

Insecurity, Complexity and Uncertainty: Investigation of psychological contracts during the Global Economic Crisis

**A thesis submitted for the degree of
Doctor of Philosophy**

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ABSTRACT

Purpose- The aim of this study is to enhance the understanding of changes in the psychological contracts of individuals during the economic crisis and the processual nature of experience using a sense-making perspective.

Design/approach- Three case studies were conducted in three different organisations (Org-Energy, Org-HR and Org-Construction) in three different industries based in India. In total, 31 semi-structured interviews were conducted with leaders and employees in all three organisations to gain insights into their experiences of the changes implemented during the economic crisis.

Findings- The findings present a complicated picture of psychological contracts which involve more than mere inducement-contribution exchange. The findings further highlight a range of cognitive, emotional and behavioural responses to change which were partly influenced by the perceived changes in the psychological contract. The findings also point to the role situational contingencies and other factors play in terms of influencing psychological contracts and participants' responses in the context of the economic crisis. The most significant finding of this research is the role the mass media plays in influencing people's perceptions of their psychological contracts, especially during an economic crisis.

Research Implications- The findings offer a basis for future research that could explore the role of national cultures, gender, contemporary media, emotional intelligence and personalities, competing commitments and life outside the workplace in evaluating the psychological contracts and people's perceptions of change.

Originality- This study provides insights into the role of context in influencing psychological contracts – an area which is under-researched. This study is one of the

rare pure qualitative studies being carried out on the psychological contracts held by both parties in the employment relationship during the global economic crisis 2008.

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To my contacts (whose name must remain confidential) who helped me gain access.

To my 31 respondents (whose name must also remain confidential) without whom there would be no thesis.

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DECLARATION

This thesis is my own work and has not been submitted in any form for the award of a higher degree elsewhere. Part of Chapter 2 under the subtitle ‘Media, Psychological contracts and the Economic Crisis’ and parts of Chapters 4 and 5 are revised version of a published paper: Shaffakat, S., Burgoyne, J. G., and Simm, D. (2012). Facts, rumors & perceptions: The impact of the media on the psychological contracts in organisations during economic crisis. *The International Journal of Management*, 1: 1-31. The initial findings of the same paper which also became the parts Chapters 4 and 5 were earlier presented and published in the conference proceedings of British Academy of Management Conference, held at Cardiff University, UK, 2012. Another part of chapter 2 under the subtitles ‘The psychological contract’ and ‘People’s responses to changes during the economic crisis’ is also a revised version of a paper presented and published in the conference proceedings of British Academy of Management Conference, held at Aston University, UK, 2011. Part of Chapter 2 under the subtitle ‘training and development’ and parts of Chapter 5, are also a revised version of a paper presented and published in the conference proceedings of British Academy of Management Conference, held at Cardiff University, UK, 2012. Parts of Chapter 2 under the subtitle ‘HR practices, Psychological contracts and the Economic Crisis’ and parts of Chapter 4 are an extended version of a paper accepted at the British Academy of Management Conference, to be held at Liverpool University, UK, 2013. Parts of Chapter 2 under the subtitles, ‘The psychological contracts’, ‘Organisational members involved in the change or change agents’, ‘People’s responses to changes during the economic crisis’ and ‘Perceived leadership, trust, justice, communication and organisational support’ and parts of Chapters 4 and 8 are

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CHAPTER 1: INTRODUCTION

The recession has rocked the psychological contract to its very foundations - making it ripe for a deeper investigation.

Briner (2010)

Organisations undergo change in various phases of their continuance. The field of management sees change from a strategic point of view whereby organisations try to adapt to a repertoire of environmental factors. Organisational behaviour and in particular organisational development attempts to comprehend how organisations design, organise and execute change and how organisational members respond to it (French and Bell 2005). The literature is overwhelmed with different classifications of organisational change that have been presented over time in various disciplines (Smollan 2009). These models (for example by Bartunek and Moch 1987; Golembiewski et al. 1976; Huy and Mintzberg 2003; Porras and Robertson 1992; Watzlawick et al. 1974) that evaluate change in terms of its nature, scope, recurrence and causal factors have created an overabundance of labels. All these models have some kind of similarity between them, i.e. change can be more or less transformational, fast-paced or gradual, simple or convoluted. Less simple, fast-paced change of more scope can have a greater effect on organisational structure, processes and organisational members (Smollan 2009).

