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The Changing Nature of the Psychological Contract in the IT Industry: 1997-2001

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Contents

Contents

THE CHANGING NATURE OF THE PSYCHOLOGICAL CONTRACT IN THE IT INDUSTRY: 1997-2001

Introduction

Analysis of the relationship between employers and employees has been a preoccupation of social scientists and other commentators for decades. The post-war period discussion in this area, within different academic disciplines and at various points in time, has focused on concepts of employee motivation, exchange, trust and the employment relationship. The changing terminology reflects alterations in the dominant perspectives adopted by writers, as well as shifting fashions in academia. The renewed interest in the concept of the psychological contract is an example of these shifts. Argyris (1960) originally developed the concept as a means of analysing employer and employee expectations. More recently, this analytical tool has been used by Handy (1993), Herriot and Pemberton (1995), Guest and Conway (1999), Sparrow (1996) and many others to explain changes in the nature of employment within organisations in the UK and elsewhere. A key theme in these analyses has been the suggestion that what employers and employees offer and expect at work has changed in fundamental and yet consistent ways over the last five or more years. It is this proposition that this working paper focuses on. Using information gathered from interviews with employees within the IT industry, this paper outlines the nature of the psychological contract. It also analyses variations in the nature of the contract as perceived by employees with different demographic and career profiles. Finally, it maps the nature of perceived changes in the psychological contract for the different groups.

Three key propositions underpin the research. First, that the psychological contract can be conceived of as a series of six bi-polar continuums. Second, that the position of any individual on these six continuums will vary according to their demographic profile and career experiences. Finally, that individual perceptions of the form of their psychological contract have changed in marked but measurable ways over the last five years.

IT Industry Background

There has been a steady increase in numbers employed in the UK IT software and services industry from fewer than 800,000 in 1994 to approximately 1 million in 1998 (Holway, 1999). Projections indicate a rise to more than 1.3 million in 2002 - representing over 5 per cent of the UK workforce. In 1998, roughly 60 per cent of these people worked in IT departments with the remaining 40 per cent working for IT companies. In the past it was perceived that these two groups of people had fundamentally different psychological contracts: IT departments were seen as more change-averse while IT companies were occasionally perceived to be in favour of change-for-change-sake. In 1998 more people were employed in the UK IT industry than were involved in coal mining at its peak. In financial terms, the UK IT software and services market grew by 24 per cent in 1998 to reach £16.4 billion and was predicted to grow by a further 22 per cent in 1999. Thereafter, it was expected to develop at a rate of 12 per cent per annum for the next three to five years. A slight dip was experienced in 1999 as a result of rebalancing after the distorting effects of EMU conversions to existing financial systems and work undertaken to minimise the impact of any Year 2000 (Y2k) problems.

IT Industry Characteristics

The UK IT industry is characterised by well-paid jobs. Good career prospects exist, particularly for young people entering the job market for the first time. In addition, an acknowledged shortage of appropriately skilled potential employees exists - in 1998 unfilled job vacancies accounted for around 10 per cent of current staff numbers. Although there has been a reduction in the demand for some skills, there are still a large number of older systems in operation, which require specialist maintenance skills and occasional modification. The demand for people experienced in the newer technologies (such as those linked to the development of Internet systems) more than makes up for the reduced demand for older technical skills, thus fuelling the skills shortage.

While the numbers employed in the IT industry are continuing to rise, the scope of the industry's operations is also expanding. Industries that previously appeared divorced from IT (such as catering and manufacturing) are gradually being impacted by the new technology. Booking systems are increasingly automated; manufacturing levels and raw material requirements are determined using software programs; the number of HRM products (such as computer-based psychometric tests and appraisal systems) is growing; and supply chain logistics generally are managed from computers. The advent of e-business and the Internet has given a wide range of companies access to new customers. In the case of financial institutions, it has also allowed a refocusing in terms of the way services are delivered to existing customers.

The combined effect of these changes is that IT is no longer confined to the back room; technical staff now have more customer contact than ever before. Advances in computer technology also provide more scope for creativity. The net result is that a wider range of people is being attracted to an industry where the quest for original and innovative solutions is combined with a need for good communication skills and a customer focused attitude to the job.

Why the Psychological Contract in the IT Industry?

There is a shortage of research that specifically addresses the psychological contract in the context of the IT industry. Given the industry's current and expected future significance, it is appropriate to explore the existing psychological contracts. Additionally, the IT industry is in a constant state of change; technological advances mean that ways of working are continually evolving. In such an environment it may be expected that the psychological contract would be different from that of a more stable industry. It would also be reasonable to expect that the nature of the contract in the IT industry would be more susceptible to change than in other industries.

Aims and Key Themes

The main aim of the research is to examine the nature of the psychological contract for IT industry staff and to understand whether it is definable and measurable. While it is understood that this project is not an exhaustive study it is a useful first step, which could lead to further, more comprehensive, research.

Three key themes were identified as a result of reviewing the psychological contract research literature. First, there appeared to be six key elements to the psychological contract, namely:

(i)   a balance between benefits given by an individual and their expected rewards

(ii)   the amount of choice perceived to be present

(iii)   the pace of change experienced

(iv)   the perceived importance of trust in the contract

(v)   the existing level of clarity

(vi)   the extent to which the contract was individualistic.

The proposal was put forward that these six factors could be measured as a series of bi-polar continuums.

The second theme to emerge was that the psychological contract is affected by a number of influences. Some may be demographic factors (such as age or gender) while others may result from an individual's career experiences, for example the length of time the person had worked within the industry or the duration of their current employment relationship. In addition, the type of role undertaken (technical or managerial) may be relevant. Thus the effects of the following six factors on an individual's psychological contract are explored:

- Age

- Gender

- Individual's role within the organisation

- Type of organisation: IT company or IT department within a non-IT company (such as a financial institution)

- Length of time the individual had worked within IT

- Length of time the individual had worked for the current employer.

Finally, the literature suggested that individuals' psychological contracts had changed over the last five years, following changes in the wider work environment such as redundancies from traditionally stable employers. This paper therefore identifies factors that have altered overall and compares the changes with those experienced by groups of individuals within the study.

LITERATURE DISCUSSION

What is the Psychological Contract?

Much has been written about the psychological contract since Argyris first used the term in 1960. Schein defined the contract as an "unwritten set of expectations operating at all times between every member of an organisation and the various managers and others in that organisation" (1980:8). Herriot and Pemberton see it as "the perceptions of both parties in the employment relationship and the obligations implied in the relationship" (1997:45). Guest and Conway talk about "the relationship between the individual and the organisation" (1999:372). Regardless of the perspective adopted, authors appear to agree that there are six characteristic features of the psychological contract.

First, the psychological contract is based on the concept of an exchange of benefits and rewards (Hall and Moss, 1998; Hallier and James, 1997; Makin *et al*, 1996; Rousseau, 1995; Stiles *et al*, 1997). In fact, Rousseau defines the psychological contract as "an individual's beliefs, shaped by the organisation regarding terms of an exchange agreement between individuals and their organisation" (1995:9). So, the employer benefits from the employee's labour and co-operation while the employee is rewarded extrinsically and intrinsically. Rousseau (1995) asserts that mutuality is key for a psychological contract to provide acceptable outcomes - she argues that it is only when both parties have something to gain that they will work to ensure a successful result. In a balanced psychological contract both parties feel the exchange provides valued outcomes. This is illustrated in Figure 1 below.
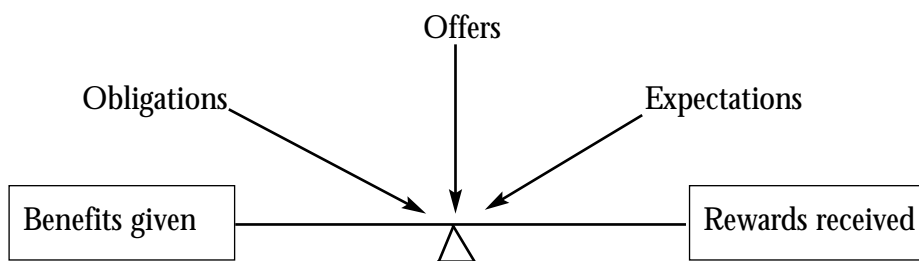
Figure 1: Balance of the Exchange

Each party will also have a view of their obligations under the relationship (Kessler and Shapiro, 1998). For example, an individual may be prepared to work 40 hours a week even though they know the organisation expects them to work 45 hours a week. Thus a disparity may exist between perceived obligations and what is offered. An imbalance arises if one party feels there are an unacceptable number of disparities that favour the other party.

