of Retention Factors and Maslow's hierarchy of needs. Döckel's model of retention factors and Maslow's hierarchy of needs were selected as foundational theories for this study due to their comprehensive perspectives on employee motivation and retention. Döckel's model of retention factors is specifically tailored to understand and improve employee retention through factors such as compensation, job satisfaction, career development, and work-life balance. These elements were discussed by the participants during the in-depth interviews. This framework is particularly relevant to the South African motor industry, where retaining skilled workers is critical to maintaining competitive advantage and operational efficiency.

On the other hand, Maslow's hierarchy of needs provides a broader psychological perspective on employee motivation by outlining the progression of human needs from basic physiological necessities to self-actualisation. This theory helps to understand employees' personal and professional aspirations within the workplace, thereby enriching the understanding of how various needs influence their motivation and commitment. This theory was selected due to the participants discussing many

elements found in the hierarchy and how they impact their personal motivation. Together, these theories provide a strong foundation for exploring how the psychological contract between employer and employee impacts motivation and retention, offering valuable insights for human resource practices within the South African motor industry.

### **1.9.1 DÖCKEL'S MODEL OF RETENTION FACTORS**

Döckel's model provides a structured lens through which to examine employee retention in organisations. Its comprehensive approach identifies key factors influencing retention, aligning with the study's objective to understand and analyse the factors impacting employee retention in the South African motor industry. The decision to adopt Döckel's model stemmed from its proven effectiveness in capturing the intricacies of employee retention, offering a robust foundation for the study's exploration and objectives.

Döckel's model of retention highlights several key factors that are central to the psychological contract. It emphasises elements like compensation, job satisfaction, career development, and work-life balance. These factors align with the promises and expectations that form the psychological contract. For example, if an employee perceives that their employer is fulfilling expectations regarding fair remuneration, opportunities for growth, and a supportive work environment, the psychological contract is upheld, leading to higher retention rates. On the other hand, breaches in these areas can result in dissatisfaction and employee turnover.

### **1.9.2 MASLOW'S HIERARCHY OF NEEDS**

Maslow's hierarchy of needs was employed to conceptualise employee motivation. This widely recognised theory categorises human needs into a hierarchical structure, offering insights into the diverse motivational factors influencing individuals (Acquah, Nsiah, Antie & Otoo, 2021; Khan, Bhatti, Hussain, Ahmad & Iqbal, 2021). By integrating Maslow's framework, the aim was to understand how various levels of needs impact employee motivation within the context of the South African motor industry. The selection of Maslow's theory was driven by its enduring relevance and applicability in understanding human motivation. Maslow's hierarchy of needs deepens the connection to the psychological contract by outlining the fundamental human needs that must be

met for an individual to feel motivated and fulfilled. This hierarchy starts with basic physiological needs and progresses through safety, social belonging, esteem, and self-actualisation. The psychological contract can be seen as a framework that addresses these needs within the workplace. When an employer meets an employee's needs at various levels of Maslow's hierarchy—such as providing job security (safety), fostering a sense of community (belonging), recognising achievements (esteem), and offering opportunities for personal growth (self-actualisation)—the psychological contract is reinforced. This fulfilment enhances motivation and retention, as employees feel valued and supported.

## **1.10 CHAPTER DIVISION**

The chapters of this dissertation are demarcated as follows:

Chapter 1 presents the background to and motivation for the research, along with the problem statement, the general objectives of the study and research questions, and the contribution of the study.

In Chapter 2 the research design and methodology followed in the research study are discussed. This chapter also includes a discussion of the ontological and epistemological assumptions, sampling, data collection and data analysis as well as ethical considerations.

Chapter 3 provides a literature review of the psychological contract, and starts with a definition of the psychological contract, the expectations in the employment relationship, the various types of psychological contracts, factors that influence the psychological contract and consequences of a breach.

In Chapter 4 employee motivation is discussed through a definition of the concept and then the various motivation theories are explored, both content and process, as well as the myriad variables that impact employee motivation. This chapter ends with the consequences of employee motivation.

Chapter 5 focuses on employee retention. Döckel's Model of Retention Factors and its components are explored, together with the role certain factors play in overall employee retention. This chapter ends with the role managers play in employee retention as well as consequences of employee retention.

Chapter 6 presents the findings of this research with regard to the participants' perceptions of employee motivation and retention as well as the psychological contract. The themes and subthemes that were constructed through thematic analysis are presented.

Chapter 7 presents the conclusion to the study, and includes a reflection on the potential limitations, the strengths of the study, recommendations for future research as well as recommendations to practitioners working in the field.

## CHAPTER 2: RESEARCH METHODOLOGY

*“Research is to see what everybody else has seen, and to think what nobody else has thought” - Albert Szent-Györgyi*

### 2.1 INTRODUCTION

As a postgraduate researcher, my research journey can be described as that of a marathon rather than a sprint. Consistency, planning and discipline played a key role in my research and data collection journey, as they do in a marathon. In this chapter, I have documented the methodological path that guided the direction of my research study.

The intention of this chapter is to describe in detail the methodology followed in this research study, the data collection and analysis process and ethical considerations. This chapter therefore provides an overview of the entire research process. This in turn serves as a reflective audit trail, in which I reflect on the collection of data from participants, as well as the interviews that were conducted. As part of data collection, I found it helpful to diarise my feelings and thoughts throughout the research process, in order to better understand and address them in a constructive manner, as well as to ensure that the institution’s ethical requirements were abided by. Providing a real-life account of how the research process transpired, as well as reflective journaling, links to the phenomenological assumptions applied in this research study. These approaches are also commonly used by qualitative researchers in the HRM field (Liamputtong, 2009; Maxwell, 2013; Yin, 2016).

The following sections will detail the entire research process and will include the research design of this study, the philosophical assumptions, research methodology employed, the type of phenomenology that underpins this study, the sample and population that were included, how data was collected and stored, a description of the data analysis methodology that was used, insight into the participants that participated in this study, as well as steps taken to ensure that the research study complied with institutional requirements.



## **2.2 RESEARCH DESIGN**

Selecting a research design is one of the biggest decisions a researcher has to make after developing the research objectives and aims. The research design, according to Van Zyl (2014), is a blueprint and roadmap of the direction the intended research will take, how it will progress and how data will be collected as well as analysed. The research design is derived from the research objectives, aims and the problem statement (Bernard & Ryan, 2010; Carter, Kelly & Brailsford, 2012; Flick, 2022; Hennick, Hutter, & Bailey, 2011).

### **2.2.1 QUALITATIVE OR QUANTITATIVE**

Van Zyl (2014) recommends that the researcher choose whether a qualitative or quantitative study will be used to investigate the research topic, and explains that qualitative research is more than the polar opposite of quantitative research. Qualitative research is mainly exploratory in nature. It is used to better understand human behaviour in a natural environment by comprehending the underlying reasons and motivations for and opinions about this behaviour (Mark & Smith, 2018; Mason, 2002; Oliver, 2004). Qualitative research also serves as the foundation for potential quantitative research through its role of providing insight into a problem and helping to develop ideas or hypotheses (Flick, 2022). Qualitative research is also utilised in order to uncover trends in opinions and thoughts, as well as to delve deeper into the problem from the viewpoint of participants. Qualitative data collection methods include individual interviews, focus groups (group discussions), unstructured and semi-structured techniques and participation/observations (Saunders, Lewis, & Thornhill, 2023). The sample size is usually small, and participants are selected to meet a predetermined quota (Marshall, 1996; Neuman, 2003). The goal of qualitative research is to comprehend the social reality of individuals, groups and cultures as perceived or experienced by these participants (Creswell & Creswell, 2018; Kothari, 1990; Saunders et al., 2023).

This study aimed to develop a more in-depth understanding of the employment relationship in terms of the psychological contract, employee motivation and retention perceptions. As qualitative research is focused on studying the stories, perceptions and aspects of human behaviour that cannot be quantified (Van Zyl, 2014), it was the most appropriate design to achieve the aims and objectives of this study.

### **2.2.2 PHILOSOPHICAL ASSUMPTIONS**

The ideas of epistemology and ontology revolve around the beliefs regarding how knowledge is attainable (epistemology) and the fundamental nature of reality (ontology) (Al-Ababneh, 2020; Bahari, 2010; Lucas, 2014). In a qualitative research design, reality is constructed or interpreted, whereas quantitative approaches strive to uncover a stable external reality (Braun & Clarke, 2013; Denzin & Lincoln, 2011). This research study was based on the assumptions that individuals seek an understanding of the world they live in, and meaning assigned to different constructs is subjective. As this study aimed to gain a deeper understanding of employee perceptions relating to the psychological contract, motivation and retention, it subscribed to the constructivist paradigm, a subjective epistemology and relativist ontology (Dieronitou, 2014; Guba & Lincoln, 1994; Khanna, 2022). A relativist ontology views reality as a finite subjective experience and claims that nothing exists apart from our thoughts (Denzin & Lincoln, 2011; Dieronitou, 2014). This ontology also views our realities as developed by each individual within their mind based on their unique experiences. Therefore, according to a relativist ontology, no one true reality exists (Khanna, 2022; Oliver, 2004).

The purpose of this study from a relativist ontology view was to understand the subjective experience of employee perceptions relating to the psychological contract, motivation and retention. Subjective epistemology is understood as the truth in a situation which is based on the attitudes and feelings of the individual. This means that knowledge and realities are formed through the “lens” of the individuals and are based upon factors such as language, race, ethnicity, as well as cognitive factors that exist in the human mind, for instance experiences, values, thoughts and beliefs, and therefore cannot exist independently of the human mind (Al-Ababneh, 2020; Levers, 2013). Subjective epistemology is thus based on the understanding that human interactions form the basis for subjective knowledge creation. This has wide applicability to this study as the constructs that were explored and interpretations of them by individuals were underpinned by their own subjective experiences and realities.

A constructivist paradigm aims to obtain meaning from individuals based on perceptions that are subjective in nature; this is consistent with the nature of this study and the researcher being able to interact with participants directly (Bloomberg & Volpe, 2012; Maxwell, 2013). In this study, the aim was to gain a deeper understanding of

participants' perceptions regarding the psychological contract, retention and motivation factors.

Within the constructivist paradigm exists an epistemological assumption that findings are mutually created by the researcher and participants through their interaction and interpretations (Khanna, 2022; Liamputtong, 2009; Lucas, 2014; Myers, 2013; Salkind, 2012). The constructivist paradigm points to a transactional and subjective standpoint where reality is socially constructed through interaction between the researcher and participants. Reality is therefore constructed through mutual interaction between the researcher and the participants (Al-Ababneh, 2020; Bahari, 2010; De Gialdino, 2009; Guba & Lincoln, 1994).

The goal of this research was to gain an insightful understanding of employee perceptions of three constructs, namely the psychological contract, employee motivation and employee retention, within the context of the South African motor industry. In order to achieve this goal, I played an integral role in the research study by jointly constructing meaning with participants and not being a detached researcher.

### **2.3 RESEARCH METHODOLOGY**

Research methodology can be understood as the methodological process adhered to by the researcher in terms of determining the sample size, manner in which data will be collected and the analysis of the said data (Flick, 2022; Ruane, 2005; Saldaña & Omasta, 2018; Silverman, 2005; Willis, 2007). Research methodology as defined by Flick (2022) is the tools used by the researcher in order to collect data from participants in a study with the aim of drawing a conclusion and shedding light on a particular research area. Research methods rely on the research design and nature of the study chosen by the researcher. It is important that the methodology be consistent with the aims of the study. Research methods are thus seen as a technique that structures the study in a systematic manner from start to end (Given, 2016; Salkind, 2012). The sections below provide information on the target population, sampling method and criteria, sample size, participants, the method used to collect data and the steps taken to conduct the data analysis.

### **2.3.1 SAMPLING**

When a researcher wishes to undertake a particular study, it will be impossible to collect or analyse data from all members of the target population due to time, money and often access constraints (Bloomberg & Volpe, 2012; Flick, 2022; Van Zyl, 2014). Sampling thus allows the researcher to acquire a sample of the population that will be used in the study so that the results may be generalised to the population as a whole, thus limiting the amount of data that the researcher needs to obtain and analyse (Harding, 2013; Kothari, 1990; Patel & Patel, 2019; Thornhill et al., 2009). In addition to limiting the amount of data the researcher needs to collect and analyse, sampling also plays a role in making a research study feasible in light of costs and time constraints in the event the population is too large (Creswell & Creswell, 2018; Kothari, 1990).

#### **2.3.1.1 RESEARCH POPULATION**

The target population is the entire set of cases from which a sample is drawn (Magnussen & Marecek, 2015; Merriam & Tisdell, 2016; Yates & Leggett, 2018). The size of the population can vary depending on the nature and context of the study (Creswell & Creswell, 2018; Van Zyl, 2014). The target population for this study was employees (managerial and non-managerial) from the service, parts, sales and administration departments in the South African motor industry from various dealerships across various brands, as well as multi-franchise dealers, non-franchise dealers and privately owned/independent dealers countrywide.

#### **2.3.1.2 SAMPLING AND CRITERIA**

Non-probability sampling was utilised in this study, more specifically convenience and purposive sampling. This type of sampling permits the researcher to choose a sample based on their own subjective judgement instead of random selection (Creswell & Creswell, 2018; Kothari, 1990; Saunders et al., 2023). Non-probability sampling provides the researcher with information-rich data that allows for the research question and problem area to be explored at a more in-depth level and plays a role in gaining insight into theories, behaviours and perceptions (Mishra & Alok, 2022; Ruane, 2005; Silverman, 2005; Yin, 2016). This sampling relies on the expertise of the researcher (Churchill, 2018; Saunders et al., 2023). Non-probability sampling will also be the most feasible method if resources are limited and if the population is too large, in which it is

unfeasible to gather data from the entire population (Crabtree & Miller, 2022; Flick, 2022; Jonker & Pennink, 2013; Liamputtong, 2020).

One of the consequences of this form of sampling is that due to the sample being purposively chosen, there is room for the researcher's bias to enter the research study (King & Horrocks, 2010; Mark & Smith, 2018; Yates & Leggett, 2018). Convenience sampling is one of the most popular sampling strategies used in qualitative research studies; it entails the researcher choosing a sample based on convenience. This can be based on criteria such as availability of participants (Aspers & Corte, 2019; Klopper, 2008; Marshall & Rossman, 2019). As a result of the COVID-19 pandemic and the implementation of social distancing protocols, inviting prospective participants in-person was no longer feasible and therefore LinkedIn was used as a platform to recruit participants. I contacted participants directly on LinkedIn via the direct message function. I sent them a direct message inviting them to participate in the research study, as well as informing them about the nature of the study and obtaining consent. The use of a gatekeeper was therefore not required.

The purposive sampling strategies that were utilised are homogeneous sampling and critical case sampling (Bahari, 2010; Braun & Clarke, 2013; Carter et al., 2012; Gupta & Gupta, 2022). Homogeneous case sampling allows the researcher to focus on a particular group of people that are similar to each other (Dingwall & McDonnel, 2015; Marshall & Rossman, 2019; Smith, 2004). This was applicable to this study as employees in the motor industry are often similar to each other across various departments such as sales, parts, workshop, and administration. The chosen sample was homogeneous based on the department each employee was based in and there was a great similarity in job function. Critical case sampling permits the researcher to isolate a sample that is critical to the research study (Mason, 2002; Myers, 2013; Saldaña & Omasta, 2018).

In terms of this study the critical inclusion sampling criteria were divided into two groups, namely (1) the department managers of the service, parts, sales and administrative departments and (2) non-managerial employees such as sales executives, accounts and administration personnel and workshop personnel such as technicians and service advisors, who are skilled employees and possess knowledge unique to the motor industry or possess a professional skillset. The exclusion sampling criteria included

unskilled and semi-skilled employees such as cleaning and wash bay staff, tea ladies, receptionists, general workers and drivers.

### **2.3.1.3 SAMPLE SIZE**

Deciding on a suitable sample size is often ambiguous for the researcher in a qualitative study as there are rarely any guidelines and rules that the researcher can use as a reference point (Aspers & Corte, 2019; Carter et al., 2012; Denzin & Lincoln, 2011). A starting point for the sample size is to determine what will fit the research question and what can be done with limited resources (Silverman, 2005; Willis, 2007; Yin, 2016). A general guideline in terms of sample size for qualitative research is between six and twenty participants, depending on factors such as funding, time and access to relevant participants (Bernard & Ryan, 2010; Flick, 2022; Grbich, 2007). The final total sample size was eight participants chosen from the service, parts, sales (both new car department and pre-owned sales department) and administrative departments, across various dealerships countrywide. Data saturation was used as the primary means to limit the sample size, this entailed stopping sampling when no new information was discovered (Hennink & Kaiser, 2021).

### **2.3.1.4 THE PARTICIPANTS**

Qualitative research studies are often very contextual in nature compared to their quantitative counterparts (Saldaña & Omasta, 2018; Salkind, 2012; Silverman, 2005). I therefore deemed it important to provide a brief background of each participant that participated in this study, as well as further explore my perceptions of them during the interviews. In this study, eight participants were interviewed in line with the inclusion and exclusion criteria (Hennink & Kaiser, 2021). These participants are described below in the order in which they were interviewed.

Table 2.1: Overview of participant demographics

| Participant No | Race     | Gender | Age       | Province       |
|----------------|----------|--------|-----------|----------------|
| Participant 1  | Indian   | Male   | Early 20s | Gauteng        |
| Participant 2  | White    | Male   | Early 30s | Gauteng        |
| Participant 3  | Indian   | Male   | Mid-40s   | Kwa-Zulu Natal |
| Participant 4  | Indian   | Male   | Early 50s | Gauteng        |
| Participant 5  | Coloured | Male   | Early 30s | Western Cape   |
| Participant 6  | Indian   | Male   | Early 20s | Gauteng        |
| Participant 7  | Coloured | Female | Mid-40s   | Gauteng        |
| Participant 8  | White    | Female | Early 30s | Western Cape   |

### a) Participant 1

The first interview I conducted in September 2021 also served as the pilot interview for this study. The first participant was a young, up-and-coming Indian male in his early 20s. He had a passion for the motor industry and a confidence uncommon for his age. He was employed at an independently owned premium brand dealership based in Johannesburg. The diary extract below reflects how I perceived him:

*Participant 1 is a very young individual who has quickly ascended the ranks in his organisation. He is an open-minded person who is open to learning new things and new ways of thinking. I noticed he was a bit nervous at the beginning of the interview and was very soft-spoken. As the interview progressed, he grew more confident and began to open up more about his experiences and thoughts on the subject at hand.*

Despite having not being employed in an HR or labour relations capacity, he was able to grasp the nature of the study very quickly and understand his role in the interview. I did not find it very difficult to explain to him what the psychological contract entails, as he was quick to understand the term even though it is very academic. I found participant 1 to be a highly intellectual and intelligent individual who was quick to adapt to new concepts, a very young and promising individual.

### b) Participant 2

The second interview was conducted with participant 2, who was a white male in his early 30s from a premium brand dealership. This individual was based in Johannesburg and had spent numerous years in the motor industry, with aspirations to grow his career

and one day attain a position in management. During the interview, he was very proud to be part of the South African motor industry and especially the brand he was associated with. I found that he was dedicated to excellent customer service. Participant 2's nervousness was evident in the following diary notation dated 22 November 2021:

*Participant 2 has joined the online Teams meeting and as I am explaining to him the nature of the psychological contract and the intentions of this study, I can sense some apprehension and uncertainty from the “uh” and “hmm” during the interview.*

Not long after the interview began to progress, the participant felt more comfortable and so did I as the researcher.

### **c) Participant 3**

The third participant in this study was a male managerial employee of Indian descent. He was based in Durban, KwaZulu-Natal and was part of a group dealer. He was a manager in a group dealer and in his early to mid-40s, and the following diary extract dated 23 December 2021 represents my thoughts and feelings about this participant:

*As the discussion is progressing, I notice participant 3 is very knowledgeable on the motor industry as well as the role of management in not only the dealership's performance but also as far as managing employees go. I also notice that he is a very timid person with a very approachable personality.*

I found participant 3 very dedicated to not only his career, but also to this study as this participant had chosen to be interviewed via his cellular phone and during his lunch break while at work. I had offered participant 3 an alternative timeslot for the interview as I did not want to disrupt his working day, but he had mentioned to me during the invitation to participate in the study stage that he did not wish to delay my study. Participant 3 was a long-standing employee in the motor industry as he started off as a “sales cadet” and climbed the corporate ladder until reaching a management role. My perception of participant 3 was that of an individual willing to go above and beyond for those around him.



#### **d) Participant 4**

The fourth participant in this research study was also a managerial employee of Indian descent in his early 50s. Participant 4 was employed at an independently owned premium brand dealership within the Gauteng area. He, just like participant 3, had climbed the corporate ladder over the years and he too started off his career in the motor industry as a “sales cadet”, finally working up to management. Participant 4 provided a wealth of insight into the area of research this study covered due to his many years in the industry and the knowledge he gained through holding managerial and non-managerial positions. Also, having worked at different automotive brands, participant 4 had worked with individuals from many different walks of life and backgrounds.

#### **e) Participant 5**

Participant 5 was a coloured male in his early 30s from a leading group dealership based in Paarl, Western Cape. Out of all the participants in this research study, participant 5 was one of the most enthusiastic and excited. From the first moment of contact on LinkedIn, I could already sense the free-spiritedness of this individual through his immediate excitement and willingness to participate, and this became even more evident during the interview. The following diary entry reflects my perceptions of him:

*Participant 5 is very enthusiastic and was willing to participate in the study from the get-go. The interview was booked promptly and during the interview I can sense that participant 5 can truly resonate with the topic. He is an energetic individual and this was evident in his tone of voice as well as in the promptness of his responses. He had little to no difficulty in understanding what is the purpose of the interview and the contributions it would make to the motor industry. Based on the well-wishes for the completion of this study and the willingness of the participant to read my published dissertation, I could tell he was very invested in the study.*

Participant 5 was a very hard worker who was not only striving to achieve his targets, but also committed to delivering the best customer service to his clients. His career in sales started from humble beginnings in a bicycle shop as a salesperson, after which he got a big break in the motor industry at dealership level and had been at dealerships ever since.

#### **f) Participant 6**

The sixth participant in this research study was another very young Indian male in his very early 20s and was at the start of his career in the motor industry. I found him quite similar to participant 1 in his demeanour. He started his career in the motor industry after completion of matric. He is currently employed in the Johannesburg area at a group dealer. The below diary extract highlights my perceptions and feelings towards participant 6:

*Participant 6 has scheduled the interview for a weekday evening. Prior to the commencement of the interview, he had requested if the interview can be moved 30 minutes later as he needed to collect medication for an ill spouse. Upon joining the meeting, I found participant 6 to not only be well spoken but also young and ambitious. He had a tone of friendliness and he was quite welcoming. As a young individual, he could relate to unsaid expectations in the workplace and always provided me with a well-thought out answer to all my interview questions.*

Participant 6 was an up-and-coming individual who was dedicated and passionate about his job and industry. He came across as the kind of individual who strives to build lasting relationships with clientele as opposed to chasing commissions and meeting targets. I found him to be a level-headed and calm individual who was very loyal to his organisation and profession. Participant 6 was positively impressed with the potential contribution this study could make to the motor industry and the existing body of knowledge. Participant 6 also found me to be a high-value HR individual and valued my thoughts, as once the interview had concluded, he proceeded to seek my thoughts on a workplace matter he was experiencing.

#### **g) Participant 7**

The seventh participant in this research study was a coloured female in her mid-40s. She was with a large group dealer in the Johannesburg area and was in a managerial position. The interview with participant 7 was the longest of all the interviews conducted and when I reached the transcribing stage, I left this participant for last due to the length of the interview. Participant 7 had in excess of 15 years' experience in the motor industry in her particular job function. The diary extract below reflects my perceptions of this participant:

*I find participant 7 to be a very mature and down-to-earth lady. She possesses much more experience than her “CV” would state. I found her confident yet assertive, and an individual with strong-rooted beliefs on what is right and what isn’t and isn’t afraid to stand her ground. She is a fair and reasonable person who strives for the highest level of performance in her job function but also places a great deal of value on mutual fairness.*

Participant 7 enjoyed speaking of her experiences, thoughts, feelings and perceptions regarding the research topic. She provided very in-depth insight which I found very valuable, and I therefore felt no need to restrict the length of the interview or conclude it hastily. The spouse of participant 7 was also employed in the motor industry and therefore I believed this participant was key to this research study.

#### **h) Participant 8**

The final participant in this research was a white female in her early 30s. She was employed by a group dealer in the Western Cape area and had a similar demeanour to participant 7. Just like participant 7, I found her down to earth and very mature for her age. She was easy to talk to and had a bubbly personality. The diary extract below represents how I perceived her:

*Participant 8 is very similar to participant 7 in that they both possess a very mature level of thinking and down-to-earth expectations of the employment relationship. She is friendly and upbeat which should make this interview easier to go through for both of us.*

Participant 8 was a strong-willed individual who would not let a setback get the better of her; rather she would use the setback as a stepping stone to improve shortcomings. Also, similar to participant 7, I found her to be very rational, logical and level-headed, which I believed allowed her to make better decisions. Her rationality and critical thinking skills made our interview very fruitful. At the beginning of the interview, she struggled a little to grasp the concept of the psychological contract, but after providing her with some examples, she understood the concept quite well.

#### **2.3.1.5 DATA COLLECTION (SEPTEMBER 2021 TO DECEMBER 2021)**

Due to the qualitative approach this research study took, in-depth interviews were

utilised as the method through which data was collected. The purpose of this study was to gain an in-depth understanding of the intricacies of the psychological contract, employee motivation and retention, as well as how individuals interpret and perceive these constructs within the working environment (Dingwall & McDonnel, 2015; Hennick et al., 2011; Mark & Smith, 2018; O'Neil & Koekemoer, 2016). In-depth interviews are considered the most effective data collection method for qualitative research (Brinkmann & Kvale, 2014; Crabtree & Miller, 2022; Flick, 2022; Malmqvist, Hellberg, Möllås, Rose & Shevlin, 2019). This is due to the fact that a qualitative study is explorative in nature and in-depth interviews provide the researcher with the opportunity to probe deeper in order to uncover deeper meaning, as well as steer the direction of the discussion in light of the research objectives (Khan & Aziz, 2020; Malmqvist et al., 2019). In-depth interviews also allow the participant to speak freely and share rich information pertaining to experiences and perceptions surrounding the research area (Harding, 2013).

In-depth interviews (see Appendix D) were therefore chosen as the data collection method for this study as they enabled me to probe deeper through open-ended questions that allowed the participants to freely express their thoughts, views and perceptions in a conversational manner. In-depth interviews can thus be seen as a qualitative data collection method in which the researcher engages in a probing discussion with a participant that possesses knowledge on a particular subject matter (Maxwell, 2013; Patel & Patel, 2019; Salkind, 2012; Silverman, 2005; Yin, 2016). Some of the major strengths of in-depth interviews are that they enable the researcher to capture rich data about people's perceptions, they are flexible in structure, thus allowing the researcher to easily change direction, they allow the researcher to ask follow-up questions and they create a climate of friendliness between the researcher and participant, which plays a role in the participant being comfortable to share rich data (Aspers & Corte, 2019; Mason, 2002; Yates & Leggett, 2018). Friendliness is contextual and cannot be captured or reported on in this dissertation but does contribute to rich data which was obtained.

#### **2.3.1.6 PILOT INTERVIEW**

A reliable way to test interview protocol in qualitative research is the use of pilot interviews when using interviews as a data collection method (Bailey, 2007; Mishra &

Alok, 2022; Welman, Kruger, & Mitchell, 2005; Yin, 2016). Pilot interviews can be understood as the initial interview done by the researcher with the aim of identifying unforeseen issues and refining the interview questions in order to improve the data collection process for future interviews (Brinkmann & Kvale, 2014; Ismail, Kinchin, & Edwards, 2017; Majid, Othman, Mohamad, Lim & Yusof, 2017; Malmqvist et al., 2019).

As this was my first time conducting interviews in the qualitative research context, I chose to conduct one pilot interview in September 2021 in order to get accustomed to the process. In the realm of qualitative research, pilot interviews are common practice as they allow researchers to practise their ability to conduct interviews. After obtaining ethical approval from the university, I grew more nervous about conducting interviews, as being an introverted individual, I was anxious about speaking to people I did not know. I was also unsure as to whether I would be able to successfully obtain the required information from my participants.

As time went on, I received a great deal of encouragement from my supervisors, as well as my close friends and family. This in turn made me feel more confident to not delay data collection any further. As a consequence of the COVID-19 pandemic and social distancing protocols, my data collection was done through online platforms such as Microsoft Teams, and LinkedIn was utilised as a medium to source participants. Data collection through Microsoft Teams is new to qualitative research and this added to my anxiety, as I was unsure as to whether I would be able to conduct my research successfully and adequately through an online platform.

I started by connecting with individuals on LinkedIn who fit the inclusion criteria for this research study. Having already developed the interview questions as well as the consent form and participant information sheet, I was confident that I had all the tools required to continue with my study.

Given that I was new to using an online platform such as Microsoft Teams, I decided to educate myself on the use of this platform, its functionality and its features by watching tutorials on YouTube. This was where I learnt to use the transcribing and recording functionality as well as how to set up meetings. In order to ensure that I was competent enough to utilise Microsoft Teams successfully, I decided to practise at home with my brother who had volunteered to assist me with testing.

Satisfied that I was comfortable with using Microsoft Teams and that everything worked well, I proceeded to connect with prospective participants while keeping the inclusion and exclusion criteria for sampling participants in mind (see section 2.3.1.2). Doing this provided clear direction on who the sample group was and helped narrow down the list of potential participants. In order to do this, I used the search bar on LinkedIn to search for individuals that were incumbents for positions that qualified for this research study. I then began to send connection requests to suitable individuals that fit the sampling criteria.

Once the connection request had been accepted, I proceeded to use the direct message function to inform them about the research study and invite them to participate. Having already developed the participant information sheet and consent forms during the application for ethical clearance stage, I made use of the same information sheet to inform the participants of the nature of the study, its purpose and what it would entail. When conducting the pilot interview, I encountered many external hindrances, such as environmental noise from both my side and the participant's side, as well as poor network connection. The occurrence of loadshedding and theft of electrical cables in both mine and the participant's areas were another hinderance, which made scheduling interviews difficult. In order to remedy the situation, I rescheduled the interview to another time as well as made use of a new location. Flexibility on both my part and the part of the participant was key to effective interviewing. After a successful pilot interview, my confidence grew and I felt more at ease with the way forward.

#### **2.3.1.7 GATHERING MORE PARTICIPANTS**

Participants were chosen based solely on the inclusion criteria. The use of LinkedIn played a pivotal role in gathering suitable participants easily. More prospective participants were recruited in the same manner as the participant for the pilot interview. I sent them a connection request and upon them accepting the said request, I invited them to participate in the study by sending them the participant information sheet and informed consent sheet.

To my unexpected disappointment, I received no response from prospective individuals I invited to participate in the study. This dismay made me feel more anxious and

nervous regarding my ability to succeed in this study. My anxiety and apprehension are evident in an email extract sent to my supervisor dated 26 October 2021:

*Would you by any chance know what am I doing wrong in the recruitment of participants as I am not having any success here and I am also nearing the end of the literature review chapter on employee retention and I am starting to worry about the lack of participants?*

After receiving encouragement and motivation from my supervisors, I decided not to let the silence affect my confidence and I persevered. As time went on, I sent out more connection requests, but was still met with no responses from prospective participants. The lack of interest in my research study was something that bothered me and made me question the viability of my study, but I continued to remain motivated and determined to complete my research study successfully. After a few months of persevering and sending out more invitations, I finally received positive responses from eight individuals who found my research topic interesting and were willing to participate, so I was able to obtain the targeted sample.

Before conducting the interviews, I ensured that each participant was aware of what the research study entailed. This was done by given them an information sheet, detailing the nature of the research as well as addressing frequently asked questions pertaining to the study, such as those related to confidentiality, etc. This was done in line with the university's ethics code and policy. As researchers, it is our responsibility to ensure that our research is carried out in an ethical manner that does not bring about harm directly or indirectly to all participants of the study (Braun & Clarke, 2013; Denzin & Lincoln, 2011; Given, 2016). In order to attain this, I reiterated to each participant that confidentiality was of the utmost importance in this study and that all information provided would remain anonymous.

While preparing for the interviews, I made use of guidelines and recommendations of relevant literature for qualitative research interviews (Liamputtong, 2020; Magnussen & Marecek, 2015; Yates & Leggett, 2018). In addition, I also sought guidance from my supervisors on how to approach the interviews. As the primary research instrument, the success of the interviews would depend entirely on my ability to ask the right questions and obtain adequate responses from the participants. This added to my nervousness

and anxiety with regard to conducting these interviews. Fortunately, I relied on the participant information sheet and my set of interview questions that I had developed, so I felt a little at ease with the way forward.

#### **2.3.1.8 CONDUCTING THE BALANCE OF THE INTERVIEWS (DECEMBER 2021)**

After obtaining consent from participants two to eight, the next step for me was to set up a meeting at a convenient time for the participant. Given that the interviews were conducted electronically via the online platform Microsoft Teams, there was no need to hold in-person interviews. Due to the COVID-19 pandemic, Unisa had advised qualitative researchers to conduct interviews via online media in order to reduce transmission of the disease. The use of Microsoft Teams provided a great amount of flexibility to both the participant and myself as the researcher. Participants were permitted to join the meeting either from their laptops or cellular phones. This made participating very convenient as it could be done outside of working hours or even during lunch breaks. This in turn required a great deal of flexibility on my part as the researcher in order to hold the interview at a suitable time for the participant.

As with any form of online data collection, some of the biggest challenges I faced as the researcher were firstly the participants' lack of knowledge of how to use Microsoft Teams and secondly, an unstable network connection. As employees in the motor industry are often customer-facing, work-from-home options, which had become the new way of conducting one's duties, were not applicable to these employees; it was therefore not expected of them to be competent and knowledgeable in the use of Microsoft Teams. In order to overcome these difficulties, I provided telephonic assistance to the participants on how to accept the meeting request, where to access the link to join the meeting as well as how to activate the microphone. In order to remedy the issue of poor network connectivity after having numerous issues with LTE/4G connectivity, I conducted some research on the feasibility of fibre connectivity and found it to be more reliable in bad weather as well as having faster connection speeds. I therefore opted for fibre-based internet connectivity for my home. When conducting the interviews, I found the fibre connectivity much better than LTE as it provided much clearer audio, which was evident in the Microsoft Teams audio recording.



As much as I felt confident in my abilities as a researcher, I still felt nervous and anxious, as speaking to new individuals was a challenge for me. As I conducted more interviews, my confidence improved as the process became more natural. The participants struggled with understanding what the term *psychological contract* means. It is a very academic term and often used mainly by scholars. It is not a term that is often heard in the workplace; participants were therefore not expected to have an understanding of what the term entails. This made participants unsure of their role in the research study and in the interview itself. Due to the nature of what the psychological contract is, explaining it in non-academic language proved to be a challenge for me, but after some research, I developed my own explanation that was simple and easy to understand.

As the interview went on and after I introduced myself and explained the purpose of my study, participants began to feel more confident and at ease. A key factor I highlighted was that there was no right or wrong answers to my interview questions; this put the participants more at ease as many were concerned about giving the wrong answer. As the researcher, the responsibility was with me to ensure that the participants were aware of their role in the study and what was expected of them. All participants were provided with the participant information sheet prior to the interview, so many of them had an idea of what the study was about, but some further clarity was still required.

Each interview began with a little bit of small talk and general conversation starters in order to create a comfortable setting. This helped both myself and the participant to feel more at ease. For many of the participants, participating in a postgraduate research study was new to them and therefore apprehension was expected. The duration of each interview ranged from 30 to 60 minutes. In the longer interviews, the participants were very interested in the research area and had a great deal of insight pertaining to their experiences, and so I saw no need to reduce the length of the interview. With regard to the language used in the interviews, all participants were comfortable with using English. A total of eight in-depth interviews were conducted between September and December 2021.

#### **2.3.1.9 CONDUCTING FOLLOW-UP INTERVIEWS AND CHALLENGES ENCOUNTERED**

In order to gain a deeper understanding of and further insights into the research study, I

attempted to conduct follow-up interviews with two of the eight selected participants. These interviews aimed to gain clarity on the information shared by participants during the initial data collection phase (Crabtree & Miller, 2022; Fischer & Guzel, 2023). By conducting follow-up interviews, it was anticipated that a richer and more detailed understanding of the research topic and its encompassing constructs could be achieved. The aim of these interviews was to give participants an opportunity to elaborate on their initial responses and provide further context, thus enriching the data collected for the study.

The decision to conduct follow-up interviews was motivated by the desire to delve deeper into specific aspects of the participants' experiences, elaborate on their perspectives and clarify any ambiguities or gaps in the data obtained from the initial interviews, as well as to obtain real-life experiences that could show how the psychological contract, employee motivation and employee retention were intertwined. Furthermore, follow-up interviews would provide an opportunity to validate and verify the findings derived from the initial data collection, ensuring their reliability (Fischer & Guzel, 2023; Mayam, 2023).

Two follow-up interviews were conducted in May 2023, which in turn yielded a very good example of how the participant linked the psychological contract, employee motivation and employee retention together through a golden thread. This contributed significantly to the research study by demonstrating how these three contracts are linked to each other. The insights obtained from these interviews provided valuable depth and contextualisation to the initial findings, shedding further light on previously explored dimensions of the research topic on a more in-depth level.

Despite attempts to conduct further follow-up interviews with all eight participants, contacting participants for additional interviews proved to be challenging. Attempts to contact the participants were made primarily through LinkedIn, as this was the platform the initial participants were sourced from. A clear, concise and personalised message was sent to each participant, expressing gratitude for their previous involvement in the study and emphasising the importance of their continued contribution. The message included a request for their availability to schedule a follow-up interview at their convenience. Follow-up messages were sent to the participants via LinkedIn and WhatsApp. However, despite the personalised direct messages to participants and the

initial positive response and willingness demonstrated by the participants during the primary interviews, limited replies were received, with the exception of two participants. It is important to acknowledge that this lack of response may be attributed to various factors, including the participants' busy schedules, changes in their professional or personal circumstances such as job changes, or simply oversight in checking their LinkedIn messages.

#### **2.3.1.10 RECORDING, TRANSCRIBING, MANAGING THE DATA, AND MEMBER-CHECKING**

Once all the interviews were concluded and I was satisfied that the participants had answered the interview questions sufficiently, the next step was to transcribe the interviews. I had the option to either hire a transcriber to transcribe the interviews or do the transcribing myself. I opted to transcribe the interviews myself in order to get a better overview of the data collected ahead of data analysis. In order to obtain accurate transcriptions, I made use of the transcription functionality on Microsoft Teams. This function transcribes discussions into a Microsoft Word document. Upon inspecting these transcriptions, I noticed that the transcriptions contained many errors, incorrect spelling, mispronounced words and punctuation errors. In order to rectify this, I used the downloadable audio recordings and corrected all errors in the transcription in order to ensure that the transcriptions were accurate. In addition to making use of the Microsoft Teams audio recording, I utilised my personal cellular phone as a backup audio recording device in the event I encountered any unforeseen issues with the Microsoft Teams recording.

During the transcription of the interview data, I removed all personal information that could potentially identify the individuals, such as names, addresses and names of organisations mentioned during the interviews, in order to maintain the highest level of confidentiality. In order to safely and securely store the audio recordings as well as the interview transcription and consent forms, I utilised various methods. The institution at the time of developing this dissertation had implemented a Master's and Doctoral dashboard on Microsoft Teams, which enabled students and supervisors to upload shared documents easily.