Previous research on organisational change accentuates the impact of change on employees' behaviours and attitudes (e.g. Bovey and Hede 2000; Spiker and Lesser 1995). Organisational change studies indicate that the change process in general involves a considerable degree of interpretation and cognition (Isabella 1990). What

organisations may view as a small change might be seen by an employee as something that has major direct consequences (Smollan 2009). Research suggests that organisational change can impact employees emotionally and cognitively (Fugate et al. 2008) and result in resistance to change (Martin 1975; Maurer 1997). The negative impact of change might lead to employees unwillingly changing their thoughts to align to those desired by leaders which might then lead to changes in their behaviours or attitudes (Allen 2009). As Quinn and Kimberley (1984: 303) mention, “Transitions are themselves transitional. As they evolve, different emphases on a different combination of values and assumptions may be required. When change is initiated existing patterns are disrupted and this results in a period of uncertainty and conflict.” Most of the research on organisational change has studied change at the macro-level with relatively less focus on the micro-level (Judge et al. 1999; Rafferty 2003; Wanberg and Banas 2000; Weick and Quinn 1999). This research intends to look at the organisational change process in the context of the recent economic crisis through the lens of micro-level analysis.

During economic crises, the restructuring of organisations becomes quite salient (Hartley et al. 1991) and can lead to organisations undergoing various changes such as: changes in resource distribution, job cuts and even business closures (Hartley et al. 1991; Sverke and Hellgren 2002). According to Mclean Parks and Kidder (1994), there are a range of events that can disrupt organisational life and prompt a re-evaluation of the psychological contract. They further suggest that various organisational changes such as cost-cutting, downsizing, compensation and benefits changes and changes in the workforce configuration or deployment (which become quite prevalent during recessions) might constitute events that lead to the reassessment of psychological contracts and perhaps a breach. A complicated economic situation

and a tight jobs market (because of layoffs and freezes (Lim et al. 2009)) might affect people's perceptions of the organisation's obligations towards its employees. Leaders might be tempted to demand more from their employees, e.g. in terms of working more hours or doing more work for the same pay (Roche et al. 2011; Zagelmeyer 2010), which might impair the existing work-exchange relationship and result in negative employee outcomes. Therefore, it is critical to understand how organisational change initiated by the recent economic recession affects people's perceptions of unvoiced and unwritten exchange contracts, which has rarely been explored before. The significance of the role of context in influencing psychological contracts has been highlighted in the literature previously (Rousseau 1995; Shore et al. 2004), yet the empirical studies on this topic seem to be limited. Recently, a few quantitative studies, e.g. by De Hauw and De Vos (2010) and Metz et al. (2012), have taken the context of crisis into consideration to analyse psychological contracts, however qualitative studies on the same are still very uncommon.

Changes in the psychological contract during recession are likely to differ from industry to industry. Employees working in industries affected more severely by recession are likely to have more negative experiences than employees working in industries impacted less severely (Lim 2009; Metz et al. 2012). In today's business world, crisis or no crisis, as organisations continue to restructure and as employment relationships continue to go through major changes, the significance of comprehending psychological contract violations (in organisations marked by change) will continue to be a crucial issue for academics as well for practitioners (Turnley and Feldman 1998). Furthermore, agreeing with Hind et al. (1996), the likelihood of violating the psychological contracts increase with the change in the environment as it

leads to change in the expectations of employees and the organisation. The outcomes of such violations may be detrimental to organisational effectiveness (Allen 2009).

1.1 Scope and purpose of the study

The main aim of this study is to enhance the understanding of changes in the psychological contracts of individuals during the economic crisis and the processual nature of the experience from a sense-making perspective. Through analysis of the changes implemented in three organisations during the economic crisis, this research seeks to:

- Investigate change recipients' and change leaders' perceptions of the changes implemented by their organisations during the crisis;
- Identify the aspects of change responsible for altering psychological contracts;
- Evaluate the interplay of different factors in influencing psychological contracts;
- Explore the associations between different factors.

The needed depth of analysis is suitable for a case study approach, more of which will be discussed in Chapter 3. Three case studies were conducted – in three different organisations in three different industries based in India. Respondents worked in different functions and belonged to different levels of the hierarchy. To maintain confidentiality, neither the real names of the organisations nor of the respondents are used.

Although this research is written in the third person singular, the first person singular is used in some places to designate the impact of the researcher's analysis and

understanding of an event, on the conclusions reached, the decisions taken and the recommendations made.