Mullins (1999) lists a number of the common benefits and rewards expected by both participants in the psychological contract. Figure 2 shows a simplified psychological contract incorporating some of these elements and suggests possible relationships between them. As illustrated, there will be expectations held by both parties and a number of common obligations such as the requirement to act lawfully - for an employer this may mean adherence to the provisions of the Working Time Regulations, while for an employee it may include refraining from misappropriation of company assets.

Obligations (both parties

- ◆ Lawful behaviour
- ◆ Fair treatment
- ◆ Honesty

Employee Expectations

- ◆ Reward for work/effort

- ◆ Safe, hygienic and comfortable working conditions

- ◆ Opportunities for personal development and career progression

- ◆ Adopt equitable personnel policies and procedures

Employer Expectations

- ◆ Productivity for reward

- ◆ Reasonable standards of dress, appearance and general behaviour

- ◆ Work diligently in pursuit of organisational objectives

- ◆ Not to betray positions of trust

Figure 2: Simplified Psychological Contract

Second, the contract is voluntarily entered into (Makin *et al*, 1996; Rousseau, 1994). An employer does not have to offer a particular individual a job and an individual does not have to accept all offers they receive. In reality, however, the degree to which choice exists depends on a number of factors such as the economic climate and the availability of prospective employees with the required skills. Assuming that voluntarism exists as a bi-polar continuum with a high degree of choice at one end and no choice at the other (illustrated in Figure 3), individuals and organisations will usually exist at opposite ends of the scale. Taking software engineers as an example, potential employees are likely to have a high degree of choice when accepting or declining roles as key skills are in short supply (Stam and Molleman, 1999). Employers in the same industry however would perceive that they had much less choice because they are in competition with other employers for the limited pool of suitably qualified and experienced staff.

Availability of skills   Economic climate

High degree of choice ——————— No choice

Organisational Strategy

Figure 3: Degree of Choice

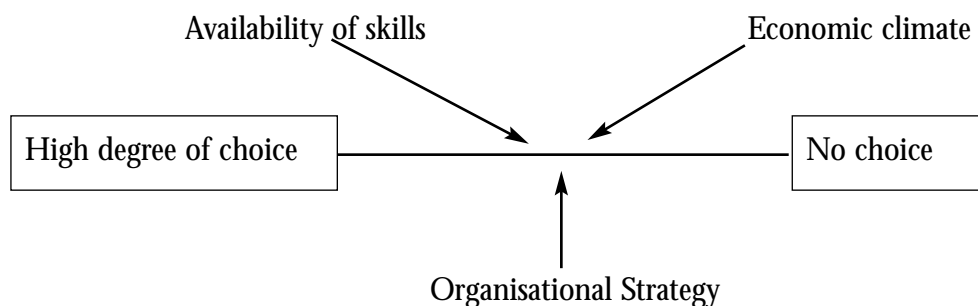The third key feature is that at least part of the psychological contract will be implicit (Makin *et al*, 1996), resulting in a lack of clarity for both parties (Schalk *et al*, 1998). Although each party has a clear and conscious view about the key elements of the exchange they expect (such as reward for achieving goals or the sense of obligation to work late to meet a deadline), other elements will be subconscious and therefore much harder to define (Makin *et al*, 1996; Schalk *et al*, 1998). The more explicit the contract, the greater the clarity (see Figure 4).
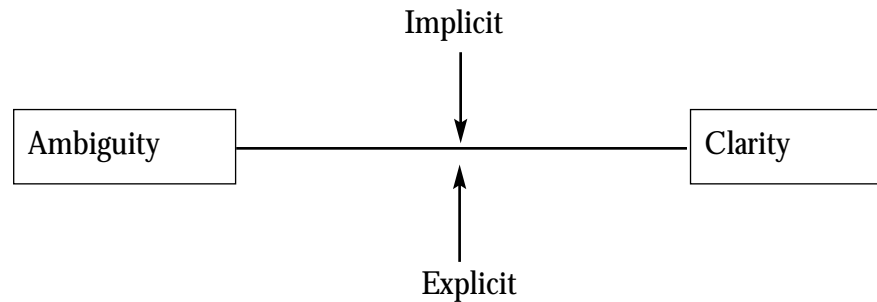
Implicit

| Ambiguity | | Clarity |

Explicit

Figure 4: Degree of Clarity

Management rhetoric will play an important part in clarifying expectations (Grant, 1999; Hallier and Butts, 1998; Stiles *et al*, 1997). If the rhetoric is consistent with the company's objectives and policies there will be less room for ambiguity or misunderstanding (Grant, 1999; Hallier and Butts, 1998) .

Fourth, the contract is not static and can be affected by a wide range of factors (Hall and Moss, 1998; Hiltrop, 1996; Makin *et al*, 1996; Rousseau, 1994). While authors agree that the psychological contract is liable to change, there are varying perceptions of the speed with which such change occurs. An individual's psychological contract may be affected by various factors that are not necessarily directly related to their current employment. These could include situations such as finding out that a colleague has been given a generous bonus, receiving an unexpected promotion, or even deciding to get married. Likewise, an employer's psychological contract may alter as a result of a variety of events such as an increase in bank interest rates or the discovery that an employee has misused the Internet. It is proposed that the rate of change will depend on the factor causing the change, the perceived level of importance attached to it, and the relational context in which it occurs (see Figure 5).
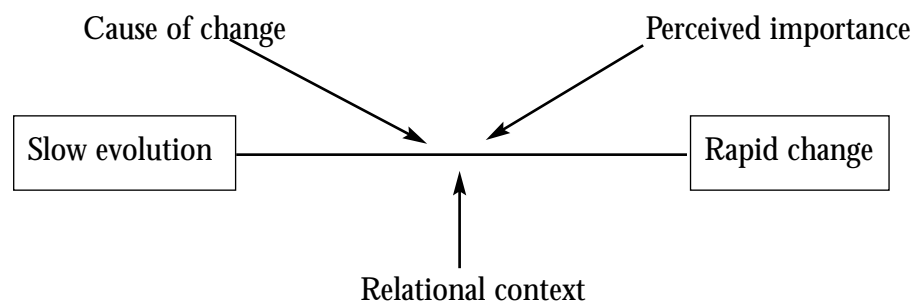
Cause of change   Perceived importance

| Slow evolution | | Rapid change |

Relational context

Figure 5: Factors Influencing the Pace of Change

Fifth, both parties' attitudes will be affected by previous experiences, particularly any perceived breach; whether the breach occurred in a different relationship (such as with a former employee/ employer) is not as important as the fact that it is perceived to have happened (Guest and Conway, 1999; Hall and Moss, 1998; Herriot and Pemberton, 1997; Hiltrop, 1996; Schalk *et al*, 1998). For example, an employee who felt they were routinely passed over for promotion by their previous company will be less patient with a new employer than another individual might be. These breaches will most notably affect the level of trust experienced by both parties; the extent of the impact will depend on the type of breach experienced, the numbers of breaches and when they occurred. A relatively minor breach which occurred five years ago would arguably have a smaller impact on today's psychological contract than a fundamental breach (like redundancy) that happened a year ago (Figure 6).
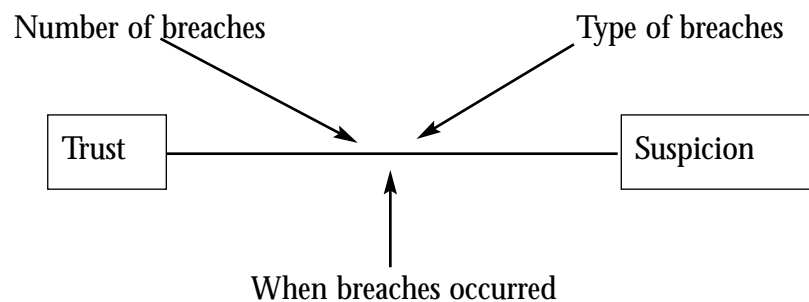
Figure 6: Factors Affecting the Level of Trust in the Psychological Contract