I made use of this facility to upload not only finalised chapters of my dissertation, but also the transcribed interviews. Thereafter, I created numerous folders on my personal

laptop computer in order to store the transcribed interviews, audio recordings and consent forms. In addition, I made backups of all documentation related to the data I collected onto an external hard drive/USB device. The aim of backups on an external storage device was to act as a failsafe mechanism to protect my data in the event my laptop crashed or any technical difficulties were encountered. Only I have access to my laptop and external storage devices in an attempt to protect confidentiality. Any paper-based records, such as the printed copies of interview transcripts, are securely stored at my home in a file dedicated to my master's qualification.

Having done the transcriptions myself, I had greater control over the format of the document. I labelled myself as NARAN S and the participant as participant \*number\*. This means that in the transcript for first participant, he/she was labelled as "Participant 1". This was done for all subsequent participants. In order to ensure the highest level of accuracy, I simultaneously listened to the audio recording while also reading and correcting the transcriptions. In addition to improving the verbatim accuracy of the transcript, I was also able to obtain a better understanding of whether I would require a follow-up interview with the participant. As all the interviews were conducted in English, there was no need for translations.

As part of the member-checking procedure, I sent the transcripts to the participants in an attempt to confirm whether the transcripts were consistent with the interviews. However, I was only partially successful in this regard as only three of the participants verified the contents of the transcripts by sending me a LinkedIn message confirming that the transcripts accurately reflected their interview.

I proceeded to send the remaining participants follow-up messages via LinkedIn in order to verify the transcripts, but once again received no response. As a mitigation effort, I rechecked the transcripts in conjunction with the audio recordings to ensure that the discussions were transcribed verbatim and accurately.

#### **2.3.1.11 THE USE OF JOURNALS AND DIARIES IN RESEARCH**

During the course of my research study, I made use of journaling and a diary in order to document my feelings and perceptions throughout the research process. While my journaling was helpful for recalling important details that would be difficult to recall later, the online medium through which data was collected made journaling of contextual

elements such as body language and facial expressions impossible. However, it was beneficial in that I could note changes in the participants' tone of voice. In addition, journaling was beneficial in terms of documenting the challenges I faced while conducting the study (Harding, 2013; Hennick et al., 2011; King & Horrocks, 2010; Lunenburg & Irby, 2008; Magnussen & Marecek, 2015; Patel & Patel, 2019). I made use of a pen and notepad to do my journaling during the interview.

Qualitative research that takes on an interpretative approach often includes the researcher's bias and personal perceptions and these are often difficult to separate from the interpretations of participants (Art, 2014; Benner, 1994; Flick, 2022). To mitigate any bias, I used a journal to document and conduct self-reflection in order to eliminate personal perceptions, as journaling is one of the most common methods researchers can use to keep track of their personal thoughts and biases and thus mitigate a bias risk (Alessi & Martin, 2020).

#### **2.3.1.12 THEMATIC AND DEDUCTIVE ANALYSIS**

Thematic analysis was used to analyse the data, with the goal of identifying and constructing themes and relevant subthemes (Aspers & Corte, 2019; Bazeley, 2009; Braun & Clarke, 2013; Grbich, 2007). Thematic analysis also served the purpose of deriving meaning from the raw data collected. According to Braun and Clarke (2020), thematic analysis contains six steps that the researcher follows:

- Familiarise yourself with the data collected – In order to achieve this, the researcher immerses themselves in the data through reading the interview transcripts several times.
- Coding – This stage entails the identification of meaningful codes.
- Searching for themes – This step entails the researcher carefully allocating and sorting the codes into relevant themes and subthemes through highlighting recurring elements.
- Reviewing themes – At this stage, the researcher aims to address whether the data collected unites together in a meaningful manner by grouping recurring elements under broader themes and subthemes.

- Defining and naming themes – This step entails the researcher defining the themes and subthemes and it is also at this stage that the data starts to tell an overall story.
- Producing a report – This final stage involves the researcher transforming the data into a meaningful piece of writing.

A deductive approach was utilised which was guided by the three main focus areas of the study:

- The psychological contract between employees and the organisation.
- The motivation of an individual in the course of their employment.
- The ability to retain employees within the organisation.

The deductive approach was selected to ensure that the focus of the analysis is aligned with the specific research questions and objectives of the study. By using pre-determined themes, the analysis was structured to address the core areas of interest systematically and coherently.

## **2.4 ENSURING VALIDITY, QUALITY, TRUSTWORTHINESS AND CREDIBLE RESEARCH**

In the context of qualitative research studies, the extent to which the research study and its findings can be considered true and acceptable is referred to as validity (Denzin & Lincoln, 2011; Given, 2016). Also, in a qualitative study, there is no hypothesis to be tested and therefore emphasis is placed on understanding a phenomenon (Silverman, 2005; Yates & Leggett, 2018; Yin, 2016). The methodology used by the researcher therefore has a degree of flexibility and does not require the measurement of variables. The lack of hypothesis testing and measurement of variables does not absolve the researcher from ensuring that quality is maintained. In terms of a qualitative research study, quality is ensured through how much reliance can be placed on the findings of the study, as well as on the research process followed by the researcher (Oliver, 2004; Saldaña & Omasta, 2018; Silverman, 2005; Willis, 2007; Yin, 2016). Therefore, trustworthiness of qualitative research is based on five concepts, namely credibility, transferability, dependability, confirmability and authenticity (Bailey, 2007; Carter et al., 2012). How trustworthiness was maintained in this study will be explained in the

following sections.

#### **2.4.1 CREDIBILITY**

Credibility in a research study refers to both the researcher and any reader having confidence in the findings (Bailey, 2007; Creswell & Creswell, 2018; Hoepfl, 1997; Klopper, 2008). Credibility is therefore similar to reliability and the onus is on the researcher to explain and follow a well-planned research strategy that would lead to credible findings. As a result, the researcher must ensure that the study's findings are an accurate reflection of the participants' perceptions as well as the original data collected (Gupta & Gupta, 2022; Mauch & Park, 2003; Maxwell, 2013). A number of steps were taken to ensure that the research study did yield credible results:

- 1) Regular consultations were held with subject area experts (supervisors) regarding any difficulties I encountered with the planned route of the research study, methodology and data collection instruments.
- 2) To improve credibility of the study, I mentioned and highlighted to participants that participation in the research study was entirely voluntary, and they could withdraw at any stage without fear of victimisation. The aspect of confidentiality was also reiterated to ensure that participants were comfortable and were able to provide data that was as honest as possible.
- 3) In-depth interviews were conducted in order to gather in-depth and detailed insight from the participants. The interviews were also audio recorded to ensure accuracy and avoid misrepresentation of the data provided by the participants.
- 4) In order to analyse the data gathered, I made use of thematic analysis, which is one of the leading data analysis techniques used in qualitative research methodology. Using a popular data analysis technique contributes to the credibility of the research study as both the reader and researcher can be confident that the findings of the study make a meaningful contribution to the existing body of knowledge and that the study is based on a known qualitative methodology technique (Crabtree & Miller, 2022; Liamputtong, 2020).
- 5) The use of verbatim quotes from the participants in the reporting of the themes and subthemes also enhanced the credibility of the study.

### **2.4.2 TRANSFERABILITY**

Transferability of the findings of the research study entails the degree to which the findings can be applied and transferred to a similar context (Gupta & Gupta, 2022; Myers, 2013; Oliver, 2004; Silverman, 2005). Transferability is therefore linked to external validity. The researcher has the responsibility to ensure that the parameters of the study are sufficiently mentioned (Bailey, 2007; Denzin & Lincoln, 2011; Mouton, 2001; Patel & Patel, 2019; Thornhill et al., 2009). The following steps were taken to promote transferability:

- 1) During the writing of this dissertation, a thorough description of the research process that I followed was provided so that the reader will be able to make a sound decision on the transferability of the study and its relevant findings.
- 2) In order to ensure that the greatest number of meaningful perceptions are shared and to improve the trustworthiness of the data gathered, purposeful sampling was utilised as a sampling approach. This contributes to the transferability of this study by enabling me to use my judgement in the selection of participants and this in turn improves transferability by ensuring that the findings of this study may be transferred to a similar context in which similar inclusion and exclusion criteria are utilised by another researcher.

### **2.4.3 DEPENDABILITY**

Dependability is often looked at from a future perspective and entails whether future researchers are able to repeat the study in the same context and obtain similar findings (Braun & Clarke, 2013; Carter et al., 2012; Gupta & Gupta, 2022; Kothari, 1990; Shenton, 2004). To achieve dependability, I took the following steps:

- 1) A thorough description of the research design and the manner in which it was implemented was provided so that future researchers can replicate the study as accurately as possible.
- 2) A strong description of data gathering methods and their relevance were provided, thus enabling future researchers to determine the appropriate data gathering methodology.



#### **2.4.4 CONFIRMABILITY**

The confirmability of the research study entails a demonstration by the researcher that the findings of the study have emerged from the analysis of the data collected and not the researcher's own predispositions or bias on the subject area (Merriam & Tisdell, 2016; Miles & Huberman, 1994). Confirmability is therefore similar to replicability in the sense that a research study is confirmable if future researchers can obtain similar findings by following similar research procedures within a similar context. In any research study, this is an area of particular difficulty due to interviews being designed by humans, and there may be a certain element of bias involved (Myers, 2013; Saldaña & Omasta, 2018; Salkind, 2012). In order to achieve confirmability and eliminate researcher bias, the following steps were taken:

- 1) I made a commitment to acknowledge any shortcomings and predispositions in the research methodology and interpretation of data, as well as to consciously remedy any shortcomings and predispositions timeously and effectively through the assistance of subject matter experts (supervisors).
- 2) I also provided an accurate audit trail, enabling any observer to trace the journey of the research step-by-step through the decisions taken and procedures involved (Amin et al., 2020; Shenton, 2004).
- 3) I made use of member checking in order to improve the confirmability of the research study. Member checking in qualitative research can be described as a process of sending the transcribed data to the participant in order to confirm its accuracy and to ensure that the transcribed data is an accurate reflection of the thoughts, views and perceptions shared by the participants (Dingwall & McDonnel, 2015; Pandey & Pandey, 2021). Often, transcripts of in-depth interviews are sent to the participants for verification as part of the member checking process in order to improve confirmability of the study (Liamputtong, 2020).

As part of the member checking procedure, I sent the transcripts to the participants in order to confirm their accuracy. Only three of the participants verified the accuracy of the transcripts by sending me a LinkedIn message confirming they were satisfied that the transcripts resonated with their experiences. The remaining participants were sent follow-up messages via

LinkedIn, but once again I received no response. As a mitigation effort, I rechecked the transcripts in conjunction with the audio recordings to ensure that the discussion was transcribed verbatim and accurately.

#### **2.4.5 AUTHENTICITY**

Authenticity takes into account the impact of context by addressing any additional intrinsic naturalistic criteria (Amin et al., 2020; Hoepfl, 1997; Klopper, 2008; Ruane, 2005). Several conditions and criteria need to be adhered to, in order to achieve authenticity. These include fairness, transparency, trust, ontological authenticity, educative authenticity, catalytic authenticity and tactical authenticity (Amin et al., 2020; Bailey, 2007; Braun & Clarke, 2013; Neuman, 2003). The following steps were taken to maintain and promote authenticity:

- 1) I ensured that informed consent was obtained from each participant, that trusting and caring relationships were fostered prior to each interview, that each participant was aware of the nature of the research study and lastly that full agreement on the rules governing the research study was obtained and information was fully shared where applicable (Amin et al., 2020; Shenton, 2004).
- 2) I also acted in the best interest of the various participants by ensuring that the highest level of confidentiality was maintained, record-keeping procedures were explained and that all participants were treated equally irrespective of gender, race, cultural and religious backgrounds.

#### **2.5 ETHICAL CONSIDERATIONS**

The ethical guidelines and standards outlined in the University of South Africa's research ethics policy served as the foundation for this study. This research study was conducted in the South African motor industry with participants from various motor dealerships countrywide and I ensured that the ethics procedures of the university were followed. Ethical clearance was obtained from the institution's Research and Ethics Committee (ECR Reference number: 2021\_CRERC\_018(FA)), under the College of Economics and Management Sciences faculty (see Appendix A). Informed consent was also obtained from the participants via a consent sheet that was issued to them, along with a participant information sheet (see Appendix C). All data and results obtained

were handled with the utmost confidentiality and no unauthorised personnel had access to the data and findings (Carter et al., 2012; Mouton, 2001; Oliver, 2004; Yin, 2016).

Participation in the research study was voluntary and no participant was forced to participate in the study against their wishes. In order to ensure confidentiality, no participants were asked to disclose any information, such as ID numbers, date of birth or employee numbers, that could compromise their identity. In order to maintain confidentiality and not compromise the identity of participants, code names, aliases and pseudonyms have been used (Bloomberg & Volpe, 2012; Myers, 2013; Ruane, 2005; Yin, 2016). This was done in order to adhere to the Protection of Personal Information Act. The research was carried out in a professional manner, with no harm caused to the participants, and only the supervisors and I have access to the data collected.

Ethical considerations are at the heart of any postgraduate research study and serve as a fundamental component in the ethical foundation of the study, but also in the protection of the individuals who participate in them (Liamputtong, 2020). Two components relating to ethical considerations are informed consent and confidentiality (Aspers & Corte, 2019). These two components will be discussed below, along with how these components were applied to ensure that this study met institutional and academic ethical standards.

### **2.5.1 INFORMED CONSENT**

For the purpose of this research study, participants were sourced through LinkedIn, and therefore the use of a gatekeeper was not required. The COVID-19 pandemic made it impossible for me to hold in-person interviews and Microsoft Teams was therefore used as the platform on which the interviews took place. Participants were contacted via the direct message function and individually informed about the nature and intention of the study before the interview took place. They were also issued with an informed consent and participant information sheet. Once permission was given from participants, the interviews proceeded via Microsoft Teams. Participants were also informed that the interviews would be audio recorded, as well as of their right to object to the recording.

### **2.5.2 CONFIDENTIALITY**

In compliance with the ethical requirements of the institution and procedures of this

research study, participant confidentiality was at the forefront (Aspers & Corte, 2019; Liamputtong, 2020; Yates & Leggett, 2018). In order to promote confidentiality of participants, I labelled each participant as “participant 1, participant 2” etc. Another step taken to encourage participants to express their honest thoughts, perceptions and experiences was to highlight to them the intentions of the study, the value of their contributions, as well as the mechanisms I would use to conceal their identity, such as pseudonyms. In addition, the data storage procedure and confidentiality of information were reiterated through the use of a participant information sheet.

## **2.6 REPORTING**

This research study followed a qualitative methodology and thus the findings are presented in a narrative and descriptive format. The findings are presented through detailed explanations, backed by verbatim quotations by the participants. This adds to the authenticity of the data as individuals’ perceptions, thoughts, feelings and understandings were explored and are interpreted in great detail.

## **2.7 CHAPTER SUMMARY**

This chapter provided an explanation of the entire research process and methodology followed throughout this study, as well as the philosophical assumptions that underpinned the study. This chapter also details how data was gathered and how the data was managed and stored, as well as the mechanisms put in place to ensure that the data gathered was protected at all times. In addition, the nature of each participant that provided their invaluable input to this study and played a key role in its overall success was explored. Lastly, this chapter included a discussion of the manner in which data was analysed and the approaches taken in order to create meaning out of the raw data. In the subsequent chapter, the existing literature on the psychological contract is reviewed.

## **CHAPTER 3: THE PSYCHOLOGICAL CONTRACT**

*“As knowledge increases, wonder deepens” – Charles Morgan*

### **3.1 INTRODUCTION**

The aim of this chapter is to provide a sound understanding of one of the key fundamental facets in the employment relationship – the psychological contract. A discussion will be given on the concept of the psychological contract, as well as the stages in which it is formed and thereafter, the past and current psychological contract will be examined in light of the changes in the employment relationship dynamics. Different types of psychological contracts will be analysed, together with the effects of a breach thereof on the employee and organisation. The benefits of the psychological contract to the organisation and employee will then be explored. In conclusion, the various factors affecting the psychological contract will be discussed.

### **3.2 DEFINING THE PSYCHOLOGICAL CONTRACT**

The psychological contract dates back to the origins of the employment relationship and entails the subjective expectations and obligations of the employment relationship between employees and management that exist mentally and not in a physical contract (Coyle-Shapiro, Pereira-Costa, Doden, & Chang, 2019). Rousseau (1989) first coined the term “psychological contract” and defines it as “an individual’s belief regarding the terms and condition of a reciprocal exchange agreement between that focal person and another party” (p.123). A key factor in this definition is a belief that a promise has been made and a consideration is offered in exchange; both parties are therefore intertwined in reciprocal obligations (Oorschot, Moscardo, & Blackman, 2021; Robinson & Rousseau, 1994a; Rousseau, 1989). It is implicit in nature and related to common ground, common values and mutual interest. Due to the fact that the psychological contract is both abstract and implicit, it is impossible to document its contents, and therefore the employment contract and the psychological contract form the basis of the employment relationship between employees and the organisation (Coetzee & Deas, 2021; Coyle-Shapiro et al., 2019; Schroth, 2019). The employee-employer relationship comprises both the implicit psychological contract and the explicit employment contract

(Cullinane & Dundon, 2006; Dhanpat et al., 2020). The primary challenge confronting employers today is maintaining trust among their employees (Akkermans, Bal, & De Jong, 2019; Satpathy et al., 2016).

A key element of the psychological contract is that it is subjective in nature and due to its subjectivity, it is critical that HR managers understand the way their employees perceive not just the psychological contract, but the employment relationship as a whole (Coyle-Shapiro et al., 2019; Schroth, 2019). At the start of the employment relationship, both the newly appointed employee and the employer believe that unsaid promises have been made and a sound understanding exists with regard to matters of mutual interest. However, it does not mean that the understanding is mutual and commonly shared (Griep, Bankins, Vander Elst, & De Witte, 2021; Jacobs, Chrysler-Fox & Van Wyk, 2020).

The psychological contract, while similar to expectations, is often differentiated by scholars. Expectations often entail those elements related to the employment relationship that the employee anticipates receiving (Griep et al., 2021). In contrast, the psychological contract entails obligations the employee has towards the organisation and those the organisation has towards the employee, both of which form an integral component of the overall employment relationship (Schroth, 2019). A key difference between the psychological contract and expectations is that the former refers to a perceived belief of the employer's obligations towards the employee, which are in turn based on perceived promises between the employee and employer on reciprocal exchange (Li & Dai, 2015; Schroth, 2019).

In contrast to the employment contract, the psychological contract is often malleable and subject to change during the tenure of the employee with the organisation. This is particularly applicable when the employee receives a promotion and moves higher up in the organisation's hierarchy (Schroth, 2019). The contributions and inducements that make up the psychological contract will grow broader in scope as both parties continue to interact with each other and the employment relationship progresses (Dhanpat et al., 2020). Furthermore, the longer the employment relationship remains intact between the employee and employer, the more elements will exist within the psychological contract (Li & Dai, 2015; Tyagi & Agrawal, 2018).

In the employment relationship, a violation is known to occur whenever one party (employee or employer) perceives that the other party has failed to provide the obligations that were promised (Coetzee & Deas, 2021; Diab-Bahman & Al-Enzi, 2020). Factors such as trust, for example, which is a core aspect of the employment relationship, are often undermined when a breach in the psychological contract occurs (Guest, 2016). The psychological contract serves as a facet of the employment relationship that binds the employer and employee. The purpose of this is to serve as a guarantee that if the mutual expectations are met, then the relationship will be beneficial to both parties. Consequently, violations weaken the bond (Guest, 2016).

It is often difficult for management to ascertain when a psychological contract has been breached and on what grounds, but the effects of this breach can be found in the bottom line in the form of low profitability, poor organisational performance, low employee morale and high employee turnover, leading to many unexpected and indirect costs to the organisation as a whole (Lwin, 2022; Robinson, 1996; Satpathy et al., 2016). In the event that the psychological contract has been violated through a breach, then distrust, dissatisfaction and even dissolution of the employment relationship are often the result (Robinson & Rousseau, 1994a). When a breach of a promise has occurred, the subjective interpretation and resultant effect would differ depending on the importance and value a party has placed on the said promise. For example, if the organisation violated a perceived promise related to overtime payment, promotion or training opportunities, there could be a stronger impact on the loyalty the employee has towards to the organisation as well as intentions to leave, as opposed to a breach regarding work/life balance (Alev & Bozbayindir, 2021; De Vos & Meganck, 2009).

Employee turnover is rooted in numerous factors within the employment relationship, one of them being the obligations and expectations that employees have of the organisation in terms of support they will receive from management, the amount of control they have over their job function, the work/life balance they will be able to attain, remuneration such as internal and external pay equity, ambiguity in terms of roles and responsibilities, performance management, unfair policies, leadership style and management's role in the fulfilment of their personal goals from a training and development perspective (Akkermans, Bal, De Jong & De jong, 2019; Satpathy et al., 2016). The contents of the psychological contract are not documented like a formal

employment contract and the reason for that lies in the abstract nature of the psychological contract. Should the contents of the psychological contract be explicitly stated, it can cause a strain in the employment relationship as the power dynamics between employer and employee are uneven (Akkermans et al., 2019). The psychological contract aims to achieve two purposes: from an employer's perspective, it aims to predict the type of quality of performance they will receive from an employee; from the employee's perspective, it helps predict what kind of reward they will receive from the employer in exchange for making their skill, experience and expertise available to the employer (Bal & Vantilborgh, 2019; Cullinane & Dundon, 2006; Guest, 2016).

### **3.3 DEVELOPMENT AND EVOLUTION OF THE PSYCHOLOGICAL CONTRACT**

For the most part, psychological interpretations of the employment relationship and of the job function itself are unique to an individual and often shape the dynamics of the employment relationship from the time the employee has joined the organisation until termination or retirement (Conway & Guest, 2002; Tekleab, Laulié, De Vos, De Jong, & Coyle-Shapiro, 2019). The foundation of the employment relationship and the psychological contract lies in the mentally developed experiences and perceptions of individuals. This includes the subjective interpretation of events that transpire between the employer and the employee. At the start of the employment relationship, the employee develops an understanding and expectation that the employer has certain obligations towards them in addition to the obligations the employee has towards the employer. This creates the basis of a mutual relationship that is built on mutual interest and reciprocity (Hirsch, 2021; Roehling, 1996).

The psychological contract is mental in nature, exists in an abstract form and is never constant (Deery, Iverson, & Walsh, 2006; Schroth, 2019). The psychological contract, first coined in the 1960s by renowned researcher Denise Rousseau, was initially seen as being based on mutual expectations of the employee-employer relationship. The employment relationship depended on the degree of reciprocity, the organisation took on a paternalistic role towards the employee and high amounts of employee loyalty towards the organisation were expected from the employer (Rituparna & Konwar, 2019; Robinson & Rousseau, 1994a; Roehling, 1996; Rousseau, 2001). It was the responsibility and expectation of the employer to provide the employee with meaningful work, job security, training and development opportunities and market-related



compensation, together with career progression (Bal, Blomme, Lub & Schalk, 2016; Rituparna & Konwar, 2019).

Due to the changing business environment, employment relationships and changing employment dynamics, the psychological contract that exists today is very different from the one established in the 1960s. In light of recent economic conditions, lifetime employment can no longer be guaranteed nor expected; hence the shift from lifetime employment to employability (Bal et al., 2016; De Hauw & De Vos, 2010). Employees now take greater ownership of their own development and career projection. They also view it as their responsibility to seek out meaningful work, improve their earning potential as well as improve their career prospects through self-development and further education, thus playing a more active role in their careers than in the past (Bal et al., 2016; De Hauw & De Vos, 2010; Schroth, 2019). The employment relationship dynamics also entail the employer and employee taking a more short-term view with regard to results and cost-related factors (Bal & Vantilborgh, 2019).

Sparrow (1996) lists some of the major differences between the new psychological contract used today and that of the 1960s:

**Table 3.1 Differences between old and new psychological contract**

| <b>Element of the psychological contract</b> | <b>Old psychological contract of the 1960s</b>   | <b>New psychological contract of the current business environment</b>                                   |
|--|--|---|
| <b>Culture</b>                               | Organisation takes on a parentalist approach and exchanges job security for commitment.  | Non-parental, those who perform well are rewarded, relationship is very contractual in nature.          |
| <b>Rewards</b>                               | Employees are remunerated based on level in the organisation, position and status.   | Employees are paid based on contribution to the organisation and high performance.                      |
| <b>Motivational currency</b>                 | Promotion is used primarily to motivate employees.   | Job enrichment and development of key competencies are used to motivate employees.                      |
| <b>Promotion</b>                             | Employees expect promotion, which is often based on the tenure and the length of time the employee spends with the organisation as well as the competencies the employee | Promotions are less common, there is a new criterion and only those who deserve it receive a promotion. |

|                                      |  |  |
|--------------------------------------|--|--|
|                                      | possesses.   |  |
| <b>Mobility</b>                      | Mobility is infrequent and occurs on employee's terms.   | Mobility is more common and often horizontal and also used to rejuvenate the organisation.   |
| <b>Tenure guarantee</b>              | Job for life with high amounts of job security.  | Employee is lucky to have a job with no guarantees of security.  |
| <b>Responsibility</b>                | Responsibility is instrumental and employees accept more responsibility in exchange for promotion.   | Employees are encouraged to accept more responsibility, and this is often accompanied by an increase in the individual's accountability within the workplace. It is for this reason that it is linked to innovation. |
| <b>Status</b>                        | A great deal of value is placed on status as it is a core facet of the job.  | Earned through competencies and credibility.   |
| <b>Trust</b>                         | High amounts of trust between management and employees.  | Trust is desirable but expectations of commitment remain.  |
| <b>Personal development</b>          | The personal development of employees is the organisation's responsibility due to the paternalistic nature of the employment relationship. | The personal development of employees is seen as the responsibility of the individual as that plays an integral role in employability.   |
| <b>Focus</b>                         | Job security, long-term employment with one organisation.  | Employability of individual, as having many employers is generally accepted.   |
| <b>Intended output</b>               | The organisation expects the employee to be loyal towards the organisation as well as display high levels of commitment.                   | Value the employee adds to the organisation.   |
| <b>Employer's key responsibility</b> | Fair pay for good work as well as equal pay for equal work.  | Employees expect to be highly paid for their high level of performance.  |
| <b>Employee's key responsibility</b> | Employees are obligated to provide good job performance in their current role.   | Making a difference in the organisation.   |

Despite the abstract nature of the psychological contract, it is an important and key determinant in employees' behaviour towards the employer on several platforms (Agarwal & Farndale, 2017). Coetzee and Deas (2021) explain that the psychological contract develops in five different stages of the employees' life cycle:

Stage 1: The attraction stage

Organisations attempt to project themselves in the best possible light in order to not

only attract but also retain the best candidates from the available talent pool. It is at this stage that the psychological contract is formed as the organisation communicates its initial promises to a prospective candidate.

#### Stage 2: The recruitment and selection stage

The psychological contract together with the formal employment contract are known to begin at different stages in the employees' life cycle. While the psychological contract began in the previous stage, at this stage the formal contract is beginning to take shape as suitably qualified candidates are shortlisted and form part of the talent pool for the vacancy. Each party makes promises to each other in an effort to form an employment relationship. At this stage, both parties can either over-promise and under-deliver, or under-promise and over-deliver on expectations.

#### Stage 3: The onboarding stage

At this stage the newly appointed employee arrives at the organisation and receives information that contributes to the formation and development of their individual psychological contract. At this stage, the new employee gathers information on what the organisation's working conditions are like, the perception their colleagues have of management and the overall culture of the organisation. The employee now tries to balance their pre- and post-employment expectations.

#### Stage 4: The retention stage

This stage of the psychological contract formation may also be labelled as the maintenance stage. At this stage the employee is already familiar with the organisation itself, the workplace culture as well as the policies and procedures. By now, the employer and employee have established the basic contents of the psychological contract and changes may now occur. If the employee is unable to uphold their side of the psychological contract, then interventions are implemented; if the employer has breached the psychological contract, then it may find itself the victim of the employee's defiant behaviour or there may be a termination in the employment relationship.

#### Stage 5: Organisational exit or stay

This stage entails the actions taken by each party in relation to the psychological

contract. If either party is unhappy with the outcome of the psychological contract, they may take action that can lead to the termination and severing of the employment relationship. This would happen in instances when an employee was expecting recognition for hard work but did not receive it and will therefore seek a new position in which a new employer has policies that recognise hard-working employees.

### **3.4 MUTUAL EXPECTATIONS LINKED TO THE PSYCHOLOGICAL CONTRACT**

While the employment contract regulates matters of mutual interest, the psychological contract plays a fundamental role in regulating the behavioural component of the employment relationship for both the employee and employer (Tyagi & Agrawal, 2018). Management is expected to treat employees fairly and respectfully, participate in fair labour practices, provide acceptable working conditions, communicate their work-related expectations clearly, provide market-related remuneration as well as provide feedback on how well the employee is doing. In contrast, employees are expected to display loyalty, render services to the best of their ability and act in good faith towards the employer (Guest, 2016; Vantilborgh, 2015).

If management fails to uphold its end of the psychological contract, a negative reaction can be expected from the employee with regard to matters of mutual interest, performance and overall job satisfaction (Coyle-Shapiro et al., 2019; Dhanpat & Parumasur, 2014). If an employee fails to uphold their end of the psychological contract, disciplinary action can be expected to be taken by the company against the defaulting employee, which could lead to a possible termination of the employment relationship. This is why the psychological contract emerges - because of the reciprocal expectations that both the employee and employer hold of one another (Coetzee & Deas, 2021; Robinson, 1996; Robinson & Rousseau, 1994b).

The psychological contract has many implications for both the employee and organisation alike in terms of productivity and overall satisfaction. This contract often aims to regulate the expectations each party has of each other (Coetzee & Deas, 2021; Conway & Guest, 2002). On a day-to-day and operational basis, the psychological contract operates in the background while the written employment contract operates at the forefront. Unsaid mutual expectations, which are often unconscious, are part and parcel of the psychological contract. From the employee's side, some of these

unconscious expectations are expectations of fairness and equity regarding matters of mutual interest such as remuneration, training and development and promotional opportunities (Griep, Cooper, De Jong, Sutton & Griffin, 2019; Rousseau, 1998; Satpathy et al., 2016). In contrast to this, employers have unconscious expectations of the employment relationship as well and these are often centred on loyalty, high job performance, job commitment, diligence and ethical behaviour on the part of the employee (Alev & Bozbayindir, 2021; Schroth, 2019). Each party is unaware of their expectations of each other until something goes amiss in terms of a matter of mutual interest (Montes & Zweig, 2009; Schroth, 2019).

### **3.5 TYPES OF PSYCHOLOGICAL CONTRACTS**

During the initiation of the employment relationship, a formal employment contract is signed that explicitly states the expectations and obligations of the employment relationship, and these obligations are captured and documented in a written document (Coetzee & Deas, 2021; Conway & Guest, 2002). The goal of the employment contract is to bind both the employee and employer into a legal contract in order to ensure regulation of behaviour and facilitate the attainment of mutual goals. For the most part, the employment contract can only regulate certain areas of the employment relationship, but not all, and as a result, psychological contracts are created and are used to supplement written contracts (Conway & Guest, 2002; Dhanpat et al., 2020; Roehling, 1996).

There are two different types of informal contracts, namely implied and psychological contracts. Implied contracts stem from mutual obligation at the employment relationship level and are based on a set of exchanges and observable behaviour of both parties (Bal & Vantilborgh, 2019).

In contrast, the psychological contract refers to the individual beliefs regarding reciprocity between the employee and employer (Dhanpat et al., 2020). The psychological contract stems from a perceived belief that one party promises to deliver on a matter of mutual interest at a future date and thus a climate of mutual obligations is created (Dhanpat et al., 2020; 2018). There are two types of psychological contracts, namely a transactional and a relational psychological contract.

### **3.5.1 TRANSACTIONAL PSYCHOLOGICAL CONTRACTS**

Transactional contracts are usually monetary and economic in nature and often can be attributed to “equal pay for equal work”. These contracts are transitional and entail an exchange of skills and knowledge on the part of the employee, and a monetary benefit such as a salary, wage or non-financial perk on the part of the employer and are therefore seen as short term (Coetzee & Deas, 2021; Faller & Lee, 2005; Grimmer & Oddy, 2007; Jensen, Opland, & Ryan, 2010). These contracts often entail agreements such as a high level of performance and flexibility on the part of the employee towards the business requirements of the employer; however, the employee feels no loyalty towards the organisation. With this type of contract an employee is appointed purely based on the value the organisation can derive from their skillset and experiences.

In this form of contract, employees often put money at the forefront of any decision they make and money is seen as a priority rather than going the extra mile (Danilwan, Isnaini & Pratama, 2020; Jensen et al., 2010; Maguire, 2002; Thomas, 2008). In this form of contract, an employee’s personal goals and the organisation’s goals are seen as separate, and the employee does not mind bending the organisation’s rules in order to meet their own personal goals. In situations when the organisation cannot meet the employee’s needs for remuneration and recognition, the employee freely terminates the employment relationship, in search of appropriate remuneration and recognition elsewhere (Coyle-Shapiro et al., 2019; Gakovic & Tetrick, 2003).

### **3.5.2 RELATIONAL PSYCHOLOGICAL CONTRACTS**

A relational contract entails a deep level of commitment by the employer and employee towards each other in the form of training and development (employer) and company-specific skills (employee) (Faller & Lee, 2005; Hirsch, 2021). Due to the high amount of investment, both parties are highly dependent on each other; a termination of the employment relationship can therefore be difficult. In this form of contract, the employee is expected to show loyalty towards the employer and in turn the employer is expected to provide job security (Agarwal & Bhargava, 2010; Rituparna & Konwar, 2019). The relational contract is seen as an exchange of both monetary and non-monetary benefits; it therefore takes on a long-term view in which there is a relationship between the employee and employer that goes above and beyond the employee relationship (Jensen et al., 2010; Oorschot et al., 2021).

One of the main differences between the relational and transactional contract lies in time span. The transactional contract entails a short- to medium-term view, whereas the relational contract takes on a long-term view (De Hauw & De Vos, 2010; Oorschot et al., 2021).

In terms of the two psychological contracts, there are differences in the employer's obligations. With a transactional contract, employers are expected to provide career advancement and remuneration-related benefits such as merit pay and market-related remuneration (Agarwal & Bhargava, 2010; Schroth, 2019). In contrast to this, the relational contract entails obligations such as job security, training, career development and support with regard to personal issues on the part of the employer (Maguire, 2002; Schroth, 2019). The employee's obligations in the transactional psychological contract are willingness to support the organisation's vision and acting in the best interest of the organisation as well as in good faith. From the relational contract perspective, employees are obliged to work hours that go beyond labour legislation, volunteer for tasks that are not included in the individual's core job function and behave in a manner that is conducive to good faith (Faller & Lee, 2005; Jensen et al., 2010; Jiménez et al., 2018).

The above two forms of psychological contract are at either end of the spectrum. A psychological contract can contain elements from both the transactional and relational psychological contract. This points to fluidity in the psychological interpretation of the employment relationship and demonstrates that employment dynamics are subject to change over time (Botha & Steyn, 2020; Montes & Zweig, 2009).

### **3.6 BREACH OF THE PSYCHOLOGICAL CONTRACT**

Due to the abstract nature of the psychological contract and its intricacies, it can be best described by examining what happens when a breach or violation has occurred (Jiménez et al., 2018; Mai, Suazo & Turnley, 2005). A breach of the psychological contract occurs whenever "an expectation goes unrecognized, denied, or not fulfilled by the organisation and as a result, a person acts as if something that had been promised to them has been denied" (Baker, 1985). The organisation's main concern is the capabilities of the employee, whereas the main concerns of the employee are individualistic and career-related needs (Bal & Vantilborgh, 2019; Jiménez et al., 2018).

Whenever there is a mismatch between these two needs, both parties will experience frustration (Bal & Vantilborgh, 2019; Gakovic & Tetrick, 2003).

A key fundamental component of the psychological contract is that it stems from the premise of mutual expectation and the perceived belief of mutual promises made to each other by the employer and employee regarding matters of mutual interest. The employee expects competitive and market-related remuneration, adequate career growth, adequate training and development opportunities, job security and job autonomy (Botha & Steyn, 2020; Maguire, 2002). On the other hand, the employer expects from the employee good faith, loyalty and good job performance (Botha & Steyn, 2020; Conway & Guest, 2002). If the employee perceives that the organisation has maintained the psychological contract, the employee will be more inclined to meet the expectations and obligations of the employment relationship (Deery et al., 2006; Jensen et al., 2010; Schroth, 2019).

Robinson and Morrison (1997) indicate that a violation of the psychological contract may have a negative effect on the employment relationship and also demonstrate that psychological contract violations are related to employee turnover. In another study conducted by Lewis and Smithson (2000), it was found that a breach in the psychological contract was negatively related to employee satisfaction and overall commitment to the organisation.

It is for this reason that when an employee perceives a breach in the psychological contract, they feel a sense of betrayal by the organisation. Thus, when an organisation is unable to fulfil the expectation the employee has, the employee feels motivated to decrease the level of commitment and job performance they offer the employer in an effort to achieve equity in the employment relationship (Gakovic & Tetrick, 2003; Li et al., 2019).

Whenever an employee feels and perceives that a breach has occurred, withdrawal workplace behaviour is one of the mechanisms often used to enforce the psychological contract (Satpathy et al., 2016). Another key factor contributing to the development of an individual's psychological contract is the personal history and familiarity between the employee and employer. This is of particular importance when an employee joins the organisation of a family member, previous colleague or when returning to a previous



employer (Bal & Vantilborgh, 2019; Conway & Guest, 2002; Roehling, 1996). Psychological contracts also form the basis of emotions and attitudes, which in turn affect and control behaviour towards each other (Cullinane & Dundon, 2006; Schroth, 2019).

The violation of the psychological contract can be in two forms: renegeing and incongruence. Renegeing is when a party to the psychological contract knowingly and willingly breaches the psychological contract; incongruence is a situation in which the employee and management have a different understanding of the core elements of the psychological contract (Bal & Vantilborgh, 2019; Robinson & Rousseau, 1994b; Malik & Khalid, 2016).

### **3.6.1 CONSEQUENCES OF A BREACH OF THE PSYCHOLOGICAL CONTRACT**

A discrepancy between what the employee believed was due to them and what they actually received can spark a breach of the psychological contract (Akkermans et al., 2019; Guest, 2016; Robinson & Morrison, 1997). Violation of the psychological contract has been found to result in a decrease in trust between employee and management, a decrease in satisfaction with their job and an increase in intentions to exit the employment relationship altogether (Botha & Steyn, 2020; Griep et al., 2021; Rituparna & Konwar, 2019). A violation of the psychological contract may also result in various forms of behavioural defiance such as production defiance, political defiance, property defiance and personal aggression. The effects of this defiance can lead to loss of profits, lower customer service levels, operational disruption, labour unrest and loss of key clientele (Robinson, 1996; Shen, Schaubroeck, Zhao, & Wu, 2019). However, it is also believed that the organisation lacks its own psychological contract (Guest, 2016; Tyagi & Agrawal, 2018).

A breach of the psychological contract can have far-reaching negative impacts on an organisation. When employees perceive that their employer has not fulfilled promised obligations, it can lead to poor performance, as motivation and commitment decrease (Bal, 2020). This sense of betrayal can erode trust and reduce the willingness of employees to go above and beyond in their roles, often resulting in a decline in overall productivity and work quality (Robinson & Rousseau, 2021). Additionally, a breach can result in higher turnover rates, as employees seek to leave an environment where their

expectations are unmet and where they feel undervalued (Zhao, Wayne, Glibkowski, & Bravo, 2021). High turnover rates can be costly for organisations, leading to increased recruitment and training expenses, as well as the potential loss of knowledge and skills (Conway & Briner, 2020).

Moreover, breaches can severely affect employee morale, creating a pervasive sense of distrust and disengagement among the workforce. Low morale can manifest in various ways, such as increased absenteeism, lack of enthusiasm for tasks, and a general decline in workplace atmosphere (Guest, 2020). These negative feelings can spread among employees, further exacerbating the problem and creating a toxic work environment (Cassar & Briner, 2021). The cumulative effect of these outcomes not only affects individual employees but also impairs organisational effectiveness and productivity, making it crucial for employers to manage and uphold psychological contracts carefully.