1.2 Contributions to the literature

This thesis intends to add to the empirical literature on psychological contracts in organisational settings and also to the small body of research into the cognitive, emotional and behavioural aspects of change during an economic crisis. This study aims to analyse experience of change during the economic crisis from the perspectives of both parties (change leaders and change recipients) involved in the change process, unlike most studies that focus on either leaders or employees, but not both. It further examines individuals' responses, from a sense-making perspective, to the organisational change implemented in the context of economic crisis in a qualitative research, thereby adding to previous research by looking into what takes place in the eye of the beholder. With a few exceptions (e.g. Hamel 2009; Parzefall and Shapiro 2011) most studies examining cognition in assessing psychological contracts have been quantitative (e.g. Robinson and Morrison 2000; Turnley and Feldman 1999). Qualitative research, I believe, will increase our understanding of how individuals perceive change in the context of economic crisis, what they believe constitutes a breach and how they respond to it. Previous research, with a few exceptions (e.g. Hamel 2009; Parzefall and Shapiro 2011), has not paid much attention to what might be seen as an unfulfilled psychological contract and how it might be broken, especially not in the context of economic crisis. In addition to looking at various components such as leadership, trust, justice, communication, organisational support and HR practices that have been explored before, although not together in the context of crisis, this research looks into an additional element, i.e. the mass media and how

they might affect the psychological contracts of individuals during economic crisis – which has never been explored before.

1.3 Organisation of the thesis

Investigating real life experiences is quite complex which makes research a chaotic process. However, its presentation demands proper organisation and consistency to increase clarity and trustworthiness. To achieve the same, the following structure has been given to this thesis.

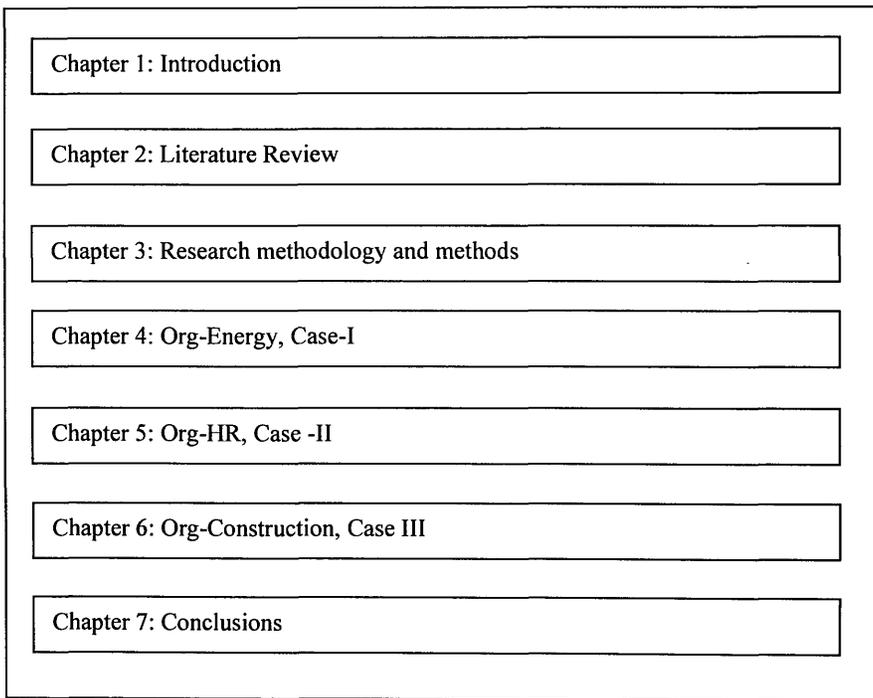


Figure 1 Structure of the thesis

Chapter 2 is the literature review, which starts with a brief review of the impact of the Global Economic Crisis 2008 on India. The nature of the psychological contract, its history, types and the concepts of breach and violation are then introduced.

Additionally, the literature review also looks into the role of change agents during

change and provides an overview of various models to understand individuals' responses to change. It then evaluates the current understanding of various factors that impact on psychological contracts and also highlights the gap in previous work.

Chapter 3 contains two sections. The first one considers the research paradigm which forms the groundwork for this research (a discussion of ontological and epistemological issues). The second discusses the choice of research method, research design, sampling technique, how access was gained, the procedures used, a brief description of all three cases to enhance the clarity of the case study chapters and the procedure of analysis.

Chapters 4, 5 and 6 present and analyse the findings from the three respective case studies, in addition to presenting a discussion of the factors that surfaced during the data analysis.

Chapter 7 conducts a comparative analysis of the similarities and dissimilarities between the findings from the three cases. It also discusses the contribution of the study in addition to making recommendations for future research and identifying the limitations of the research.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This study aims to understand how change introduced during the global economic crisis influences the psychological contracts in organisations. Psychological contracts are affected by the actual and expected outcomes of change as well as the various procedures employed to introduce and execute changes. This research intends to obtain an in-depth and comprehensive understanding of people's perceptions of change processes and outcomes during recession and how individuals at different levels of the hierarchy and in different change roles perceive these changes and how these influence their responses.