Finally, there are group and individual dimensions to the psychological contract. Rousseau (1995) identifies four types of contract an individual may engage in (illustrated in Figure 7): two are focused on the individual (psychological and implied) and two are group-related (normative and social). Group-related contracts may be seen as manifestations of the organisational culture (normative contract) and the wider environmental culture (social contract) or context in which the employee was brought up and currently lives.
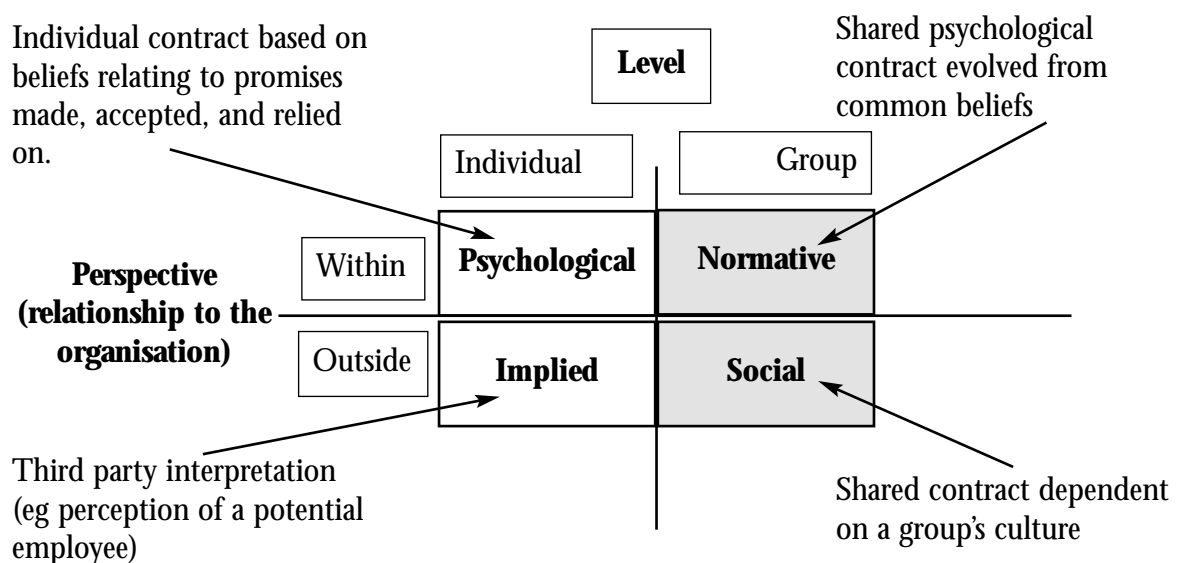
Figure 7: Types of Contract (Rousseau, 1995)

According to Rousseau (1995), the psychological contract is a one-to-one relationship, existing within the organisation between the employer and an individual employee. Rousseau (1995) sees this contract as decidedly one-sided with the emphasis on the individual's expectations and perceptions. The implied contract is the precursor to, and at least the partial basis of, the initial psychological contract; it exists before the individual joins the organisation and will be based on information from sources such as advertisements, press releases and hearsay. This contract is particularly important as it forms the foundation of the employment relationship. Rousseau (1995) posits the normative contract is still based within the organisation but involves a group of individuals with shared beliefs; this contract may exist for a team, a skill-group or even a location. The social contract is founded outside the organisation and is formed around the social rituals of everyday life. There are, Rousseau (1995) suggests, a number of inputs including law, education and the media the individual is exposed to. It is important to note that a person will experience elements of several of these contracts simultaneously and may be unaware of them. Rousseau's model illustrates the close link between culture and the psychological contract. Having established this link, it can be seen that the group-related contracts will influence the individual ones experienced. Traditionally, the psychological contract has been described as a one-to-one relationship between employee and employer (Rousseau, 1995). Kessler and Shapiro (1998) observe the high degree of risk associated with making generalisations about individuals' perceptions and that psychological contracts tend to be specific to individuals. This view conflicts with Rousseau's (1995) definition of a normative contract. Indeed, multiple normative contracts may exist particularly where individuals belonging to specific teams or functional groups that have some shared experiences and operate in the same geographical location (Rousseau, 1995).

As illustrated, these features of the psychological contract can each exist to varying degrees depending on the situation. The psychological contract could therefore be shown as a series of bi-polar continuums as illustrated in Figure 8. Questionnaires and semi-structured interviews could be used to identify individuals' perceived psychological contracts. These could then be plotted on the continuums making any similarities or marked differences between employees easily identifiable.
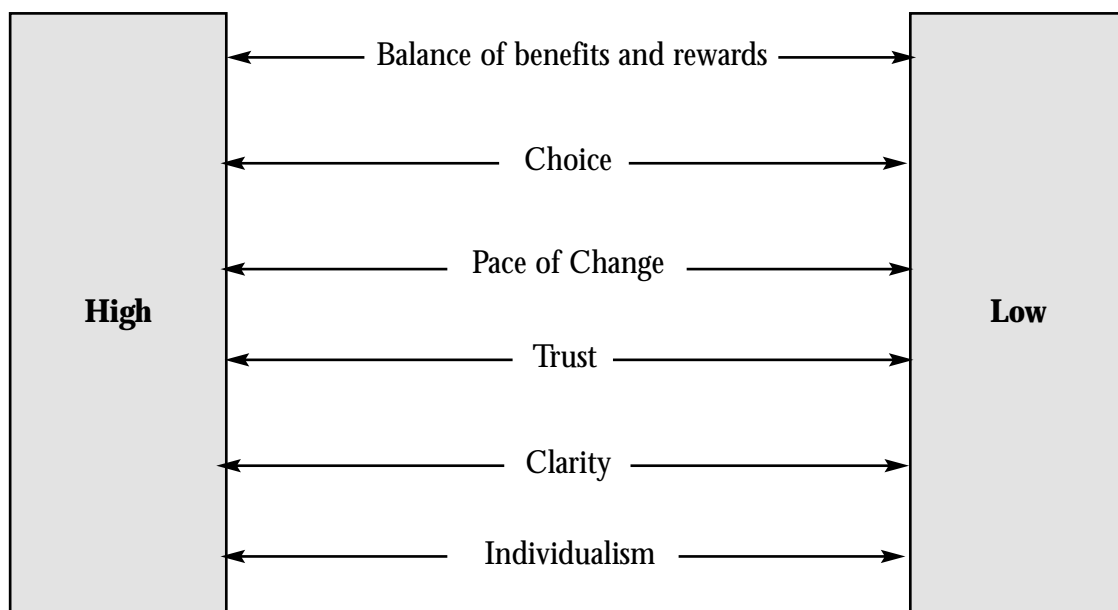
Figure 8: Bi-polar Features of the Psychological Contract