### **3.6.2 THE SUBJECTIVE EXPERIENCES OF A BREACH IN THE PSYCHOLOGICAL CONTRACT**

The psychological contract is abstract in nature and is built on belief; consequently it is by definition subjective (Dhanpat et al., 2018). In an environment where people work together towards a common goal, there will be similarities in perceptions.

Due to the psychological contract itself being abstract and belief-based, a violation or breach is therefore also subjective on principle (Dhanpat et al., 2020). A breach entails a perception that the other party has been derelict in adequately fulfilling an obligation of mutual interest. Psychological contracts exist even in the absence of a formal employment contract; therefore a formal employment contract is not required for a breach to occur (D'Annunzio-Green & Francis, 2005; Schroth, 2019). For the psychological contract to be breached and a change in the employee's workplace behaviour to occur, the employee needs to hold a belief that the employer has violated a matter of mutual interest; whether the belief is valid or whether an actual violation has occurred or not is immaterial (Tyagi & Agrawal, 2018).

An individual would use their pre-existing values and beliefs within a particular context to ascertain whether a breach has occurred (Dhanpat et al., 2020; Guest, 2016; Thomas, 2008). Due to the subjectivity of the psychological contract, perception drives

the conclusion of a breach and not actual action or inaction on the part of the employer. A perceived breach of the psychological contract also depends on various social and organisational factors that exist within a particular situation and/or employment relationship (Coyle-Shapiro et al., 2019; Dhanpat & Parumasur, 2014; Guest, 2016; Robinson & Rousseau, 1994b).

### **3.7 INFLUENCE OF THE PSYCHOLOGICAL CONTRACT ON THE EMPLOYEE**

The psychological contract is a useful tool at management's disposal to harness employee commitment and performance (Conway & Guest, 2002; Kruger-Pretorius & Meyer, 2018). The relevance of the psychological contract can therefore be seen through the consequences of a perceived breach of the psychological contract terms. Thus, the psychological contract has a powerful influence on the employment relationship, just like the employment contract, but it may not be explicitly visible (Akkermans, Bal, De Jong et al., 2019). The psychological contract only affects an individual's behaviour when a breach occurs (Bal & Vantilborgh, 2019).

An employee assesses the organisation's actions by considering the beliefs and perceived obligations as per the employee's psychological contract. If the employee perceives that the organisation is fulfilling the implicit aspects of the psychological contract and meeting unspoken needs, this strengthens organisational commitment, leading to positive contributions by the employee towards the organisation's strategic objectives (Conway & Guest, 2002; Oorschot et al., 2021; Robinson & Rousseau, 1994b).

If the employee feels that the organisation fails to acknowledge and reward the employee's good behaviour in a manner that the employee feels the organisation is obligated to do, the psychological contract of the employee is breached. While a breach of the psychological contract and unmet expectations are distinctly different, they often have a similar effect of employee commitment and behaviour towards the organisation (Coyle-Shapiro & Parzefall, 2011; Montes & Zweig, 2009; Oorschot et al., 2021; Sims, 1994).

Stevenson (2019) highlights some of the advantages and benefits of the psychological contract for both employer and employee:

- Communication – The psychological contract is known to create an environment of openness, which in turn facilitates better communication between management and employees.
- Empathy – Loosely defined, empathy is the ability of two parties to understand each other. In terms of the psychological contract, a better understanding between the employer and employee creates a positive work environment.
- Loyalty – Loyalty is often a key factor in the employment relationship and especially for the employer. When an employee is loyal to an organisation, it hinges on the psychological contract that exists between the employer and employee. As long as the individual feels that the psychological contract is honoured, loyalty will remain.
- Agility – In the employment relationship dynamics, the psychological contract is seen as the epitome of agility. This is because as the employee's perceptions of the organisation change over time, so does the psychological contract. While this element of the psychological contract is a positive one, the negative aspect is that due to its malleability, the psychological contract becomes difficult to enforce.

Robinson (1996) points out that if the employee feels there is a violation of the psychological contract, whether through their subjective interpretation or otherwise, the employee may experience feelings such as:

- Betrayal by the organisation
- Stress and tension
- Low trust in the employer and in the employment relationship
- Low self-esteem
- Insecurity

Whenever an employee perceives a violation in the psychological contract, they will take active steps to reduce the discrepancies between how they thought the employer would react to a positive contribution by the employee and how the employer actually reacted (D'Annunzio-Green & Francis, 2005; Robinson, 1996; Satpathy et al., 2016). In an effort to create a state of equilibrium, the employee may adopt mechanisms such as

reducing their contributions to the organisation in order to match the response received by the employer (Deery et al., 2006; Dhanpat et al., 2020).

A breach of the psychological contract will often amount to a certain degree of damage to the employment relationship and could result in behaviours such as withdrawal, to sabotage, depending on the nature and severity of the violation (Deery et al., 2006; Dhanpat et al., 2020). A breach of the psychological contract may also result in a previously committed and dedicated employee carrying out actions that range from subtle things such as displaying withdrawal behaviour, avoiding responsibility, to dishonest and potentially devastating behaviours such as stealing and acting against the best interest of the employer (Conway & Guest, 2002; De Vos & Meganck, 2009; Dhanpat et al., 2020).

Various studies conducted point to the fact that there is a relationship between a breach in the psychological contract and a decrease in an individual's workplace behaviour (Botha & Steyn, 2020; Gakovic & Tetrick, 2003; Rituparna & Konwar, 2019). The studies show that whenever an employee perceives a breach, they will reduce their contributions to the firm. Dhanpat et al. (2018) mention that employees generally display three types of behaviours that all contribute to the organisation's success:

- Behaviours that form part of the individual's job role
- Behaviours that are innovative and do not form part of the individual's job role, but are critical for organisational growth
- Joining and remaining with the organisation

Employees who experience a breach in the psychological contract will begin to develop a transactional contract with the organisation even though they may have previously held a relational contract and had a relationship with the organisation that was deeper, more meaningful or had gone beyond the traditional employment relationship (Faller & Lee, 2005; Maguire, 2002; Satpathy et al., 2016; Van Gilst, Schalk, Kluijtmans, & Poell, 2020). In terms of the two different types of psychological contracts, a breach is more impactful to employees who hold a relational psychological contract as opposed to a transactional one and would, in turn, feel less obligated to fulfil relational obligations to the organisation (Malik & Khalid, 2016; Oorschot et al., 2021). A breach of the psychological contract to an employee who holds a relational psychological contract

may be detrimental to the organisation's effectiveness and efficiency (Dhanpat et al., 2020; Dhanpat & Parumasur, 2014).

Employees can have many different reactions to a breach in the psychological contract based on a variety of factors. These reactions can range from mild to serious actions that could disadvantage the organisation, and all stem from a perception that the employer has violated a matter of mutual interest. Robinson and Rousseau (1994b) highlight some of the known actions employees take when a breach in the psychological contract is experienced:

- Lodging a complaint and grievance with an immediate supervisor
- Retaliating against the organisation through theft and sabotage
- Increased late coming, absenteeism as well as other forms of general misconduct
- Work slowdowns and providing poor service to customers
- Avoidance of responsibility and unwillingness to take on responsibilities that do not fall part of the employee's job function
- Workplace violence against the party the employee perceives has breached the psychological contract
- Terminating the employment relationship

The ramifications of this for the organisation can range from loss of income, loss of productivity and productive time, increase in costs of replacing damaged or missing equipment, to poor public image and costly legal matters (De Vos & Meganck, 2009; Jiménez, Kraak & Russo, 2018).

Sims (1994) explains that overexposure to a stressful environment can cause many physiological and psychological issues for the employee such as:

- Increase in general irritability, hostile and destructive behaviour as well as tension with management
- Disruption in sleeping patterns and eating habits
- Depression, anxiety and health-related problems such as headaches
- Lack of social skills and an unwillingness to participate in activities that were once their interest

- Alcohol and drug abuse as well as smoking

These issues often have a profound impact on the organisation's overall productivity, effectiveness, efficiency and profitability; organisations are therefore urged to consider the effects of a breach of the psychological contract as well as the resultant effects carefully (Coetzee & Deas, 2021; Feldman & Thomas, 2009; Grimmer & Oddy, 2007). Sims (1994) highlights the following as the facets of the employment relationship that are negatively affected if the employee experiences a breach in the psychological contract:

- The employee's good faith and general good behaviour towards the employer
- The level of commitment the employee has towards the organisation
- Amount of trust between the employee and employer, which is a key component of the employment relationship as a whole.

### **3.8 FACTORS THAT INFLUENCE THE PSYCHOLOGICAL CONTRACT**

Irrespective of its length or duration, the psychological contract is impacted and affected by several factors that are derived from the dynamics of the employment relationship (Jiménez et al., 2018). The employment relationship itself is built on the premise of exchange and continuity into the future and relations between the employer and employee are thus formed. Existing research also suggests that psychological contract formation stems from employees' age, gender, work experience, their position in the organisation's hierarchy, how long they have remained with the organisation as well as their initial trust levels in the organisation (Jiménez et al., 2018).

#### **3.8.1 TENURE**

Tenure, the length of time an employee has stayed with the organisation, is one of those facets that relate to the relational psychological contract. Individuals hold a common belief that the longer an employee remains with the organisation, they can expect the organisation to acknowledge and reward good behaviour and loyalty as well as provide a high level of job security and market-related remuneration (Li, Ren & Zhang, 2019). Employees who spend many years at an organisation adopt a psychological contract that is relational in nature. In contrast, the employee that sees their current employment as a stepping stone to another career opportunity at a later stage sees the psychological contract as transactional (Bal & Vantilborgh, 2019).

If an employee possesses transferable skills and it would not be a challenge to find another career opportunity that aligns with their skills, the employee would be more inclined to have a transactional view of the psychological contract should they feel the organisation cannot keep its obligations (Bal et al., 2016; Rituparna & Konwar, 2019). In contrast to this, if an individual does not have appealing career prospects with another employer, they will be more inclined to maintain the employment relationship with the current employer, despite any possible violations in the psychological contract (De Hauw & De Vos, 2010; Griep et al., 2019).

Research findings indicate that the psychological contract between employees and the organisation is susceptible to changes during the employee's tenure (Coyle-Shapiro et al., 2019; Robinson & Rousseau, 1994b; Schroth, 2019). As time goes on, employees begin to expect more from the organisation in terms of job security, adequate recognition and market-related remuneration. An employee's tenure plays an influential role in the malleability of the psychological contract. The longer an employee remains with the organisation, the more likely the psychological contract with the organisation will evolve from a transactional one to a relational one, in which the employment relationship will go beyond the typical employer-employee relationship (Akkermans, Bal, De Jong et al., 2019).

### **3.8.2 AGE**

Conway and Guest (2002) suggest that the age of an individual has an influence on their perceptions of the psychological contract with the organisation. Different generations of individuals enter the workforce under different psychological contracts: while older workers value career stability and the concept of lifetime employment at one organisation, younger workers place more value on flexibility and employability (Coyle-Shapiro et al., 2019; De Hauw & De Vos, 2010). In addition to this, younger employees have higher expectations of challenging work, remuneration, state-of-the-art workplace technology and career growth. On the other hand, older employees who have previously worked under the psychological contract of stability and where the organisation took a parental approach to career progression are slow to adapt the new and contemporary psychological contract.

If a young employee has witnessed their parent's employment relationship, they will be



more inclined to keep those observations at the back of their mind, while also adapting to the psychological contract of today (Coyle-Shapiro et al., 2019; De Hauw & De Vos, 2010). It is because of this that younger employees expect too much of their employer due to adopting the psychological contract in its ideal state, but still have a positive perception of the contemporary psychological contract (Alev & Bozbayindir, 2021; Faller & Lee, 2005). Research has shown that younger employees view workplace rewards differently than older employees (Conway & Guest, 2002; Jacobs et al., 2020; Robinson & Morrison, 1997; Robinson & Rousseau, 1994b). Younger employees place more value on rewards such as job autonomy, flexibility, work/life balance and learning opportunities, whereas older employees place more value on loyalty and hard work. It can therefore be seen that younger workers have different needs and expectations older workers and have different expectations of the psychological contract than older workers (Conway & Guest, 2002; De Hauw & De Vos, 2010; Jacobs et al., 2020).

### **3.8.3 GENDER**

Gender is seen as a one of the cornerstone facets in both the organisation and in society as well as in general social dynamics. Despite major shifts in employment legislation since 1994 through the introduction of various initiatives in South Africa such as affirmative action, black economic empowerment and employee equity, organisations are generally known to perceive female employees as being less capable than their male counterparts, especially if they are of child-bearing age and/or are in stable romantic relationships (Faller & Lee, 2005; Schroth, 2019).

Faller and Lee (2005) emphasise that quite the opposite is true and that female employees are equally as committed as their male counterparts but in a team-based environment. Various stereotypes such as a common understanding that senior management are male and administrative employees such as receptionists are female create a glass ceiling for women and this sparks differences in the psychological contract between males and females. Female employees often feel that their psychological contract is unfair compared to that of their male counterpart as it does not cater to their career aspirations (Dhanpat et al., 2020; Dhanpat & Parumasur, 2014).

In the workplace, gender is known to influence one's perception and this in turn leads to differences in an attitudinal reaction to the organisation (Gakovic & Tetrick, 2003; Le

Grange, 2019). Through social conditioning, women are expected to put their family life before their career aspirations and their primary goal is therefore to be a caregiver within their family. This can lead to women having a different psychological contract from that of men (Coyle-Shapiro et al., 2019; Rituparna & Konwar, 2019; Schroth, 2019; Sims, 1994).

Due to the nature of male and female roles within the workplace, female employees are more dedicated, committed and motivated if the organisation has policies and mechanisms in place that allow them a greater work/life balance and that place them in a good position to care for their families (De Hauw & De Vos, 2010; Rituparna & Konwar, 2019). One such example of this could be flexible work hours or work-from-home options that allow female employees more flexibility in terms of meeting their professional responsibilities as well as their personal and family-related ones.

#### **3.8.4 EMPLOYEE'S CAREER STAGE AND EMPLOYMENT LEVEL WITHIN THE ORGANISATION**

The recent employment landscape has been subject to new changes to the business model, such as outsourcing of functions that were previously done in-house, restructuring, added workload and increased work hours due to downsizing. The effects of these changes are felt by employees from all departments and occupational levels due to the changing dynamics of the employment landscape (D'Annunzio-Green & Francis, 2005; Rituparna & Konwar, 2019). These changes have also blurred the lines between the working conditions between managers and subordinates. Jiménez et al. (2018) emphasise that employees in the early stages of their career, such as those who have recently graduated, have different workplace needs and different expectations of their organisation than an older worker who is at a later stage in their career, such as those close to retirement.

Employees at the start of their career place more value on remuneration, learning and development as well as career opportunities to ascend to managerial level; in contrast, employees who currently hold managerial positions place value on career stability, retirement remuneration plans and recognition (Coyle-Shapiro et al., 2019). This would point to a difference in the psychological contract that managerial employees have with the organisation, versus the psychological contract the subordinates have with the organisation (Griep et al., 2021; Montes & Zweig, 2009).

### **3.8.5 POPULATION GROUP**

The psychological contract stems from one's values and as a result, one's cultural background may play a fundamental role in the formation and development of the employee's psychological contract with the organisation (Coyle-Shapiro et al., 2019; Thomas, 2008). People raised in different cultural backgrounds develop different values and these values come together as a cognitive framework that individuals use to interpret and assign meaning to events that occur within the employment relationship (Jacobs et al., 2020; Thomas, 2008). Differences in interpretation of the psychological contract due to cultural backgrounds would pose a new challenge for management and employees alike due to incongruences in understanding the expectations and obligations each party has of each other (Jacobs et al., 2020; Ray & Singh, 2016).

### **3.9 CHAPTER SUMMARY**

In this chapter, an overview and definition of the psychological contract were provided, together with the five phases in which it is formed. The changing dynamics of the employment relationship were discussed as well as how the employment relationship has changed over the decades, and how the psychological contract has changed over the years for both the employee and employer. Thereafter, a detailed explanation was given of the two types of psychological contracts, namely the transactional and relational psychological contract, what they entail, how they differ from each other and their respective impact on the employment relationship. The effects of a breach of the psychological contract on the employment relationship were also explored and analysed and benefits the psychological contract offers to the organisation and employee were highlighted. This chapter concluded with how various factors such as tenure, age, gender, population group and occupational level influence the psychological contract. In the next chapter the literature relating to employee motivation and various motivation theories is explored.

## CHAPTER 4: EMPLOYEE MOTIVATION

*“Employers and employees alike have learned that in union there is strength” – Franklin D Roosevelt*

### 4.1 INTRODUCTION

The purpose of this chapter is to report on what was found after delving deeper into the concept of employee motivation and to conceptualise it. This chapter will start with a definition of employee motivation by different researchers. Thereafter, content and process theories of employee motivation will be explored. Intrinsic and extrinsic employee motivation will be discussed, as well as their similarities and differences. This chapter will end with the factors that influence the motivation of employees as well as the consequences linked with employee motivation. Next the concept of employee motivation is defined.

### 4.2 DEFINITION AND ORIGINS OF EMPLOYEE MOTIVATION

The origins of the term *motivation* stem from the Latin word “*movere*”, which means to move (Friedlander, 1964; Kovach, 1987; Spector, 2012). Motivation entails a mental and psychological process that sparks direction and persistence in voluntary actions by an individual; in the business context, these actions are aimed at achieving organisational goals and objectives (Bryson & White, 2019; Dailey, 2012). Motivation has also been defined by Abbah (2014) as “the forces within a person that affect his or her direction, intensity, and persistence of voluntary behaviour” (p 2).

Motivation often stems from an unmet need, which in turn creates tension for the individual; hence the drive to resolve the unmet need (Janovac, Virijević Jovanović, Tadić, Tomić & Ćufalić, 2021; Lorincová, Štarchoň, Weberová, Hitka & Lipoldová, 2019; Wolor, Solikhah, Susita, & Martono, 2020). An employee is defined in the Basic Conditions of Employment Act, the Employment Equity Act, the Skills Development Act and the Labour Relations Act as:

“(a) any person, excluding an independent contractor, who works for another person or for the state and who receives, or is entitled to receive any remuneration, and

(b) any other person who in any manner assists in carrying on or conducting the

business of an employer” (McGregor, Decker, Budeli, Manamela, Manamela, & Tsheoose, 2012, p. 16).

By this definition, an employee can be understood to be an individual that is an innate component of the employer’s organisation and its business operations (Jain, Gupta & Bindal, 2019; Panait, 2020). Individuals by their nature are cognitively complex and experience numerous different emotions, one of them being motivation to complete a task (Le, Aquino, Jalagat, & Truc, 2021). Whenever an individual and their motivations are brought together in a work situation, the concept of employee motivation is created and this has a profound impact on the employee’s work performance together with the organisation’s overall business performance (Amos, 2016; Kruger-Pretorius & Meyer, 2018; Locke & Schattke, 2019).

McClelland (1987) mentions that whenever an employee experiences a tension related to a matter of interest, he/she will exert an effort to reduce the tension and get back to a state of equilibrium. This in turn, points to the fact that the higher the tension the individual experiences, the greater the effort he/she will exert to remedy the tension (Vroom, 1964). While there is some difference in opinion among researchers regarding the source of the effort or energy, there is consensus that motivation requires three things from the individual, namely a desire to act, ability to act and having a goal (Coon & Mitterer, 2007; Fox, 2007; Le et al., 2021; Mello, 2006).

For the purpose of this study a very renowned motivation theory developed by Abraham Maslow will be explored. While Maslow’s hierarchy of needs is not the only motivation theory that exists in literature, it is one of the most popular and widely applicable across different industries and professions and will therefore be applied to this study, as it also incorporates various elements mentioned by the participants into one framework such as the ability to provide for one’s family, remuneration, recognition, and a sense of belonging. Maslow's hierarchy of needs was also chosen for this study because it provides a comprehensive framework for understanding employee motivation by addressing a wide range of human needs. From basic physiological requirements to higher-level aspirations like self-actualisation, Maslow’s model helps to identify the different factors that influence employee engagement and satisfaction. By applying this hierarchy, the study can explore how fulfilling these needs impacts motivation and retention, offering valuable insights into the factors that keep employees committed and

productive within the South African motor industry. This approach allows for a deeper analysis of the underlying motivators that drive employee behaviour, making it an ideal choice for this research. Next, theoretical approaches to employee motivation are described.

### **4.3 CONCEPTUALISATION OF EMPLOYEE MOTIVATION**

The existing literature presents many different opinions on how employee motivation is defined and which of the motivational theories should be applied to a particular organisational setting (Le et al., 2021; Nieuwenhuizen, 2019). The literature over the years has shown that one clear universal definition of employee motivation does not exist, as the developer of each motivation theory considers motivation and its facets from a different perspective (Amos, 2016; Khan et al., 2021). One of the central elements in employee motivation that can be found in every motivation theory is that it is a drive that stems from within the individual and is the root of any action taken by the individual, as well as the behaviours an individual displays in different situations (Botha et al., 2013; Conrad et al., 2015; Jost, 2014; Kuswati, 2020; Naile & Selesho, 2014).

These behaviours and motives are often derived from underlying needs which can be both conscious and unconscious. Some of these needs arise from physiological needs, such as those for food and shelter, needs related to a feeling of belongingness, recognition of workplace accomplishments and reaching one's full potential (Kruger-Pretorius & Meyer, 2018; Maslow, 1943; Pinder, 2008).

Motivation can also arise from factors that the individual values and that are in the control of other individuals, such as pay, bonuses, recognition, job perks and benefits, training and development, together with promotional opportunities (Ryan & Deci, 2020). These factors act as a source of motivation for the individual and are often within the control of management.

Within the context of the South African motor industry, employees at various organisation levels are faced with various needs that affect their motivation and therefore their job performance. Understanding how to meet these needs can be gained by exploring the various motivational theories discussed in this chapter. One such example is employees in dealership sales departments who strive to gain recognition both within the dealership and the dealer group for their job performance. Employees in

the administrative departments, who are often female, desire a greater work/life balance and a feeling of belonging within the organisation. Research on employee motivation has found that while each motivation theory brings new understanding to the construct, absolute truth cannot be found in one theory, but rather in a combination of theories (Dhanpat & Lees, 2021; Miles, 2012; Sunita & Yudhvair, 2012).

In the next section a closer look is taken at the various factors and variables that are known to impact employee motivation. These factors stem from both the internal environment within an organisation and thus are factors the organisation has control over, as well as external factors that are outside of the organisation's control. Variables that impact employee motivation are linked to the previous section, as intrinsic and extrinsic motivation are also impacted by situational factors, and these do not exist in isolation.

#### **4.4 THEORETICAL APPROACHES TO EMPLOYEE MOTIVATION**

Over the previous 50 years, scholars, researchers and academics alike have developed a number of different theories on human motivation (Paul & Robertson, 1970). While each theory has similarities and differences and has contributed something different to the existing body of knowledge, no theory should be considered absolute. Application of these theories should be done in conjunction with each other and in light of company-specific dynamics (Dhanpat & Lees, 2021; Pinder, 2008; Toloposky, 2000).

Next follows a detailed discussion and analysis of both content and process theories of motivation. In the previous section, motivation was defined and described in general, as well as the origins of the term *motivation*. The next section provides an analysis of what various motivation theories entail. These theories serve as the building block for understanding the dynamics of employee motivation.

##### **4.4.1 CONTENT THEORIES OF MOTIVATION**

Content theories of motivation refer to factors affecting motivation that are internal to an individual; these are the factors that can both direct and seize behaviour that an individual uses in attaining a particular goal. These theories aim to better understand the internal needs that motivate individuals. The earliest theory, namely the instinct theory of motivation, dates back to the early 1900s and was developed by the social

psychologist William James (Davis & Newstrom, 1997). This was the dominant content motivation theory until 1943 when the hierarchy of needs theory was developed by renowned psychologist Abraham Maslow (Cherrington, 1994). Many newer theories of motivation, such as McGregor's theory X and theory Y, Herzberg's two-factor theory of motivation, Alderfer's ERG theory of motivation, together with McClelland's acquired needs theory, were developed between the early 1950s until the mid-1980s (Miner, 2005).

Around the mid-1960s, researchers focused on the available theories at the time, but modern researchers place a great deal of value on the theories developed between the 1970s to mid-1980s due to their increasing popularity and widespread applicability of both content and process theories (Dailey, 2012; Toloposky, 2000). For the purpose of this study, in addition to their respective popularity, the motivation theories below were selected as each of them explore a different aspect of motivation as well as shed light on how these different aspects interact with each other and lead to the outcome of the behaviours displayed by the individual. The theories were also selected because they often have a degree of similarity between each other and thus contribute to a holistic view of the intricacies of motivation.

A discussion on Maslow's hierarchy of needs, Herzberg's two-factor motivation theory, Alderfer's ERG theory, McClelland's learned theory of needs as well as theory X and Y will follow.

#### **4.4.1.1 MASLOW'S HIERARCHY OF NEEDS**

The main element of Maslow's hierarchy of needs is that there are five levels of goals that spark individual needs. These five levels of goals are physiological, safety, social belongingness, esteem and self-actualisation (Ambrose & Kulik, 1999; Conrad, Ghosh & Isaacson, 2015; Le et al., 2021; Maslow, 1943; Mitchell, 1982). These five levels can further be classified into lower order needs (physiological as well as safety needs) and higher order needs (belongingness, esteem together with self-actualisation needs) (Mukhlis, Yusuf Iis, Muhammad & Hizir, 2020).

These levels are defined as follows:



- Physiological needs – these needs are biological in nature. They entail human needs such as shelter, food, water, sex, warmth and rest, which are essential for an individual's survival because if these needs remain unmet, the individual cannot function optimally (Chapman, Fromholtz, Morrison, Wallace, Wood & Zeffane, 2004; Kuswati, 2020). Needs at this level are seen as the most important and take precedence over other needs within the hierarchy (Cascio, 2003; Kuswati, 2020).
- Safety needs – these needs refer to not just physical safety and security of an individual, but also career and emotional safety and security in the form of job security and sustainable compensation that allows an individual to take care of their family (Atkinson, Taylor & Torrington, 2009; Shafi, Zoya, Lei, Song & Sarker, 2020). Individuals wish to experience a sense of order and control over their life and these needs are fulfilled through an individual's family and society in the form of police, schools and medical care (Martin & Geldenhuys, 2016; Shafi et al., 2020).
- Belongingness – after physiological needs are met, the individual would strive to meet needs related to belongingness, love and affection. This level relates to interpersonal needs the individual desires for trust, acceptance, intimacy and friendship, receiving and giving affection and love and lastly affiliation, which entails being part of a group (work, family and friends) (Hammond, 2013; Hosseini, 2014; Jost, 2014; Korzynski, 2013; Kuswati, 2020).
- Esteem – this level of the hierarchy can be further classified into two different categories, namely esteem of oneself (achievement, mastery, independence and dignity) and the desire for a positive reputation (prestige, status and recognition) (Griffin & Moorhead, 2009; Le et al., 2021). Springer (2011) states that this level of motivational needs is more applicable to teens, adolescents and high-performing employees.
- Self-actualisation – this is the apex level of needs that an individual can experience and often entails the realisation of an individual's full potential, achieving peak experiences, seeking personal growth and attaining self-fulfilment (Engels, 2019; Kaila, 2006; Paul, 2005). Luthans (2005) maintains that this level also entails the achievement of one's highest potential to be the most one can be. Motivational needs are very subjective and differ between

individuals based on their values and aspirations (Jamal Ali & Anwar, 2021). Hosseini (2014) explains that self-actualisation for one individual may be being a good parent, achieving one's peak financially or academically, whereas for others it may be in being a good painter.

Maslow's hierarchy of needs adopts the view that an individual will be more inclined to direct efforts and energy to meet lower order needs before higher order needs (Govender & Parumasur, 2010; Le et al., 2021). Lester (2013) proposes that once a need has been met, it no longer plays its role as a motivator; only unmet needs serve a motivational function as they are a source of tension and frustration for the individual. Due to the fact that individuals are progressive in nature, once a need is met, individuals are known to move higher up in the hierarchy in terms of need satisfaction (Burdi, Kanasro, & Mangi, 2015; Le et al., 2021).

#### **4.4.1.2 HERZBERG'S TWO-FACTOR MOTIVATION THEORY**

Herzberg was a renowned scholar who created the two-factor motivation theory. This theory proposes that there are two types of motivational factors that affect humans, namely motivators and hygiene factors (Blaboe, 1964; Davis & Newstrom, 1997; Johns, 1992; Lorincová et al., 2019). This theory centres on job satisfaction and dissatisfaction and is built on the premise that the opposite of job satisfaction is no job satisfaction and not job dissatisfaction (Conrad et al., 2015; Varma, 2017). Motivator factors are essentially intrinsic in nature and relate to job components such as recognition, autonomy, career progression, responsibility and achievement. These factors are widely known to motivate and generate a movement within an individual (Le et al., 2021; Sanjeev & Surya, 2016).

In contrast to this, hygiene factors are often seen as dissatisfaction-avoidance factors and are extrinsic in nature. These facets include job security, remuneration, working conditions, relationships with colleagues and management, supervision and company policy (Alderfer, 1969; Alfred, 1991; Anderson, 2001; Armstrong, 2006; Dhanpat & Lees, 2021). The presence of these factors does not cause satisfaction or increase motivation, but the lack thereof will often be a source of dissatisfaction and low motivation (Chaiken & Eagley, 1993; Ryan & Deci, 2020). George (2000) explains that it is for this reason that these factors only play a role in helping the employee avoid becoming dissatisfied.

#### **4.4.1.3 ALDERFER'S ERG THEORY**

ERG theory was developed by renowned researcher and psychologist Clayton Alderfer in 1969 (Alderfer, 1969; Ambrose & Kulik, 1999; Analoui, 2000; Kruger-Pretorius & Meyer, 2018). This theory is essentially an expansion of Maslow's hierarchy of needs and is rooted in three categories of human needs (Kuswati, 2020). Each level is seen as a primary need and part of human nature. Alderfer (1969) states that this theory is built on the subjectivity of need satisfaction, desire and how attainment of certain needs can impact the desire and motivational drive of other needs.

The three categories of needs in Alderfer's ERG theory are existence, relatedness and growth needs (Alderfer, 1969; Amabile, 1997; Chess, 1994; Hitka, Lorincová, Potkány, Balážová & Caha, 2021; Kruger-Pretorius & Meyer, 2018). Existence needs are seen as those needs that relate to job and financial security that allows the individual to meet basic survival needs (Alfred, 1991; Hitka et al., 2021). Chamorro-Premuzic, Eracleous and Furnham (2009) found that in relation to Maslow's hierarchy of needs, the existence needs in Alderfer's ERG theory are related to physiological and security needs. Relatedness needs, on the other hand, are linked to an individual's social needs and the need to form and maintain interpersonal relationships (Fox, 2007; Panait, 2020). With regard to Maslow's hierarchy of needs, relatedness needs are similar to social and esteem needs (Azeem, Nasir, Rehman & Sabir, 2019). Lastly, growth needs refer to the need to attain one's highest potential and are related to esteem needs and self-actualisation needs in Maslow's hierarchy of needs (Gupta, 2020). One of the key differences between ERG theory and Maslow's hierarchy of needs is that in ERG theory, needs exist on a continuum and not as a hierarchy and therefore more than one need may be in operation simultaneously (Wolor et al., 2020).

#### **4.4.1.4 MCCLELLAND'S LEARNED THEORY OF NEEDS**

Learned theory of needs was initially posed by renowned psychologist David McClelland (Jain et al., 2019; McClelland, 1987; Miles, 2012). This theory poses a view that individuals are not born with a certain set of needs, but rather these needs are learned through the interaction an individual has with other people and society at large (De Beer & Nel, 2018; Schultz & Schultz, 2010; Sunita & Yudhvir, 2012). Due to differences in societies and individuals, this would mean that one's needs vary and consequently would be unique to each individual, depending on their environmental

influences. McClelland's learned theory of needs entails measuring the needs of individuals on three dimensions. These dimensions are the need for affiliation, the need for power and the need for achievement (Azeem et al., 2019; Bussin, 2018; Gupta, 2020; McClelland, 1987).

Individuals with the need for power focus their behaviours and motivations on trying to exercise power over others and influencing their behaviour (Acquah et al., 2021). They aim to have a strong impact on the behaviour of others and will often use any means available to fulfil this need. Individuals who have this need are inclined to seek positions of authority within an organisation (Mello, 2006; Noor, Nayaz, Solanki, Manoj & Sharma, 2020). They have a strong desire to lead and have their ideas prevail. They also have an inclined motivation towards a high level of prestige and personal status in their life outside the organisation (Acquah et al., 2021; Toloposky, 2000).

The motivation of an individual often varies depending on the strength of an individual's need for achievement (Acquah et al., 2021; Azeem et al., 2019). This need is defined through desires such as a desire to accomplish something difficult, to be independent, to master a subject area or skill, to attain a higher standard than others, to rival and surpass others and to increase one's own perception of success through self-improvement (Le et al., 2021; Terpstra, 1979).

The final need is the need for affiliation and encompasses a strong need and desire to perform in a corporate business environment (Sunita & Yudhvir, 2012). Individuals that have these needs seek strong and harmonious interpersonal relationships with others and want to be accepted (Dialdin, Drake, Lepper & Sethi, 2012). Individuals with a need for affiliation are inclined to develop strong relationships with individuals based on mutual interest and respect (Le et al., 2021; Wiley, 1995).

#### **4.4.1.5 THEORY X AND THEORY Y**

Theory X and theory Y was first coined in the 1960s by researcher Douglas McGregor. This theory puts forward two perspectives of human behaviour, namely theory X, which pertains to negative human behaviour, and theory Y, which pertains to positive human behaviour (Atkinson et al., 2009; Daneshfard & Rad, 2019; Le et al., 2021; McGregor, 1960).

Theory X adopts the view that employees dislike their work and therefore need to be directed and coerced into performing required tasks (Armstrong, 2006; Kaila, 2006; Senarathne, 2020). It also assumes that individuals are unmotivated and would go to great lengths to avoid doing the task, and that individuals have no internal drive and would avoid responsibility (Acquah et al., 2021; Coon & Mitterer, 2007). In order to get these employees to perform a task, they require adequate rewards, persuasion and punishment (Acquah et al., 2021; Daneshfard & Rad, 2019; Kaila, 2006). The main elements of theory X, as highlighted by Botha, Brevis, Ngambi, Vrba and Woermann, (2013) are as follows:

- Employees are by nature resistant to change or slow to adopt change.
- Employees prioritise their own needs and goals over those of the organisation to the extent that they would gladly trade off the organisation's well-being for their own.
- Employees are not very intelligent and can be easily manipulated.
- Employees would prefer to work as little as possible and will not do more than asked of.
- Employees prefer others to lead them as they lack ambition.

In contrast, McGregor's theory Y indicates that employees see work as a natural facet and the average individual seeks out responsibility as well as opportunities in which they can learn. According to this theory, employees seek self-development and self-discipline and therefore view rewards as the freedom to do challenging work rather than money. The key facets of theory Y, as put forward by Martin and Geldenhuys (2016), are as follows:

- Due to their nature, employees possess the potential and will to develop, accept responsibility and work towards the attainment of organisational goals.
- Employees by their nature are not passive but rather they are proactive and become the consequences of their environment, i.e. they will become the product of how the organisation has treated them.

Coon and Mitterer (2007) point out that as part of theory X, employees will display behaviours and mindsets such as the following:

- Creativity exists when it comes to finding ways to circumvent rules and regulations.
- Money and job security serve as primary motivators.
- Responsibility is to be avoided entirely as preference is given to being led rather than leading.
- Effort does not come freely and needs to be obtained through coercion by management.
- Work is often disliked because it is boring in nature.

In contrast, Martin and Geldenhuys (2016) contend that employees under theory Y will display behaviours and mindsets such as the following:

- Creativity exists by nature and is a natural component of working, but management rarely recognises it.
- Self-fulfilment and self-actualisation serve as primary motivators for high performance.
- Responsibility is sought after and accepted.
- Effort exists naturally and will be directed towards a target that employees accept.
- Work is an innate component of liking and a necessity and work is therefore enjoyed.

#### **4.4.2 PROCESS THEORY OF MOTIVATION**

Process theories are often referred to as those that are cognitive in nature and exist through cognitive constructs (Varma, 2017). Expectancy, drive, reinforcement and incentives that the individual experiences are the major constructs involved in process theories of motivation. The most well-known process theories of motivation are self-determination theory, goal-setting theory, self-efficacy theory, Adam's equity theory, Vroom's expectancy theory and lastly, reinforcement theory of motivation (Al-Hoorue & Shlowiy, 2020; Judge & Robbins, 2008b; Vroom, 1964).

##### **4.4.2.1 SELF-DETERMINATION THEORY**

Self-determination theory was first developed in the 1980s by Richard Ryan and Edward Deci (Bussin, 2020; Davis & Newstrom, 1997; Deci & Ryan, 1985). Deci and

Ryan (1985) propose that this theory is based on the premise that individuals like to feel that they have control over their actions. If a task that was previously enjoyed by the individual starts feeling like an obligation, the individual's motivation towards that task will be undermined. It is for this reason that when employees are paid for a task that they otherwise do not like, their motivation is likely to be negatively affected (Chess, 1994; Daneshfard & Rad, 2019). When employees are paid to do a task, it feels obligatory in nature. Self-determination theory, as highlighted by Paul (2005), also states that employees seek out positive relationships with others and achievement of competence, in addition to job autonomy. A key facet of self-determination theory is the optimism it embodies (Berman, Bowman & Wart, 2010; Daneshfard & Rad, 2019).

Self-determination theory is built on three intrinsic needs:

- 1) Competence refers to the belief that the employee has the ability to perform their job function adequately. A strong belief in one's ability is associated with a higher level of competence. The stronger the belief an individual has in their abilities to meet job-related requirements, the higher the level of motivation they will possess (Hammond, 2013; Reizer, Brender-Ilan & Sheaffer, 2019).
- 2) Relatedness refers to the sense of belonging and attachment an individual has towards to the organisation and its strategic goals. Employees who have a deeper and more meaningful connection with the organisation and its goals often have a higher level of motivation (Ryan & Deci, 2020).
- 3) Autonomy refers to the amount of control that an employee has over their job function and the manner in which the task required is performed. Employees who have a high degree of job autonomy undergo less stress when faced with a high pressure situation, as opposed to employees with low job autonomy (Deci, Olafsen & Ryan, 2017).

Dialdin et al. (2012) propose that self-determination theory is a theory that is very intrinsic in nature and often faces four major criticisms. Firstly, it assumes that all individuals have a nature that is growth-inclined; however, this is not universal to all individuals (Benita, 2020; Dialdin et al., 2012; Miles, 2012). Secondly, the theory only considers three psychological needs, namely the intrinsic needs of competence, relatedness and autonomy, and excludes needs such as meaning, safety and self-

esteem, which can play an important role in motivation (Dhanpat & Lees, 2021; Dyaldin et al., 2012; Martin & Geldenhuys, 2016). This theory also does not consider the malleability of the three psychological needs over time. Thirdly, this theory does not examine the strengths of the needs and does not explain their prioritisation (Hitka et al., 2021; Jungert, Van den Broeck, Schreurs & Osterman, 2018). Fourthly, the theory does not consider the manner in which individuals are attracted towards situations in which their needs are met (Benita, 2020; Dyaldin et al., 2012; Sánchez-Manjavacas, Saorín-Iborra & Willoughby, 2014).