The parties involved in psychological contracts are obviously important. Two other components also warrant attention: content and process (Makin *et al*, 1996). Content is the substantive element of the contract; the 'what' being exchanged (for example non-statutory benefits, level of effort) that may be open to negotiation. This content element may be tangible (such as payment received) or intangible (the notion of fair treatment). It may be argued that intangible elements are more important as they are subjective and open to interpretation. Figure 9 illustrates eight common content elements, some of which (such as lifestyle and challenge) align with Schein's (1993) concept of career anchors.
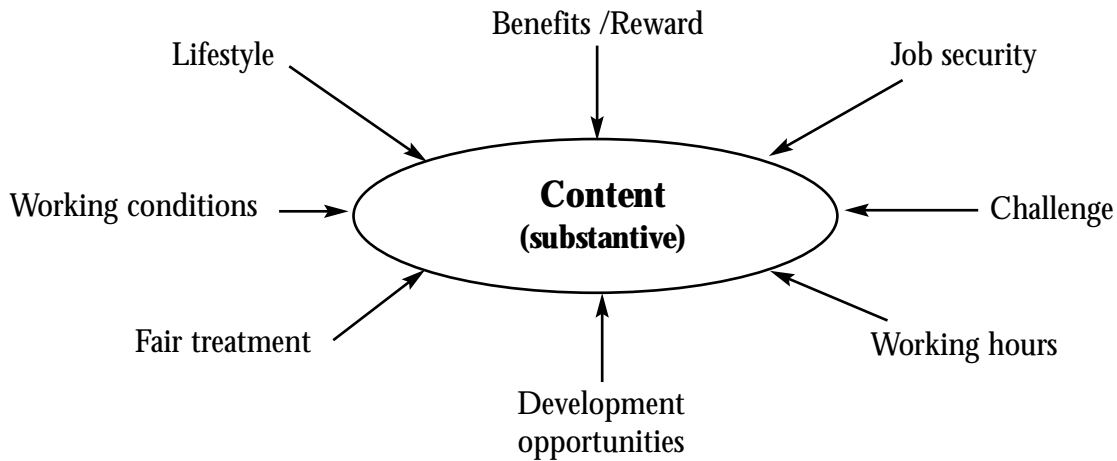
Figure 9: Content Elements of the Psychological Contract

Process, on the other hand, is the procedural element, the 'how' of the contract. Any of the organisation's processes that have an impact on an individual may be part of their psychological contract. Figure 10 shows some examples of process elements of the psychological contract. Achieving a balance in defining these processual elements can be difficult, as the organisation will need to consider operational requirements, legal obligations, and employee views.
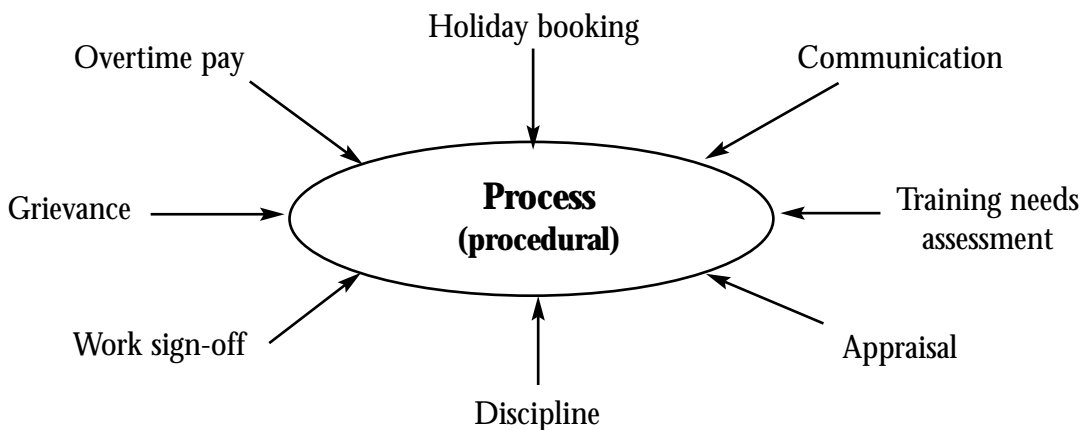
Figure 10: Process Elements of the Psychological Contract

A number of factors can be part of both the process and the content of the psychological contract; communication is one such factor, the 'what' being transmitted is the content element, but how the information is disseminated is equally important. Content and process will each influence the overall nature of the psychological contract (Makin *et al*, 1996). Organisations should not under-estimate the importance of either element; an employer may offer a generous annual leave entitlement, but if the procedure for agreeing time off is arduous and time-consuming, the employee will be sceptical about the organisation's motives.

How does the Psychological Contract Vary?

A number of factors affect individuals' and organisations' psychological contracts (Hendry and Jenkins, 1997; Kessler and Shapiro, 1996; Rousseau, 1995; Singh and Vinnicombe, 2000). Table 1 shows twelve such factors, divided into two broad groups: structural and individual (see Table 1). The structural factors are linked to culture in its wider context; for example, the cultural norms of engineers working on oil rigs are likely to be different to those of nurses working in children's hospitals. Individual factors are more specific; they relate to an employee's personal circumstances and, typically, include financial obligations (such as dependents), social commitments (for example, hobbies) and the perceived role of work (a career or merely a way of earning money). Although each factor is important in its own right, it is the specific combination that influences the psychological contract; for example, a married man, aged 45 with two children, employed as a Civil Servant for the last twenty years is likely to have different expectations from a single woman aged 23 who has recently completed an IT degree. In reality it may be harder to separate individual and structural factors.

Structural Factors	Individual Factors
Age	Marital status
Gender	Dependents
Ethnicity	Gender
Class	Length of service
Occupation	Department
Location	Organisation

Table 1: Factors Influencing the Employee Psychological Contract

Although there have been a number of legislative changes in the past twenty-five years, gender is still seen as an important factor both by individuals and society generally. Organisations still seem to perceive women as less committed than men, particularly if they are of childbearing age and in a stable heterosexual relationship. Singh and Vinnicombe's research (2000) shows that women are as committed as men but in less obvious, more team-oriented ways. According to Mavin (2000) most career development frameworks do not take into account women's differing

career experiences and expectations. Women may therefore feel their psychological contract is unfair, as it does not cater for their specific needs and aspirations. Market sector still plays a significant role in how gender is viewed, for example nurses are traditionally expected to be female while surgeons are typically male.

How has the Psychological Contract Changed over the Last Five Years?

There is broad agreement that the psychological contract has undergone substantial change during the last five years (Hendry and Jenkins, 1997; Kessler and Shapiro, 1996; Rousseau, 1995; Wills, 1997). Pemberton (1998) outlined a model of the psychological contract that existed until the 1980s (see Table 2).

Individual offered:	**Organisation expected:**
Loyalty	Loyalty
In-depth knowledge of the organisation	Staff with a deep understanding of how the business functioned
Acceptance of bureaucratic systems that defined the individual's rate of progress	Willingness to build a career slowly through a defined system
Willingness to go beyond the call of duty when required	Individuals who would put the organisation's needs before any outside interests
Individual expected:	**Organisation offered:**
Job security	Job security
Regular pay increases	Regular pay increases based on length of service
Recognition for length of service	Status and rewards based on length of service
Recognition of experience	Respect for experience

Table 2: Pemberton's Model of the Psychological Contract (1998)

During the 1980s, organisations moved towards a new psychological contract; the emphasis shifted from length of service and job security to performance-based reward and a more short-term or transactional employment relationship. Sparrow's (1996) interpretation of this new contract is outlined in Table 3.

Change vs Stability	Continuous Change
Culture	Performance based reward
Development	Employees responsible for self-development and increasing their employability. Emphasis on development of competences and technical skills
Rewards	Paid on contribution
Promotion criterion	Performance
Promotion prospects	Less chances of promotion due to essentially flat organisational structures focus on side-ways moves to develop a broader range of skills
Relationship type	Transactional rather than relational; no job security guarantees
Responsibility	Accountability and innovation encouraged
Status	Fewer outward symbols
Trust	No longer seen as essential. Emphasis on engendering commitment to current project or team

Table 3: Sparrow's New Psychological Contract (1996)

These changes occurred against a background of economic hardship; redundancies were widespread, unemployment increasing and government focused on reducing trade union power. The outcome was a more vulnerable and wary workforce. The economic climate forced companies to examine cost reduction as a means of sustaining or increasing profits. HR policies had to cost-effective rather than paternalistic. Staff were increasingly seen as resources - useful for a specific role and either adaptable or replaceable when that role ended.

In this climate it is not surprising that psychological contract violations increased substantially. Hendry and Jenkins observed that the erosion of stable careers was "likely to feed a wider sense of a rupture in the more generalised social contract" (1997:39). Pate and Malone (2000) comment that a climate of organisational change results in breaches of the psychological contract becoming relatively common. Robinson *et al* (1994) believe that breaches "can erode an employment relationship" (1994:245), in particular damaging trust and job satisfaction. Makin *et al* (1996) observe that individuals who have experienced psychological contract breaches are more likely to leave an organisation than those who have not. In addition, the perceived victims may re-assess their broader contract, focusing on transactional elements such as pay and tangible benefits (Makin *et al*, 1996). Rousseau (1995) identifies three types of contract violation:

> (i)   inadvertent, the result of divergent interpretations which were
> made in good faith

(ii)   disruption, where either or both of the parties are willing to comply with the contract but are unable to

(iii)   reneging, either or both of the parties are able but unwilling to comply.

The type of contract violation affects how the individual (and the organisation) react to it; if the infringement is the result of an inadvertent misunderstanding the parties would be less 'injured' than if one party blatantly reneged. Employers' attitudes to employee breaches tend to be readily assessable; disciplinary codes indicate what constitutes unacceptable performance and behaviour. Employees' attitudes are harder to define and like so much of the psychological contract, will vary depending on the circumstances.

While Rousseau (1995) and other authors note the detrimental effect of job insecurity on the psychological contract, King (2000) comments that there is actually very little empirical research to substantiate this view.

METHODOLOGY

Data Collection Requirements

To explore the key themes identified it was important to collect quantitative and qualitative data. Quantitative data was needed to validate whether the psychological contract could be represented as a series of marks on bi-polar continuums as proposed in the literature discussion. However, it was also necessary to collect qualitative data to enable more accurate interpretation of the figures. As an example, an individual may give a high score to the importance of gender in the workplace but without the narrative it would be unclear whether they felt (a) women do not belong in IT, (b) the male/female ratio should be changed, or (c) policies should be completely neutral with ability and performance used as the only evaluation criteria: three scenarios that could all attract the same scores.

Semi-Structured Interviews

A number of data collection options were examined. The requirement for qualitative and quantitative data meant that face-to-face data gathering was felt more appropriate than the use of a questionnaire. Also, response rates are notoriously difficult to predict for questionnaires. As one of the aims of the project was to assess the psychological contract against six criteria it was important to have a level of control over the responses received. It was therefore felt that the use of semi-structured interviews or discussion groups would be appropriate. Discussion groups would have allowed for a larger sample size but could also have resulted in identification of a group's consensus view rather than that of individuals. For these reasons semi-structured interviews were conducted.

Issues

A number of issues were identified with the use of semi-structured interviews and steps were taken to reduce their effects on the resultant data. The interview was piloted with a number of participants; it was subsequently amended and their responses were excluded from the analysis. The pilot interviews were also observed to allow for structural reflection on the process content. It was also acknowledged that there could be primacy and recency effects on the responses received as a consequence of the order of the questions. The author had identified factors for exploration for the majority of the interview questions: in all cases the interviewee was first asked to provide their own responses before the interviewer's were explored.

It was acknowledged that the method chosen needed to have a degree of reliability and validity. While there was a lack of triangulation, at the end of the data gathering exercise the interview was re-run with the first participant to assess the variability of the underlying responses. The issue of validity was partly addressed by referring to other studies. In order to explore this issue more thoroughly, factor analysis should be undertaken on a much larger sample. The sensitivity of the data was explored by analysing the spread of responses.

Population Definition

The IT industry comprised approximately a million people in 1998, both employees and workers, operating in a wide variety of roles and organisations. The roles range from comparatively non-technical activities, such as data entry, through to highly technical and sophisticated design strategy and architecture roles. The industry typically consists of two types of organisation; those that have an in-house IT department but whose core product or service market is unrelated (such as the major banks), and those that are technology driven with IT at the heart of their business (such as Microsoft). There is a third type of company; one which buys-in IT services but does not employ any technical staff itself. This type of business was outside the scope of the research project.

The Sample

The size and complexity of the IT industry meant that several hundred participants would be needed if a fully representative sample were to be achieved. This was not realistic in the timescales allowed for this project. This sample is therefore indicative rather than fully representative. It includes a wide cross section of respondents with different demographic characteristics and career histories. The aim, in selecting the sample, was to examine the psychological contract as it relates to six key criteria:

- Gender
- Age
- Role
- Type of organisation
- Time in IT
- Time in organisation.

Any relationship between the characteristics of the respondents and their views was also explored.

Table 4 shows the characteristics of the individual members of the research sample. In a small sample such as this, with only twenty-two members, it was felt important that as wide a range of subjects as possible were interviewed. However, in a larger scale project the aim would be to select groups of individuals with the same profiles. This would provide more data on which to base conclusions.

There is a general perception that IT is still primarily a male-dominated industry. The research sought to establish whether there were significant differences between the male and female sample-members. It further investigated whether there were any notable differences in the psychological contracts of those who worked for an IT-focused company and those employed in an IT department. The amount of variation within the psychological contract between those aged 40 and over and the under-40s was explored, as were any relationships between the perceptions of technical staff and managers. The effects of length of service within the current organisation were also analysed.

Individual Members of the Research Sample

Gender	Male	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Female	✓	✓	✓																
Age	Under 40	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				✓			
	40 and over	✓	✓											✓	✓	✓		✓	✓	✓
Role	Technical	✓	✓	✓	✓	✓	✓	✓	✓			✓								
	Manager	✓	✓							✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Type of organisation	IT company	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓						✓	
	IT department	✓	✓	✓								✓		✓	✓	✓	✓	✓		✓
Time in IT	Less than 10 years	✓	✓	✓	✓	✓	✓	✓	✓											
	Between 10 and 20 years							✓	✓	✓	✓	✓	✓							
	20 years or more			✓										✓	✓	✓	✓	✓	✓	✓
Time in organisation	Less than 2 years	✓	✓	✓	✓	✓	✓	✓					✓							
	Between 2 and 5 years		✓						✓								✓			
	Between 5 and 10 years			✓						✓									✓	
	10 or more years	✓	✓											✓	✓	✓				

Table 4: Selection Criteria

Methods of Data Analysis

The numerical data collected was analysed using MS Excel. For each of the areas under review the aim was to ascertain whether individual groups held views that were substantially different from each other and/or from the overall totals. The data was examined from a current perspective and with reference to individuals' priorities and perceptions five years ago. A variety of techniques were employed to analyse the data. The methods used are described below.

The Psychological Contract as a Series of Six Bi-polar Continuums

The validity of the six bi-polar continuums was assessed through analysis of the data using frequency tables and summary statistics. Frequency tables were used to explore the spread of scores along two of the proposed continuums, namely Balance of Benefits and Rewards, and Choice. Cross-tabulations were used to illustrate the relationships between two sets of scores: speed of decision-making and action to implement change; and trust now against trust five years ago. These cross-tabulations also illustrated the range of scores attributed to each factor, again enabling analysis of the spread of responses. Correlations were examined between the following factors:

> **Balance of benefits and reward** - Working to Meet Company Goals, Reward and Giving the Company Benefit.

> **Choice** - How to do the Job, What to do, Current Area of Work, Ability to Change Role, Amount of Choice in Current Job, Happiness with Current Level of Choice.

For each correlation table, scores in the ranges 0.75 to 1.00, 0.25 to -0.25 and -0.75 to -1.00 were shaded, allowing the extremes to be easily identified. The correlation method used returned the covariance of the data sets divided by the product of their standard deviations.

Aggregate scores were analysed to establish which factors were perceived to be of most and least importance. This analysis was carried out for:

> **Balance of benefits and rewards** - Working to Meet Company Goals, Reward and Giving the Company Benefit.