#### **4.4.2.2 GOAL-SETTING THEORY**

Goal-setting theory was coined by Edwin Locke in 1968. It proposes that a major source of work motivation is the individual's intention to work towards a meaningful goal (Al-Hoorue & Shlowiy, 2020; DeCenzo & Robbins, 1996; Luthans, 2005). Goal-setting provides direction through its function of "telling" employees what is required to be done and how much effort is needed to attain the goal (Bergh et al., 2009; Locke & Latham, 2019). This theory proposes a direct relationship between how difficult the goal is and the level of effort the employee will exert to attain said goal – the more difficult the goal, the more effort an individual will exert (Abbah, 2014; Locke & Latham, 2019). Al-Hoorue and Shlowiy (2020) propose that there are four main reasons for this: firstly, when a goal is presented to be achieved, an individual's focus is directed towards the goal. Secondly, difficult goals spark heightened levels of energy within the individual, which are then directed towards goal achievement. Thirdly, when presented with a difficult goal, individuals would increase their persistence and attain it. Fourthly, individuals are known to develop strategies to not only achieve the goal, but also perform the task more efficiently.

Goal-setting theory assumes that when faced with a difficult goal, an individual will increase their effort but not abandon the goal, as behaviour is motivated intrinsically through objectives that people wish to consciously achieve (Jamal Ali & Anwar, 2021). Goal-setting theory is one of the most commonly adopted models used by organisations as an approach to motivation. When individuals know what they are working towards, they know how to direct their energy in order to achieve the goal (Al-Hoorue & Shlowiy, 2020). This is in line with Locke and Schattke's view (2019) that whenever an individual is motivated, they are able to direct efforts towards a goal because they are aware of



the meaningfulness of the goal even when faced with difficulty.

Goal-setting theory has four different influences on the behaviour of individuals (Deci et al., 2017):

- Goals serve a function of regulating behaviour as they spark action and act as a source of motivation.
- Goals provide direction to an individual in terms of what is important. They direct attention and effort towards tasks that can ultimately achieve the goal and away from goal-irrelevant tasks.
- Goals play a role in providing direction to strategies and promote the development of action plans that are used to achieve a predetermined goal.
- Goals play a fundamental role in increasing persistence as they motivate individuals to continuously exert effort and energy towards goal achievement.

A key factor in goal-setting theory, as put forward by Hosseini (2014), is the role of incentives and commitment. Higher employee performance towards a goal will only be achieved if the individual is committed to achieving the goal, and one of the ways to gain employee commitment is through incentives offered by the organisation. The incentive, however, is required to be linked to particular performance over which the employee would have control (Deci et al., 2017). Another aspect that promotes the attainment of goals, as proposed by goal-setting theory, is difficult but specific goals. Whenever a goal is difficult but clear and concise, performance will be higher than goals that lack clarity (Al-Hoorue & Shlowiy, 2020; Hellriegel & Slocum, 2011; Jost, 2014; Le et al., 2021).

Due to goal-setting theory being focused on task performance, one of the criticisms against the theory is the lack of focus on goals other than performance-related goals, as well as failing to address the resultant effects of a conflict between quality and quantity on goal performance (Al-Hoorue & Shlowiy, 2020; Bussin, 2020; De Beer & Nel, 2018)

#### **4.4.2.3 SELF-EFFICACY THEORY**

Self-efficacy theory, also commonly known as social learning theory or social cognitive theory, was initially developed by psychologist Albert Bandura (Al-Hoorue & Shlowiy, 2020). The theory is a recent adaptation of expectancy theory and refers to the

employee's internal belief that they have the capacity and capability to perform a task and meet expectations (Conrad et al., 2015; Na-Nan & Sanamthong, 2020). One of the key facets in self-efficacy theory is the role of confidence in meeting task performance expectations; the higher an individual's sense of self-efficacy, the more confident they will be in their ability to succeed (Bothma et al., 2012; Pinder, 2008; Ryan & Deci, 2020).

Self-efficacy theory notes that performance together with the motivation of an individual are directly affected by how effective people believe they are in achieving success in a task (Betz & Hackett, 2006; Maddux, 1995; Na-Nan & Sanamthong, 2020). A high sense of self-efficacy entails a heightened belief in one's ability and competence in accomplishing a task, which, in turn, leads to more effort exerted by the individual (Conrad et al., 2015; Martin & Geldenhuys, 2016). In the case of a low sense of self-efficacy, the individual would be less inclined to exert the required effort and be less motivated because they believe they do not possess the competence to achieve the required outcome (Coon & Mitterer, 2007; Fox, 2007; Na-Nan & Sanamthong, 2020).

Self-efficacy theory has been subjected to many tests both in the context of the organisation and outside the organisation in the form of students, all yielding similar results that are consistent with the fundamentals of the theory (Ekerman, 2006; McKenna, 2020). A high level of performance and high motivation cannot exist without a high belief of self-efficacy and a strong positive belief in one's competence (Jost, 2014; Schunk & DiBenedetto, 2022). This points to the fact that when presented with a difficult task, the individual with low self-efficacy will exert a lower level of effort than an individual with a higher belief of self-efficacy, who will exert a high level of effort in an attempt to accomplish the task at hand (Abbah, 2014; Burdi et al., 2015; McKenna, 2020).

Spector (2008) proposes four methods an individual can utilise in order to increase their self-efficacy:

- Verbal persuasion – this entails being told that we possess the ability to achieve. It can be accomplished either through personal interactions with others in which they motivate us, or through self-said affirmations and mantras.

- Enactive mastery – this entails acquiring skills and experience related to the task requirements that can positively impact our belief that we possess the required skills to be competent.
- Arousal – this entails achieving an energised state through envisioning the positive outcomes of achieving the goal.
- Vicarious modelling – this entails an increase in one’s confidence through seeing someone else complete the task successfully and leads to an “if-others-can-so-can-I” mindset.

One of the core strengths of self-efficacy theory, as put forward by Mukherjee (2009), is that it is applicable to any work environment, at any size organisation as well as any task or type of individual. This theory also states that self-belief can be changed over time depending on the nature of the circumstances and the individual’s previous experiences (Griffin & Moorhead, 2009; Schunk & DiBenedetto, 2022). The attractiveness of this theory for organisations lies in its universal applicability in the sense that it can be applied to any employee, regardless of demographic or personal factors (Paais & Pattiruhu, 2020; Wolor et al., 2020). Another strength of self-efficacy theory lies in the understanding that increasing self-efficacy will lead to an increase in work-related performance and motivation, and therefore will play a role as a determining factor in the overall success and achievements of the individual and organisation alike (Abrudan & Matei, 2016; Al-Hoorue & Shlowiy, 2020; Locke & Schattke, 2019).

While self-efficacy theory has a great deal of applicability both inside and outside the workplace, this theory is not without criticism. The first criticism pertains to the fact that high levels of self-efficacy beliefs have not always led to positive outcome expectations (Bandura, 1995; Paais & Pattiruhu, 2020). The next criticism is that those individuals with a higher self-efficacy and higher skills levels may have inadequate resources to perform exceptionally; thus high self-efficacy does not directly translate to high performance due to external factors. According to Bandura (1986, p.396), “[w]hen performances are impeded by disincentives, inadequate resources, or external constraints, self-judged efficacy will exceed the actual performance”. The final criticism entails the impossibility of separating the outcome consideration from the efficacy expectations (Eastman & Marzillier, 1984; McKenna, 2020). It is part of human nature to keep the outcome of a particular task in mind when completing it (Engels, 2019; Paais &

Pattiruhu, 2020).

#### **4.4.2.4 ADAM'S EQUITY THEORY**

Equity theory, initially coined by workplace and behavioural psychologist Johan Stacey Adams in 1963, proposes that individuals often compare their “effort-to-reward” ratio with other individuals in similar work situations (Ambrose & Kulik, 1999; Kollmann, Stöckmann, Kensbock & Peschl, 2020). Equity theory is based on the understanding that motivation in individuals stems from a desire to be treated equitably in the work environment (Hitka et al., 2021; Kuswati, 2020; Shafi et al., 2020). Dailey (2012) states that when an employee receives a reward from the organisation in the form of a salary, bonuses and recognition, these rewards are evaluated by the employee in relation to their inputs (effort, education and experiences) and then the “effort-to-reward” ratio is compared to that of their peers. A state of equilibrium will exist when an employee perceives their ratio to be equal to that of the individual that they compared it to (Dhanpat & Lees, 2021). Equity tension is created when an individual compares their ratio to another individual and discovers that they are under-rewarded by comparison (Hitka et al., 2021; Jamal Ali & Anwar, 2021; Nguyen, Le, Tran, Tran, Nguyen & Nguyen 2020).

Whenever the employee experiences a negative equity tension, they will be motivated to address the situation and bring it back into a state of perceived equilibrium and this is referred to as the referent (Jamal Ali & Anwar, 2021; Wahyuni, Purwandari & Syah, 2019). Judge and Robbins (2008b) state that the referent exists in four different forms:

- Self-outside – the experiences of the employee in situations outside of the current organisation.
- Self-inside – the experiences of the employee in different positions within the current organisation.
- Other-inside – the experiences of other individuals within the employee’s organisation.
- Other-outside – the experiences that other individuals experience outside of the employee’s organisation.

In situations where the employee perceives an inequity, they will make one of six decisions in order to remedy the inequity (Pinder, 2008):

- Make an adjustment to their input in order to achieve equality.
- Make a change to the outcome they receive.
- Adjust the perception of themselves.
- Adjust the perceptions of others.
- Select a new frame of reference.
- Exit the situation itself.

With regard to the rewards offered to employees, it is important that management ensure that procedural and distributive justice prevails. Procedural justice entails fairness in the processes used to determine which employees receive the reward and how much of it, and distributive justice pertains to fairness in how the reward is distributed to the employees within an organisation (Colquitt, 2012; Jensen, 2018). An employee's counter-productive workplace behaviour is often the result of low distributive justice, whereas low levels of procedural justice are associated with strained interpersonal relationships between management and staff (Dhanpat et al., 2020; Elnaga, 2013). While having a high level of procedural and distributive justice may not lower perceived inequities that employees may feel, it may reduce the consequences and repercussions of perceived inequities (Dhanpat et al., 2020). Respect is a key component in not only the employment relationship, but also as far as equality goes and for this reason, employees would be more inclined to tolerate pay-related inequities if management treats them with respect and dignity (Colquitt, 2012; Jensen, 2018).

Employees are also known to value other outcomes in the employment relationship besides pay; for example, younger employees could place a higher value on basic pay, whereas older employees tend to value career stability and non-monetary benefits (Moneta, 2004; Srivastava, 2005). Inequity can also exist when an employee who receives a higher salary notices a fellow employee with greater work flexibility and perceives an inequity due to the higher salary earner valuing a flexible work schedule over the higher salary (Jamal Ali & Anwar, 2021; Nujjoo & Meyer, 2012). Equity theory is a useful tool that management can use to understand how employees measure their inputs and outputs in a given situation as well as to reduce the negative consequences of inequity perceptions (Martin & Geldenhuys, 2016; McKenna, 2020).

One of the major drawbacks of equity theory is that it does not predict which option the employee will select if they experience inequity. However, it can play a positive role in

providing management with a strong understanding of why employees choose to behave in a certain way by presenting a small group of alternatives. A key component in equity theory that is not readily found in other theories is that people are concerned not only with the rewards they receive in isolation, but also about their rewards in reference to those of others (Conrad et al., 2015; McKenna, 2020). Equity theory fundamentally has two major facets. Firstly, decisions are made regarding equity after their input:output ratio is compared to that of another comparable individual and secondly, where a perceived inequity exists that is negative in nature or where an employee feels they are not treated fairly, they will take active steps in order to reduce the inequity and bring the situation to a state of equilibrium, whereby their inputs match their outputs and are therefore comparable to those of someone similar to themselves (Chien, Mao, Nergui & Chang, 2020; Engels, 2019; Nadeak & Naibaho, 2020; Yunus et al., 2020).

Since perceptions are subjective and often vary between individuals, this poses a problem to management in terms of understanding how employees perceive their contributions, what rewards are valued and who they compare themselves with (De Vos & Meganck, 2009; Javed, Khanam, Nasreen, Pirzada & Shahzadi, 2014; Khan et al., 2021). Despite this drawback, equity theory has strong practical support in the workplace for understanding employee motivation and behaviours (Martin & Geldenhuys, 2016). Despite its value, the following criticisms are made of equity theory (Gino & Pierce, 2009; Khan et al., 2021):

- The theory does not consider cultural differences and differences in value.
- Human perception is often flawed with errors and can result in an inaccurate behavioural outcome.
- Inequity can be caused by factors that are not within the organisation's or management's control.
- The theory is best suited as an explanation of behaviour rather than a predictor.
- While the theory does put forward various strategies employees can use to achieve equity, it does not indicate which alternative an employee will select.

#### **4.4.2.5 VROOM'S EXPECTANCY THEORY**

Formulated in 1964 by psychologist Victor Vroom, and also commonly known as Vroom's expectancy-valence-instrumentality theory, this theory proposes that

individuals will centre and direct their behaviour based on their expectations of future events that are beneficial to them (Burdi et al., 2015; Lokman et al., 2022; Vroom, 1964). Expectancy theory states that a clear and directly proportional relationship exists between the expectation an individual has of a future outcome and the effort they are willing to put in towards the said outcome, in other words, the stronger the expectation an individual has of a potential future outcome, the greater effort they will be willing to exert towards the outcome (Coetzee & Schreuder, 2011; Miles, 2012; Thoha & Rasidi, 2020). An example of this is when an employee dedicates a high amount of effort towards completing their training, as completion of the training may lead to a promotion and pay increases, which in turn assists the employee in fulfilling their personal goals (Habanik, Martosova & Letkova, 2020; Nadeak & Naibaho, 2020).

According to expectancy theory, an individual's motivation is linked to the value they place on the end result of their efforts (Korzynski, 2013; Kumar & Pradesh, 2018). The two fundamentals of this theory are the worthiness of a goal and the role of the individual's action in achieving the desired result (Sunita & Yudhvir, 2012; Thoha & Rasidi, 2020). Expectancy theory also states that motivation is the result of a combination of valence, instrumentality and expectancy (Kumar & Pradesh, 2018; Martin & Geldenhuys, 2016). Motivation stems from a feeling of drive that employees experience from the situation they find themselves in (Fox, 2007; Thoha & Rasidi, 2020). Valence refers to the strength of the punishment or reward that results from the actions of the employee. Valence is, however, subjective and often differs between individuals (Noor et al., 2020). Expectancy refers to an individual's subjective expectation that their actions will result in good performance and this, in turn, will result in a desired outcome (Kreitner & Kinicki, 2008; Kumar & Pradesh, 2018).

Expectancy theory encompasses three basic relationships with regard to rewards and performance (Lokman et al., 2022; Mello, 2006; Thoha & Rasidi, 2020):

- The connection between performance and rewards – an individual's confidence that achieving a specific performance level will lead to the desired outcome.
- The link between effort and performance – an employee's perception that expending a particular level of effort will result in a corresponding level of performance.

- The reward-personal goal relationship – the ability of the organisation's rewards to appeal to and meet the personal goals of the employee.

A key component of Vroom's theory, emphasised by Lockburn and Terry (2004), is that individuals have particular goals, both personal and professional, and are motivated to take actions that will lead to the achievement of these goals. For this reason, it is imperative that management set out clear guidelines and requirements in terms of actions employees can take in order to achieve higher pay, recognition and promotion (Lokman et al., 2022; Srivastava, 2005). If this is missing, then employees will have a lower level of confidence in the organisation's policies and this will have a negative effect on the workplace environment and productivity as a whole (Daft & Marcic, 2009; Tahir & Iraqi, 2018). Judge and Robbins (2008b) contend that Vroom's expectancy theory plays a fundamental role in understanding how rewards direct, shape and influence the behaviour of individuals, as individuals are motivated if they believe their actions will lead to a favourable outcome that will meet a need.

Vroom's expectancy theory has widespread applicability to organisations of all sizes and in all industries because it helps management understand the behaviour of employees as well as what sparks motivation (Du Toit, Erasmus & Strydom, 2008; Khan et al., 2021). A low level of motivation can stem from the low value an employee places on a reward. Expectancy theory postulates that employees conduct a mental cost-benefit analysis when choosing which behaviour they wish to employ (Judge & Robbins, 2008b; Khan et al., 2021). A good understanding of expectancy theory helps management better appreciate their employees' work and therefore plays a role in increasing overall job performance, productivity and organisational loyalty (Jost, 2014; Kumar & Pradesh, 2018).

Despite its wide applicability, there are several criticisms against expectancy theory. This theory is considered idealistic as not many scholars view a correlation between performance and rewards, since a higher level of performance does not always translate into higher rewards due to many organisational and economic-related factors (Korzynski, 2013). Another limitation of expectancy theory is that it only considers extrinsic motivational factors such as bonuses, promotion and recognition, whereas employees are motivated by both extrinsic and intrinsic factors; expectancy theory does not consider the latter (Korzynski, 2013; Paais & Pattiruhu, 2020). The theory also does



not consider the changing needs and beliefs of employees over time. In this instance, valence beliefs come into play as these change over time when employees realise that their actual satisfaction with a particular outcome differs from their anticipated level of satisfaction (Engels, 2019; Paais & Pattiruhu, 2020).

#### **4.4.2.6 SKINNER'S REINFORCEMENT THEORY OF MOTIVATION**

Reinforcement theory was initially developed by American psychologist BF Skinner in 1938 (Cherrington, 1994; Paais & Pattiruhu, 2020). The premise of this theory is that motivation of individuals takes on a behavioural approach and thus conditions behaviour and is therefore an extrinsic form of motivation. Reinforcement theory stems from the individual's environment in which stimulus and response mould and shape behaviour ( Dailey, 2012; Judge & Robbins, 2008b; Le et al., 2021). This means that behaviour and therefore motivation are shaped through positive rewards or negative punishments given to the individual by an external entity. When an individual receives a positive reward for a particular behaviour, the individual will be more inclined to repeat the behaviour because they will be motivated to obtain the positive outcome (Anderson, 2001; Andreas, 2022).

The reverse of this is also true. If an individual receives a punishment which is negative in nature in response to a particular behaviour, the individual will be less motivated to repeat the behaviour due to the undesirable consequences and will be more motivated to avoid the negative outcome (Analoui, 2000; Jamal-Ali & Anwar, 2021). The theory stems from operant cognitive conditioning (Anderson, 2001; Le et al., 2021).

Reinforcement theory considers external stimuli called reinforcers that can be used to obtain a certain desired behaviour from the individual (Acquah et al., 2021; Ivancevich & Matteson, 2005). Examples of reinforcers that can be used to influence and direct behaviour and thus motivation are pay, benefits, perks, promise of future promotion and development opportunities, as well as disciplinary-related tools (Acquah et al., 2021; George, 2000).

Reinforcement theory of motivation is then further broken down into positive and negative reinforcement. Positive reinforcement focuses on rewarding desired behaviour rather than punishing negative behaviour (Andreas, 2022; Judge & Robbins, 2008b). Employees know what is expected of them by the organisation and therefore

management assigns more challenging tasks to the employees and rewards positive results with desirable outcomes such as recognition and praise (George, 2000; Jamal Ali & Anwar, 2021). A key requirement of this approach is that management needs to understand which positive outcomes the employee values and then use them in a positive way to encourage repeated behaviour (Cherrington, 1994; Jamal Ali & Anwar, 2021).

In contrast, negative reinforcement focuses on punishing undesirable behaviour of the employee through mechanisms such as disciplinary action and low grading marks during the performance appraisal process, thus resulting in a pay increase that is undesirable to the employee (Alhassan & Greene, 2020; Dailey, 2012). One of the main facets of motivation is purposive behaviour, and it is this facet that negative reinforcement ignores, as employees do not strive towards a goal but rather attempt to avoid a consequence, and this acts as a limitation (Panait, 2020; Srivastava, 2005).

Within the context of the organisation, the effectiveness of negative reinforcement is often influenced by the perception the employee has of the negative consequence (Gupta, 2020; Miner, 2005). For example, if the punishment is excessively harsh, the employee will be more inclined to participate in destructive organisational behaviour such as stealing, misconduct, poor performance and increased absenteeism. However, if the punishment is fair, then the employee will be more inclined towards behaviour correction (Habanik et al., 2020; Schultz & Schultz, 2010).

This theory has been criticised by Pinder (2008) for ignoring the inner state of the individual and only considering the results of the individual's action and its impact on motivation (Alhassan & Greene, 2020; Pinder, 2008). Because reinforcement theory does not consider what initiates behaviour, it cannot be considered a motivational theory in the traditional sense (Lockburn & Terry, 2004). However, it does shed light on the elements that control behaviour; thus it is often considered in discussions on motivation (Schultz & Schultz, 2010). Another criticism of reinforcement theory of motivation is that it ignores variables such as feelings, expectations and attitudes, as well as other cognitive variables that often play a role in the motivation of an individual as well as in behaviour (Panait, 2020; Schultz & Schultz, 2010).

Despite these criticisms, reinforcement theory of motivation still plays a key role in

shaping behaviour and the motivation of individuals. In a workplace setting, this theory comes into effect whenever a manager would positively reward or punish an employee for desirable or undesirable behaviour through encouragement, praise, recognition as well as disciplinary action, thus motivating the employee to repeat the behaviour that resulted in the positive reward and minimise the behaviour that resulted in a negative outcome (Anderson, 2001; Panait, 2020). The effectiveness of reinforcement theory is also linked to the perception of the link the employee makes between their behaviour and the outcome. If they feel their behaviour directly affects the desirability or undesirability of an outcome, then they will be more motivated to produce behaviour that is aligned with the positive outcome and not with the negative outcome (Griffin & Moorhead, 2009; Wolor et al., 2020).

#### **4.5 INTRINSIC AND EXTRINSIC MOTIVATION**

Research on motivation has distinguished between two sources of motivation, namely those that are intrinsic to an individual and those that are extrinsic (Korzynski, 2013; Wolor et al., 2020). Locke and Schattke (2019) mention that intrinsic motivation pertains to those factors that originate from within the individual and are an inherent aspect of the job itself; in contrast, extrinsic motivation originates from factors outside of the individual that are often within the control of someone else. An example of this is pay and promotion. Motivation both within and outside the workplace therefore occur either extrinsically or intrinsically. A key differentiating factor between intrinsic and extrinsic motivation is that extrinsic motivation stems from a desired external reward, whereas intrinsic motivation stems from an internal desire to perform a task (Conrad et al., 2015; Panait, 2020).

##### **4.5.1 INTRINSIC MOTIVATION**

Intrinsic motivation is often defined as motivation that is rooted internally within the individual and is not dependent on external mechanisms such as pay and recognition to excel at a particular task (Locke & Schattke, 2019). With intrinsic motivation, individuals are self-motivated as they place value on the task itself and on the challenge of completing a difficult task successfully (Steers, Mowday & Shapiro, 2004). Intrinsic motivational factors are often less tangible than extrinsic factors. Some examples of intrinsic motivation identified by Locke and Schattke (2019) are:

- A healthy relationship with colleagues in which there is a sense of unity and support with fellow employees within the workplace.
- Skills development is encouraged, thus allowing employees to better meet the expectations of the organisation.
- Expression of views and participation of employees in decision-making through decentralised decision-making is encouraged.

Since intrinsic motivation is internal to an individual, it is often more effective and long-lasting as it stems from within the individual and is within the individual's control (Martin & Geldenhuys, 2016; McKenna, 2020). Intrinsic motivation states that the individual has a desire and drive to perform a task, as its outcome is linked to their internal beliefs and fulfils a desire that is attached to it (Conrad et al., 2015; Le et al., 2021). Research has shown that the more intrinsic satisfaction an employee gets from their job function, the higher their intrinsic motivation will be (Andika & Darmanto, 2020; Kuswati, 2020; Ryan & Deci, 2020; Yunus et al., 2020).

#### **4.5.2 EXTRINSIC MOTIVATION**

With extrinsic motivation employees depend on external sources of motivation (Alhassan & Greene, 2020; Gupta, 2020; Panait, 2020). Sandhya and Kumar (2011) propose that extrinsic motivation stems from external rewards and mechanisms that the employer can use which may act as incentives to direct and influence behaviour, such as money, recognition, praise, bonuses, promotion, benefits such as a company vehicle, medical aid, pension fund contributions, flexible schedules, as well as training and development opportunities, or the avoidance of negative consequences within the work environment. These are the host of factors that management can offer employees in an attempt to increase productivity, as they all serve as incentives (Alhassan & Greene, 2020; McClelland, 1987). These company-specific mechanisms and initiatives of extrinsic motivation are often seen as company policy, procedures, disciplinary action and personal boundaries. It is often understood that extrinsic motivation is less effective than its intrinsic counterpart because the motivation factors lie outside the individual and are often within the control of someone else, usually a senior (Cherrington, 1994). The behaviour of an employee is said to be extrinsically motivated when it stems from a tangible reward. Le et al. (2021) highlight that at the centre of extrinsic motivation lies money as it is a core component and one of the major factors that drives human

behaviour.

Motivations of individuals both in and out of the workplace are complex and different tasks involve different types and sources of motivation. An employee may have a natural interest in the job function, and yet competition from colleagues as well as encouragement can still play a role in ensuring that the employee increases their effort (Korzynski, 2013). By the same token, it does not mean that an employee who is intrinsically motivated to complete a task would be unhappy if a salary were not paid to them (Engels, 2019; Wolor et al., 2020).

Research findings on motivation have displayed strong support towards intrinsic motivation in terms of effectiveness and longevity and sustaining motivation over a longer period of time compared to extrinsic motivation (Andreas, 2022; Korzynski, 2013). Motivation, however, applies differently to different circumstances and environments. For example, in Western developed countries where basic needs such as shelter and food are deemed a given, intrinsic motivation factors such as self-actualisation, interesting work and challenge are more important than extrinsic motivation factors such as pay and benefits (Conrad et al., 2015; Le et al., 2021). The same does not apply to developing and less-developed countries where the primary need still remains food and shelter; in such instances extrinsic motivation is more applicable (Chien et al., 2020; Nadeak & Naibaho, 2020; Wahyuni et al., 2019).

## **4.6 VARIABLES AFFECTING EMPLOYEE MOTIVATION**

### **4.6.1 DEMOGRAPHIC FACTORS**

Demographic factors entail those factors that are unique to an individual, such as educational level, race, gender, job tenure and occupational level. These factors will be discussed below.

#### **4.6.1.1 EDUCATIONAL LEVEL**

Educational level entails the academic qualification of an employee that assists them in successfully meeting their job requirements. Locke and Schattke (2019) explain that individuals with higher qualifications tend to be motivated intrinsically within their job function through rewards such as recognition, compared to their lower-educated

counterparts who place more value on extrinsic rewards such as pay and benefits. Sanjeev and Surya (2016) have also shown a clear relationship between the motivation of an individual and their level of qualification.

#### **4.6.1.2 RACE**

South Africa has one of the most racially diverse workforces in the world. Research has shown that differences exist between race groups in terms of workplace motivation (Kuswati, 2020). Research has also pointed to the value different race groups place on different motivational factors. Studies conducted within the South African context by Dhanpat et al. (2020) and Dhanpat et al. (2018) found that all race groups surveyed noted good pay as the strongest motivator and job security as the weakest. The studies also demonstrated that Indians were the only race group that were inclined to be motivated intrinsically, whereas whites, coloureds and blacks were motivated through extrinsic factors.

#### **4.6.1.3 GENDER**

South Africa's workforce has become more diverse in terms of gender in recent years due to legislation such as employment equity and this has led to a growing number of female employees entering the workforce at all levels and positions (Dhanpat & Lees, 2021; Dhanpat et al., 2018). Men and women have different values in terms of different aspects of a job. Women are believed to place greater value on tasks that provide them with a sense of accomplishment (Govender & Parumasur, 2010). They are also believed to display more motivation when the job function provides them with greater work/life balance than their male counterparts (Le et., 2021).

#### **4.6.1.4 JOB TENURE**

Job tenure refers to the years of service an employee has with the organisation and the length of time they have been employed at the organisation (Donohue, Hecker, Holland & Sheehan, 2007; Jamal Ali & Anwar, 2021). Hosseini (2014) maintains that length of service does not have a major positive impact on an employee's motivation level; however, motivation is believed to decline over time the longer an employee remains with the organisation.

#### **4.6.1.5 OCCUPATIONAL LEVEL**

Occupational level denotes the occupational and functional position that the employee holds within the organisation (Hellriegel & Slocum, 2011; Paais & Pattiruhu, 2020). Salvendy (2012) has shown that both men and women who hold more senior positions have a higher level of motivation than their counterparts who hold lower positions. Dhanpat and Parumasur (2014) conducted research in the South African context and found that a difference in motivation does exist across occupational levels. At lower occupational levels, the primary motivators are feelings of being involved and good pay, whereas at a more senior level, the primary motivators are job satisfaction and recognition (Azeem et al., 2019; Bedeian, 1993; Dhanpat et al., 2018; Mello, 2006).

#### **4.6.2 SKILLS VARIETY**

Skills variety entails the variety of abilities, experience, knowledge and qualifications that the individual possesses and plays a key role in the individual's job competence (Miles, 2012; Schroth, 2019). Individuals with high skills variety are often motivated by a combination of intrinsic and extrinsic factors (Hitka et al., 2021; Toloposky, 2000). The reason for this is that the more skills variety an individual has, the more they value pay-related motivation factors, yet by the same token, they are also motivated by intrinsic mechanisms such as recognition due to the variety of skills they possess (Andika & Darmanto, 2020; Habanik et al., 2020; Paais & Pattiruhu, 2020).

#### **4.6.3 AUTONOMY**

Job autonomy entails the amount of freedom an employee has to make decisions about how the task is to be done and the amount of control they have in completing the task (Martin & Geldenhuys, 2016; Schroth, 2019). The higher the level of autonomy an individual has in relation to their job function, the more motivation they will have towards the task compared to an environment in which an individual has low job autonomy (Le et al., 2021).

#### **4.6.4 JOB FEEDBACK**

Job feedback is one of the key fundamentals in the employment relationship that affects the motivation level of an individual (Le et al., 2021; Mukherjee, 2009). Feedback is often used by management to guide the actions of an individual towards the correct

completion of a task and to ensure a high level of performance (Jamal Ali & Anwar, 2021; Le et al., 2021; Miner, 2005). Ramlall (2004) maintains that the more feedback, both positive and negative, an employee receives regarding their job performance, the more motivated the employee will be to correctly achieve success in the task due to the clear direction provided to them by management in terms of the status of their performance.

#### **4.6.5 TASK SIGNIFICANCE**

Task significance is described by Dailey (2012) as the importance and value an individual assigns to the job function and the tasks they are required to complete. Springer (2011) goes on to state that an employee has more motivation towards completing tasks to which they have attached higher significance, and thus, the more value an employee attaches to the job function, the more effort and commitment will be generated towards achieving success in the task due to the meaningfulness an employee attaches to it (Coetzee & Schreuder, 2011; Hitka et al., 2021; Srivastava, 2005).

#### **4.6.6 ORGANISATIONAL CULTURE**

Organisational culture pertains to the shared values, perceptions and attitudes shared by all members of the organisation with regard to the organisation's vision, mission and goals (Abdullah et al., 2012; Paais & Pattiruhu, 2020). These elements join together to form norms and acceptable behaviour of members of the organisation, which, in turn, influences employee motivation (Hofstede, 2001; Shafi et al., 2020).

Organisational culture could play either a positive or negative role in the motivation of an employee due to either a match or mismatch between the organisational values and those of the individual (Ambrose & Kulik, 1999; Le et al., 2021). Hofstede (2001) explains that in instances where the value system of the organisation matches those of the employee, an increase in motivation can be seen. However, in situations where a mismatch occurs between organisational values and those of the employee, a decreased level of motivation can be noted.

#### **4.6.7 ORGANISATION'S PHYSICAL WORK ENVIRONMENT**

The physical work environment in which the employee finds themselves is found to



have a profound impact on the individual's workplace motivation level. Some of these factors include office lighting, temperature, workspace ergonomics such as those related to keyboard, computer screen, office chairs and employee posture, proximity to key resources such as colleagues, documentation or technical equipment, and ventilation (Khan et al., 2021; Salvendy, 2012). In order to ensure a high level of motivation, the physical environment must not put the employee into a state of tension (Martin & Geldenhuys, 2016). Research has shown that efficient workplace design can increase employee performance and thus motivation (Jamal Ali & Anwar, 2021; Kuswati, 2020; Mello, 2006).

The work environment entails two main facets that influence an individual's overall workplace success and motivation, and those are the quality of the manager and colleagues (Lawrence, 2005; Schroth, 2019). Ivancevich and Matteson (2005) are of the view that peer groups can play both a negative and positive role in the success and motivation of an individual by either adding positive pressure on a low-performing employee or slowing down the productivity of high-performing employees.

Dhanpat et al. (2020) go on to explain that highly motivated employees tend to identify less with their peers than employees with lower motivation. Managers also play a vital and pivotal role in the motivation of an individual due to their control over rewards that the employee desires, such as promotion opportunities and pay increases. A good and productive working relationship with an employee's manager has therefore been found to have a positive result on an employee's motivation (Armstrong, 2006; Hitka et al., 2021; Le et al., 2021; Pinder, 2008).

#### **4.6.8 REWARDS OFFERED BY THE ORGANISATION**

Organisational rewards are at the heart of extrinsic motivation. The elements of organisational rewards that affect motivation are both financial and non-financial rewards (Armstrong & Murlis, 2007; Bussin, 2020; Le et al., 2021). Examples of financial rewards identified by Kolb (2012) are salary, bonuses, increases, share ownership plans, incentives and profit-sharing; examples of non-financial rewards are job title, an individual office, preferential parking, praise and recognition, social activities such as company-paid lunches with a chief executive officer (CEO) and perks such as a company-owned vehicle or laptop. Wilson (2003) has shown that the optimum use of

rewards is a strategy that encompasses a combination of both financial rewards and non-financial rewards.

Chingos (2002) also explains that management needs to understand the individual needs of their subordinates both inside and outside the workplace, as this information is vital for developing a tailor-made remuneration strategy that maximises employee motivation, depending on their individual needs. Different employees are often at different stages in their life and require different forms of rewards (Bussin, 2018). Younger employees are known to value higher pay, whereas parents of school-going children value work/life balance, and older employees value benefits such as medical aid and retirement funds (Bussin, 2020). Wilson (2003) has found that employing a “one-size-fits-all” strategy to rewards is a fail-safe way to decrease motivation and harm the organisation financially.

Organisational rewards are known to have the greatest impact on motivation when the actions and efforts of the employee are directly linked to the outcome of the task and attainment of a reward (Jamal-Ali & Anwar, 2021; Russo, 2010). Where the organisation’s reward strategy is flawed in the form of biased performance reviews and unjust distribution of rewards, the result is often a negative effect on motivation and morale of employees and thus also the reward system of an organisation (Armstrong, 2007; Bussin, 2020; Locke & Schattke, 2019; Sunita & Yudhvir, 2012).

#### **4.6.9 POLITICAL ENVIRONMENT**

The political environment pertains to the government, legal and political environment of the country or community in which the individual exists and the organisation operates (Hitka et al., 2021; Lawrence, 2005). A key fundamental of this environment, as highlighted by Du Toit et al. (2008), is the country’s monetary and fiscal policies as well as all the legislation that governs the manner in which organisations should operate. Managers within organisations should incorporate these restrictions and legislative requirements in their business and HR strategies (Bennett & Nieman, 2014). The introduction of Acts such as the Protection of Personal Information Act and Employment Equity Act and the affirmative action policy can have a profound impact on the workplace motivation of employees, as any government regulations are often filtered down to employees in the form of workplace promotion policies (Bothma et al., 2012;

Shafi et al., 2020). In situations where an employee feels they deserve a promotion but did not receive it due to a legislative requirement the organisation had to abide by, the motivation of said employee is known to decline (Alfred, 1991; Na-Nan & Sanamthong, 2020).

#### **4.6.10 ECONOMIC ENVIRONMENT**

The economic environment often refers to the economic landscape of the environment in which the organisation exists (Charan, Barton & Carey, 2018; Du Toit et al., 2008). This can include aspects such as a government's monetary and fiscal policies that have a direct result on the organisation and the economy as a whole (Charan et al., 2018; Cruz, Pérez & Cantero, 2009). The economic environment has a profound and key impact on all business strategies an organisation may develop. Changes in the country's economic environment can also mean more stringent control over the organisation's financial resources (Mello, 2006; Shafi et al., 2020). This, in turn, has an effect on the pay increases and bonuses an individual may receive over a specific period. Economic factors such as increases in interest rates or increases in company taxes can translate to decreased employee motivation if they did not receive the expected pay increase or bonus (Armstrong, 2006; Cappelli, 1999; Le et al., 2021).

#### **4.6.11 SOCIAL ENVIRONMENT**

The social environment refers to the different values, norms, traditions and beliefs that form part of the organisation and are held by the organisation's employees and customers alike (Kruger-Pretorius & Meyer, 2018). These values, norms and traditions affect how the organisation and its employees interact with its customers and vice versa (Gupta, 2020). The social environment exists in every organisation, regardless of its size or industry. Taylor and Woodhams (2016) state that the social environment has an influence on the motivation of an employee through the cultural differences between colleagues and between employees and customers. Differences in culture and customs between individuals is often a source of tension and can lead to demotivation in situations where two individuals from different walks of life work together on a continuous basis (De Beer & Nel, 2018). This tension often arises from differences in meaning of certain elements of the working relationship. For example, in the business context, employees from eastern countries such as Japan are known to bow in greeting, whereas employees from western countries such as the USA and England are known to

shake hands as a form of greeting (Armstrong, 2007; Nieuwenhuizen, 2019).

#### **4.6.12 TECHNOLOGICAL ENVIRONMENT**

The technological environment refers to the organisation employing new methods in order to solve old problems; it is not limited to the use of new technological equipment, but also involves new and innovative ways of thinking (Amos, 2016; Jensen, 2018). Technological change is often at the forefront of organisational change, as organisations that are unable to adapt to technological change will have difficulty in adapting to changes in the business environment (Bennett & Nieman, 2014; Engels, 2019). The largest fundamental change in modern times is the development of the internet and telecommunications infrastructure in the form of telephone connectivity and electronic mail. These elements have revolutionised the way in which organisations conduct their business (Kruger-Pretorius & Meyer, 2018).

Bothma et al. (2012) explain that within the organisation itself, technological improvement impacts the motivation of employees through streamlining tasks that the employee is required to do, lessening tensions that are often associated with inefficient processes and improving the overall employment experience of the employee. An example of this was the introduction of employee self-service (ESS) portals, through which employees are able to apply for leave, check sick leave balances as well as check their individual disciplinary record. In the absence of an ESS, an employee would have to go through a bureaucratic and lengthy procedure to obtain this information or put in a leave application (Johnson & Kavanagh, 2017; Le et al., 2021). The technological environment thus plays a key role in employee motivation through its role in providing simplicity and workplace innovation (Johnson & Kavanagh, 2017; Le et al., 2021; Nieuwenhuizen, 2019).

#### **4.6.13 THE ROLE OF THE MANAGER IN EMPLOYEE MOTIVATION**

The manager plays a critical and pivotal role in terms of employee motivation since employee productivity, effectiveness and efficiency are linked to the manager (Gordon & Kimberly, 2004; Le et al., 2021). It is therefore vital that managers develop an understanding of which factors influence the motivation level of their subordinates and know how to use these factors in a manner that is beneficial to the organisation as a whole (Cascio, 2003; Jensen, 2018). The starting point for managers, as mentioned by

Cappelli (1999), is to understand their employees' motivations, with the aim of gaining a more in-depth understanding of their needs and goals both within and outside the organisation. A good understanding of these factors can lead to better overall performance from the employee. Competitive benefits and pay can go a long way in developing competitive employees (Brown & Shepherd, 1997; Habanik et al., 2020).

Coon and Mitterer (2007) state that involving employees in decision-making in both strategic and operational matters through a decentralised decision-making strategy can play a key role in creating a workplace environment in which the employee feels included. In this section ways management at all levels within the organisation can create a positive working environment for subordinates will be highlighted. This positive environment starts with a manager who is supportive, has a positive outlook, makes work-related expectations clear, provides regular feedback on both positive aspects and shortcomings in their employees' performance as well understands that their employees have different personal goals and dreams (Hitka, Lorincová, Gejdoš, Klarić & Weberová, 2019; Kaila, 2006).