> **Choice** - How to do the Job, What to do, Current Area of Work, Ability to Change Role, Amount of Choice in Current Job, Happiness with Current Level of Choice.

> **Pace of change** - Speed of Decision-making, Speed of Action to Implement Change.

> **Trust** - Now and Five Years Ago.

Summary statistics (such as standard deviations) were studied to identify the degree of individuality across nineteen factors including Challenge and Job Security. The individuality of interviewees' perceptions of the importance of structural factors (Age, Gender, Ethnicity and Class) was also explored by comparing standard deviations.

Variations in the Psychological Contract

The relationships between the structural (Age and Gender) and individual (Role, Type of Organisation, Time in IT and Time in Current Organisation) characteristics and perceptions of the psychological contract were analysed. Comparisons of highest and lowest scoring factors were used to discern broad categories of interviewee type. These factors were also evaluated across the answers received for Questions 3 (organisations' current perceived expectations), 5 (perceived importance of structural factors) and 8 (perceived changed organisational requirements over the last five years). It was inappropriate to compare aggregate scores across the six groupings (Age, Gender, Role, Type of Organisation, Time in IT and Time in Current Organisation) as there numbers of group members varied. Table 5 shows the number of individuals in each group.

Changes in the Psychological Contract over the Last Five Years

Perceptions of change in the psychological contract were analysed by use of cross-tabulations and calculation of percentage change over a five-year period.

Group		Number of Members
Gender	Male	16
	Female	6
Age	Under 40	15
	40 or over	7
Role	Manager	11
	Technical	11
Type of Organisation	IT company	13
	IT department	9
Time in IT	Less than 10 years	8
	10 to 20 years	9
	20 years or more	5
Time in Organisation	Less than 2 years	6
	2 to 5 years	4
	5 to 10 years	6
	10 or more years	6

Table 5: Interviewee Groupings

FINDINGS

The Psychological Contract as a Series of Six Bi-polar Continuums

As described in the literature review (Chapter 2), it was proposed that the psychological contract could be modelled as a series of six bi-polar continuums (see Figure 8).

The model is based on the hypothesis that the combination of an individual's experiences (both at work and in general life) and those of the current employer will result in a wide variety of discrete scores along each of the continuums shown in Figure 8.

Balance of Benefits and Rewards

This continuum is based on the supposition of there being a strong relationship between the benefits an individual is prepared to give to an organisation and the reward they expect in return. In order to analyse this continuum three separate elements were examined:

- importance of Reward to each interviewee

- importance each interviewee attached to Giving Benefit to the Company

- interviewees' perceptions of the importance to the organisation of Working to Meet Company Goals.

One might expect that individuals would view their Reward as significantly more important than Giving Benefit to the Company. This suggested difference could give rise to a strong negative correlation between the two factors, implying a score between -0.50 and -1.00. In addition, one might expect a wide spread of scores for Reward across the range as other factors (such as Challenge or Training and Development) could be more important to individuals. A high aggregate score for Working to Meet Company Goals would also be expected, particularly as there is increasing pressure on business as a whole, and IT in particular, to produce results.

The aggregate results demonstrate that Working to Meet Company Goals was perceived to be more important to employers than Reward was to those interviewed. Giving Benefit to the Company, while receiving the lowest score, still produced a higher aggregate than expected. A consistent comment was that, "It is more important to feel as though you are giving benefit to a customer or end user rather than directly to the employer". A number of interviewees reflected that Giving Benefit to the Company was not seen as a top priority because, "the larger the organisation, the harder it is to do something that registers on the corporate radar screen".

The correlations between the three factors show a weak relationship between Giving Benefit to the Company and Working to Meet Company Goals (0.17) and an even less noticeable one between Giving Benefit to the Company and Reward (0.05). These factors could therefore be said to have no provable relationship. Reward and Working to Meet Company Goals have a more tangible correlation (0.31), however this is still not high enough to suggest a strong relationship.

The spread of marks was analysed for each factor based on interviewees' current situations. Giving Benefit to the Company has the widest spread of points awarded. However, even with this distribution of points the factor still attracts noticeable grouping, with the majority of interviewees (over 80%) using a range of scores from 6 to 10. All interviewees use this same range for Reward, while nearly 73% of interviewees believe that organisations would score the importance of Working to Meet Company Goals as a 9 or 10. The scores for Reward and Working to Meet Company Goals are both clustered toward the right between 6 and 10. This would indicate that the factors are measurable but not continuums.

Choice

This proposed continuum was examined from three main angles:

- amount of Choice interviewees had in their current roles

- their Happiness with Current Level of Choice

- importance to individuals of choice in general and four types of choice in particular: How to do the Job (process); What to do (content); Current Area of Work (content and process); Ability to Change Role (process).

In an industry like IT, which attracts individuals seeking Challenge (the highest scoring factor) one could expect that employees would require a certain amount of choice and would be unhappy with anything less. In addition, one would expect individuals to want a high degree of choice in How to do the Job and What to Do.

Analysis of the data shows that interviewees felt they had a moderate level of choice in their current roles and were slightly unhappy with it. Choice in General was felt to be reasonably important but the different types of choice identified each scored lower than expected. Choice in terms of the Current Area of Work attracted the highest score, while Ability to Change Roles was seen as the least important. Interviewees' comments about the overall importance of Choice indicated "choice is limited in my company so there is little point wanting it". However, many felt that "an element of choice is important to relieve the monotony".

None of the Choice factors had a completely even spread of scores. Indeed, most interviewees allotted marks in the bottom half of the scale (between 1 and 5) for six of the factors. Ability to Change Roles was the most strongly skewed with 68% of interviewees awarding a score of between 1 and 5. Current Area of Work and Amount of Choice in Current Role appear to be the least skewed with 55% of interviewees awarding marks between 1 and 5. The frequency line for Choice in General, however is the exception as it is skewed to the right, with 59% of interviewees allocating scores of between 8 and 10.

Pace of Change

The perceived pace of change within organisations was broken down into two factors: Decision Making and Action. Interviewees were asked for their perceptions of the speed with which these factors took place in their current organisations.

The expectation was that Decision Making would be slower as options would need evaluation and approval. However, once decisions were made it was expected that Action would follow at a faster pace. It was also envisaged that the pace of change now would be greater than it was five years ago; this expectation is explored in the next section, Variations in the Psychological Contract.

Two of the interviewees said that there had not been any change since they had joined their current employers. Interviewees' perceptions of the pace of change taking place varied greatly. Only 40% of the interviewees that had witnessed change in their current organisations felt that Decision Making was slower than Action, while 30% felt they occurred at the same speed and 30% felt that Action took place slower than Decision Making. A central clustering tendency was also found: 45% of interviewees scored the rate of Decision Making between 4 and 7; the pace of Action was also rated between 4 and 7 by 45% of those who had experienced change in their organisations. All of the interviewees who had experienced change observed that the pace had increased dramatically during the past five years. The general feeling among the interviewees was that this was as a result of the greater commercial pressures companies were facing, particularly the increased competition.

Trust

The perceived importance of Trust was explored with reference to interviewees' priorities now and five years ago.

It was expected that Trust would be more important to individuals now than five years ago, a reflection of the changes experienced by the interviewees during a time of upheaval in IT and industry generally. It was also expected there would be a spread across all scores as other factors (such as Challenge or Training and Development) may be more important to some individuals.

Of the individuals questioned, 82% felt that Trust was at least as important now as it was five years ago; 68% of the 'now' responses were between 8 and 10, while 59% of the earlier responses fell within the same range.

Clarity

The interviewees were quite clear about their priorities and what they perceived to be their employers' expectations. As one interviewee observed, "It is clear from the general tone of internal communications what the company expects from us". However, the point was also made that the company's expectations were "subject to interpretation by the manager you work for".

In order to fully explore this factor it would be necessary to carry out extensive research to identify company expectations and compare them to staff and management perceptions.

Individualism

The level to which the psychological contract can be said to be individual was explored by comparing the scores (based on the interviewees' perceptions now) for the 19 factors explored in

Question 1 of the semi-structured interview. The scores denoting the interviewees' perceptions of the importance of structural factors (Age, Gender, Ethnicity and Class) were also analysed. The data gathered were also analysed to ascertain the degree of individualism apparent in the interviewees' perceptions of company expectations.

The expectation was that, while there may be a degree of difference or heterogeneity for particular factors, each of the psychological contracts would be essentially individualistic. The perceived organisational requirements were, however, expected to have a greater degree of conformity as individuals' comments focused on increased competitiveness and greater emphasis on profitability.

Reward was found to be the least individualistic of the factors, with a standard deviation score of 1.30, and Job Security was the most individualistic (standard deviation of 2.86).

The overall results obtained for individualism indicate that, while it is measurable, it does not exist as a continuum for the sample interviewed. The scores (standard deviations) obtained range from 1.30 to 3.26 with 65% of the factors between 2.00 and 2.99.

The following section provides a more detailed breakdown of the variability of the constituent elements of the six bi-polar continuums.

Variations in the Psychological Contract

Existing literature suggested that the psychological contract would vary to a greater or lesser extent between individuals according to key structural factors, such as age and gender. To ascertain whether this was true for the research sample, mean aggregate scores were compared with the means for groups based on the selection criteria used: gender, age, role, type of organisation, length of time worked in IT, and length of time in current organisation. The factors analysed were:

- Interviewee priorities (data obtained from Question 1 of the semi-structured interview)

- Interviewee perceptions of company requirements (data obtained from Questions 3, 5 and 8).

It was expected that there would be some noticeable differences between the groups, especially between male and female interviewees. Additionally, variations were expected when comparing the extremes of:

- Time in IT: interviewees who had worked in the IT industry for less than 10 years and those who had been employed in the industry for 20 or more years.

- Time in current organisation: those who had worked for their current employer for less than two years and those who had been with the organisation for 10 or more years.

From the research sample four distinct groups were identified:

◆ **Challenge-hunters** tended to be male, under 40, worked in technical roles in IT departments and had been employed by their current organisations for less than two years; they were also uninterested in Corporate Culture and Job Security.

◆ **Lifestyle-enthusiasts**, on the other hand, were females who had spent five years or more in their current organisations; like Challenge-hunters they did not value Job Security and ranked Corporate Culture and Loyalty to the Company as relatively unimportant.

◆ **Reward-seekers** were male, worked in management roles in IT companies, had spent up to 20 years working in IT and between two and five years in their current companies; they shared the Lifestyle-enthusiasts views about Job Security, Corporate Culture and Loyalty to the Company and added Physical Working Environment to the list of unimportant factors.

◆ **Company-servers** were 40 or over and had 20 or more years experience in the IT industry; they felt that Physical Working Environment and Working Hours were the least important factors.

While Challenge attracted the highest overall score and was the top priority for five of the criteria-based groups analysed, Reward (placed second overall) was rated most important by six of the groups. Lifestyle was the highest priority for three groups and Giving the Company Benefit, two. At the other end of the scale, Loyalty to Company, Corporate Culture and Job Security were least crucial to four groups each. Physical Working Environment was given the lowest score by two groups, Career Progression and Working Hours were each rated least important by one group.

Analysis of organisational factors revealed less clear-cut differences. Working to Meet Company Goals was perceived to be the most important company requirement by all but two of the criteria-based groups. General Standard of Dress attracted the lowest overall score and was seen as least important by 11 of the groups. More surprisingly perhaps, Developing New Skills was perceived as relatively unimportant to organisations by six of the groups. Of the demographic factors (Age, Gender, Ethnicity and Class), Age was viewed as the most important to organisations by all but one of the groups (those who had worked in the IT industry for 10 to 20 years). Class was perceived to be the least important to employers by ten of the groups. In examining the changed requirements over the last five years, Flexibility was seen as being the most important factor to organisations. This translated into increasing requirements for staff to work away from home or put in extra hours when required. While two groups (females and those who have worked for their current employer for 5 to 10 years) perceived Functional Flexibility to be most important to companies, it was also perceived to be least important by two other groups (those who have working in the IT industry for 20 years and over, and those who have worked for their current employer for less than 2 years). Working Smarter (adopting a

more questioning approach to work rather than merely following orders) was perceived to be least important to companies by six groups.

Changes in the Psychological Contract over the Last Five Years

The literature review highlighted a number of reasons why the psychological contract could have changed substantially in the last five years. It was therefore expected that aggregate scores across the factors analysed in Question 1 would show a noticeable difference over that time. It was felt that this difference might be overstated as the 'telescope or nostalgia effects' may have overly affected perceptions of five years ago.

Analysis of the aggregate data across all groups of interviewees shows that Working Hours has experienced the biggest change with an increase of 31.25% in its perceived importance. Interviewees cited increased family commitments as the main reason for the rise in this factor's significance. The smallest change across all groups was 0.79%, for Corporate Culture and the largest decrease in a factor's perceived importance (-11.81%) was noted for Job Security.

Analysis of the participant groups revealed:

- Interviewees who had been employed by their current organisations for less than two years registered the largest positive changes for four factors:

Corporate Culture	22.22%
Loyalty to Company	7.14%
Training and Development	51.61%
Trust	32.35%.

This group was also the only one not to have expressed a decrease in the importance of Recognition.

Female interviewees registered the highest scoring negative changes, indicating reduced importance, across four factors:

◆ Choice in General	-2.38%
◆ Job Security	-32.43%
◆ Loyalty to Company	-25.81%
◆ Reward	-9.43%

Job Security's importance remained unchanged for only two groups; interviewees who had been employed by their current company for less than two years and IT department workers. Job Security became more significant for two groups: managers, and those who had worked for their organisation for 10 or more years.

While Working Hours has experienced the biggest increase (66.67% for females) it is still only ranked at 13th (up from last place). Job Security has suffered the biggest decrease in importance (-32.43% for females), falling from 14th to 18th position.

Interviewees' comments indicate that increased commercial pressures have caused the largest changes. A widely expressed view was, "My company is now much more focused on maximising profitability and this seems to be its primary objective".

CONCLUSIONS

The psychological contracts of the research sample proved to be highly measurable; individuals had a strong sense of their own priorities and appeared to be clear about the demands and expectations of their employers. Analysis of the data collected suggested the existence of four types of individuals: Challenge-hunters; Reward-seekers; Lifestyle-enthusiasts; and Company-servers. While these groups viewed different factors as important, there was broad consensus on less crucial factors; only Company-servers deviated from the view that Corporate Culture, Job Security and Loyalty to Company were least important. For Company-servers, Physical Working Environment and Working Hours were the least crucial factors. The most notable changes to have taken place over the five-year period were a 31% increase in the importance of Working Hours and a marked decrease (12%) in the perceived worth of Job Security. Additionally, Lifestyle also experienced an increase of 13% perhaps indicating that the work-dominated 1980s and 1990s were beginning to give way to a more balanced approach.

The Psychological Contract as a Series of Six Bi-polar Continuums

Table 6 shows the range of scores achieved for the factors analysed for four of the proposed continuums. Balance of Benefits and Rewards had an obvious skew to the right as did Trust. However, if the scores for each of the factors considered as part of Choice were averaged out a much more even distribution would be observed; 39% for scores of 1 to 3 points; 31% for the range 4 to 7; and 30% for 8 to 10). While the vast majority of the marks received for the factors examined under Pace of Change were in the range 4 to 10.

In discussing the Balance of Benefits and Rewards, Rousseau (1995) identified the importance of mutuality. The study established that mutuality is perceived to exist in the psychological contracts of the research sample. Overall, interviewees ranked Reward as the most important factor to them, they also recognised their obligation (Kessler and Shapiro, 1998) to Work to Meet Company Goals. However, Giving the Company Benefit was ranked as a lower priority for individuals than Challenge, Fair Treatment, Lifestyle, Loyalty to Colleagues, Recognition, Reward, Training and Development, and Trust. As long as both parties consider the exchange to be fair, any imbalance is of relatively little importance. It was concluded that more research was needed to ascertain the levels of satisfaction experienced by individuals and their employers. This research would help to establish more clearly the relationship that exists between individuals' expectations of reward and employers' requirements for benefits received.