Armstrong (2006) contends that a positive working environment created by managers in which employees feel valued and respected is a key fundamental for motivation to exist and this is due to the fact that a supportive work environment enhances the employees' self-esteem, which causes employees to feel more appreciated and competent in their job function. Korzynski (2013) proposes that management needs to always keep the organisation's values, mission and vision at the forefront of all activities, as incongruence between the organisation's value and manager's action will be seen as hypocritical by employees and will result in decreased motivation.

Dhanpat and Lees (2021) expand on this by stating that completing any task in an environment plagued by negativity and disrespect as well as insensitive behaviour by management will be much harder for an employee compared to an environment in which encouragement and appreciation are the norm. Often in larger organisations, it is easy for the manager to lose sight of high-performing employees who are excelling in their job function with minimal resources (Martin & Geldenhuys, 2016; Nadeak & Naibaho, 2020). While it is vital for a manager to assist under-performing employees in becoming more productive, it is equally important to recognise and appreciate high-performing employees by making them feel good about their contribution to the

organisation's success (Abbah, 2014; Noor et al., 2020).

Fear of change is one of those organisational elements that can negatively affect employee motivation and in such instances, it is critical that managers be able to respond positively to the change at hand (Hellriegel & Slocum, 2011; Noor et al., 2020). Brown and Shepherd (1997) conclude that in situations where change is occurring, in order for employee motivation not to be deterred, managers need to be open to new ideas, flexible, clear on acceptable and non-acceptable behaviours as well as expectations of employees and provide clear information. These actions will ensure that in the midst of organisational change, the manager is able to keep the motivation of their subordinates high (Engels, 2019; Shwiff, 2007; Steers et al., 2004; Wiley, 1995).

Schultz and Schultz (2010) point out that employees are known to perform better and have higher levels of motivation over a prolonged period when their managers help employees feel empowered in trying economic times, reward good performance, foster a sense of team spirit and place value on the competence of the team as a whole, among other things.

A manager may be part of three motivational groups (Manville & Ober, 2003):

- Affiliative managers are managers who place value on their reputation and image within the organisation as opposed to the successful completion of the task. These managers have a strong need to be accepted within the organisation and stay on good terms with everyone and are thus more inclined to make exceptions for certain needs. Decisions these managers make have an underlying goal of furthering and growing their own personal image and popularity rather than attaining the organisation's goals. From an employee motivation perspective, an individual that has a strong desire for interpersonal affiliation would not possess the traits of a good manager, as they put themselves above the organisation's goal, thus creating low employee morale and ultimately low motivation.
- Managers who are motivated by the need to achieve place the least amount of value on their popularity within the organisation. They direct all of their effort and

action to setting organisational goals and achieving them as well as placing the most value on their own achievements.

- Institutional managers are managers that value power the most. These managers believe that tasks can be accomplished through influencing other individuals within the organisation. This is the source of their power, as their ability to succeed depends on their ability to influence decision-makers rather than their achievement and professional abilities. A criticism against this type of manager is that they lack the discipline to be a good organisational leader and their subordinates are often not loyal to the organisation, but rather to the manager personally. The resignation of this type of manager often leads to disorganisation within the department and lower team spirit.

Ivancevich and Matteson (2005) assert that today's managers need to display a higher level of emotional intelligence through actions such as advising, coaching, listening, guiding and counselling employees in order to keep motivation high compared to managers of the past. When employees receive positive support from management, they feel more secure and confident and are thus more willing to stay in a motivated state (Kreitner & Kinicki, 2008; Mulyani, Sari & Sari, 2019; Ramlall, 2004).

Miner (2005) highlights that a major desire of employees is to receive feedback from their managers regarding their performance over a certain time period. This means that it is critical that managers provide this required feedback and recognition to high-performing employees (Dewi & Wibowo, 2020; Lockburn & Terry, 2004). Without feedback on performance or recognition, employees would have a diminished level of motivation and commitment towards the job. Ramlall (2004) indicates that in situations where an employee's commitment and motivation are low, they will be more inclined to seek recognition outside the organisation and this could lead to higher employee turnover.

Paul (2005) proposes that in order to remedy this situation, management needs to implement better communication systems and policies that will provide regular and consistent performance-related feedback to employees. According to Hellriegel and Slocum (2011), the best manager needs to have two characteristics in order to facilitate motivation among subordinates and these are 1) a democratic management style and

2) a high level of emotional intelligence with minimal egotism.

The significance of employee motivation will be explored in the following section. Motivation plays a very significant role in the organisation through its impact on business efficiency, productivity and the service level customers receive. For this reason, motivation is believed to have a fundamental impact on overall business performance. The significance of employee motivation is linked to the previous section, as many of these variables are internal to the company and have a direct impact on organisation-specific deliverables.

#### **4.7 SIGNIFICANCE OF EMPLOYEE MOTIVATION**

One of the biggest challenges faced by organisations and management in many different organisations is to motivate employees in order to ensure that they perform at a high standard and to maintain this motivation even through difficult times (Amos, 2016; Engels, 2019; Sternberg & Turnage, 2017). Employees are often mostly motivated to excel when they are proud of their work and when their seniors are proud as well (Khan & Wajidi, 2019; Taylor & Woodhams, 2016). Employees who do not have this drive often have a negative and detrimental impact on both the sustainability of the organisation as well as the productivity of their colleagues (Covella, McCarthy, Kaifi & Cocoran, 2017; Shafi et al., 2020; Singh, 2019).

An organisation often hires an employee for the value of their skillset, knowledge, experience and qualifications, which can assist the organisation in achieving its goals or generating revenue. If an employee fails to provide value, then the pay the organisation offers them becomes an expense and the employee becomes a liability rather than an asset (Engels, 2019; Kruger-Pretorius & Meyer, 2018; Nieuwenhuizen, 2019). Low-performing employees often deter the organisation from performing profitability and being competitive.

Organisational sustainability and profitability are directly linked to the rewards and recognition offered to employees, and this affects employee motivation as well as their overall job satisfaction and thus the effort the employee exerts towards achieving the organisation's strategic goals (Amos, 2016; Le et al., 2021; Russo, 2010). For this reason, organisational rewards and interpersonal recognition play a key role in employee motivation and organisational effectiveness (Bussin, 2020). In situations



where an employee's productivity is low, it is often a result of low motivation and task completion and therefore requires more effort compared to a motivated employee (Chingos, 2002; Dewi & Wibowo, 2020; Wolor et al., 2020).

Spector (2008) argues that unmotivated employees pose a deeper problem to management than just low productivity. Managing a low-performing employee takes up valuable time out of a manager's workday, as the remedy lies at the end of a lengthy performance management process. Employees with low motivation can also negatively affect customer relations, especially if the employee is employed in the sales, reception or business development departments, as they may not be in the correct frame of mind to represent the organisation adequately and in a manner that is conducive to organisational growth (Armstrong, 2007; Cherrington, 1994; Nieuwenhuizen, 2019; Taylor & Woodhams, 2016).

In these departments, the result of low motivation can include being rude to a customer, failure to understand the customer's needs, misrepresentation of a product, lack of follow-ups and failure to resolve queries adequately (Bergh et al., 2009). These actions by an unmotivated employee can have a detrimental effect on the organisation's reputation, as a negative customer experience can leave a lasting impression through online reviews which, in turn, can deter future customers (Dhanpat et al., 2020, 2018).

#### **4.8 CHAPTER SUMMARY**

In this chapter a detailed and in-depth discussion was given of one of the key fundamental facets of the employment relationship as well as a major construct in this study, namely employee motivation. This chapter started off with a description of the concept of employee motivation and then a discussion of the theoretical models of employee motivation that have been put forward by renowned psychologists and industry experts. Within the discussion of these theoretical models, the basic assumptions were pinpointed, together with the merits and demerits of each model.

A variety of factors affect employee motivation, all of which exist within the control of the employees and the organisation. Some factors exist at national level and are beyond the control of the individual and organisation. Each factor was discussed in detail and supported by relevant research. This chapter then concluded with the importance of employee motivation and what it means for the organisation to have both motivated and

demotivated employees, as well as the impact motivation has on the organisation's sustainability. In the next chapter, existing literature pertaining to employee retention will be explored.

## **CHAPTER 5: EMPLOYEE RETENTION**

*“A company’s ability to adapt to change is directly proportional to its ability to attract, retain and develop the right talent” – Satya Nadella, Microsoft CEO*

### **5.1 INTRODUCTION**

In this chapter, the construct of employee retention will be explored as well as how it has been defined by different authors and the variables that affect employee retention. Thereafter, Döckel’s Model of Retention Factors will be discussed, together with the role management plays in the retention of key talent. This chapter will then conclude with reasons why talented employees leave organisations as well as the role of the “employer of choice” in employee retention within the South African context. In addition, a new concept in human resource management known as the great resignation is covered and how it has affected the retention of key employees within an organisation.

### **5.2 DEFINING EMPLOYEE RETENTION**

Employee retention has been defined by different scholars over the years and is often referred to as conscious efforts made by the organisation to retain employees through mechanisms such as incentives and strong interpersonal relationships, ensuring that strategic business objectives are achieved. Employee retention also entails the ability of the organisation to minimise employee turnover over a particular period (Coetzee, Potgieter & Ferreira, 2018; Degbey, Rodgers, Kromah & Weber, 2021; Lambert, 2001; Rombaut & Guerry, 2020). Employee retention does not entail retaining every employee within the employer organisation, but rather only the high-performing employees that serve as a source of strategic competitive advantage (Lwin, 2022; Sheridan, 1992). A key facet of employee retention pertains to the ability of the organisation to prevent highly talented employees from leaving the organisation and joining competing organisations (Abelson, 1987; Luna-Arocas & Camps, 2008; Lwin, 2022), as the drainage of key skills can prove detrimental to the long-term sustainability of an organisation. In summary, employee retention centres on ensuring that employees remain within the organisation (Al Kurdi, Alshurideh & Al Afaishat, 2020).

Employee retention for many years has been one of management’s cornerstone priorities and has grown even more in prevalence during recent years. As a result, many

motivational theories can also be applicable in terms of gaining an enhanced understanding of employee retention. However, for the purpose of this study a very renowned retention framework developed by Andries Döckel was explored. While Döckel's Model of Retention Factors is not the only retention model in the literature, it is one of the most popular and widely applicable across different industries and professions and was therefore applied in this study.

### **5.3 DÖCKEL'S MODEL OF RETENTION FACTORS**

Andries Döckel first developed his retention factor framework in 2003 (Dhanpat, Manakana, Mbacaza, Mokone & Mtongana, 2019; Döckel, 2003; Döckel, Basson & Coetzee, 2006). This framework entails six factors (compensation, job characteristics, managerial support, training and development opportunities, career progression opportunity and work/life balance) that directly affect the retention of key employees within the organisation. This theoretical model was chosen for this research study as it analyses various organisation-related factors which impact employee retention as part of the employment relationship. These six factors discussed in Döckel's Model of Retention Factors are explained in the next section.

#### **5.3.1 COMPENSATION**

Compensation<sup>1</sup> pertains to both financial rewards (salary, commission, incentives and promotions) and non-financial rewards (perks, benefits, individual offices and preferential parking) that the employee receives in exchange for their skillset, qualifications and productive hours, and appears to be a leading contributing factor to employee turnover and intention to leave an organisation (Alhmoud & Rjoub, 2019; Charan et al., 2018; Degbey et al., 2021). Singh (2019) mentions that the fairness of compensation is viewed from the perspective of the employee rather than the employer and is based on whether the employee perceives it as a fair exchange and whether it is market related. The market-relatedness and fairness of compensation are often determined by internal and external equity. It is for this reason that compensation plays a significant role in retention, commitment, loyalty and productivity of employees (Sternberg & Turnage, 2017). Employees often view the rewards they receive as a

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<sup>1</sup> The term remuneration is used in the South African context. However, as Döckel's model uses the term compensation, this term will be retained in this study.

reflection of the value an organisation places on them. Due to this perception, employees seek to attain an alignment between the value the organisation places on them and that which they place on themselves through market-related rewards (Cardy & Lengnick-Hall, 2011; Gilani & Cunningham, 2017; Hatum, 2010; Putzier & Baker, 2011). This view was confirmed by Mkavga and Onyishi (2012), who state that compensation has been cited as the most common reason employees are believed to leave one organisation for another.

Tian-Foreman (2009) highlights that attractive compensation is often required to attract high-performing talent, but it is not enough to retain it. High-performing talent requires more out of the employment relationship than compensation and for this reason, management needs to ensure that they approach employee retention intending to build stronger ties and lasting interpersonal relationships with high-performing employees (Mitra, Jenkins & Gupta, 1992; Sudono, Senen & Rofaida, 2022). This is often done through reward mechanisms that focus on non-financial aspects, such as work/life balance, training and development opportunities, promotion opportunities as well as involving employees in key decision-making, as these elements build a relationship with the organisation that goes above and beyond the typical transactional employment relationship (Biaison, 2020).

Singh (2019) goes on to explain that if management is successful in building a lasting relationship with employees, the organisation will be rewarded with high levels of employee loyalty, decreased employee turnover and increased employee retention. Management plays a key role in the rewards and compensation offered to the individual. Sandhya and Kumar (2011) indicate that one of the ways management controls employee rewards is through the various reward policies they implement.

These policies play a deciding role in whether key talent is retained by the organisation or lost to a competitor. With regard to developing reward policies, management should look beyond the “one-size-fits-all” approach if the organisation wishes to retain key talent as individuals at different stages in their careers, who have different needs and expectations concerning remuneration (Bussin, 2020; Greyling & Stanz, 2010; Sutherland, 2004; Yin-fah, Foon, Chee-Leong & Osman, 2010). Research has shown that employees of different age groups have different requirements and expectations of the organisation’s remuneration offerings. One such example of this is that younger

workers expect greater training, development and career growth as well as competitive market-related remuneration, whereas older workers place greater value on retirement benefits, job security and investment plans such as provident funds (Abbah, 2014; Haider et al., 2015; Silva, Carvalho & Dias, 2019).

### **5.3.2 JOB CHARACTERISTICS**

Job characteristics often refer to elements within the job function of an employee that play a contributing role in whether the employee remains with the organisation or chooses to leave (Rombaut & Guerry, 2020). These elements are generally known to include aspects such as job autonomy, skills variety, challenging work, recognition and efficient use of one's skills (Degbey et al., 2021). Individuals within the work environment each bring a different skillset and experiences to the organisation and thus each finds meaning in their work differently. Job characteristics such as the significance that employees find in their job function, together with task identity can affect the outcome of the task directly (Biason, 2020; Bussin, 2018; Syah Putra, Afriani, Gurning & Cahaya, 2021).

From the perspective of employee retention, employees who have a high degree of task significance and task identity as well as skills variety are more inclined to remain with the organisation (Al-Emadi, Schwabenland & Wei, 2015; Mishra & Mishra, 2017; Pittino, Visintin, Lenger & Sternad, 2016). This is due to employees using their skills and competencies to develop strong relationships with the organisation. Research has shown that career adaptability, job autonomy, task identity and task significance play a positive role in retaining key employees and increasing commitment of the employee towards the organisation (Alnaqbi, 2011; Greyling & Stanz, 2010; Lwin, 2022).

### **5.3.3 TRAINING AND DEVELOPMENT OPPORTUNITIES**

Employees see the training and development opportunities offered by an organisation as a way to interpret whether the organisation wishes to invest in the employee and play a key role in retaining employees (Coetzee et al., 2018; Fahim, 2018; Hatum, 2010; Shore & Martin, 1989). High amounts of training and development opportunities offered by the organisation equate to a perceived high level of investment in employees; in contrast, a low level of training and development opportunities equates to a perceived low level of investment in employees (Degbey et al., 2021; Hulin, 1966; Lee & Chen,

2018; Lee & Maurer, 1997). Ahsan, Fie, Foong and Alam (2013) mention that the greater the investment the organisation makes in the employees, the more inclined the employee will be to remain with the organisation. Training and development entails a planned and intentional initiative by the organisation to upskill employees in order to improve their existing skills base and increase workplace efficiencies (Ezeuduji & Mbane, 2017; Lester, 2013; Wolor et al., 2020).

Training and development offered by the organisation increase the skills, knowledge and qualifications of employees and this can translate to the employee being highly adaptable to future changes in the job requirements (Hytter, 2007; Leonard & Levine, 2006; Shibiti, 2019). Investing in training and development is also an investment in the organisation itself as well as in the employee. This is due to the fact that the better equipped an employee is with regard to their skillset and qualifications, the more positive the contribution they can make to the organisation as a whole, thus adding positive value over the long term (Shibiti, 2019; Van Dyk, Coetzee & Takawira, 2013).

This, in turn, positively impacts on an organisation's overall sustainability and adaptability. Branham (2012) has shown that employees are more inclined to remain with an organisation when there is close alignment between their skills and the requirements of the organisation. According to Shwiff (2007), training and development are considered important tools that management can use to retain high-performing employees who possess scarce skills, as an investment in them would result in heightened levels of organisational commitment, loyalty and employee retention.

Younger employees place a high value on training and development; this serves as a source of employee retention as well as job satisfaction due to the role training and development play in skills growth (Ekerman, 2006; Hytter, 2007; Judge & Robbins, 2008a; Syah Putra et al., 2021). One of the ways management influences training and development is through legislation such as the Skills Development Act (97 of 1998), which requires organisations to train and develop the skillset of their employees to increase productivity as well as the chances of the employee securing employment (Erasmus, Grobler & Van Niekerk, 2015; McGregor et al., 2012; Nel, Kristen, Swanepoel & Poisat, 2012). The Skills Development Act also encourages managers to use the workplace as a learning centre to upskill staff, especially those of previously disadvantaged groups (Dhanpat et al., 2020; McGregor et al., 2012). The Skills

Development Act not only encourages management to prioritise skills development, but also places a responsibility for skills development on the individuals themselves by encouraging them to actively seek bursaries and other training opportunities that present themselves (Bergh et al., 2009; Dhanpat et al., 2020; Judge & Robbins, 2008b).

Within the context of employee retention, Heymann (2010) advises that management needs to employ a holistic view and consider the myriad variables that influence an employee's intention to leave the organisation. Consequently, training and development opportunities, in particular, are one of the most powerful tools management has in its arsenal to not only improve organisational performance, but also demonstrate to the individual that the organisation places value in them that goes above and beyond the employment relationship (Bennett & Nieman, 2014; Kruger-Pretorius & Meyer, 2018; Wiley, 1995).

In circumstances where the employee feels that the organisation cares for and prioritises their personal development, these employees would be more inclined to remain with the organisation and develop a strong working relationship with management, which also leads to increased productivity, motivation and efficiency (Cruz et al., 2009; Das, 2013; Korzynski, 2013; Sija, 2022). In circumstances where the employee does not receive training and development opportunities from the organisation, the individual will begin to grow disgruntled and unmotivated, indulge in destructive workplace behaviour and be more inclined to leave the organisation when a new job opportunity presents itself (Dhanpat & Lees, 2021; Hiltrop, 1996; Mello, 2006).

#### **5.3.4 MANAGERIAL SUPPORT**

Managerial support is managerial behaviour that aims to improve employees' overall performance and ensure that their workplace behaviour is conducive to the attainment of organisational goals through mechanisms such as recognition, feedback and overall job- and task-related support (Alhmoud & Rjoub, 2019; De Villiers, 2006; Saeed & Iqbal, 2015). Managerial support plays a role in employee retention through its function of providing feedback to employees. Employees who receive regular, relevant and constructive feedback from management are believed to experience a greater sense of ownership towards the organisation and heightened levels of positive feelings. This plays a role in building a stronger relationship between the employee and the



organisation, which translates to employees wishing to remain with the organisation (Adequyi, 2012; Bode, Singh & Rogan, 2015; Nasir & Mahmood, 2016; Sija, 2022).

Das (2013) highlights that the type and quality of support that managers offer employees within their job function can have a positive lasting effect on the employees' commitment level and intention to remain with the organisation, especially in difficult economic times. Supervisor support can also affect the retention of employees through the acknowledgement of achievement and high performance from employees (Schroth, 2019; Wang, Guo, Ni, Shang & Tang, 2019). Employees and high-performing ones, in particular, seek recognition for their hard work, efforts and achievements within the workplace from their seniors. Supervisors and managers who make a conscious effort to recognise and reward high performance through financial and non-financial means are often rewarded with increased commitment to organisational goals and increased intentions to remain with the organisation (Al Kurdi et al., 2020; Biason, 2020; Bussin, 2018; Cloutier, Felusiak, Hill & Pemberton-Jones, 2015; Zinnerman & Darnold, 2009).

#### **5.3.5 CAREER PROGRESSION OPPORTUNITY**

Heymann (2010) refers to career progression as the career opportunities that an individual has due to their experiences, knowledge, skillset and qualifications. These career opportunities exist both within the organisation in the form of promotions and externally in the form of career prospects at another organisation. Greyling and Stanz (2010) further explain that the organisation's role of defining career paths through succession planning has gained importance from the perspective of employee retention due to a change in the employment relationship. As the employment relationship progresses from a paternalistic approach where the employee takes ownership of their career, the progression opportunities offered by the organisation therefore play a role in an employee deciding whether to remain with the organisation (Khalid & Nawab, 2018; Nasir & Mahmood, 2018; Sternberg & Turnage, 2017). Scholars believe that employees are more inclined to remain with an organisation if the organisation places value on employee progression through succession planning (Alhmoud & Rjoub, 2019; Mushinsky & Morrow, 1980; Samuel & Chipunza, 2009).

Organisations that commit to provide high-performing employees with learning and development opportunities and career advancement often reap positive results in terms

of retaining these high-performing employees (Dibble, 1999; Sija, 2022; Tett & Meyer, 1993). Research has shown that internal career opportunities also act as an indicator of job commitment and willingness to remain with the organisation (Birt, Wallis & Winternitz, 2004; Schroth, 2019). Career progression is often directly linked to training and development opportunities offered by the organisation and the more training and development opportunities an employee receives, the more likely they will be unwilling to move to a new organisation (Hadi & Ahmed, 2018; Lee & Chen, 2018; Younge & Marx, 2016). Training and development lead to the employee developing more workplace-relevant skills and competencies and this assists them in being more competitive within the current work role, thus contributing positively to employee retention (Al Kurdi et al., 2020; Haider et al., 2015).

### **5.3.6 WORK/LIFE BALANCE**

Work/life balance has recently gained popularity as more female employees enter the workplace and traditional gender roles are diluted. Work/life balance is often understood as a condition in which an employee can achieve a balance between their personal and work responsibilities with the minimal conflict between the two (Al Kurdi et al., 2020; Biason, 2020; Masenya, Ngoepe & Jiyane, 2020). Work/life balance pertains to a state in which an employee can meet both personal and work obligations without the one negatively impacting the other (Hitka et al., 2021). It often impacts more than just the retention of an employee, but also influences their motivation, productivity and efficiency and is therefore a vital part of managing human resources. Work/life balance is often a source of conflict for the employee, especially in situations in which work roles and personal responsibilities are incompatible (Dhanpat et al., 2020; Wolor et al., 2020).

Job satisfaction and productivity as well as retention of the employee are known to improve in conditions in which there is a balance between work and non-work roles. In conditions where there is an imbalance, and the employee is faced with a work overload, the individual will experience a higher state of tension and stress, thus resulting in lower motivation and increased intention to leave the organisation and seek a better work/life balance elsewhere (Bussin, 2018; Rombaut & Guerry, 2020; Silva et al., 2019). Jiménez et al. (2018) explain that a lack of work/life balance may pose difficulties for employees and often results in staff turnover as employees aim to seek a greater balance between these two conflicting roles.

One of the most common ways organisations can provide employees with better work/life balance is through flexibility within their job function. This takes the form of flexible work hours, compressed work weeks and work-from-home options (De Hauw & De Vos, 2010; Dhanpat et al., 2020). The effectiveness of flexibility is derived from the perception the employee has that the organisation places value on out-of-work commitments and this plays a role in retaining high-performing talent (Lwin, 2022; Syah Putra et al., 2021).

Despite many workplace changes and improvements in terms of flexibility, obtaining a sound work/life balance is still a difficult task for organisations to achieve due to the different personal needs of individuals based on different demographic factors such as age, gender and educational background. In instances where an organisation prioritises work/life balance and makes a conscious effort to provide employees at all levels within the organisation with this balance, it has been found that employees will display a more positive attitude towards the organisation and its goals (De Hauw & De Vos, 2010; Nasir & Mahmood, 2018). In this regard, it is critical for managers to be conscious of the individualised needs of employees' work/life balance as their decision-making plays a key role in this (Jiménez et al., 2018).

Sánchez-Manjavacas et al. (2014) are of the view that work/life balance initiatives have become increasingly important as a way to reduce workplace stress levels, and these initiatives play a role not only in retaining but also attracting key talent. Existing research has produced conclusive evidence that employees who can balance their personal obligations with those of their professional ones display a higher degree of loyalty towards the organisation and its goals (Dhanpat et al., 2018; Govender & Parumasur, 2010).

Within the context of the employment relationship, the manager's role in providing staff with an adequate work/life balance is often neglected. With the recent changes in the South African employment landscape, and more women entering the workforce, Martin and Geldenhuys (2016) reiterate that work/life balance has become a critical component in retention strategies. Management should take cognisance of the fact that work/life balance is closely linked to diversity management. Female workers often have a different expectation of the employment relationship from that of their male counterparts due to the difference in their roles outside of work. It is commonly believed

that female employees have greater responsibilities outside of the workplace, such as domestic duties and caring for children, both of which are duties not often shared with male counterparts (Amos, 2016). For this reason, female employees require a greater work/life balance than their male counterparts and this is something management should consider when developing employee retention strategies (Das, 2013; Kruger-Pretorius & Meyer, 2018; Wolor et al., 2020).

Some of the various strategies management can utilise to offer greater work/life balance to their employees are remote working arrangements, job perks such as daycare subsidies, flexible working hours, as well as greater generosity in terms of policies on annual leave and family responsibility leave (Atkinson et al., 2009; Cappelli, 1999; De Beer & Nel, 2018; Maertz & Campion, 1998).

#### **5.4 VARIABLES THAT INFLUENCE EMPLOYEE RETENTION**

Employee retention is often influenced and affected by many variables that can arise from the individual themselves, the organisation as well as macroenvironmental factors at a higher level, which are often outside of the control of employees and the organisation, such as those at national level (Amos, 2016). For the purpose of this study, variables of personality characteristics, demographics, working conditions, person-job fit and economic and political conditions will be explored. These factors are in addition to those proposed by Döckel and will be discussed due to their relevance and role played in the retention of key employees.

##### **5.4.1 PERSONALITY CHARACTERISTICS**

Personality traits pertain to the personal characteristics of the individual as well as of those around them, as these characteristics impact how the individual fits in with the organisation and how they are perceived by colleagues (Kumar & Pradesh, 2018; Wöcke & Heymann, 2012). Examples of these personality characteristics are work ethic, dedication, confidence, reliability, ability to work in a team as well as independently, leadership, self-awareness, interpersonal communication, negotiation and time management skills (Analoui, 2000; Pinder, 2008; Sudono et al., 2022). Personality characteristics are often a major determinant of whether the individual is a good fit for the organisation and whether they will be constructive in meeting the organisation's business objectives. It is for this reason that personality characteristics

are one of the cornerstone strategies in employee retention (Charan et al., 2018; Hatum, 2010; Yin-fah et al., 2010). Over the years, research on the effects of personality characteristics on employee retention have produced mixed findings, as some scholars have found a relationship between personality characteristics, while others have not. In this area, more research is required in order to conclusively determine whether a relationship exists (Burke & Ng, 2006; Heymann, 2010; Sudono et al., 2022).

#### **5.4.2 DEMOGRAPHICS**

Khalid and Nawab (2018) indicate that individual demographic factors are often used by organisations to develop employee retention strategies, as these factors have been found to have an impact on the retention of key staff across all levels within the organisation. For the purpose of this study, demographic factors such as gender, race, occupational level and educational level will be explored. In the past, the motor industry was male dominated, but in recent years, with more women entering the workforce and being given equal opportunity, the motor industry has become one of the most diverse industries in South Africa. Factors such as race, gender, occupational level and educational level have therefore become widespread and key components in strategy development, especially with regard to employee retention (Covella et al., 2017). Motor dealerships in South Africa are very training-intensive organisations and do not conform to the usual eight-to-five work hours. As a result, retention practices in the motor industry would need to centre on training and development and work/life balance; thus retention practices in the motor industry may differ from those in other industries.

##### **5.4.2.1 RACE**

Research conducted within South Africa has shown that black employees place the highest value on career opportunities, training and development as well as work/life balance offered by the organisation, compared to Indian, coloured and white employees (Dhanpat & Lees, 2021; Kerr-Philips & Thomas, 2009). Research conducted in the South African context needs to be considered with caution, as individual differences occur within a race group between countries; what is applicable in the South African context may not be universally applicable worldwide (Dhanpat et al., 2019; Hatum, 2010; Zinnerman, 2008).

#### **5.4.2.2 GENDER**

Gender affects employee retention through its role in predicting what each gender values and expects of the employment relationship. Due to differences in gender roles outside of the workplace, male employees place a higher value on extrinsic rewards, whereas female employees place more value on intrinsic rewards (Alhmoud & Rjoub, 2019; Erasmus et al., 2015). Thus, from a retention perspective, female employees are more inclined to stay with an organisation that provides intrinsic rewards such as recognition, whereas male employees will be more inclined to seek out new positions that provide a higher level of job benefits, remuneration and career growth opportunities (Gilani & Cunningham, 2017; Terera & Ngirande, 2014).

#### **5.4.2.3 OCCUPATIONAL LEVEL**

The occupational level is understood to be the level at which the employee finds themselves within the organisational hierarchy (Atkinson et al., 2009; Fredericksen, Witt & Patton, 2010; Kruger-Pretorius & Meyer, 2018). Research has shown that managerial-level employees are more likely to be retained over an extended period of time as opposed to non-managerial employees (De Hauw & De Vos, 2010; Khan, 2018). The reason for this can often be linked to differences in the psychological contract held between managers and the organisation and that between non-managers and the organisation. The difference in the psychological contract thus enables the organisation to retain managerial employees because the employment relationship is more relational than transactional in nature (Amos, 2016; Armstrong, 2006).

#### **5.4.2.4 EDUCATIONAL LEVEL**

Educational level is one of leading factors an organisation needs to factor into its employee retention strategies. Research has shown that employees with lower education levels tend to stay longer with a specific organisation; in contrast, employees with higher educational levels will tend to seek out new career opportunities at other organisations as their skillset increases (Fredericksen et al., 2010; Ma et al., 2018). Employees with a higher educational level have more career opportunities at their disposal and can find alternate employment without much difficulty as opposed to employees with lower educational levels (Ma et al., 2018; Nasir & Mahmood, 2016).

### **5.4.3 WORKING CONDITIONS**

Physical conditions provided by the organisation in which an employee conducts their job function is often a source of dissatisfaction and a contributing reason to leave the organisation (Diab-Bahman & Al-Enzi, 2020). Research has shown that employees prefer to work in environments that pose the least amount of stress, both mentally and physically (Degbey et al., 2021; Le et al., 2021). Working conditions extend beyond the environment in which the employee finds themselves, but also include factors such as the employee's commuting distance to and from work, workplace ergonomics such as office lighting and ventilation, as well as access to the required tools and equipment in order to complete their task (Coetzee & Schreuder, 2011; De Beer & Nel, 2018; Nieuwenhuizen, 2019; Russo, 2010; Singh, 2019).

Good working conditions such as those that are conducive to the fulfilment of an individual's task and that encompass factors such as a safe working space, friendly colleagues and access to good working equipment will have a positive result not only on the retention of an employee, but also on their productivity, efficiency and motivation (Botha et al., 2013; Bothma et al., 2012; Shibiti, 2019). The manner in which an office space is designed often communicates to employees the organisation's culture and the value management places on its staff. As such, a well-designed work environment may be a contributing factor in retaining a key employee (Le et al., 2021; Sutherland, 2004).

### **5.4.4 ORGANISATIONAL CULTURE AND CLIMATE**

Organisational culture is the beliefs, values, experiences, attitudes and concepts shared by individuals within the organisation at all levels and is used to address internal and external issues (Hannay & Northam, 2000; Herman, 2005; Silva et al., 2019; Spector, 2012). Organisational culture exists in the form of behaviours, language, dress, norms and interactions of individuals within the organisation and also determines how resources are allocated (Branham, 2012; Tett & Meyer, 1993; Wahyuni et al., 2019).

Sandhya and Kumar (2011) argue that due to the major influential role managers have by virtue of their job function, they are the moulders, shapers and gatekeepers of organisational culture and ensure that organisational culture is conducive to organisational growth and is a source of workplace synergy. Adequyi (2012) explains that organisational culture is often a source of employee satisfaction and dissatisfaction

and thus management plays a vital role in how satisfied and ultimately how productive an employee is. These factors, in turn, directly contribute to whether the employee wishes to remain with the organisation or seek alternative employment elsewhere. By shaping organisational culture in a positive manner, management can place themselves in a good position to retain key talent and decrease employee turnover (Bussin, 2018; Swamy, Nagesh & Nanjundeswaraswamy, 2019).

Organisational climate, on the other hand, entails the characteristics that describe the internal organisational environment in which the employee finds themselves (Fredericksen et al., 2010; Kim, 2006; Nadeak & Naibaho, 2020). Organisational climate is often used to distinguish the organisation from other organisations, it influences the behaviour of employees and serves as a basis for how the organisation responds to its employees, clients and external environment (Ekerman, 2006; Lawrence, 2005; Nadeak & Naibaho, 2020; Taylor & Woodhams, 2016). The key factors that influence organisational climate, employee retention and overall job performance are (Gerhart, Hollenbeck, Noe & Wright, 1994; Meng-Shan, 2017):

- Tolerance and conflict
- Warmth and support
- Risk taking
- Organisational reward structure
- Individual responsibility and the manner in which the employee understands organisational goals
- Organisational structure and policies
- Teamwork and communication between colleagues
- Organisational leadership and trust employees have in management
- Loyalty and a sense of personal belongingness within the organisation

#### **5.4.5 ORGANISATIONAL STRUCTURE**

Organisational structure can be subdivided into formal structures such as an internal hierarchy and chain of authority, as well as informal structures that form the basis of working relationships and internal reporting (DeCenzo & Robbins, 1996; Gerhart et al., 1994; Meng-Shan, 2017). One of the key differences between these two forms of structures is that formal structures are a planned and premeditated effort by the



organisation, whereas informal structures are unplanned and do not form part of the formal structure (Agarwal & Farndale, 2017; Ekerman, 2006). Paul (2005) argues that these structures play a role in the retention of employees as well as in the overall job performance and satisfaction of the employees, as a lack of structure often results in job-related ambiguity and thus lower intentions to remain with the organisation. Organisational structure also impacts employee retention by affecting interpersonal relationships between employees. If the organisation's structure is conducive to meeting the needs of the employee, then they will be more inclined to remain with the organisation over the long term (Lwin, 2022).

#### **5.4.6 PERSON-JOB FIT**

Person-job fit refers to the match or mismatch of skills, experiences and knowledge base between that which the employee possesses and that which the job position requires in order for the employee to be successful and for the organisation's objectives to be achieved (Meng-Shan, 2017). Person-job fit is often a source of frustration and employee turnover, but it can also be a source of retention for key talent if a positive person-job fit is identified and built early in the employment relationship, thus creating a strong employee-organisation relationship (Degbey et al., 2021; Syah Putra et al., 2021). On the flip side of this coin is person-job mismatch, which entails a situation where an employee's personality, skills, experiences or qualifications are not a fit/match for the organisation and do not align with the organisation's business needs, culture or strategic direction (Biason, 2020; Rakhra, 2018; Sudono et al., 2022).

A person-job mismatch can occur in two forms:

- The employee is under-skilled – in this situation, the employee has less skills and job-relevant experiences than the job function requires. This often occurs through circumstances such as nepotism in which an employee is promoted to a position that is above their skills level (Kruger-Pretorius & Meyer, 2018). The resultant effect of this is often low morale, productivity and efficiency. From a retention perspective, the retention of the employee in such a position may be seen as detrimental to the longevity of the organisation (Coon & Mitterer, 2007; Du Toit et al., 2008; Kruger-Pretorius & Meyer, 2018).

- The employee is over-skilled – in these circumstances the employee has skills and experiences that are above and beyond what the job function requires (Kruger-Pretorius & Meyer, 2018). These conditions often develop in an economic downturn in which highly skilled employees are retrenched and are forced to accept lower-level positions to make ends meet. While at the start of the employment relationship, the organisation receives stellar performance from the employee, research has shown that this benefit is often short-lived as the said employee quickly gets frustrated due to inefficient use of their skills, leading to diminished organisational performance (Hadi & Ahmed, 2018). The retention of this kind of employee is often a difficult task for management if the organisation is unable to meet the personal and career needs of the employee, as the employee will soon find a suitable position, thus leading the organisation to incur costly recruitment costs (Cascio, 2003; Fox, 2007; Sudono et al., 2022).

#### **5.4.7 SOCIAL FACTORS**

Social factors that influence employee retention arise from personal goals and desires of the employee outside of the work environment. Some of these factors are dependants, age, lifestyle, children and other financial requirements (Kruger-Pretorius & Meyer, 2018; Nieuwenhuizen, 2019). Due to the financial nature of these factors, social factors are often a contributing element in an employee deciding in whether to remain with the organisation or not. In this regard, meeting the out-of-work needs of employees remains a challenge for organisations and failure to do so often negatively impacts retention strategies because employees are then more motivated to fulfil their needs elsewhere (Kolb, 2012; Schroth, 2019; Toloposky, 2000; Vroom, 1964).

#### **5.4.8 LEGAL FACTORS**

Since the 1994 democratic elections, the South African labour market has been faced with drastic changes in employment legislation and changes to the employment landscape. Some of these changes were the introduction of the Employment Equity Act and the Broad-Based Black Economic Empowerment Act (McGregor et al., 2012). As opportunities began to open for employees of designated groups, organisations were faced with a new challenge of retaining these employees. Nieuwenhuizen (2019) maintains that the increase in demand for employees of designated groups provided these employees with more career opportunities, and thus competition for these

employees became fierce among employers. Consequently, organisations were required to rethink their employee retention strategies.

#### **5.4.9 ECONOMIC ENVIRONMENT**

The economic environment pertains to that of the country as well as the world as a whole. In conditions where the economy is not performing well, employees are more willing to remain in jobs that are unsatisfying or do not meet their needs due to a lack of career opportunities in a dwindling economy (Kollmann et al., 2020). During times of poor economic performance, organisations are less inclined to create new job openings, as existing tasks are often distributed internally. Retention of key talent is of paramount importance during difficult economic times because it increases the competitiveness of the organisation and thus the overall performance of the economy (Degbey et al., 2021; Syah Putra et al., 2021). In circumstances in which economic growth occurs, Dailey (2012) argues that retaining highly skilled employees poses a challenge for organisations as the economic growth creates new work opportunities, thus placing the employee in a favourable position to obtain alternative employment (Kuswati, 2020).

#### **5.4.10 TECHNOLOGICAL FACTORS**

In the context of employee retention, technological factors pertain to the growth of telecommunication mediums such as internet and email. In the present day, information linked to market salaries, new career opportunities and job descriptions is more available than ever before, thus putting the employee in a better position to decide if they wish to remain with the organisation (Bussin, 2018; Kaye & Jordan-Evans, 2014; Kruger-Pretorius & Meyer, 2018; Miles, 2012; Spector, 2012). The ever-growing development of technology also makes it easier for larger organisations to headhunt and poach high-quality talent from smaller organisations; management therefore needs to keep technological changes in mind when developing retention strategies (Coetzee et al., 2018; De Beer & Nel, 2018; Nieuwenhuizen, 2019).