Two distinct types of voluntarism were identified during the research project: Choice of Employer and Choice Intrinsic to a Particular Job. Interviewees recognised that, within the IT industry, they have a relatively high level of choice in terms of which job to accept (Stam and Molleman, 1999). However, it was also accepted that once in a particular job, the level of choice experienced would be minimal; as long as an employer was not too restrictive this was not seen as an issue. It was concluded that this second type of choice assumed less importance because individuals did not feel trapped in their current jobs.

The study examined Clarity from the perspective of the individual. The interviewees were confident they understood their employers' requirements; in some cases individuals felt they had a better knowledge of those wants than the companies did. The understanding achieved seemed to be as a result of management rhetoric, confirming the views of Grant (1999), Hallier and

Continuum	Factor	Range of scores (%)		
		1 to 3	4 to 7	8 to 10
Balance of Benefits and Rewards	Reward	0	32	68
	Giving the Company Benefit	9	41	50
	Working to Meet Company Goals	0	14	86
Choice	Amount of Choice in Current Role	41	41	18
	Happiness with Current Level of Choice	46	27	27
	Choice in General	14	27	59
	How to do the Job	55	14	32
	What to do	41	36	23
	Current Area of Work	41	27	32
	Ability to Change Role	36	46	18
Pace of Change	Decision-making	20	45	35
	Action	10	45	45
Trust	Now	0	32	68
	5 years ago	5	36	59

Table 6: Spread of Scores Across Proposed Continuums

Butts (1998) and Stiles *et al* (1997). Interestingly, interviewee comments indicated the existence of a number of 'nice to have' factors (such as Choice) which interviewees consciously decided *not* to communicate to their organisations, believing that nothing would be gained by doing so. In order to understand the full extent to which Clarity really exists, it was concluded that further research was needed to ascertain (if possible) organisations' actual requirements, their perceptions of their employees' expectations and the accuracy of those observations.

The Pace of Change was examined from the perspective of change taking place within organisations. It was decided that measuring the pace of change of the psychological contract was not achievable within the constraints of the study, as research would need to be conducted over an extended period. Interviewees' responses indicated that the pace of change within organisations had increased significantly over the last five years. It was concluded that, as a consequence, the rate of change within the psychological contract would also be greater than before. The relationship between these two rates of change was assumed to be complex rather

than a simple linear correlation. However, it would be necessary to undertake further research over a number of years to establish the validity of this conclusion.

Authors, such as Guest and Conway (1999) and Hall and Moss (1998), note that breaches of the psychological contract affect the levels of trust experienced by the injured party. This was borne out by the fact that, overall, trust was perceived to be the third most important factor to the interviewees. It was further substantiated by comments such as, "I never thought about it until they [the employer] reneged on the agreement about my…". Areas where breaches had occurred included instances of cancelled training courses and unfulfilled promises of promotion.

Rousseau (1995) observed that there were individual and collective elements of the psychological contract. This view was corroborated by the research findings: Reward was found to be the least distinctive factor analysed, it was generally felt to be of some importance by all interviewees. Age, on the other hand, was the most individualistic factor. Overall, the conclusion was drawn that attitudes to demographic or structural factors (such as Age, Gender, Ethnicity and Class) were more individualistic than those to elements such as Challenge or Recognition.

Although five of the six categories were found to be measurable to an extent, none of them exhibited an even spread of scores. It was decided that the extent of Clarity was not measurable for this study. It was recognised that the findings and conclusions were limited by the size of the research sample. A larger sample may have produced a more even spread of marks.

Variations in the Psychological Contract

The research sample was selected using a range of criteria (see Table 4). The data collected was analysed in aggregate as well as being divided into groups aligned with the selection criteria (see Table 7 below). It was recognised that the size of the sample (22 interviewees) meant that the findings could not be described as fully representative.

The conclusion was drawn that factors such as demographics and career experience had a noticeable effect on individuals' psychological contracts. The four types of person identified in the Findings (Challenge-hunter, Reward-seeker, Lifestyle-enthusiast, and Company-server) supported this conclusion. In particular, the findings appeared to support Singh and Vinnicombe's views (2000) that women were committed in different ways to men. The Male group's top priorities revolved around them as individuals, whereas the Female group was more concerned with team concepts such as Loyalty to Colleagues and Fair Treatment. It was also interesting to note that Commitment itself was in the top three for women but was one of the lower ranking factors for men.

Across the analysis groups, there were marked differences in terms of the top priority factors. However, there was much more agreement at the opposite end of the scale: four groups rated Loyalty to Company, Corporate Culture, and Job Security as least important. This observation was consistent with Sparrow's view (1996) of the psychological contract becoming more transactional. The consistently low ranking of these factors could be a result of organisations themselves placing less emphasis on them. To substantiate this conclusion research is needed into organisations' priorities and expectations.

It was less easy to discern any group-specific views when analysing the interviewees' perceptions of company requirements. An example of this was the fact that Working to Meet Company Goals was perceived to be the most important organisational requirement by all but two of the groups. This would suggest that companies are generally sending out the same sorts of messages to their staff about what is expected from them.

Changes in the Psychological Contract over the Last Five Years

Sparrow's model of the new psychological contract (1996) highlighted the move away from relational contracts to transactional ones. This view was upheld in the results of the research project (see Table 7).

Factor	Results
Job Security	Overall 12% reduction in importance over the five-year period Increased worth for two groups: Manager and 10 or More Years in IT No change for two groups: IT Department and Less than 2 Years in Current Company Reduced scores for all other groups
Loyalty to Company	Overall 9% drop over the five-year period Increased value for three groups: Managers, Less than 2 Years in Company, and 20 or More Years in IT Reduced scores for all other groups
Giving the Company Benefit	Overall 2% drop in importance over the five-year period Decreased importance for six groups: Female, Under 40, Manager, IT Company, Less than 10 Years in IT and 10 or More Years in Current Company No change for three groups: 40 and Over, 20 or More Years in IT, and 5 to 10 Years in Company

Table 7: Evidence of Shift Towards Transactional Psychological Contract

Additionally, the concept of Trust was viewed as more important by all but two of the groups. Comments indicated that Trust had only become an issue when psychological contract breaches were experienced. However, the overall reaction did not coincide with Makin's (1996) view as the scores for Reward and Career Progression (the two factors linked to tangible benefits) both declined slightly during the five-year period.

Furthermore, 80% of the increase in the Lifestyle score was attributable to Female interviewees. The Female score for Commitment also declined slightly suggesting a potential decline in the importance these individuals attached to their work. More research is needed to examine the underlying reasons for this.

While all of the factors examined changed to some extent over the five-year period, the scale of the changes varied widely; Working Hours experienced the largest positive change with an increase in importance of 31% overall; Corporate Culture increased in importance by less than 1%; and Job Security attracted the largest decrease in importance. The findings of the literature discussion were therefore borne out - the psychological contract had changed during the period.

It is interesting to note that contract breaches (in the form of redundancies) have had a marked effect on individuals whether they have experienced them at first-hand or not. It therefore appears that mere awareness of a breach is enough to have an impact on the psychological contract. If this is true for an industry which is growing it can only be assumed that the effects in other industries may be more marked. This does not contradict Rousseau's view (1995) on the impact of contract breaches but puts the notion of experiencing a breach into a wider context than may had been previously envisaged.

The psychological contract has been shown to be a highly subjective concept. Each individual's experiences, both at work and in their lives in general play a part in defining both current and future attitudes to the employment relationship. This individuality makes the psychological contract an interesting research subject: general findings may show similarities across studies but detailed responses will always exhibit an element of uniqueness.