#### **5.4.11 WORKPLACE ENVIRONMENTAL FACTORS**

Workplace environmental factors relate to ergonomics within the working space that the organisation has provided to the employee in order for them to conduct their assigned duties (Schroth, 2019). These ergonomics factors include, but are not limited to, the office chair, desk, proximity to printers, colleagues, filing cabinets, telephones,

resources, lighting and ventilation (Lwin, 2022). A high level of workplace ergonomics provides comfort to the employee and is beneficial to the employee's health. This, in turn, has a positive effect on the retention of key talent, as good workplace ergonomics is often a contributing factor in employees deciding whether to remain with the organisation (De Beer & Nel, 2018; Kruger-Pretorius & Meyer, 2018). On the other hand, poor workplace ergonomics leads to low productivity, low efficiency, frustration and an inclined intention to seek new career opportunities elsewhere outside of the organisation (Rakhra, 2018).

### **5.5 WHY DO TALENTED EMPLOYEES LEAVE THE ORGANISATION AND WHAT CAN MANAGEMENT DO TO RETAIN THEM?**

Talented employees are often seen as the lifeblood of the organisation, as they are key to any organisation to achieve a competitive advantage. Talented employees are employees who possess knowledge, abilities, experience, qualifications and skills which best match the organisation's needs and therefore provide the highest value to the organisation and its strategic objectives (Erasmus et al., 2015; Hadi & Ahmed, 2018; Swamy et al., 2019). Naile and Selesho (2014) indicate that talent plays a role in the organisation's overall effectiveness, as it promotes the organisation's reputation and performance, in turn attracting new high-calibre talent. A closely related concept is the term *knowledge workers*, which can be understood to mean employees who have intricate workplace know-how, know-what and theoretical knowledge acquired through education and on-the-job learning (Biason, 2020; Chaiken & Eagley, 1993; Maertz & Campion, 1998).

From the above discussion, it is evident that talented workers are vastly different from and valuable to the organisation compared to non-talented employees. For this reason, Jost (2014) argues that management needs to have a well-rounded understanding of factors that influence these employees' decision to stay with the organisation, as well as how these employees can be retained.

Talented employees are thus seen as a fundamental component of any organisation that wishes to have a sustainable business in the future. For organisations to compete effectively, competitive advantage can often stem from high-calibre talent and highly skilled workers therefore play a crucial role (Govaerts, Kyndt, Dochy & Baert, 2011; Hadi & Ahmed, 2018). As a result, employers need to develop effective ways to retain

highly talented employees. Some of the avenues employers can explore in order to retain talented employees, as proposed by Chatzoudes and Chatzoglou (2022), are as follows:

- Promote flexibility within the workplace through the implementation of hybrid work models that allow employees to work remotely and from the office, thus promoting flexibility for female employees and better work/life balance. Flexibility has been proven to offer the organisation many benefits, such as increased motivation, productivity and creativity, and lower absenteeism and misconduct.
- Introduce innovative perks through the implementation of cafeteria benefits plans, which allow employees to choose the benefits and perks from a predetermined list that best suits their needs, thus offering employees a tailor-made benefits plan. Employees who receive tailor-made benefits from management are more likely to remain with the organisation as their needs are being met efficiently.
- Take ownership of developing a positive company culture that promotes a climate of positivity and gets employees energised to be productive. Forming an organisational culture starts with senior management and the benefits the organisation can gain from this are increased employee enthusiasm, decreased misconduct, increases in efficiencies, longer lasting commitment to the organisation, as well as a role in attracting high-calibre talent from outside the organisation.
- Invest in the development of talent and skills within the organisation. Skills development is often seen as a burden and wasteful expenditure; however, the organisation can reap many benefits of investing in talent development through increased employee knowledge, increased competence, greater job satisfaction and fostering stronger employee-management relations.
- Foster better employee-employee relations through teambuilding activities. Being a team player is of critical importance, irrespective of company size, as all employees work towards a common goal. Teambuilding forms bonds between employees that promote increased organisational performance and management gets to learn about their team's strengths and weaknesses outside of the workplace and in a non-work environment. Stronger interpersonal bonds

also play a key role in employees being reluctant to leave the organisation for another.

- Implement a strong performance evaluation and review programme that provides employees with constructive feedback and a clear way forward on improvement. A good performance evaluation system eliminates the need for unwanted disciplinary measures and fosters trust and open communication between employees and management.
- Showing appreciation is one of the most cost-effective and easiest things management can do to improve employee retention. Praising high-performing talent is a must if senior management wishes to retain them. Some of the ways management can show appreciation is through hand-written thank you notes, taking a staff member out for lunch after a major project, giving them time off, or even a small gift. This avenue will play a major role in retaining key employees during economically difficult times, as praise and recognition can work just as effectively as monetary approaches when it comes to retaining top talent.

Lee and Maurer (1997), together with Sutherland (2004) and Sudono et al. (2022), argue that talented employees leave their existing organisations for reasons such as:

- Increased remuneration in the form of higher salaries and job benefits
- Better training and development opportunities
- Increased job opportunities under conditions of economic growth
- Better career progression and promotion opportunities
- Conflict between employee and management
- Lack of employee engagement with management.
- Outdated workplace practices, work methodology and overall workplace rigidity
- Inadequate work/life balance especially for female employees
- The employee sees an inequity between the value they offer to the organisation and the rewards they received or their perception is that they are overworked by the organisation
- Lack of feedback from management on job performance
- Unfair labour practices, victimisation, discrimination, lack of respect and workplace political environment

- Organisational culture as well as misalignment between the employee's personal values and organisational values
- Lack of challenging and meaningful work as well as a lack of job autonomy
- Toxic employees are retained and negative behaviour goes unpunished, thus creating a workplace climate that condones toxicity
- Lack of recognition of workplace achievement and good performance

## **5.6 THE ROLE OF “EMPLOYER OF CHOICE” IN EMPLOYEE RETENTION**

Employer of choice is a new concept in the realm of human resources but has grown in popularity over the last few decades. Employer of choice can be understood as an organisation that is at the forefront of its industry in terms of technology, market share with regard to sales, organisational performance, labour practices and reputation for being a high-value employer, thus making the organisation an attractive option for high-calibre talent (Botha et al., 2013; Coetzee & Schreuder, 2011; Fahim, 2018; Nasir & Mahmood, 2016). Becoming an employer of choice begins with the organisation retaining its current high-valued employees, as these employees propel the organisation forward into the “employer of choice” state, which then allows it to further attract and retain more high-calibre talent (Alnaqbi, 2011; Du Plessis et al., 2011; Heymann, 2010; Schroth, 2019).

Mukherjee (2009) indicates that an organisation that wishes to obtain the employer of choice status needs to prioritise employee retention in its values and culture, as without employee retention programmes, the organisation will not adequately be able to retain high calibre talent. Employees take into consideration their current organisation's reputation; thus an employer of choice would have an advantage in retaining top talent over an organisation that is not an employer of choice (Botha et al., 2013; Dewi & Wibowo, 2020; Elnaga, 2013; Van Dyk et al., 2013).

## **5.7 CONSEQUENCES OF EMPLOYEE RETENTION**

Attracting and retaining high-performing talent remains a critical challenge for organisations in terms of achieving and maintaining long-term sustainability, competitive advantage and organisational growth (Biason, 2020). Due to a variety of factors such as organisational performance, behaviour of management and remuneration-related factors, retaining key employees is often a very difficult task for management to

accomplish, as low levels of employee retention often have a widespread negative effect on the organisation as a whole (Dhanpat & Lees, 2021; Hitka et al., 2021; Syah Putra et al., 2021; Wolor et al., 2020).

The shortage of skilled employees is a major workplace issue in South Africa for organisations of all sizes and industries. De Villiers (2006) and Johnson (2014) argue that due to globalisation, talented employees are faced with more employment opportunities both domestically and abroad. Organisations in South Africa are therefore faced with a war for top talent as these high-performing employees are highly sought after. Organisations that can successfully attract and retain high-performing talent will be more prone to long-term sustainability compared to organisations that are unable to do so (Le et al., 2021). Employers can implement various initiatives such as offering market-related remuneration, positive work/life balance as well as career development opportunities in an attempt to attract and retain top talent (Cascio, 2003; Kruger-Pretorius & Meyer, 2018).

Kruger-Pretorius and Meyer (2018) highlight that employee retention is known to affect three distinct variables, which will be discussed below.

### **5.7.1 EMPLOYEE MOTIVATION**

In this context, employee motivation pertains to the motivation of the employee who may be intending on leaving the organisation as well as the motivation of the remaining employees of the department once the employee in question has left the organisation (Hitka et al., 2021; Schaap & Olckers, 2020; Wolor et al., 2020). George (2000) explains that when faced with a resignation, how the organisation responds will set the tone for the motivation of the individual during the balance of their tenure. If the employee feels that they were a key member of the organisation, yet the organisation made no attempt to retain them, then the employee's motivation will decline, and this could negatively affect the handover process as well as the training of the successor (Brown & Shepherd, 1997; DeCenzo & Robbins, 1996; Hosseini, 2014; Le et al., 2021; Robinson, 1996).

In instances when the individual resigns from the organisation, the motivation of the remaining employees is also affected. At this point, Martin and Geldenhuys (2016) recommend that the organisation tread carefully in filling the newly created vacancy and



how the job function is distributed. In situations when the organisation chooses to freeze hiring in the vacant position and redistribute the job function among the existing staff without providing any extra forms of remuneration, benefits, or recognition, then the motivation of the remaining employees can decline, followed by an increase in resignations of existing staff and low productivity, both of which can be detrimental to the organisation's long-term survival (Biason, 2020; Dutta & Banerjee, 2014; Hall, Harrell, Bicksler, Stewart & Fisher, 2014; Hosseini, 2014).

### **5.7.2 JOB SATISFACTION AND PERFORMANCE OF EMPLOYEE AND COLLEAGUES**

The overall job satisfaction that employees experience with their job function is often one of the biggest indicators of their intention to remain with the organisation over an extended period of time, as well as the organisation's ability to retain fellow employees (Hitka et al., 2019; Wahyuni et al., 2019). Employees who are satisfied with their job function are more likely to remain with the organisation, but the reverse is also true whereby an employee will be more inclined to leave the organisation if they are not satisfied with their role in the organisation (Al-Emadi et al., 2015; Hirsch, 2021; Imna & Hassan, 2015; Kaye & Jordan-Evans, 2014). Whether an employee remains with the organisation or chooses to leave also has a profound impact on their colleagues, as high-valued employees have key know-how that is often organisation-specific (Lwin, 2022). When an employee leaves an organisation, this know-how leaves with them, which is often a source of tension among the remaining employees (Sija, 2022).

The performance of the employee in their job function in the organisation links with their intentions to remain or leave the organisation, as it is associated with their skillset and how closely this skillset matches the organisation's requirements (Schroth, 2019; Sija, 2022). In instances where there is a mismatch between the employee's skillset and the organisation's needs, the individual will be more inclined to leave the organisation. This occurs in two forms as discussed below (Dibble, 1999; Hannay & Northam, 2000; Mitra et al., 1992; Sija, 2022):

- The employee has fewer skills, knowledge and abilities than what the organisation needs. In these circumstances, the employee is inclined to leave the organisation due to the future possibility of negligence, being subject to a performance management process that could tarnish the employee's reputation

among colleagues, or even due to the possibility of disciplinary action taken against them (Munsamy & Bosch-Venter, 2009; Nasir & Mahmood, 2016; Sija, 2022; Westlund & Hannon, 2008). In instances such as these, the poorly performing employee's colleagues are often called upon to assist in training the employee through mechanisms such as job rotation and on-the-job learning, thus creating a state of added tension for colleagues (Bussin, 2018; Ghani et al., 2022).

- The employee has more skills, knowledge and abilities than the organisation needs. Gilani and Cunningham (2017) mention that in these circumstances, the main cause of the employee leaving the organisation is frustration. Often highly skilled employees with postgraduate university qualifications or many years of experience find themselves in this situation, in which they are employed by an organisation for which their skills are simply too much and do not match business requirements (Biason, 2020; Charan et al., 2018; Degbey et al., 2021). These employees place a high value on their personal growth and professional development and therefore will be inclined to find a more challenging job position with another organisation (Swamy et al., 2019).

Cardy and Lengnick-Hall (2011) state that in this instance, these employees are highly valuable to smaller organisations and therefore retaining them becomes difficult for organisations that are unable to match the remuneration package and non-financial offerings of larger organisations. Employees who have more skills than required are found to be in a situation that is characterised by jealousy towards the high-performing employee, and this, in turn, translates to misconduct such as a reduction of efforts due to the assumption that the high performer will carry the department's performance, or even sabotage, in which low-performing employees could sabotage the efforts of the high performer in an attempt to attain equilibrium in the performance of everyone (Charan et al., 2018; Dutta & Banerjee, 2014; Tian-Foreman, 2009).

### **5.7.3 ORGANISATIONAL EFFECTIVENESS**

Organisational effectiveness pertains to how effective the organisation is at achieving its strategic objectives. The organisation needs to ensure that resources are used effectively (Das, 2013; Janovac et al., 2021; Sandhya & Kumar, 2011). One of the main

costs incurred by the organisation which cannot be readily quantified and which is seen as a “silent killer” is the cost of employee turnover (Dhanpat et al., 2018). Employee turnover has monetary and non-monetary costs for both the employee and the organisation. Some examples of these are the uncertainty around joining a new organisation, the stress of job-hunting, as well as the costs of making the transition itself in the form of relocations (Dhanpat et al., 2018).

In contrast, the organisation incurs costs to fill the position through recruitment agencies and referrals. Using internal promotion to fill the position also poses unseen costs to the organisation, such as the time taken from the hiring manager’s day to screen and determine who is to be promoted and on what grounds, as well as loss of internal employee know-how (Abelson, 1987; Dhanpat et al., 2018; Hannay & Northam, 2000; Tian-Foreman, 2009). These unseen costs negatively impact an organisation’s effectiveness, especially in highly volatile markets and unpredictable economic environments due to the loss of organisational know-how by senior employees and the valuable time spent by managers on hiring activities when this time could have been better allocated to more strategic matters (Alnaqbi, 2011; Das, 2013; Hatum, 2010; Jensen, 2018).

Employees leave organisations for personal and professional reasons. Examples of these reasons are a desire for a higher remuneration due to difficult economic conditions and an increase in the employee’s personal responsibilities at home, such as being newlywed or having a newborn (Abelson, 1987; Covella et al., 2017; Hulin, 1966; Lyness, 2001). Due to employee turnover being a complex facet of the employment relationship, one factor cannot be deemed the sole source of turnover (Ezeuduji & Mbane, 2017; Kerr-Philips & Thomas, 2009; Maertz & Campion, 1998). The retention of even a single key employee can greatly improve organisational effectiveness, as retaining a high-quality employee can lead to the organisation reaping many benefits, such as increased motivation and productivity of colleagues as well as improved overall organisational performance and a decrease in recruitment and hiring costs (Arnold, 2005; Herman, 2005; Shwiff, 2007; Sudono et al., 2022).

Strong knowledge on the part of management on how employee retention affects organisational effectiveness can lead to the development of retention strategies that can meet the employment needs of both management and employees in a manner that

can lead to a longer lasting employment relationship (Alhmoud & Rjoub, 2019; Pauw, 2011; Rombaut & Guerry, 2020; Syah Putra et al., 2021).

## **5.8 THE GREAT RESIGNATION**

The COVID-19 pandemic plunged the global labour market into uncertainty and turmoil. Organisations worldwide were forced to adopt innovative workplace strategies in order to comply with social distancing, utilisation of masks and sanitisation regulations (Dexter, 2022; Wilson, 2022). One of the most popular strategies adopted was remote working. Along with the newfound business agility organisations had to adopt, employees across all levels within the organisations have been reconsidering the employment relationship, and whether it is still mutually beneficial (Hirsch, 2021). This sparked a worldwide business and economic phenomenon, known as the great resignation. The great resignation is best understood as a phenomenon in which employees reconsider what they desire out of the employment relationship (Horn, 2021; Laskowski-Jones & Castner, 2022; Sull, Sull & Zweig, 2022). The COVID-19 pandemic has allowed employees to rethink their careers in light of working conditions, long-term career goals, the pay they receive and work/life balance. Where employees feel their needs are not being met, they tender their resignation, thus increasing employee turnover (Hirsch, 2021; Jiskrova, 2022).

The great resignation has been seen in countries such as the USA, China, UK, Australia, Europe, India and South Africa. It has led to new challenges for management with regard to the retention of key staff and knowledge workers (Dexter, 2022). With the increase in economic downturn caused by the COVID-19 pandemic, organisations are faced with a war for talent. The reason for this is the strategic organisational need for high-performing talent, as these employees are highly sought after due to their skills, qualifications and ability to contribute strategically to the organisation, thus helping the organisation get through periods of low economic performance (Dexter, 2022; Horn, 2021; Jiskrova, 2022). The war for talent also presents highly skilled employees and knowledge workers with numerous career opportunities despite trying economic times.

The great resignation, therefore, poses a new and unique retention challenge for organisations with regard to retaining key talent. With the multiple new work opportunities for skilled individuals, organisations are being faced with more

resignations, especially from those employees who have transferrable skills (Hirsch, 2021; Jiskrova, 2022; Sull et al., 2022). Organisations would need to develop innovative strategies to retain key employees in order to ensure that they remain agile, efficient and able to navigate as well as overcome difficult market conditions (Dexter, 2022; Horn, 2021; Wilson, 2022). Phenomena such as the great resignation reiterate to organisations the importance of having and implementing well-developed employee retention strategies that are not only mutually beneficial to the employee and organisation, but also reflect the organisation's values and are representative of the current business landscape (Dexter, 2022; Horn, 2021; Jiskrova, 2022; Sull et al., 2022).

## **5.9 CHAPTER SUMMARY**

Another component of this study was discussed and analysed in this chapter, which is also one of the basic facets that forms part of the employment relationship and employee-employer dynamics. Employee retention was defined and its importance for long-term organisational sustainability was discussed, together with how employee retention affects the motivation of the employee themselves as well as remaining colleagues.

Factors that directly impact employee retention, such as demographics, personality characteristics, working conditions, as well as organisational climate, structure and culture, were explored. Why employees are believed to leave the organisation and the consequences of employee retention were also covered. Lastly, the concept of the great resignation was explored and how it affects employee retention within an organisation. The following chapter entails the analysis and discussion of the research findings.

## CHAPTER 6: RESEARCH FINDINGS

*“I have no special talents; I am only passionately curious” – Albert Einstein*

### 6.1 INTRODUCTION

In this chapter the themes that were constructed from the data collected for this qualitative study are reported on. The themes and subthemes answer the research questions of this study.

### 6.2 REPORTING OF THEMES AND SUBTHEMES

Thematic analysis was used to interpret and make sense of the raw data in order to understand participant perceptions and to draw conclusions (refer to section 2.3.2.13 in chapter 2). Member checking was also used to ensure the quality of the data (see section 2.4.4 in chapter 2). Based on the data collected through in-depth interviews with participants in the South African motor industry, it was found that many of them shared similar frames of reference and thought models. The data collected was analysed following a deductive approach and was analysed in relation to the main focus areas of the study. The following three main themes were:

- The psychological contract between employees and the organisation
- The motivation of an individual in the course of their employment
- The ability to retain employees within the organisation

The following subthemes were constructed from the data collected based on the main underlying themes as outlined above:

- The psychological contract as a building block for employee motivation and retention
- The psychological contract, an enabler or a hindrance when faced with a new job offer
- Mutual trust and respect
- Praise and recognition
- Benefits offered by the organisation
- Performance excellence
- Working environment

- Personality of senior management
- Loyalty to the organisation

The main themes and subthemes are illustrated in figure 6.1.



Figure 6.1 An illustration of the main themes and subthemes

The analysis of the data reveals that several subthemes overlap or are associated with more than one primary theme due to their interconnected nature. The interconnectedness of the three constructs is seen both in the literature and in the data gathered and holds paramount significance in the workplace (Dhanpat et al., 2020; Dhanpat & Parumasur, 2014). When the psychological contract aligns with employee motivations, reflecting shared values and fulfilment of intrinsic needs, it becomes a powerful driver of positive behaviour from employees. This alignment, in turn,



significantly influences employee retention, as individuals are more likely to remain with an organisation where their psychological contract is met and their motivations are addressed. Recognising and understanding this intricate interplay is crucial for organisations aiming to cultivate a positive work environment. This interconnectedness is depicted in table 6.1. The following table contains two to three verbatim examples that highlight the interconnectedness of the themes.

Table 6.1 The interconnectedness of the themes

|   | <b>Psychological contract</b>   | <b>Employee motivation</b>   | <b>Employee retention</b>   |
|---|---|--|---|
| <b>The psychological contract as a building block for employee motivation and retention</b> |   | <p>“A few months later, what had happened? My dealer principal called me in and he introduced me to the new sales manager, which he hired and I must help train him and get him up to speed. Now, can you imagine my shock? I was under the understanding that I will be promoted to that managers role, which is the sales manager role. I had the skills, the personality, and I even showed good performance in the role through my numbers. At that moment I I felt my promotion expectation was not honoured. I felt very disappointed and used by him. I mean, you can't do that to people you can't use and discard them at your own convenience. So at that moment all my motivation and loyalty went out of the window.” – P3</p> <p>“The failure to meet my expectation made my motivation drop like a rock.” – P3</p> | <p>“Knowing that I'm not going to get promoted to a sales manager, I applied for a few sales managers role and I've got a job offer as a sales manager. I then handed in my resignation. I even felt glad to leave the dealer principal who pretended to value me to suit his needs. If you are going to use somebody and don't really value them, then you're going to lose them.” – P3</p> <p>“I was more motivated to leave the dealer than to do my job, which was sad because I actually wanted to stay with the dealer.” – P3</p> |
| <b>The psychological contract, an enabler or a hindrance when faced with a new</b>          | <p>“If my current dealership, if they treat me fairly and if they exercise the psychological contract fairly and transparently, then I would say that and if I get another job offer, I would think twice before accepting the new job. But if my current dealership is not being fair,</p> |  | <p>“I think sometimes you get demotivated with, you know when you're working you know in a place and sometimes you just feel under appreciated. And you always stand to think human nature. The grass is greener on the other side kinda thing.” – P4</p>   |

|                                 | <b>Psychological contract</b>   | <b>Employee motivation</b>   | <b>Employee retention</b>  |
|---------------------------------|---|--|--|
| <b>job offer</b>                | then in fact I would be more motivated to leave.” – P1  |  | “The notice period is where the dealer actually notices you but it’s a little too late. At that point, after letting me down, there was nothing that could actually restore my motivation and convince me to stay with the dealer.” – P3   |
| <b>Mutual trust and respect</b> | <p>“But if you're gonna bluetick me then that's a sure sign of disrespect. That's a sure sign of, you don't value me or what I do for your organisation. Uhm and and my husband will tell you I don't accept that hey. I respect people and I mean you should pay people the respect of a response.” – P7</p> <p>"Up till today, I don't see why I didn't actually get the role, I have the skill as I am a successful sales manager now. The only reason I can think of is my dealer principle had favouritism or just he didn't like me or actually respect me.” - P3</p> | “You know, honestly at this point I I do not trust and respect my dealer principal as he doesn't have a heart to be empathetic towards employees like me who just got robbed outside the dealership and and everything is just you're going down here.” - P1 | “As a salesman, you are willing to lay your life on the line in here and you expect that degree of loyalty and respect. You expect it back, you know from the company.” - P5   |
| <b>Praise and recognition</b>   |   | “If management does something like that, then I would definitely stay and be motivated to put in more effort in the future, because for me personally right, I value the recognition and appreciation from management. That is what I place value on.” – P1  | <p>“So in terms of it affected my retention because I could see that you know what, the expectations you know they're not capping it somewhere you know they're not, they're not rewarding it. You know, just give credit where credit is due basically. So I think it it impacts the retention massively.” – P6</p> <p>“Yes, in terms of obviously you being acknowledged, um for what you've</p> |

|   | <b>Psychological contract</b> | <b>Employee motivation</b>   | <b>Employee retention</b>   |
|---|-------------------------------|--|---|
|   |                               |  | <p>done, which is a motivation so obviously, you know you're gonna be in a uh, you're gonna be in a comfortable state, a happy state. So you're gonna you're gonna wanna stay with the company. You know you, you're not gonna want to jump ship, you gonna be there." – P6</p> <p>"So when a person is given recognition and then it's taken away, anyone would feel demotivated and would want to leave their company so this is how I felt." – P3</p>  |
| <b>Benefits offered by the organisation</b> |                               | <p>"They must also realise that that there are results for their actions, where it is good or bad, and and even the smallest things like like like personality or management style can keep or lose employees even even a small benefit like offer me counselling for my for for my incident that happened recently can improve my motivation and willingness to stay with the dealership." – P1</p> | <p>"It's it's you know, if you are looking at like the value, the rand value is so little, but the psychological value is huge. You know 35 rands month, but guess what, they're not charging us that like so. Uhm, it's it's those little things that make the big difference. It's the feeling of you being taken care of. We care about our employee, employees and their safety, their health, their families. The mental well-being you know, you know it's it's. It's that kind of. It's that it's, you know. It's just that kind of element that appeals to the human in the employee. That you feel you feel proud to work with a particular organisation you know." – P6</p> |
| <b>Performance excellence</b>               |                               | <p>"So, if I were to receive this (appreciation), I would not want to resign. I would stay with the dealership, and I would put in my highest level of</p>   |   |

|   | <b>Psychological contract</b> | <b>Employee motivation</b>  | <b>Employee retention</b>   |
|---|-------------------------------|---|---|
|   |                               | <p>effort in all the tasks I would do.” – P1</p> <p>“I was excited for my new role. It was a step in the right direction for me professionally and a sales manager role is a big achievement. I actually excelled. our customer satisfaction CSI scores were high, our sales numbers were met and even my clients were happy to see me in a management role.” – P3</p>  |   |
| <b>Working environment</b>              |                               | <p>“So with us we were actually told that if we even go to HR after speaking to the sales manager or the DP, so even if you speak to them and then we still report it to HR, but they’re they’re gonna put us into a disciplinary, so it’s you know it, it’s demotivating. You know you have that expectation that they the ones that’s gonna fight for you and you can go to HR and then they lay that on you. You know it’s something that demotivates you and it’s negative.” – P5</p> | <p>“...for me it’s important to work for a company where we’re going to win together, but also we’re going to lose together. The bosses of my old company were on the back of the staff. Do you know what my previous employers, in hindsight managed to do to me? They managed to domesticate me. Without saying a word, they had me at the point where I was not gonna ask for more and I am not going to express my discontent. Through many silent, subtle things like the blue-ticking, where I came to realise that I must stop voicing any grievances. I must not ask for anything more because the body language was standoffish and that is ultimately why they lost me.” - P7</p> |
| <b>Personality of senior management</b> |                               | <p>“You know, there’s just goes to show how how good management will motivate and retain me but bad management will lose me and demotivate me.” – P1</p>  | <p>“...I just feel that if the company values me, then I really do not have a reason to leave.” – P1</p> <p>“My current manager is an awesome</p>   |

|                                    | <b>Psychological contract</b> | <b>Employee motivation</b>  | <b>Employee retention</b>   |
|------------------------------------|-------------------------------|---|---|
|                                    |                               | <p>“Management must also understand that the management style and personality can be a deciding factor whether people stay or leave the dealer and can impact their motivation.” - P3</p> | <p>guy. If I can be blunt here, he doesn't care about the company, he cares about his people. That's why my loyalty has grown so much for this guy.” – P5</p> <p>“If my old dealer principal would have just upheld his side of the bargain, or at least be honest and tell me why I didn't get the role, I would have even stayed with the dealership.” – P3</p> <p>“Uh, to be honest with you, I'm actually looking for a new job at the moment I'm I'm actively seeking a new job and as much as I would want to stay with the dealership, I can't work with people who don't see others as human beings and can't understand what it feels like to have have a weapon pointed at you. Because of my DP's actions, he has lost me.” – P1</p> |
| <b>Loyalty to the organisation</b> |                               | <p>“I was very motivated in my new role and even felt a sense of loyalty towards my dealership.” - P3</p>   | <p>“I mean the only reason you stay in the place is if you see an opportunity for you to grow and to become a higher position. And also it does become that 'cause if you showing your loyalty and they're showing their loyalty back in these times by assisting you financially or assisting you in any form or way, especially more financially then giving you that opportunity to say OK, we'll be there for you now as you as we are sure that you'll be there for us when times that becoming great again. So it's</p>   |

|  | <b>Psychological contract</b> | <b>Employee motivation</b> | <b>Employee retention</b>   |
|--|-------------------------------|----------------------------|---|
|  |                               |                            | <p>almost showing your work, because if in these times. They your management is not looking after in you. And you not valued, then it's time for you to move on." – P3</p> <p>"I personally would have been a lot more motivated to excel in my job. As a way of giving back to the dealership and I would actually want to stay with them." – P1</p> |

The data shows that the psychological contract serves as the basis for motivation and thereafter retention is built upon motivation based on the experiences shared by the participants as participants discussed that they will not stay at an organisation if they are not motivated. Each of these themes, along with their relevant subthemes, will be explored further in the chapter, along with quotations from participants that illustrate how these themes were developed and how they corroborate the findings of this study. The interpretation of the data gathered was based on the relevant literature (see chapters 3, 4 and 5), as well as my experiences and skills as an HR professional.

### **6.2.1 THE PSYCHOLOGICAL CONTRACT BETWEEN EMPLOYEES AND THE ORGANISATION**

This section covers the first main theme, namely the psychological contract, which defines the implicit expectations and commitments shared between employees and employers in the workplace. Three key subthemes guide this exploration: the psychological contract as a building block for employee motivation and retention, the role of the psychological contract when faced with a new job offer, and the foundational elements of mutual trust and respect. During the interviews, participants shared detailed insight of how a breach of their expectations impacted their loyalty towards their organisations, how the psychological contract influenced their decision to remain with or leave the organisation when receiving a new job offer and how mutual trust and respect are underpinned by the psychological contract.

#### **6.2.1.1 THE PSYCHOLOGICAL CONTRACT AS A BUILDING BLOCK FOR EMPLOYEE MOTIVATION AND RETENTION**

The psychological contract serves as the foundation for employee motivation and retention. Without it, the constructs of motivation and retention will not exist. In addition, the data demonstrates that a breach or maintenance of the psychological contract has a spillover effect on employee motivation and retention. In light of a perceived breach of the psychological contract, participant 1 expressed the following when asked to share his thoughts on whether a breach of the psychological contract would cause him to actively seek a new position:

*“...so it would depend on the nature of the breach and another factor I would actually*



*consider is how often did the dealership commit this breach, because if I see that the dealership is continuously doing this, regardless of the nature, I would be more tempted to resign from my current job because it shows me that the dealership is now taking advantage of me.”*

This indicates that individuals have a degree of tolerance towards breaches of the psychological contract and are willing to accept minor breaches in the interest of maintaining a sound working relationship between them and the organisation. However, the data also reflects that once an individual's tolerance level for breaches of the psychological contract is reached, the individual would be more inclined to leave the organisation, thus negatively affecting the retention of the said employee.

On the other hand, individuals are also known to display no tolerance for breaches of the psychological contract. This was demonstrated by participant 5 who provided a real-life example of how a breach of a promotion expectation can lead to an immediate negative impact on the organisation's ability to retain a talented individual:

*“Once again, I'm... I'm speaking out of experience, and I've seen this happen in multi franchise as well before we were bought over by XXX. A colleague of mine too. He worked at the pre-owned department or Division of the dealership. Awesome guy. He's been with the company for more than 6-7 years. He's he's second in charge, so when the... the manager is not there, everybody runs to him for advice and help and the guy is sharp. He knows what he's doing, you know and. He was or he is overlooked. For management position for the past three years. Uhm, there was an opportunity before we got sold to XXX, where. Uhm, the he's manager at the time, resigned. So now that position was open. And the company actually literally just overlooked him without even informing him or anything like that. Like look, we know you're second up. We, we know that you can do the thing, but we're gonna go with somebody else or we need to run this thing externally first or whatever the case may be, and. I totally understand the guy, he literally on the same day when you found out that they were not going to take him on as management, he resigned because that is something that definitely kills your spirit.”*

When probed as to whether this participant would follow the same course of action, the

participant replied, *“No, definitely definitely because yeah at end of the day the company just look at look after their own interest. That’s a given, yeah.”*

When probed about the breach of the psychological contract and whether he would leave his organisation if an expectation were breached, participant 3 shared experiences of how he had chosen to change employers and stated *“...yes 100%, that’s what I did”*. A very similar response was also shared by participant 4 when asked whether a breach of the psychological contract would impact his retention with the organisation. Given that the participant was looking for a new role at the time of the interview, the breach of the psychological contract is indicative of a negative impact on motivation and retention. The following reveals how the individual perceived a breach and how it affected his feelings towards the organisation:

*“We had a new appointment is on dealer principal right? Uh, I felt it was very unfairly done because. Uh, I will. You know, both of us, were kinda for managers for the same amount of time we can say yes, she was longer at, I wouldn’t say our dealership, but in our group, right? Uh, but you know, in terms of at the dealership, we are both at the same. You know the same amount of time I felt we both had the same job functions in terms of 2IC when the dealer principal wasn’t here. When... when our DP resigned or retired you know it was never everything was done. Very sort of quiet there was, there was no post for it. You know, we just found out a few days later that she’s been made the DP. So I I felt there was no opportunity. There was no like, you know, guys here is the position please apply let’s you know, let’s everybody take a chance. See, you know do something fair where? Everybody could have the opportunity and then make the decision. So that has influenced me because. Uh, I am currently now looking for something else because nobody came to me and said, listen, you know what? We haven’t hired you for this reason we never gave you the opportunity for this reason improve here or do that and we can look at a future for you. So I just feel at the moment. For me nothing was said to me and or to anybody. And yeah, it’s it’s. It’s it put me off a bit.”*

However, a middle ground also exists, and this is shown by participant 6 in the extract:

*“So one of the things I do every day. You know, I set goals for myself in every day before I sleep. I reflect back on my day or my week, whatever it is. But every day I I do some*

*reflecting, you know just to see you know what was my mistakes. What was things are done well where I can improve so in terms of the no. Uhm, obviously if I was seeing this position coming my way. Maybe it was mentioned to me or it wasn't mentioned to me. Uh, I think I can, you know I would approach obviously in the correct manner. And not to not create an argument or conflict with, you know, the DP or the sales manager or the HR people wherever is doing the employment. And I just and I'd find out from them, you know, I really thought that this position was gonna come my way. What was it that I was lacking? You know what skills or what? Uhm, characteristics that are not portray or I wasn't strong in. Uh, you know that made me lose this position. Or you guys hire someone else or give it to another staff member. You know? So for me that they would help me to improve myself better myself. So when it does come around. Uh. You know I can be, you know what the number one choice and then in terms of yes. Obviously if whether I don't know whether I approach them or not. But I think you know when something is due to you when you can fulfill that position or you can do better in that position. So if I feel that you know it, it was unfair decision and I was supposed to be the one that was chosen. I'd probably look at applying for. You know a sales manager position, but obviously at a different branch or company.”*

Participant 3 expected a promotion which did not materialise. This was interpreted as a breach of expectations and the psychological contract. To this effect, participant 3 added, *“A few months later, what had happened. My dealer principal called me in and he introduced me to the new sales manager, which he hired and I must help train him and get him up to speed. Now, can you imagine my shock? I was under the understanding that I will be promoted to that managers role, which is the sales manager role. I had the skills, the personality, and I even showed good performance in the role through my numbers. At that moment I I felt my promotion expectation was not honoured. I felt very disappointed and used by him. I mean, you can't do that to people you can't use and discard them at your own convenience. So at that moment all my motivation and loyalty went out of the window.”* Furthermore, participant 3 added, *“The failure to meet my expectation made my motivation drop like a rock.”*

In addition to the perceptions shared by the participants on how a breach of the psychological contract impacted their motivation, perceptions were also shared on how a breach impacted

their retention in the dealership. Participant 3 went on to say:

*“Knowing that I'm not going to get promoted to a sales manager, I applied for a few sales managers role and I've got a job offer as a sales manager. I then handed in my resignation. I even felt glad to leave the dealer principal who pretended to value me to suit his needs. If you are going to use somebody and don't really value them, then you're going to lose them.”*

In addition to the above statement, participant 3 said:

*“I was more motivated to leave the dealer than to do my job, which was sad because I actually wanted to stay with the dealer. I started my my career there and my colleagues were like family to me, but I refuse to be used and cast aside like the way I was. Leaving was, leaving was quite difficult, but I needed to leave. I thought the dealership would honour my my promotion that I really deserve, but they failed and they lost a good worker like me.”*

The insight shared by the participants points to the fact that interpretations and perceptions of the psychological contract as well as its breach are often individual-specific and indicative of the fact that it is not one-size-fits-all when it comes to workplace expectations. The data demonstrates that the psychological contract serves as the building block upon which motivation and retention are built. This shows that the psychological contract, its maintenance, or breach, has a direct influence on employee motivation and ultimately on the organisation's ability to retain them.

#### **6.2.1.2 THE PSYCHOLOGICAL CONTRACT, AN ENABLER OR A HINDRANCE WHEN FACED WITH A NEW JOB OFFER**

Change is constant in the business world for both organisations and individuals alike. For individuals, this change often comes in the form of a new job opportunity either at a competing organisation, at a new organisation entirely or even abroad. With the increase in globalisation, economic slumps and the ongoing war for talent, individuals are faced with more career options than ever before. These career options are available to all employees, regardless of race, gender, length of current tenure, or occupational level. Being presented

with a new job offer is something all employees will experience in their working career.

When receiving a new job offer, an individual has the opportunity to either accept or decline the new position. A variety of factors play a role in this decision and one of them is the psychological contract that the individual has with the current organisation, as well as the manner in which the psychological contract is perceived. To this effect, participant 1 mentioned:

*“...if my current dealership, if they treat me fairly and if they exercise the psychological contract fairly and transparently, then I would say that and if I get another job offer, I would think twice before accepting the new job. But if my current dealership is not being fair, then in fact I would be more motivated to leave.”*

However, a follow-up interview was held with participant 1 who stated:

*“I was offered another opportunity to work for a competing dealer and it was a very compelling offer because I was offered a higher pay and they were offering me medical aid as well, and I turned down the offer because I wanted to stay loyal to my dealer and because of the kind gestures they they had did for me.”*

The initial interview and follow-up interview with participant 1 were held a few months apart and in that period, participant 1 experienced a perceived breach of the psychological contract. However, from the initial interview, it is evident that the willingness to accept a new role is dependent on the maintenance or breach of the psychological contract.

A similar sentiment was also shared by participant 3 who stated:

*“Uhm, if you see that you have the potential to grow it, we see that you have the potential to be of value in that dealership then why would you take that other offer? To be honest? Like as I said, I’m I’m I’m a loyal employee so I’m not someone that jumps. The reason why I left one place or the other is because as an assistant manager for four years and then new management, I was actually assistant manager of five years and then. Then new management came in and then I was not given the opportunity to be a manager. And then exactly what you talk about that now. That agreement in my head fell away. It’s like I’m not*

*going to grow in here, so why give more timing? So then when an opportunity arises to become a manager in a smaller, smaller brand. Right? Uhm, that was not premium, but a smaller brand. I will, uh, jumped at the opportunity because it gave me an opportunity to step back.”*

A follow-up interview held with participant 3 sheds more light on the above perception. In the follow-up discussion, the following was stated in relation to the breach of the psychological contract and reveals how the psychological contact has an influence on motivation and willingness to stay in an organisation’s employment:

*“The notice period is where the dealer actually notices you but it’s a little too late. At that point, after letting me down, there was nothing that could actually restore my motivation and convince me to stay with the dealer.”*

When participant 3 was asked what his response would have been had his expectations been fulfilled, he stated, *“I also would have actually thought twice about leaving, and accepting a new role, but because my dealer principle didn’t value me enough to give me the promotion I deserve, I had no option but to leave.”*

The view put forward by participants 1 and 3 was confirmed by participant 4:

*“Uh, definitely, definitely. I would like, I said. You can’t really. You know you can’t really say if the new employee new employer. They will have the right skills or the right uh tactics if I can say, the right attitude but I think sometimes you get demotivated with, you know when you’re working you know in a place and sometimes you just feel under appreciated. And you always stand to think human nature. The grass is greener on the other side kinda thing. Uh, by the small little, uh? Unseen. Uh, issues that I can say so. Yeah, it does play a part.”*

Participant 8, on the other hand, had a different perception of the role of the psychological contract in the context of receiving a new job offer:

*“I don’t think then this psychological contract has any role to play. It’s like that everywhere. You know the expectation is there from every dealer. It’s all the same. You know no one is offering anything different. So if offer something different that is more to my benefit that*

*would motivate me or make me think seriously about accepting. It's the things that you've mentioned with their psychological contract is pretty much across the board. So whether I stay or whether I go, it's going to be the same thing. I don't know the managers there. So I don't know if they are more lenient, let's say, like I mentioned, The Saturdays or public holidays. So I wouldn't know what they offer. With regards to that, but so no, I can't see how it will make a difference unless they mentioned they are offering certain different things to better their work environment."*

Opposing views regarding the psychological contract were also introduced by participants 5 and 6:

*"I can definitely tell you now. At the moment current state of affairs at any dealership and this is a state of mind of most salespeople, is that regardless of what I currently have now, whatever job opportunity that that lands on my table is definitely going to be a better fit. That's the first thing that runs through our mind is it's gonna be a better environment to work in its new people uh. Yes, it's gonna be challenging because we don't know the people that we're going to be working with our we don't know the manager because you know, managers can pretend you know like uh, when they meet you in the interviews and all of that then they are the nicest people and as soon as you start working there you start to see their true colors you know. Yeah, so like yeah. So in a nut shell, uh, whatever psychological contract you have with your current workplace, whatever comes next will be the best thing." – P5*

*"Obviously, the grass is not always greener on the other side. But it would. I think it be highly dependent on which stage in my life it would be, I would be going through. So currently you know, I'm still young. I'm 25 years old, so still coming up in the industry coming up in life, basically my career and my personal life. If if you look at it with all this psychological contract expectations that you know was unforeseen and just came up, you know that wasn't mentioned in my contract, it's it's taken, I wouldn't say you look. It's taught me a lot and it's it helped me to push, you know, push myself beyond what I would have pushed on a normal basis. So I think if the new job offer uhm, it would give me the opportunity to actually go and complete my studies, and obviously I can't foresee those psychological expectation but obviously weigh out my options. So it would play a big role*

*role in terms of taking up the offer” – P6*

The role played by the psychological contract in an individual’s decision to take up a new job offer and therefore the effect of the psychological contract on loyalty towards the organisation was seen from both sides of the spectrum, in which employees would and would not consider the psychological contract before accepting a new job offer.

### **6.2.1.3 MUTUAL TRUST AND RESPECT**

Trust and respect are the foundation upon which a positive employment relationship is built. This also has a profound impact on both parties, as well as on the ability of the individual to meet the organisation’s strategic goals. Mutual trust and respect are also part of the psychological elements that encompass the working dynamics between employees and management and also have an impact on the motivation of employees.

Participant 7 shed light on how mutual trust and respect would impact not only her working relationship, but also her motivation and willingness to stay with the organisation:

*“But if you're gonna blue-tick me then that's a sure sign of disrespect. That's a sure sign of, you don't value me or what I do for your organisation. Uhm and and my husband will tell you I don't accept that hey. I respect people and I mean you should pay people the respect of a response.”*

The above extract was subsequent to participant 7 sharing an example of how she was requested to produce a particular report and when she requested feedback from management and put forward a new idea, she was “blue-ticked”, i.e management had received communication from her but failed to acknowledge it and/or provide relevant feedback. With regard to the retention component of participant 7’s employment relationship with the organisation, it was indicated that:

*“When when when this director said to me, Uhm, propose something and I did and I got blue ticked. I promise you, I would still be there if he just replied and said to me, I hear you. Uhm, I acknowledge what you're saying. It makes sense, not at this time. You know COVID blah, blah blah. You know, would have made me felt, heard, respected and valued. Uh, can we review this in a year's time? But I'm so glad it happened because in*



*hindsight it made me realise just how conditioned they made me.”*

The above sentiment was also confirmed by participant 5, who added: *“As a salesman, you are willing to lay your life on the line in here and you expect that degree of loyalty and respect. You expect it back, you know from the company.”*

Evidently, mutual trust and respect play a key fundamental role in not only the motivation an employee will have in terms of executing their job function, but also their willingness to remain with the organisation and their personal feelings towards the organisation. This points to the fact that employees have an innate desire to feel valued by management and to be treated in a respectful manner. The innate desire to be treated respectfully by management was also highlighted by participant 6, who shared a similar view to that of participant 7. Participant 6 noted that:

*“You know in front of you, they're all sweet talk whatever. But when we in those meetings, I'm sure you might have had some complaints or heard about them, but you know we we grown adults, but you you actually get made it they make you feel like a 2 year old child, you know. I'm I'm a stubborn person, so if you're gonna come, swear me and shout me, I'm not gonna listen to you. You know I'm not going to take your advice in that moment, whatever the case may be. We both adults, a little respect so let's speak about it. You know, let's be adults about it, you know and don't don't show one face to us in a meeting or in in our one-on-ones, and then when you're sitting with your manager or the HR to give feedback on anything then you are completely different person.”*

In a follow-up interview with participant 1, the participant shared how a breach of the psychological contract affected his relationship with the dealer:

*“You know, honestly at this point I I do not trust and respect my dealer principal as he doesn't have a heart to be empathetic towards employees like me who just got robbed outside the dealership and and everything is just you're going down here”*

Similar to participant 1, participant 3 also experienced a breach of the psychological contract in which a promotion expectation was not met and he had the following to share about his experience:

*“Up till today, I don't see why I didn't actually get the role, I have the skill as I am a successful sales manager now. The only reason I can think of is my dealer principle had favouritism or just he didn't like me or actually respect me.”*

Concerning mutual trust and respect, the data clearly indicates that the interpersonal relationships established between management and employees affect both employee motivation and retention, and also shape the expectations that employees have of management. The participants that perceived distrust between themselves and management in the form of low levels of respect were more inclined to leave the organisation. It is therefore important that management at all levels realise that the levels of trust and respect they are able to foster with employees can play a crucial role in whether the employee remains with the organisation with a highly motivated spirit or not.

## **6.2.2 THE MOTIVATION OF AN INDIVIDUAL IN THE COURSE OF THEIR EMPLOYMENT**

In the realm of employee motivation, it is essential to explore the multifaceted factors that contribute to fostering a motivated workforce. This main theme encompasses three interconnected subthemes: praise and recognition, benefits offered by the organisation, and performance excellence. These subthemes collectively contribute to enhancing employee motivation, as they represent the various dimensions of an employee's experience within an organisation, as derived from the data gathered. Praise and recognition serve as extrinsic motivators, whereas organisational benefits cater to an employee's basic needs and well-being. Furthermore, performance excellence was found to not only promote individual growth, but also contribute to the overall success of the organisation. Understanding the intricate relationship between these subthemes is paramount in uncovering the mechanisms that drive employee motivation.

### **6.2.2.1 PRAISE AND RECOGNITION**

The employment relationship today has evolved a great deal since the 1970s and 1980s. With the introduction of women in the workplace as well as millennials and Generation Z, management has their work cut out for them in terms of managing individuals. Each employee brings something different to the organisation and therefore has different expectations of the employment relationship. The employment relationship cannot be

interpreted solely as transactional, i.e. an exchange of remuneration for expertise, but rather a plethora of factors come into the equation with regard to employees being engaged and motivated.

In the context of this research study, praise and recognition pertain to positive feedback received either publicly or in private by management towards an employee for excellent performance or the successful accomplishment of a task. Most participants perceived praise and recognition as one of the core underpinnings of the psychological contract. However, some variation does exist as not all participants displayed this need, since this need was fulfilled internally. Praise and recognition also seem to have an influence on the motivation an employee has in their job function and therefore also have an impact on their retention with their organisation. The following are the accounts of the participants in this research with regard to their experiences and perceptions they had of the aspect of praise and recognition.

The importance of recognition was highlighted by participant 2, who mentioned that, *“I think being recognised for something that you do, that is not just an expectation, but it goes above and beyond and definitely boosts that.”* Participant 1 expanded on this desire and also added how praise and recognition impacted motivation and retention: *“If management does something like that, then I would definitely stay and be motivated to put in more effort in the future, because for me personally right, I value the recognition and appreciation from management. That is what I place value on.”* In a follow-up interview, participant 1 further stated that, *“You know, at the time with my previous dealer principal, I actually felt appreciated and valued by by the dealership and by the dealer principal himself. So I was very motivated to do my job at a time.”*

Participant 4 also placed value on recognition received from management, similar to participant 1:

*“Being recognised by management for achieving targets, I feel is quite an important thing to me personally and it goes a long way in lifting my spirits. It is always good to see someone higher up acknowledging my efforts and informing me that they have noticed my successes however small they may be. Being recognised also makes one feel good and in order to keep achieving that good feeling, I would repeat the performance that got the*

*praise.”*

Participant 4's admission that recognition would lead to a repeat performance of the actions that resulted in the initial praise confirms that management can use praise as a positive reinforcement tool in order to elicit outstanding performance from employees.

Despite the evolution of the psychological contract over the years and the shift from the organisation taking a paternalistic approach to the employment relationship to the employee taking the responsibility for their career, participant 5 demonstrated how the paternalistic relationship between him and his dealership still existed in terms of recognition and praise:

*“It is a confidence booster once more because I mean at the end of the day we need to be honest with ourselves. We always do things to for the approval of management because at the end of the day, management is almost like your father figure that you always wanting to please. So yeah, it's it's definitely a confidence booster, and it will keep the workflow, yeah, the respect that you have for your paperwork and for your job it will definitely increase that.”*

Praise and recognition extend beyond just a receiving a kind word of acknowledgement and appreciation from management; they also include receiving a reward for outstanding performance as expressed by participant 6:

*“Uh, you know you suffering with fatigue all the time and you know at some point it hits you and it's the same reason why I moved away from XXX. You know, I was just pushing so many hours I didn't get time to finish my studies. So in terms of it affected my retention because I could see that you know what, the expectations you know they're not capping it somewhere you know they're not, they're not rewarding it. You know, just give credit where credit is due basically. So I think it it it impacts the retention massively.”*

Participant 6 also contributed more insight into the setting in which he valued recognition and praise and explained the advantages and disadvantages of receiving praise and recognition in the workplace. When asked about receiving recognition in a public setting, i.e. in front of colleagues, participant 6 discussed how praise and recognition in a public setting could lead to a decrease in motivation if a previous outstanding performance was not repeated:

*“Too public is not always good. So you know if they if they had to acknowledge me for for that, you know publicly, like in the sales meeting, those kind of things are normal. But for me it's, it gets to a person's ego, so you know, maybe you sell the most units in the month and then you know they clapping the cheering and then it brings about a lot of pressure because obviously you set the bar now, you know next month if you don't live up to that bar, you know that public. A standard they pulled. You know it's very demotivating because you know everybody was looking at you. You became the number one and it you know it just it's not. You know it's not me.”*

With regard to praise and recognition in a private setting, i.e. one-on-one between the individual and management, participant 6 added, *“For me, if I do it in a one on one. They can give me recognition for it, say, well done. But I'm not one for the public. So on a one on one level, they more than welcome to tell me you know, well done you've done it. But the public, no, it's not for me. So for me, yes, I'll use it as motivation.”*

From a retention perspective, participant 6 mentioned that praise and recognition can have a positive impact on the retention of individuals:

*“Yes, in terms of obviously you being acknowledged, um for what you've done, which is a motivation so obviously, you know you're gonna be in a uh, you're gonna be in a comfortable state, a happy state. So you're gonna you're gonna wanna stay with the company. You know you, you're not gonna want to jump ship, you gonna be there. Uh, and that's motivation as well to stay to stay because you know what, all your hard work is paying off for yourself. But also you can see that the hard work is not going unnoticed. So it is a motivation to, you know, we all want to know in between something, right? Don't tell us when you're doing something wrong. We don't like that.”*

Participant 3 delved into how praise and recognition affects motivation and retention:

*“So when a person is given recognition and then it's taken away, anyone would feel demotivated and would want to leave their company so this is how I felt.”*

The above view shared by participant 3 demonstrates how recognition is directly connected to motivation by highlighting that motivation will decrease when recognition is no longer given

and that he was inclined to leave. Participant 3 also highlighted how praise and recognition are directly linked and influence motivation and the company's ability to retain staff.

Throughout this research study, participants 1 to 5 had similar expectations regarding praise and recognition, and the impact of praise and recognition on their motivation and retention was also similar in nature. Participants 7 and 8 had a very different perception of praise and recognition compared to the preceding participants. Participant 7 discussed how various life stages would impact the need for praise and recognition from management:

*“You know what Sailesh? Maybe at a younger age, my answer would be yes. But I never needed, uhm, pats on the back. I would say from age 32, it's life stages hey. So at this age my answer will be no. Uh because what is recognition? For me recognition would have been hearing me, hearing the proposal you asked me to make, I didn't. You asked me to make and when I made it, you blue-ticked. I don't need anyone telling me I'm good at my job. I know I am. I am a shark. I am a hunter and I don't need management. My my professional high does not come from recognition. Yeah, I, I mean I, it's unfair to say no because it's always nice being validated by management. It's always nice. But when you have that own sense of who you are, you don't actually need them. It's a tough question because for me I think you need to ask somebody younger. I think life stages determine your need for validation, your need for recognition, especially from management.”*

Participant 7 further elaborated on the life changes an individual goes through throughout their working career: *“the things that that drive you. The things that stimulate you are gonna change. What stimulates you now is not going to stimulate you at 40”*. The perceptions raised by participant 7 and how they interpreted the need for recognition point to the fact the employees can have a strong internal locus of control and a firm belief in their abilities to succeed in their job function, to the extent that their internal beliefs can override the need for external validation through praise and recognition.

Participant 8 had a perception that was consistent with that of participant 7. Participant 8 demonstrated how her need for financial-based remuneration would outweigh the praise and recognition that she may receive. This indicates that the individual had a strong internal locus

of control and placed value on other offerings from the organisation. Participant 8 argued that:

*“Yeah, I'm not really a pat on the back kind of girl. Most sales people here, they do want to have recognition. They want to feel that they have been acknowledged. Now if they give me a bonus, let's say yeah, right. Sure, I think I would be very happy. Yes, but the thank you doesn't mean much. I've just done all of of this because it's to my benefit. Yeah, you can keep your thank you. Just give me the money please.”*

Evidently if an individual does not place value on praise and recognition, as in the case of participants 7 and 8, praise and recognition offered by management would not have any impact on the individual's motivation and retention.

#### **6.2.2.2 BENEFITS OFFERED BY THE ORGANISATION**

Employee motivation goes above and beyond the contractual and often transactional relationship individuals have with the organisation. Individuals seek more than just a fair exchange for their services and often are positively receptive of other contextual elements within the employment relationship, such as the benefits offered by the organisation. These benefits not only provide a monetary gain to the employee, but also add a peace of mind benefit that can be of psychological value and therefore strengthen the employment relationship through its impact on motivation. This twofold gain of monetary benefits offered by the organisation was demonstrated by participant 7:

*“I wanna work for this company. Uhm so HR last week sent an email saying uhm decisions have being made that funeral cover for you, your spouse, and your kids. No charge to you. You know it's it's like a benefit. You know, this is what we're doing for the for the group. And I know that like 'cause I had this on my Edgars account before I closed it. It's something like 35 rands a month cost. You know, and this is a JSE listed company. It's it's you know, if you are looking at like the value, the rand value is so little, but the psychological value is huge. You know 35 rands month, but guess what, they're not charging us that like so. Uhm, it's it's those little things that make the big difference. It's the feeling of you being taken care of. We care about our employee, employees and their safety, their health, their families. The mental well-being you know, you know it's it's. It's that kind of. It's that it's, you know. It's just that kind of element that appeals to the human*

*in the employee. That you feel you feel proud to work with a particular organisation you know.”*

In relation to the psychological value and mental well-being that participant 7 mentioned, participant 1 discussed how he had an expectation of support from his dealership during a robbery that happened to him but this support did not materialise. He referred to the impact this can have on motivation and retention.

*“Even even a small benefit like offer me counselling for my for for my incident that happened recently can improve my motivation and willingness to stay with the dealership.”*

Based on the above discussion, it is evident that benefits offered by the organisation have an impact not only on the retention of the employee, but also on the overall satisfaction and motivation an employee will have during their tenure with the organisation. In this context, benefits can extend beyond financial benefits, as highlighted by participant 1 who had an expectation of receiving counselling from his dealership that could have been offered by the dealer principal or HR manager, which is a non-financial benefit. Participant 1 also highlighted that a benefit such as counselling could have also improved his motivation and increased his willingness to remain with the dealership, thus increasing employee motivation and retention. This subtheme of benefits offered also demonstrates a link between employee motivation and retention. Therefore, it can be understood that employee motivation is a deep-rooted facet that management needs to consider; they need to keep an open mind towards benefits offered and how these may impact not just motivation, but also loyalty shown to the organisation by an employee.

### **6.2.2.3 PERFORMANCE EXCELLENCE**

The subtheme of performance excellence was shown to have a connection to other subthemes through interconnected perceptions shared by the participants. The performance level of an employee while conducting their job duties is also impacted by another subtheme called the personality of senior management, which is covered in greater detail later in this chapter (see section 6.2.3.1). Performance excellence is also closely related to the previous subtheme of praise and recognition as they cannot be seen in isolation. Management has the responsibility of creating a working environment that is conducive to performance excellence,



as well as promoting harmony and synergy between employees at all times. Participant 3 shed light on the effects of the workplace environment on performance excellence: *“...if your environment is motivating to you, then you would perform at your best and at your peak. If the environment is not conducive to friendly or motivational environment, then you would not perform.”*

Participant 3 also went on to describe how a change in senior management led to a change in his performance in a positive manner:

*“...the dealer principal at the time was a very hard person. Yoh he was quite a hard person and that brought a very cold, chilled atmosphere to the dealership. All the managers, sales people and everyone were on edge when he was in the building. Therefore performance levels were not as great because you were too restricted. When we were at that point when that DP left and a new DP came in with a more friendly, uh open mindset, I saw my performance level going from being an average guy in the dealership to being the number one guy.”*

The above extract shows that motivation is a deep-seated construct with many intricate layers and contributing factors. One of these factors is a change in management and how this change can translate into better or worse performance. This, in turn, is linked to motivation because performance, good or bad, is built on the motivation of an employee at that moment. This element of change in management was also described by participant 4 when he described a situation he experienced in his workplace that was similar to that of participant 3, but this time the change in management had a negative result:

*“...I have a target to reach with our group and I have a target to reach with XXX SA. So our CEO, you know the old one, we worked together for many years so he understood that my target with XXX SA was not correct so he supported me, although we weren't reaching the target. He was fighting to get the right target for us. They don't never said or mentioned that you know what you're not achieving it, but you're doing well internally, so we supporting you on that. You know you never really said it directly, but you could see the support he was giving, and you appreciate it. Everything I was doing to try and get to the target, and you know, and cetera. We then got a new CEO and you know everything*

*for email is just black and white kind of thing and you know you gave ultimatum that you need to do this and you know we tried to explain him. This is the situation etc. But yeah, for him it is just one dimension and said so, so I don't know in terms of that, I did feel a bit demotivated. Undervalued because I felt he wasn't taking in you know account, what the previous guy has sort of put together for the group. The conditions we working under the moment in terms of the economy."*

Participant 5 highlighted how fellow employees wished senior management took on a more human approach to managing performance, especially during difficult personal and economic circumstances:

*"Go down to management or the direct managers and ask them 'hey, what's going on with you guys? Is everything OK?' They will act concerned. You know about OK, one salesman is not feeling well or it's a covid-related thing where they were deaths in the family they will act concerned but not actual concern. I've seen it so many times where people have lost their partners and I'm talking about within the last 12 months due to covid, due to accidents. Stuff like that and Dealer Principal, will expect that person to be back within less than two weeks and to perform at their best. Uhm, my incident at XXX happened in the same time when I lost my mother. It was not even two weeks later where that happened, you know. Obviously I was not in the right frame of mind. To sell cars or even speak up the phone to actually call people, but I had to force myself because I really wanted to keep my job."*

Participant 5 further explained how the personality of senior management can negatively impact the motivation of employees when looked at in relation to job performance:

*"...the dealer principal at the end of the day got to him, I think. Got to the new guy and just totally hit the wind out of his sails, and he wasn't doing too bad, it was just under his target. You know for a new guy totally new, fresh in the game, he actually did better than what I did when I started out, you know."*

Participant 6 shared some insight into a recent event that had occurred at his dealership and how it impacted employee performance, which also confirms the perceptions of participant 5:

*“Every morning in the meeting, the DP and the sales manager you would come down and they would hammer us. You know they would go off at us. It was only negativity and one of the guys on my team. You know he he speaks his mind and he told them, you know what we come to work. We do what we do. We’re not coming here to play games and he told him every morning we come in here and all y’all do is put us down. You know, put this negativity into us and it spoils our whole day, spoils our mood. Cause obviously we’re going to work, we want to sell cars and he told him why don’t y’all try instead of putting us down? Acknowledge the mistake but motivate us, you know, give us some positivity in the morning. And so they tried it. It was very difficult for them, but they did try it and you would not have believed the impact it made our our numbers just shot up. And we had it. We had one of our best month that month. So it does have a big impact on motivation.”*

The data shows the interrelatedness between the psychological contract, motivation and retention. This interconnectedness between retention and motivation was demonstrated by participant 2. In a follow-up interview, participant 2 discussed how a breach of the psychological contract impacted his motivation:

*“My motivation is honestly at an all-time low, because sometimes I don’t even feel like like coming into work and and I just do the bare minimum, you know, take my pay and go home after this, after my my DP is lack of empathy, I am not motivated to go above and beyond for the dealership. I actually dread going to work every day.”*

The above statement reveals that the participant's motivation was at an all-time low, and also demonstrates how his low motivation directly contributed to him doing the bare minimum with no desire to display excellent performance in his day-to-day role.

In every organisation, management expects stellar performance from employees and the motor industry is no different. Participant 6 discussed the effects of management’s expectations of performance excellence:

*“If you’re gonna, you’re gonna push our staff and over expect from them. Expect things from them, you know at some point everyone’s gonna break. They’re gonna get irritated. They’re going to get miserable in their position. And I think that affects the the retention of*

*staff because you know, it's it's not that we want a pat on the back. You know you asked for seven and we give you seven and then you ask for more. You know it's it's. So basically what they're telling us is it's never good enough. You know whatever you're doing, it's not good enough."*

On the other hand, participant 7 believed that by management hearing her out when she presented an idea, "...my God, yeah they would have triggered the best out of me", which would have led to an increase in performance excellence on her part.

The data collected has shown that a positive outcome is also possible, as demonstrated by participant 1. In this instance, he received the expected support from senior management and shared how the fulfilment of the psychological contract had a positive impact on his job performance and thus motivation:

*"Firstly, I was more proactive in my role. I took more ownership of the dealer and considered it my own. I considered the dealership like a family. I even played a direct role in in two cars being sold and I was able to obtain new clients for our services and and parts department even though I do not work for those departments, so I would at that time I was glad to go over and above for the dealership."*

Furthermore, motivation and retention can also be malleable depending on whether psychological expectations are breached or fulfilled, which shows the fluidity of the concepts and constructs. The account of participant 3 stems from how a "perceived" fulfilment of a promotion expectation that soon thereafter turned into a breach of the psychological contract can influence motivation, retention and the performance of the individual:

Upon receiving a "promotion", participant 3 stated that, "*I was excited for my new role. It was a step in the right direction for me professionally and a sales manager role is a big achievement. I actually excelled. Our customer satisfaction CSI scores were high, our sales numbers were met and even my clients were happy to see me in a management role.*"

Participant 3 demonstrated how a breach of expectations turned him from being a high-performing worker to being a worker that did not care about performance excellence: "*I was not motivated at all. In fact, to excel I really didn't care. At one time I cared a lot, but not*

*anymore.”*

When participant 3 was asked what his response would have been had his expectations been fulfilled, he stated, *“Well, if he had met my expectation, I would actually continue with my numbers and even improve them, motivating the team to excel and providing a good and outstanding customer service. I was already doing well in the role of acting manager so if the role was given to me, that performance would actually be built upon because I was motivated. The team was motivated under me.”*

#### **6.2.2.4 WORKING ENVIRONMENT**

The working environment within an organisation often encompasses a number of elements within the workplace. These can range from the company culture, the “climate” of the organisation in the presence of senior management, as well as ergonomic factors such as lighting and proximity to office equipment. The working conditions of an individual impact their motivation levels on a regular basis, as well as their willingness to leave or remain with the organisation for an extended period of time. Working conditions often start with senior management, but every employee within the organisation plays a critical role in shaping the workplace environment.

Participant 7 elaborated on the working environment at a previous organisation as well as the climate and how it impacted their motivation and retention:

*“...for me it’s important to work for a company where we’re going to win together, but also we’re going to lose together. The bosses of my old company were on the back of the staff.*

*Do you know what my previous employers, in hindsight managed to do to me? They managed to domesticate me. Without saying a word, they had me at the point where I was not gonna ask for more and I am not going to express my discontent. Through many silent, subtle things like the blue-ticking, where I came to realise that I must stop voicing any grievances. I must not ask for anything more because the body language was standoffish and that is ultimately why they lost me.”*

Participant 3 also mentioned that *“...You wanna have that freedom, that jokes, that laughter, and that drives you and keeps you going. Back in the day you know you would have 8-10*

*sales people on the floor and then you would like have your groups and like 4 of you'll eat together. Maybe 2 from pre-owned and 4 from new cars and you'll come together and go in one car to buy food and do whatever, so it gives you that great environment".*

This was also confirmed by participant 4, who added, "...Uh you know I think they want to have a positive working environment to work with". These extracts show that employees place value on their working environment and this impacts their motivation within the organisation, as "having an environment of friendliness and freedom can drive them".

Participant 5 believed that a positive working environment often starts from the top and trickles down and therefore it is the responsibility of senior management to create a positive working environment that can contribute to high motivation. Participant 5 also shared an incident that occurred at his dealership:

*"One afternoon I was told, you know, crunching the numbers, I was still making my phone calls and all of that. I was fresh in the game. Uhm, XXX was my first gig in the whole motor industry and uh, so while busy with my phone calls and then you know, just trying to get some sales going and the dealer principal approaches me. I see him and he just points at me like when I'm done. I must come upstairs so I get done with my phone call, I get upstairs and I didn't even enter the office space yet and he just let loose that he doesn't want me in his dealership. This is now all because of a client that I was busy with or busy dealing with. A polo vivo for his son went and got a better deal at a totally different dealership closer to his home and so now the DP was all peed-off with me and uh. And that was my last day at XXX, often because he indirectly fired me. We ended and I went immediately to the Union. Uh and stated my case there and they immediately arranged for a hearing and on the day of the hearing. Now mind you, all of this happened in front of the Uh the accountant uhm the finance manager of the branch, which happens to be the daughter of XXX, the owner of XXX. And on the day of the hearing, she denied everything. She denied that I was indirectly fired, and you know, so therefore I will always say it's not direct line management, but it trickles all the way down from up top."*

The working environment in an organisation is also affected by changes in senior management and line management which can positively or negatively affect motivation. This

was discussed by participant 3 who explained: *“...when the dealer principal and sales manager both left and new parties came in, it was a different environment.”* Due to the pivotal role management plays in shaping the organisation’s working environment, when new individuals at management level come on board, a change in organisational climate and culture can be seen.

The working environment management creates is often determined by their personality and is therefore linked to another subtheme called the personality of senior management, which will be explored later in this chapter (see section 6.2.3.1). Participant 5 demonstrated how senior management is capable of change in terms of their personality and can play a direct role in the working environment they create:

*“I didn’t know if he had like a change of heart over the years, but you know. I had my second interview with him uh because OK, it was sometime in 2020, no it was before 2020. Sorry that I applied for a job with XXX or in his dealership. Uh, when he was with XXX and I didn't get the job, however, because at that time he was like a totally different person. He was like the DP that I experienced at XXX. Uhm, so something must have happened in his life. You know, to make him realise OK, dude you can’t be an a\*\*\*\*\*e the rest of your life. You need to be a bit more human about these things. And yeah, he’s totally different person.”*

Participant 6 added to this view of the working environment management created:

*“...They just come down and hammer you. Because they say you could have done more, you could have done this. You didn’t go through your leads properly or whatever the case may be and it is demotivating you know you start off your day or you start off your month with you. Know with that negativity so you know it demotivates you. So it has a big impact on your motivation levels.”*

This interconnection was also displayed by participant 5 through a scenario he shared that occurred within his workplace in which he felt demotivated due to the organisational climate when expressing unhappiness, which is also quite similar to the perceptions shared by participant 7. Participant 5 said the following:

*“If I have any issues, yeah you go to your line manager or you go to the DP but at some point you know maybe either of them are just not willing to listen or willing to take what you're saying in a positive light. They just taking it in the wrong right? So for for me my next step would be go to HR not to lay a grievance well, obviously I'm gonna be complaining, but not to get them into trouble, but just tell them you know what. This is what's going on and I just feel that you know what, the guy needs to be spoken to. Just tell him to tone it down or watch how he speaks to his staff or whatever the case may be. So with us we were actually told that if we even go to HR after speaking to the sales manager or the DP, so even if you speak to them and then we still report it to HR, but they're they're gonna put us into a disciplinary, so it's you know it, it's demotivating. You know you have that expectation that they the ones that's gonna fight for you and you can go to HR and then they lay that on you. You know it's something that demotivates you and it's negative.”*

In a follow-up interview, participant 2 discussed interconnectedness between the poor working environment he found himself in due to senior management's lack of empathy, which was linked to and underpinned by a breach of the psychological contract and how this impacted his motivation:

*“My motivation is honestly at an all-time low, because sometimes I don't even feel like like coming into work and and I just do the bare minimum, you know, take my pay and go home after this, after my my DP is lack of empathy, I am not motivated to go above and beyond for the dealership. I actually dread going to work every day.”*

Employee motivation, as a main theme, forms part of one of the main elements of this research study, and its significance cannot be overstated. Through exploration of the subthemes (praise and recognition, benefits offered by the organisation, performance excellence and the working environment), it becomes evident that these components are intricately interconnected within the context of motivation. Praise and recognition serve as powerful catalysts for enhancing motivation, as they acknowledge and reinforce desired behaviours. The benefits provided by the organisation act as tangible expressions of appreciation, further fuelling employees' drive. Performance excellence becomes the outcome of increased motivation, as motivated employees are more likely to strive for and attain superior results. Finally, the working environment plays a significant role in whether the



individual feels motivated and wishes to remain with the organisation. This holistic understanding of the interplay between these subthemes underpins the vital role they collectively play in fostering a motivated workforce.

### **6.2.3 THE ABILITY TO RETAIN EMPLOYEES WITHIN THE ORGANISATION**

The final theme of this research study centres on the vital topic of employee retention. Two subthemes emerged from the data: the personality of senior management, and loyalty to the organisation. These subthemes, like pieces of a puzzle, shape the bigger picture of how organisations retain their staff. The personalities of senior managers influence the workplace culture and therefore also the inclination of employees to either remain with the organisation or leave it. Loyalty to the organisation, rooted in shared values, is crucial for long-term retention of key talent. This research aimed to uncover how these factors connect and provide practical insights for HR professionals and leaders. Similar to the previously discussed subthemes, the subthemes discussed under this main theme overlap with the main themes of employee motivation and the psychological contract and are thus connected.

#### **6.2.3.1 THE PERSONALITY OF SENIOR MANAGEMENT**

The South African workplace is a melting pot of different cultures due to the country being one of the most ethnically diverse in the world. This leads to individuals of many different walks of life coming together towards a common organisational goal. The data collected points to the working environment and organisational climate that is created by not only the personality of senior management, but also by the interactions between individuals. Another core theme that emerged was the personality of senior management and the impact this has on not only the unsaid expectations employees have of management and vice versa, but also on the motivation and retention of employees. This was an element of the study that participants were eager to speak about once they were comfortable with the nature of the study. Interpersonal relationships that are based on personality of both management and individuals often play a major role in the retention of an individual and are often displayed in a number of ways. One of the ways this is interpreted was mentioned by participant 1:

*“...I just feel that if the company values me, then I really do not have a reason to leave.”*

Furthermore, participant 1 also added, *“They must also realise that that there are results*

*for their actions, where it is good or bad, and even the smallest things like like like personality or management style can keep or lose employees”.*

The support offered by management in the context of one’s job function plays a pivotal role in the organisation’s ability to retain talented employees as well as the loyalty an individual has towards the organisation. In this context, the support employees value is based not only on their job function, but also on the ‘human’ element of the employment relationship. This was discussed by participant 5, who highlighted that:

*“Like my manager now, he is an amazing guy and I have never had a better manager than this guy. He was actually concerned a couple of weeks ago, as I was not feeling well. I suffer from anxiety and depression. One morning it was so severe, I couldn’t get myself out of bed. This guy actually came through all the way from Parrow to Paarl where I live, just to see if I’m still okay or if I’m alive, like hey what’s happening? You are not answering your phone. He still has that human aspect left in him. My current manager is an awesome guy. If I can be blunt here, he doesn’t care about the company, he cares about his people. That’s why my loyalty has grown so much for this guy.”*

This was also confirmed by participant 7, who added: *“it’s the feeling of being taken care of. We care about our employees, their safety, their health and their families. It’s just that kind of element that appeals to the human in the employee, that you feel proud to work with a particular organisation you know.”*

Participant 3 agreed that the motor industry is fraught with staff and management turnover, which, in turn, impacts loyalty of both parties. The extract below is participant 3’s insight into the topic:

*“Generally those that stay, will stay because them and the manager get along. But other than that, the entirety of a team will dissolve and become no longer in that company and that is why you would find so much of change in the motor industry. Not only do employees change but so does management as obviously someone comes in with different expectations.”*

When asked about the role of senior management in retention, participant 4 also confirmed

that *“...he does play a role in people staying longer with the dealership”*.

Participant 1 was of the opinion that good management can mean the difference between an employee staying with the organisation or leaving and whether an employee is motivated or not:

*“You know, there's just goes to show how good management will motivate and retain me but bad management will lose me and demotivate me.”* Furthermore, participant 1 also added that: *“Uh, to be honest with you, I'm actually looking for a new job at the moment I'm I'm actively seeking a new job and as much as I would want to stay with the dealership, I can't work with people who don't see others as human beings and can't understand what it feels like to have have a weapon pointed at you. Because of my DP's actions, he has lost me.”*

This perspective was also confirmed by participant 3, who added to participant 1's view:

*“Management must also understand that the management style and personality can be a deciding factor whether people stay or leave the dealer and can impact their motivation.”*

Participant 3 furthermore stated that, *“If my old dealer principal would have just upheld his side of the bargain, or at least be honest and tell me why I didn't get the role, I would have even stayed with the dealership.”*

### **6.2.3.2 LOYALTY TO THE ORGANISATION**

In the final subtheme of employee loyalty to the organisation, participants spoke about how their loyalty, and therefore retention, was impacted by the maintenance and breach of the psychological contract. This confirms that the psychological contract is the foundation upon which constructs such as retention are built. The data has also shown that employee loyalty and retention can be seen as two sides of the same coin. Employee loyalty exists in many different forms and is often formed through interactions with peers and management which build or dissolve loyalty. Consequently, interactions with management and the relationship employees build within the workplace often can have a contributing impact on the retention of key staff. Participant 3 shared some insight into how a promotion he received increased his loyalty towards his employer: *“I was very motivated in my new role and even felt a sense of*

*loyalty towards my dealership.*” When participant 3 was asked what his response would be had his expectations been fulfilled, he stated, *“I most probably would have stayed with the dealership for many years to come.”* This directly indicates that if the dealership had maintained the psychological contract in the eyes of the employee, it would have been rewarded with employee loyalty and low employee turnover. In light of this, it can be understood that employee retention is directly based on whether the psychological contract is breached or not.

If the psychological contract had been fulfilled and the employee’s expectations had been met, *“I personally would have been a lot more motivated to excel in my job. As a way of giving back to the dealership and I would actually want to stay with them.”* – P1

The perceptions shared thus far from participants 1 and 3 point to the fact that when expectations are met, employees choose to be more loyal to the organisation and their motivation is increased, thus contributing to the constructs of both motivation and retention. In light of this, it is evident from the data collected that employee motivation and willingness to remain with the organisation originate from the psychological contract and thus the psychological contract serves as the building blocks upon which motivation and retention are determined. Management should be mindful of the fact that the psychological contract serves as a pivotal point in the employment relationship in relation to employee motivation and retention.

While at the very heart of the employment relationship is a contractual obligation to render services to the organisation in exchange for market-related remuneration, human beings are social in nature and thrive on building relationships with others. Participant 7 had the following to say regarding how interpersonal relationships could impact an individual's loyalty towards the organisation:

*“...if you see that the manager, your line manager, your direct manager is giving you that opportunity and growth. And yes, your relationship with them on a more personal level would be better because you would be wanting to spend time with that person or talk to that person because you feel that you and that person connect better.”*

From the above extract, it is evident that the individuals who find themselves in a positive interpersonal relationship with management will be more inclined to remain with the organisation due to an interest in *“wanting to spend time with that person or talk to that person because you feel that you and that person connect better”*. – P7

Loyalty within the organisation is seen as a two-way street, as employees expect loyalty from the organisation, just as the organisation expects loyalty from the employee. Retention will also be negatively impacted in instances where expectations of the psychological contract are not met. This indicates that the psychological contract is based on a relationship of exchange and when this exchange is not adequately met, the organisation will be less able to retain the employee; thus the psychological contract serves as a contributing factor to retention. The effects of this can be seen through the perceptions of participant 3:

*“I mean the only reason you stay in the place is if you see an opportunity for you to grow and to become a higher position. And also it does become that 'cause if you showing your loyalty and they're showing their loyalty back in these times by assisting you financially or assisting you in any form or way, especially more financially then giving you that opportunity to say OK, we'll be there for you now as you as we are sure that you'll be there for us when times that becoming great again. So it's almost showing your work, because if in these times. They your management is not looking after in you. And you not valued, then it's time for you to move on.”*

Evidently, loyalty is a two-way street in the employer-employee relationship. When employees feel that their expectations within the psychological contract are met, including opportunities for growth and recognition of their loyalty, they are more likely to reciprocate by remaining loyal to the organisation. This mutual loyalty is a vital component of employee retention. However, if an organisation fails to fulfil its part of the psychological contract, employees may feel undervalued and unsupported, leading to a breakdown in loyalty. In such cases, employees are more inclined to seek opportunities elsewhere, thus decreasing the organisation's ability to retain talent. Therefore, the psychological contract acts as a pivotal factor influencing retention, with loyalty as its cornerstone. Organisations that prioritise maintaining a positive psychological contract, fostering loyalty and delivering on promises are better positioned to retain their valuable employees, ensuring stability and continuity in their

workforce.

### **6.3 CHAPTER SUMMARY**

Up to this point, the research study has yielded very insightful and in-depth information on how individuals perceive expectations within the workplace, as well as the effect this has on their motivation and retention. An in-depth and detailed discussion has been given of the themes and subthemes that were constructed from the data collected and the resultant thematic analysis. The themes and subthemes also indicate where participants' perceptions differed and where they were shared. It is evident from the data collected that perception is individualistic in nature and no two people perceive the same element equally. The following chapter presents the strengths and limitations of the study, recommendations and concluding notes.

## **CHAPTER 7: RESEARCH FINDINGS, CONCLUSION, LIMITATIONS AND RECOMMENDATIONS**

*“I have discovered that after climbing a great hill, one only finds that there are many more hills to climb” – Nelson Mandela (A long walk to freedom)*

### **7.1 INTRODUCTION**

This serves as the concluding chapter to this research study on exploring the psychological contract, employee motivation and retention perceptions in the South African motor industry. The aim of this chapter is to provide an overview of and reflection on the research and findings in light of the objectives of this study. The contributions to the existing body of knowledge made by this study are presented. In addition, the strengths and limitations of the study based on the findings are highlighted and the chapter culminates in recommendations for prospective research endeavours and individuals engaged in the field, as well as concluding reflections on the research journey.

### **7.2 RESEARCH PROBLEM AND RESEARCH QUESTIONS**

This research study began with an explorative intention. The aim of this study was to explore the perceptions of motor industry employees with regard to three constructs found within the employment relationship, namely the psychological contract, employee motivation and employee retention. The themes and subthemes that emerged were presented in chapter 6. The research objectives, together with the conclusions arising from the insights shared by the participants, will be presented below.

### **7.3 RESEARCH OBJECTIVES**

#### **7.3.1 PRIMARY RESEARCH OBJECTIVE**

The primary objective of this research study was *to gain a deeper and more in-depth understanding of the psychological contract as well as employee perceptions with regard to constructs such as motivation and retention within the particular context of the South African motor industry*. In order to achieve this objective, a thorough review of existing literature was required, together with first-hand accounts of how individuals perceive the psychological

contract and how these perceptions affect the motivation and retention of such employees. The findings were similar to those found in the literature review as presented in chapters 3, 4 and 5. The data derived from the in-depth interviews was consistent with Maslow's hierarchy of needs in that individuals would prioritise lower order needs such as job security and remuneration before recognition; thereafter there would be a great emphasis on earnings and remuneration over praise from management for a job well done (Acquah et al., 2021). Regarding the psychological contract, the existing literature indicates that if management fails to uphold its end of this contract, the result will be a negative impact on performance and overall job satisfaction (Coyle-Shapiro et al., 2019; Dhanpat & Parumasur, 2014).

The same can also be said from a retention perspective: the resultant actions of a participant based on a breach of the psychological contract translated into the organisation being unable to retain him, which is linked to the career progression opportunities element found in Döckel's Model of Retention Factors. This framework states that organisations that commit to provide high-performing employees with learning and development opportunities and career advancement often reap positive results in terms of retaining these high-performing employees (Sija, 2022).

### **7.3.2 SECONDARY RESEARCH OBJECTIVES**

The secondary objectives of this study were as follows:

- a) To explore the underlying factors that impact employee retention and motivation across all departments at motor dealerships within the South African motor industry.

The findings demonstrate that participants had certain expectations of the dealership that directly translated into high or low motivation and impacted their intention to leave the organisation. The discussions have shown that individuals of different ages and genders are not motivated by the same factors, such as pay, and thus there is some variation between motivational factors across age groups and genders.

These factors correspond closely to the way motivation factors are grouped together in Maslow's hierarchy of needs. Some individuals interviewed placed value on basic elements such as remuneration, whereas others were motivated by higher level elements, such as praise. However, the data reflects that basic needs such as having a stable job and the ability



to provide for one's family took precedence over being recognised for a job well done. The same can also be said for retention of the chosen employees, in that different retention factors affected individuals differently depending on the value placed on them, as different age groups and genders valued different retention factors. Some of these retention factors that were brought to light were the working environment, personality of senior management and the support participants received from management, recognition, work/life balance and career progression, which are interconnected in Döckel's Model of Retention Factors. This secondary research objective has therefore been achieved, thus supporting other studies (Dhanpat et al., 2018; Döckel et al., 2006) and existing literature findings on the topic.

b) To understand the effects of employee motivation and retention on overall organisational performance.

The findings shed light on the crucial role of motivation in driving on-the-job performance, which, in turn, contributes to dealership performance. Drawing upon Maslow's hierarchy of needs for understanding employee motivation and Döckel's Model of Retention Factors for examining employee retention, the discussions with participants uncovered how unspoken expectations significantly impacted motivation and exemplary job performance, thus potentially influencing positive dealership performance.

The findings are in line with existing literature, which suggests a strong relationship between employee motivation, retention and organisational performance (Habanik et al., 2020). Maslow's hierarchy of needs emphasises the importance of fulfilling basic needs, such as security and belongingness, to higher-order needs such as esteem and self-actualisation, which are essential for employee motivation (Khan et al., 2021). Döckel's Model of Retention Factors, on the other hand, identifies key factors influencing employee retention, including job satisfaction, career development and work/life balance, all of which contribute to organisational performance through enhanced employee commitment and productivity (Lwin, 2022).

Furthermore, the findings link to studies highlighting the impact of employee motivation and retention on organisational performance (Schroth, 2019). Increased job performance, attainment of set targets and improved customer satisfaction, as reported by participants, are

indicative of positive changes in dealership performance. While direct access to dealership performance information was not available, participants did speak of elements such as an increase in their job performance, achievement of predetermined targets and increased customer satisfaction, and these are indicative of changes in organisational performance.

Objective B was answered through the insight shared by participants which indicated how unspoken expectations impacted motivation, and job performance and ultimately had an influence on the dealership's performance. While direct access to dealership performance information was not available, participants did speak of elements such as an increase in their job performance, achievement of predetermined targets and increased customer satisfaction, and these are indicative of changes in organisational performance. This impact on organisational performance was obtained through the insight shared by participants, in which participants did speak of how the psychological contract, employee motivation and retention would influence their job performance, achievement of predetermined targets and increases in customer satisfaction, and these are indicative of changes in organisational performance.

This secondary research objective has therefore been achieved.

- c) To understand the effect of the psychological contract on the employment relationship as a whole.

The motor industry, much like any other industry, is subject to individuals building personal and professional relationships with colleagues and seniors within the scope of their employment. These relationships often stem from the interaction individuals have with those around them and at the core of these interactions lies dynamics pertaining to the employment relationship. The findings reveal that unspoken expectations between management and employees seem to be the foundation upon which personal and professional relationships are built. This confirms existing literature that points to the psychological contract as a basis for interpersonal relationships in the workplace (Jacobs et al., 2020). The participants shared rich data pertaining to how they perceived interpersonal relationships, how the maintenance or breach of the psychological contract impacted their relationship with seniors and how loyalty towards management improved when the psychological contract was maintained. This links to previous research indicating that a maintenance or breach of the psychological contract is

often followed by either a positive or negative response from the employee (Rituparna & Konwar, 2019). The individuals that participated in this study viewed the psychological contract as more transactional in nature than relational and they viewed the employment relationship as merely an exchange of their skills and experience for financial gain, thus confirming existing studies (Coetzee & Deas, 2021; Faller & Lee, 2005; Grimmer & Oddy, 2007; Jensen et al., 2010). Therefore, this secondary research objective has been achieved.

The data collected shows that the psychological contract consists of various elements as depicted in figure 7.1.

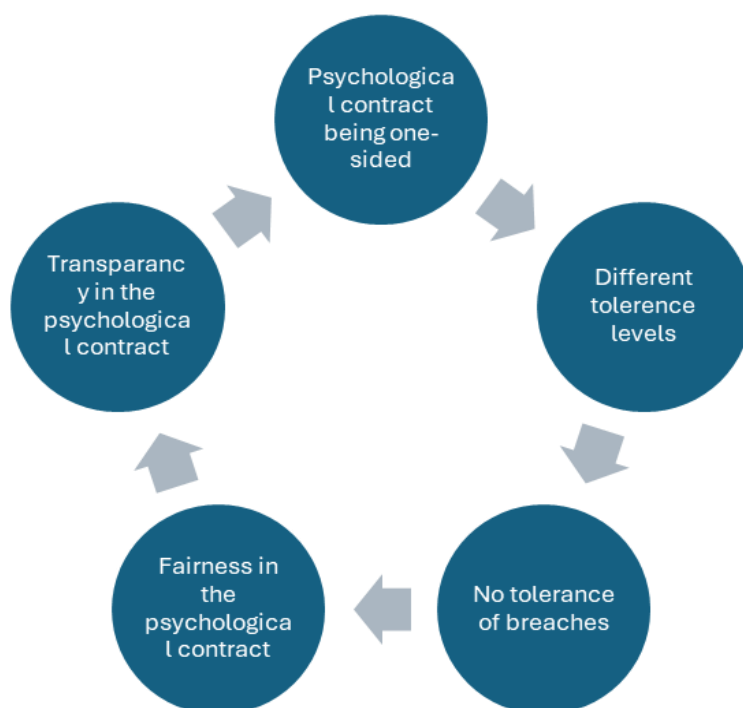


Figure 7.1 Elements of the psychological contract

- d) To draw conclusions and make recommendations for further research in the field of human resource management and, in particular, the South African motor industry regarding the nature of the psychological contract and what management can do to ensure that these three constructs interact with each other in a manner that is conducive to optimal organisational performance and growth.

In section 7.8 of this chapter, recommendations are provided based on the insights gained

from the study participants. These recommendations focus on improving HR practices within dealerships to enhance employee motivation and retention. They emphasise the importance of aligning HR practices with employee needs and expectations, as revealed through the study's findings. In addition, they also emphasise the significance of fostering a work environment that motivates employees not only to meet expectations, but also to excel in their roles.

Furthermore, the recommendations highlight strategies for retaining high-calibre talent within the industry, recognising the critical role of employee retention in achieving organisational success. By incorporating the perspectives and experiences of study participants, these recommendations are grounded in real-world insights, ensuring their relevance and applicability to the South African motor industry.

In conclusion, the study has successfully achieved all its research objectives, contributing meaningful insights and recommendations to HRM practices in the South African motor industry. These recommendations aim to enhance organisational performance and foster growth by managing the psychological contract effectively and promoting employee motivation and retention.

#### **7.4 SUMMARY OF THE FINDINGS**

This research study has delved into the intricate dynamics of the employment relationship within the context of the South African motor industry, unearthing insights that often remain hidden within the hectic pace of daily professional life. At its core, this study has sought to deeply understand the psychological contract and its intertwined relationship with two fundamental constructs: employee motivation and retention. Through listening to, interpreting and understanding the thoughts, perceptions and lived experiences of a diverse array of individuals from various backgrounds and walks of life within the industry, this study aimed to shed light on the complexities found in these interconnected constructs.

The participation of individuals from diverse backgrounds provided the study with a rich perspective, enabling deep consideration of insights that might otherwise have gone unnoticed. Through the narrative of participants, the ways in which the psychological contract manifests in the day-to-day realities of the workplace, influencing both individual motivation

and organisational retention strategies, could be interpreted.

Central to the findings are the fluidity and dynamism of human perception, interpretation and expectation. These elements are subject to constant evolution and evolvment, underpinned by numerous internal and external factors. The data gathered vividly illustrates the pivotal role played by both employees and management in the negotiation and maintenance of the psychological contract and the profound impact of their actions on employee motivation and retention.

Moreover, the exploration of existing literature has provided a comprehensive and solid foundation upon which to contextualise the findings. By using established theories of motivation and retention, such as Maslow's hierarchy of needs and Döckel's model of retention factors as a frame of reference and a backdrop against which to analyse the data, areas of similarities between the empirical data and established theoretical frameworks and their findings have been identified. This not only serves to validate the findings but also enriches the understanding of the underlying factors at play within the employment relationship (Henning, Van Rensburg & Smit, 2004; Jamal-Ali & Anwar, 2021).

In essence, this study represents an exploration of the intricate interplay between the psychological contract, employee motivation and retention within the unique context of the South African motor industry. While the findings may not be universally generalisable, they nonetheless offer valuable insights and lessons for HR practitioners and academics alike, serving as a starting point for future studies and exploration into this complex and ever-evolving area of HRM.

The table below provides a summary of the key findings from the data collected:

Table 7.1 Summary of key findings

| <b>Psychological contract</b>   | <b>Employee motivation</b>  | <b>Employee retention</b>  |
|---|---|--|
| Subject to change and can evolve over time.   | One size does not fit all, as people are motivated by what they place value on.   | Career development opportunities are a key element in employee retention.  |
| Varies between individuals of different ages, races, genders and occupational level.  | Different age groups are motivated by different elements in the workplace, some by money and some by recognition.   | Employees are more willing to stay at organisations that have a positive work environment, thus improving retention.   |
| Often more transactional in nature than relational.   | Both intrinsic and extrinsic in nature as the organisation has an influence on the motivation of an individual.   | Retention is directly connected to praise and recognition. The more recognition a person gets, the better retention will be.   |
| Forms the basis upon which employee motivation and retention are built. Where there is a negative psychological contract, there will be low levels of motivation and poor retention. The opposite also applies. | Directly linked to the psychological contract and serves as the first factor that is dependent on the psychological contract. If this contract is breached, motivation will decline. If it is upheld, motivation will increase. | Retention is a secondary element in the employment relationship and is linked to both employee motivation and the psychological contract. Where a person has low motivation due to a breach of the psychological contract, retention will be low. The opposite is also true. |

## **7.5 CONTRIBUTION OF THE STUDY TO ACADEMIC KNOWLEDGE**

The psychological contract, employee motivation and retention are three intertwined constructs that form part and parcel of the employment relationship for all dealerships nationwide, irrespective of size. Due to the lack of understanding of the effects of the psychological contract on the employment relationship, many psychological contracts are breached either intentionally or unintentionally by either the employer or employee. This is often due to a misunderstanding or the inability to fulfil the psychological contract. While the cause of the breach is often not known, the effects can be felt strongly by the organisation. Therefore, the complexity of these concepts poses challenges to management and HR professionals with regard to management of employees, and thus requires attention from management at all levels.

Employers in the motor industry seek the cause of employee turnover in their policies, procedures and remuneration, but pay little attention to the psychological contract as a cause of low motivation and high employee turnover rates. With a stagnant economy and high unemployment, it is known that employers are spoilt for choice in terms of hiring. However, in the motor industry this may not necessarily be the case due to transferability of skills and knowledge between dealerships of the same or different manufacturers. Due to each dealership within a particular brand offering the same product with little to no differentiation, obtaining a competitive advantage becomes more difficult. Management should delve deeper into the psychological contract within their organisation and explore its effect on employee motivation and retention.

This study raises awareness of the nature of the psychological contract, employee motivation and retention, as well as their effect on overall organisational performance. It also adds to the existing body of knowledge by expanding on the psychological contract, employee motivation and retention, thus improving the level of understanding of these constructs. Moreover, the existing literature lacks perspective on how these three constructs interact with each other, and therefore this literature gap is closed by exploring these facets in one study. In addition, this study also proves useful to dealer principals and HR professionals in order to better align organisational strategies with HR strategies. Future researchers wishing to explore constructs such as the psychological contract, employee motivation and retention in more depth will be

able to use this study, as it serves as a starting point in which other theories could be applied as a frame of reference, or other studies could be done from a quantitative perspective.

## **7.6 LIMITATIONS OF THE STUDY**

As the researcher, I served as the primary research instrument due to the qualitative nature of the study. Therefore, my judgement in terms of the collection and analysis of data was key in the success of this study and in my development as a researcher.

One limitation of this study is that the views, perceptions and experiences shared in this research study are not necessarily generalisable to the larger population of the South African motor industry due to the small sample that was used. It therefore must be acknowledged that the views, perceptions and experiences shared pertain to those individuals that participated in the study and might not be universally applicable to all motor dealerships and employees.

Considering that the motor industry is male dominated, there is a possibility of underrepresentation of female employees. This was reflected in that out of the eight participants in this study, only two were female and the remaining six were male. The next limitation comes in the form of the educational level of the participants. Motor dealerships are by their nature very training-intensive, but much of the training conducted is related to technical competencies and product knowledge which fall outside of the National Qualifications Framework. For this reason, there is an underrepresentation of employees who held qualifications such as a bachelors degree and even postgraduate degrees that are part of the Framework. This is of particular importance as often employees who hold postgraduate qualifications have different expectations of the employment relationship and the organisation's retention strategies.

This study is limited by the absence of follow-up interviews with all the participants. Without the opportunity to revisit participants and delve deeper into their responses, the research may only capture the initial impressions and experiences of the participants. Additionally, the reliance on online interviews through MS Teams due to Covid-19 protocol at the time of data collection, limited the ability to establish rapport and pick up on non-verbal cues that can be an important factor for the interpretation of the data. Finally, as a researcher with limited interview experience particularly at an academic level, my own biases and inexperience in



conducting research may have influenced the execution of the study.

## **7.7 STRENGTHS OF THE STUDY**

One of the main strengths of this research study lies in the participants themselves and their market position. The participants in the research study varied across different manufacturers and dealer groups, multi-franchise dealerships, independent dealerships and luxury brands, each with a unique position in the market with different employee expectations. This added a variety of different insights to the research study and was crucial in addressing the research objectives.

Another strength of this research study is that the various participants were located nationwide such as Gauteng, KwaZulu-Natal and the Western Cape. This played a major role in obtaining diverse perceptions, thoughts and views on the research topic due to cultural differences between various provinces. Throughout the study, it became apparent that employees in KwaZulu-Natal did not have the same expectations or view the research topic in the same manner as employees from the Western Cape.

The final strength of this study comes in the form of the diversity in terms of race groups included as well as the varying ages of participants in this study. The South African workforce and the motor industry, in particular, are a melting pot of diverse cultures and ages of individuals coming together from many different backgrounds and walks of life. This diversity has been demonstrated in this research study. This provided rich and insightful data on the different perceptions of each individual as no two individuals were alike. The knowledge gained through this study can help dealerships nationwide to devise appropriate strategies in order to improve their dealerships from an HR perspective.

## **7.8 RECOMMENDATIONS FOR PRACTITIONERS IN THE FIELD**

This research study has broad applicability as it is relevant not only to HR practitioners but also to line management such as sales managers, parts managers, service and workshop managers, administrative and financial managers, as well as dealer principals and regional managers. The discussion of the research results, themes and subthemes can provide management with valuable insight that can contribute to better HR strategies and overall better organisational performance.

The HRM department plays a key role in employee retention through its ability to increase and decrease retention. This is often done by the twofold ability of HR to guide employee decision-making in terms of staying in their job or leaving, as well as the influence HR has in terms of developing and implementing retention strategies. The findings of this research study led to deep insight into the perceptions individuals have of the employment relationship and this provides a better understanding of how the psychological contract can be leveraged effectively to enhance employee motivation and retention of key and valuable staff.

The South African motor industry often goes through periods of economic slumps in which business performance fluctuates. Consequently, dealerships can be in a position where it is not economically viable to give salary increases as a mechanism to increase and maintain employee motivation and retention. Therefore, management is placed in a precarious position in which alternative avenues to maintain motivation and improve retention need to be explored if the salary increase option is not available. As this study adopted an exploratory approach, it yielded valuable insights from participants regarding employee motivation. It is recommended that management integrate these findings into their managerial approach to enhance employee motivation and retention. This study also points to the fact that employees desire more than mere remuneration for their services rendered to the organisation and management therefore needs to consider a wide spectrum of expectations at the start of the employment relationship if the organisation wishes to have highly motivated employees.

Furthermore, this study has shown that a “one-size-fits-all” approach cannot be adopted when developing retention strategies and initiatives to increase motivation and that individuals place value on open and honest communication between themselves and management with regard to motivation and retention mechanisms besides remuneration. Management should consider each person on a case-by-case basis and explore the various needs individuals have before implementing retention strategies. These retention strategies should be broad in scope and take on a diverse approach so that the organisation can maintain expectations with each individual employee adequately.

Strategies to enhance employee motivation are rooted in organisational culture and in the daily interactions management has with employees. These are not found in policy, which was evident through the data collected. HR practitioners, line management and dealer principals

should take cognisance of the fact that their direct interactions with employees on a daily basis have a direct and profound impact on the motivation of the employee and ultimately on the organisation's ability to retain them. Poor organisational culture that allows for favouritism and poor treatment of employees, does not recognise good performance and lacks empathy and compassion for employees' personal circumstances will cause employees to be more inclined to seek alternative employment in order to place themselves in a better working environment.

The study has revealed that it is imperative that management at all levels take active and conscious steps to foster a workplace culture of trust, respect, fairness, equality, transparency, clear communication, clear goals, recognition of good performance and ethical behaviour; participants of this study indicated low tolerance for an unhealthy working environment and organisational culture. Clearly, the above-mentioned values form part and parcel of the psychological contract, as employees have these expectations of the organisation. Consequently, organisations run the risk of losing skilful, knowledgeable and valuable individuals to competitors, or at the very least will have employees who are disengaged, unproductive, inefficient, unmotivated and involved in various forms of misconduct. This can negatively impact the organisation's overall performance, reputation and sustainability if these expectations are breached.

Female employees demonstrated different expectations of the employment relationship than their male counterparts. In light of this difference, motor dealerships need to consider the expectations of female employees in terms of what motivates them to excel in their job function, as well as what factors play a role in their decision to remain with the organisation. A similar difference can also be seen in employees of different ages and at different hierarchy levels. The results of this study have shown that what motivates one employee does not necessarily motivate another, as not everyone places equal value on the same things. By the same token, a facet that could be a deciding factor in one individual's decision to leave the organisation could be a lesser contributing factor in another's decision. Fundamentally, all individuals wish to be treated respectfully with dignity, have their efforts recognised and be part of a team that has strong organisational values, especially when it comes to workplace culture. Therefore, management is advised to ensure that the organisational values are reflected not only in company policy, but also in everyday behaviour if they wish to retain high-

calibre talent and have a highly motivated workforce.

## **7.9 RECOMMENDATIONS FOR FUTURE RESEARCH**

This research study was conducted at different dealership brands and dealer groups that specialise in passenger vehicles. These dealerships contain sales, service, parts and administrative departments under one roof and all under the same management. However, the motor industry also extends to privately owned dealers that specialise solely in the sale of motor vehicles, private workshops that specialise in the servicing and repair of motor vehicles, spare shops that specialise in the sale of vehicle spares, panel shops that offer panel-beating and restorative work on vehicles, dealerships specialising in the sale of motorcycles and dealers in trucks and freight vehicles. Future research can expand on the findings of this study by broadening the scope of the research to include those areas of the motor industry that were not included in this study, as well as to conduct this study from a quantitative perspective.

Due to the limited representation of female employees in this study, future researchers should be mindful to include more female participants in order to obtain more diverse insights and perceptions regarding the psychological contract, employee motivation and retention. Female employees often have different expectations of the employment relationship compared to their male counterparts and thus more female participants can increase the quality and richness of the data and findings. The findings help HR practitioners gain a better understanding of the psychological contract, employee motivation and employee retention which can then be used when developing retention and strategies to improve employee motivation. It also serves as a starting point for other researchers if they wish to explore these constructs further. Future research should consider focusing exclusively on the psychological contract as the primary construct, with employee motivation and retention treated as outcome variables. This approach could provide more understanding of how the psychological contract directly influences employee behaviour. By isolating the psychological contract, researchers could delve deeper into its various dimensions and their specific impact on motivation and retention, potentially leading to more targeted strategies for improving employee engagement and reducing turnover in the South African motor industry.

The final recommendation to future researchers is to include the dealer principal from group

dealers in future studies. In both group and independently owned dealerships, the dealer principal often acts as senior management, with the goal of overseeing the dealership as a whole and ensuring its smooth functioning. In the case of group dealerships, the dealer principal often has senior line management at regional level to whom they report; in contrast, within independent dealerships the dealer principal is the director and is at the apex of management. Due to this difference, incorporating dealer principals from group dealers can further add insight and value to future studies, as the dealer principal is both an employee and management and thus is in a unique position to shed light on the psychological contract, employee motivation and retention.

## **7.10 RESEARCHER'S REFLECTION AND FINAL THOUGHTS**

A researcher's interest in the research area plays a pivotal role in all stages of the research process and ultimately the success of any research study. Having held office as an HR practitioner within a premium brand motor dealership in South Africa, I was fortunate to experience first-hand the challenges that the psychological contract poses to an organisation, as well as its impact on the motivation of employees and ability to retain them. Given the abstract nature of these constructs, I was immediately drawn towards qualitative research as my main aim was to obtain a better understanding of the underlying reasons individuals feel the way they do and how these perceptions impact other components of the employment relationship.

My career as an HR practitioner began in the South African motor industry. My ambition was to be an HR professional, and I was able to achieve that within the motor industry, where I got to witness how employees had unspoken expectations of the organisation and this, in turn, had an impact on their motivation and retention. I witnessed events unfold where some employees would have low motivation, be unproductive, not achieve target, while others would hand in their resignation within a couple of days of starting their employment. These events intrigued me, and I was curious to better understand why the dealership was faced with high employee turnover, especially in key positions.

Due to the sensitive nature of this study, I was unable to fully explore this phenomenon within the scope of my employment, and therefore I chose to explore it further through academic research and a master's qualification. I wanted to get a first-hand account of what kinds of

expectations employees have of an organisation and how the breach or maintenance of said expectations impacts their motivation and willingness to stay with the organisation, as well as what some of the underlying reasons could be for an individual to not be adequately motivated or to be inclined to leave the organisation. As a young and very ambitious HR practitioner, I want to leave the South African motor industry and the HR field as a whole in a better state than I found it, through a meaningful contribution, and I am able to accomplish that goal through this research study.

During the course of the study, I experienced a variety of mixed emotions when speaking to the participants. Listening to the experiences and interpretations of participants brought back many memories, both positive and negative, as many of the views presented were a mirror image of my own experiences that I encountered during the course of my employment. Often, I found that I was envisioning myself in the position of the individuals who were sharing their experiences and understanding how I would have felt being in that situation or having to experience those events from both the perspectives of the employee and management. As an individual with a high degree of emotional intelligence, I was able to successfully understand and relate to the emotions participants felt when relaying their experiences to me.

My research journey was both challenging intellectually and emotionally, as well as rewarding. It was fraught with excitement and obstacles simultaneously, yet I have enjoyed every step of my postgraduate journey. Throughout the course of my research journey, I experienced many moments of happiness, joy, triumph, disappointment, uncertainty, frustration and confusion, and I would often question whether it was a good idea to pursue a master's qualification. Remaining in constant contact with my supervisors, as well as my supportive family and friends, proved to be instrumental in overcoming the intrinsic challenges and feelings of hopelessness I encountered. During the research process, I was faced with external challenges such as the COVID-19 pandemic, which forced me to adapt my data collection strategy to the new norm, as well as personal health-related challenges I faced that deterred my productivity. In addition, I also faced challenges related to taking care of my ageing parents, the death of my pet, depression and mental health, together with the financial struggles of completing my postgraduate studies. This journey can be seen as similar to the waves in an ocean, with its highs and lows, and yet each step was thrilling and nerve-wracking, as predicting what is around the corner is impossible.

Having put my faith in God and in the process, coupled with the support I received from my friends, family and supervisors, I was able to overcome the many challenges in my path. A big turning point was the bursary I received from the institution, without which I would not have been able to reach the finish line of this dissertation. Therefore, as I look back on my journey, I cannot help but feel overwhelmed by not only how far I have come as a student and researcher, but also in how I have grown as an individual and developed key skills such as resilience, perseverance, dedication, commitment and a strong internal locus of control. While I have come a long way, I consider myself a novice researcher as during my study it became clear to me that what I do know is but a drop, and what I do not know is an ocean, and therefore I have a long road ahead of me. Being a postgraduate student and completing this research study has taught me that one does not need to see the whole staircase, just the next step. I hope the end of this dissertation marks the completion of my journey as a master's candidate and the start of my journey as a researcher and a member of the academic community.

## **7.11 CONCLUSION**

This study set out to explore and better understand the psychological contract employees have within the scope of their employment, together with their perceptions of their motivation and the organisation's ability to retain them, within the context of the South African motor industry. Based on numerous perceptions brought together in this study by individuals of many different walks of life, it can be concluded that the management of employees is an intricate area of human resources and requires tailor-made strategies and initiatives, as well as innovative and emotionally intelligent leadership.

The discussions presented in this study will no doubt make a positive contribution to the motor industry and challenge the status quo, as well as the existing ways of managing employees. Thus, I hope that the reader of this dissertation will gain valuable insight that can be used to make the motor industry a better place for all and to reach greater heights.

It is of great importance that management take cognisance of the impact they have on employees and overall business performance. The data has shown that the actions of management through the maintenance or breach of the psychological contract can have an influence on the motivation and retention of employees, and that motivation and retention are

also malleable constructs that can change, depending on whether the psychological contract is maintained or breached according to the individual's perceptions.

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## APPENDIX A: ETHICAL CLEARANCE LETTER

### COLLEGE OF ECONOMIC AND MANAGEMENT SCIENCE RESEARCH ETHICS REVIEW COMMITTEE

18 May 2021

Dear Mr Sailesh Naran

**Decision: Ethics Approval from  
2021 to 2023**

NHREC Registration # : (if applicable)  
ERC Reference # : 2021\_CRERC\_018(FA)  
Name : Mr Sailesh Naran  
Student No#: 51985985

**Researcher(s):** Mr Sailesh Naran, [sailesh.n@hotmail.co.uk](mailto:sailesh.n@hotmail.co.uk), [51985985@mylife.unisa.ac.za](mailto:51985985@mylife.unisa.ac.za)

Tel No: 0793900864.

College of Economic and Management Sciences

Department of Human Resource Management

University of South Africa

**"Exploring psychological contract, employee motivation and retention perceptions  
of employees in the South African motor industry."**

**Qualification: Masters Degree**

Thank you for the application for research ethics clearance by the Unisa College of Economic and management Sciences Research Ethics Review Committee for the above-mentioned research. Ethics approval is granted for 3 years (**18 May 2021 until 17 May 2023**).

*The **low risk application** was **reviewed** by the College of Economic and management Sciences Research Ethics Review Committee on **17 May 2021** in compliance with the Unisa Policy on Research Ethics and the Standard Operating Procedure on Research Ethics Risk Assessment.*

The proposed research may now commence with the provisions that:

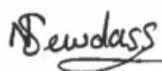
1. The researcher(s) will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.
2. Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study should be communicated in writing to the College of Economic and management Sciences Research Ethics Review Committee.

3. The researcher(s) will conduct the study according to the methods and procedures set out in the approved application.
4. Any changes that can affect the study-related risks for the research participants, particularly in terms of assurances made with regards to the protection of participants' privacy and the confidentiality of the data, should be reported to the Committee in writing, accompanied by a progress report.
5. The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study. Adherence to the following South African legislation is important, if applicable: Protection of Personal Information Act, no 4 of 2013; Children's act no 38 of 2005 and the National Health Act, no 61 of 2003.
6. Only de-identified research data may be used for secondary research purposes in future on condition that the research objectives are similar to those of the original research. Secondary use of identifiable human research data requires additional ethics clearance.
7. No field work activities may continue after the expiry date (**17 May 2023**). Submission of a completed research ethics progress report will constitute an application for renewal of Ethics Research Committee approval.
8. Permission is to be obtained from the university from which the participants are to be drawn (the Unisa Senate Research, Innovation and Higher Degrees Committee) to ensure that the relevant authorities are aware of the scope of the research, and all conditions and procedures regarding access to staff/students for research purposes that may be required by the institution must be met.
9. If further counselling is required in some cases, the participants will be referred to appropriate support services.

*Note:*

*The reference number **2021\_CRERC\_018 (FA)** should be clearly indicated on all forms of communication with the intended research participants, as well as with the Committee.*

Yours sincerely,



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**Prof Nisha Sewdass**  
Chairperson, CRERC  
E-mail: [sewdan@unisa.ac.za](mailto:sewdan@unisa.ac.za)  
Tel: 012 429 2795



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**Prof MT Mogale**  
Executive Dean: CEMS  
E-mail: [mogalmt@unisa.ac.za](mailto:mogalmt@unisa.ac.za)  
Tel: 012 429 4805

## APPENDIX B: PARTICIPANT INFORMATION SHEET



### PARTICIPANT INFORMATION SHEET

Title – Exploring the psychological contract, employee motivation and retention perceptions of employees in the South African motor industry

Dear Prospective Participant

My name is Sailesh Naran and I am doing research with Dr. Elizabeth Rudolph and Dr. Aleksandra Furtak, a senior lecturer and lecturer in the Department of Human Resource Management towards a MCom (business management and HR) at the University of South Africa. We are inviting you to participate in a study entitled "Exploring psychological contract, employee motivation and retention perceptions of employees in the South African motor industry".

#### WHAT IS THE PURPOSE OF THE STUDY?

This study is aimed to explore the psychological contract that exists between management and employees at an in-depth level as well as explore employee's perceptions on the motivation and retention in light of the psychological contract. This exploration of perception on these constructs aims to enhance understanding of employment relationship and the various dynamics that exist hence contributing to better HR strategies with regards to employee motivation and retention.

#### WHY AM I BEING INVITED TO PARTICIPATE?

\*Insert name of person from whom contact details were obtained\* has granted me permission to obtain your details in order to contact you to participate in this study / I had connected with yourself on LinkedIn. You have been selected to participate in the study as you fall part of the participant group this study is focusing on.

#### WHAT IS THE NATURE OF MY PARTICIPATION IN THIS STUDY?

The study involves an interview between the researcher and the participant over MS Teams or telephonically which will last approximately between 45 - 90 minutes and will be audio-taped. The researcher will pose questions to the participants regarding the research topic in which honest opinions are expected.

The following are examples of questions that may be asked;



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2) How do you feel the psychological contract as an effect on your motivation?

**CAN I WITHDRAW FROM THIS STUDY EVEN AFTER HAVING AGREED TO PARTICIPATE?**

Participation in this study is voluntary and you are under no obligation to consent to participate. There is no penalty or loss of benefit if you decide not to participate. If you do decide to take part, you will be given this information sheet to keep and be asked to sign a written consent form. You are free to withdraw at any time and without giving a reason.

**WHAT ARE THE POTENTIAL BENEFITS OF TAKING PART IN THIS STUDY?**

The possible benefit of your participation in this study is your contribution towards better understanding of the employment relationship in terms of employee motivation and retention. The findings of this study are envisioned to positively contribute to better HR strategies for all dealership in the motor industry.

**ARE THERE ANY NEGATIVE CONSEQUENCES FOR ME IF I PARTICIPATE IN THE RESEARCH PROJECT?**

I do not reasonably foresee that you as a participant can be negatively affected in a financial or physical sense. In the event where you as the participant might feel uncomfortable or uncertain during or prior to the interview, you will have, a chance to speak to the researcher directly for assurance on the objectivity of the research and regarding any other concerns/uncertainties that you may have or experience.

**WILL THE INFORMATION THAT I CONVEY TO THE RESEARCHER AND MY IDENTITY BE KEPT CONFIDENTIAL?**

The highest level of confidentiality will be maintained throughout the study. Your name will not be recorded anywhere and no one will be able to connect you to the answers you give. Your answers will be given a fictitious code number or a pseudonym and you will be referred to in this way in the data, any publications, or other research reporting. Your answers may be reviewed by people responsible for making sure that the research is done correctly, including the transcriber, members of the Research Ethics Committee and my Supervisors. These individuals will however maintain your confidentiality by signing a confidentiality agreement. Otherwise, records that identify you will be available only to people working on the study, unless you give permission for other people to see the records. Your anonymous data may also be used for other purposes such as a research report and journal articles, etc. Individual participants will however not be identifiable in such a report.

**HOW WILL THE RESEARCHER(S) PROTECT THE SECURITY OF DATA?**

Hard copies of your answers will be stored by the researcher for a period of five years in a locked cupboard/filing cabinet at the researcher's residence for future research or academic purposes.



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Electronic information will be stored on a password protected computer. Future use of the stored data will be subject to further Research Ethics Review and approval if applicable. After the 5-year period has lapsed paper-based information will be shredded and electronic records will be permanently deleted from the hard drive of the computer.

**WILL I RECEIVE PAYMENT OR ANY INCENTIVES FOR PARTICIPATING IN THIS STUDY?**

No, participation in this research study is entirely voluntary.

**HAS THE STUDY RECEIVED ETHICS APPROVAL?**

This study has received written approval from the Research Ethics Committee of the College of Economic and Management Sciences, Unisa. A copy of the approval letter can be obtained from the researcher if you so wish.

**HOW WILL I BE INFORMED OF THE FINDINGS/RESULTS OF THE RESEARCH?**

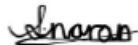
If you would like to be informed of the final research findings, please contact Mr. Sailesh Naran on 079 390 0864 or [sailesh.n@icloud.com](mailto:sailesh.n@icloud.com) or at [51985985@mylife.unisa.ac.za](mailto:51985985@mylife.unisa.ac.za). The findings are accessible for 5 years.

Should you require any further information or want to contact the researcher about any aspect of this study, please use the contact details provided above.

Should you have concerns about the way in which the research has been conducted, you may contact Dr. Elizabeth Rudolph and Dr. Aleksandra Furtak on 012 429 2586 and 012 429 2824 respectively or via email at [rudolec@unisa.ac.za](mailto:rudolec@unisa.ac.za) and [hyraam@unisa.ac.za](mailto:hyraam@unisa.ac.za)

Thank you for taking time to read this information sheet and for participating in this study.

Yours Sincerely,



Sailesh Naran



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## APPENDIX C: PARTICIPANT CONSENT FORM

### CONSENT TO PARTICIPATE IN THIS STUDY

I, \_\_\_\_\_ (participant name), confirm that the person asking my consent to take part in this research has told me about the nature, procedure, potential benefits and anticipated inconvenience of participation.

I have read (or had explained to me) and understood the study as explained in the information sheet.

I have had sufficient opportunity to ask questions and am prepared to participate in the study.

I understand that my participation is voluntary and that I am free to withdraw at any time without penalty (if applicable).

I am aware that the findings of this study will be processed into a research report, journal publications and/or conference proceedings, but that my participation will be kept confidential unless otherwise specified.

I agree to the recording of the telephonic and MS Teams interviews.

I have received a signed copy of the informed consent agreement.

Participant Name & Surname..... (please print)

Participant Signature.....Date.....

Researcher's Name & Surname.....Sailesh Naran.....(please print)

Researcher's signature.....  .....Date.....



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## APPENDIX D: INTERVIEW GUIDE



### Exploring the psychological contract, employee motivation and retention perceptions of employees in the South African motor industry

#### Participant interview questions

1. What are your thoughts on the psychological contract at your current workplace? Do you feel it exists or is it still relevant in the current business landscape? Why do you feel so?
2. Do you feel the psychological contract would differ if there is a change in management?
3. Do you feel the psychological contract differs between different individuals? (e.g., between the dealer principal/holding company and a manager or between a manager and subordinate?)
4. Do you think the psychological contract is a contributing factor or has any influence in your motivation in your current job role especially in difficult economic times? Why?
5. Do you think the psychological contract plays any role or has an influence in the retention of yourself in your current job role? Why?
6. If you receive a new job offer, would the psychological contract with your current dealership be a contributing factor when deciding on whether to accept the new offer? Explain.
7. If you felt the psychological contract is breached by the organisation, would you consider actively seeking a new position? Elaborate.
8. If you felt the psychological contract is maintained by the organisation, would you feel more motivated to excel in your job role on a day-to-day basis? Explain.
9. If you receive recognition from management on a recent task you have recently completed, would you be motivated to excel in a future task and remain with the organisation? Elaborate.
10. Do you feel the psychological contract has an influence on your relationship with management? Why?





## APPENDIX E: LANGUAGE EDITING CERTIFICATE

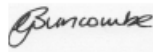
### DECLARATION OF LANGUAGE EDITING

I hereby declare that I have edited the dissertation entitled "Exploring employee perceptions of the psychological contract, employee motivation and retention in the South African motor industry" written by Sailesh Naran for the Master's of Commerce in Business Management at the University of South Africa.

Changes were suggested using track changes in MSWord. The onus is, however, on the author to make the changes suggested and to attend to the queries. I take no responsibility for any changes made to the document after I completed the editing.

Glenda Buncombe

28 February 2024



BA (Trans), Rhodes University

Email address: [glendabuncombe@gmail.com](mailto:glendabuncombe@gmail.com)