In order to explain the context for the analyses, this chapter is divided into seven sections. The first section is a review of the impact of the Global Economic Crisis 2008 on India. The second is a review of the literature on psychological contracts, with an emphasis on the history of the psychological contract, and types, breach and violation of such contracts. The third is a review of the change agents examined in this research. The fourth explores various frameworks to understand individuals' responses to change, with more focus on sense-making. The fifth looks into the roles of perceived leadership, trust, justice, communication and organisational support in influencing people's perceptions of change during an economic crisis. The sixth assesses the role of the mass media in impacting psychological contracts in organisations during crisis. The seventh examines the role of HR practices and how they influence people's psychological contracts during an economic crisis. And the last section presents a model of different concepts covered in the literature review.

2.2 India and the Global Economic Crisis 2008

The Indian economy seemed to be comparatively immune to the 2008 Global economic recession that resulted from the sub-prime mortgage crisis in the United States. Indian banks remained generally secure as they were not susceptible to the risks of sub-prime lending or the major financial institutions that went bankrupt (Subbarao 2009). However, the negative influence of recession in India appeared in the industry and services sectors, which contributed to the decline in GDP growth from 9.1% in 2007/8 to 6.7% in 2008/9 (Bhanumurthy 2009). The reason for this was the fast and greater integration of the Indian economy, especially the service and manufacturing sectors, into the world economy. With the developed nations in crisis, a drop in the exports of goods and services resulted in a slump in aggregate demand, which negatively affected Indian economic growth (Bhanumurthy 2009).

Recent International Labour Organisation global estimates show that 200 million people out of 3.3 billion are unemployed because of weak global economic trends (ILO 2012). The global economic recession, to an extent, also affected the Indian labour market. With profits in decline in Indian industries, redundancies were proposed in various sectors. The Ministry of Labour and Employment carried out some surveys between 2008 and 2009 to examine the influence of the crisis on the jobs market (MoL&E 2010). The surveys had mixed results with increases as well as declines in employment during this period (MoL&E 2010). These surveys, however, do not give a complete picture, as only a few chosen sectors are taken into consideration and they are mostly pertinent to the formal economy.¹ Additionally, it is

¹ The Indian (non-agricultural) workforce is distinguished into three distinct sectors, namely, old formal comprising heavy industries and public enterprises, informal comprising casual workers and small traders, and the new formal sector of IT and services (Bhattacharjee and Ackers 2010). Most of the research on employee relations has concentrated on the formal workforce, mainly due to the powerful

quite difficult to gauge the situation in informal employment, which constitutes the major proportion of employment in India (Gupta 2011). Informal sector employment, because of very limited social security benefits, is more prone to the adverse impact of a crisis, which increases the difficulties of workers in this sector of the labour market. In the formal sector, as the crisis spread to India via goods and services with the declines in both exports and imports, the effects on employment were more severe, especially for sectors more involved in trade (Bhanumurthy 2009). It is a complex situation which calls for an investigation of the employment relationship aspect of crisis in India, and given the distinctive and heterogeneous nature of employment, the psychological contract concept, evincing individuals' needs with implied work exchange expectations, appears to be an interesting paradigm to study the same.

2.3 The psychological contract

To lay the foundation for an understanding of how recession-led organisational change influences psychological contracts in organisations, I will start by providing a brief description of the importance of the psychological contract. I will then examine the historical development of psychological contracts and investigate the debates about their nature in the literature before moving on to discussing types of contracts and their significance. This will be followed by a discussion of psychological contract breach and violation, renegeing and incongruence, and the salience of and vigilance over psychological contracts before moving on to the third section of the literature review.

2.3.1 What is a psychological contract?

unions and the legal, political and institutional systems that cover them. The informal sector that accounts for most of the nation's workforce does not have adequate social security cover (Gupta 2011), which is one of the many difficulties that confront the Indian industrial scene in current times (Hill 2009).

“A contract is an exchange agreement between employee and employer” (Rousseau 1995: 1-2). Contracts can be indited agreements, oral agreements or any assertion or communication of allegiance or prospective objective or plan. In contemporary work settings it is crucial to understand not just the legal but also the psychological, social and organisational aspect of contracts to better comprehend the employment relationship (Rousseau 1995).

The 'psychological contract' is a concept that plays a vital role in understanding and interpreting the association between employees and employers (Rousseau 1989). Even with the rapidly growing appeal of the concept along with the overwhelming body of literature on it, there remains no clear agreement on its definition (Anderson and Schalk 1998), more of which will be discussed in the next section. Nevertheless, looking at the psychological contract concept as a two-way exchange is acknowledged by most scholars and will be considered in this research too.

Managing psychological contracts in an efficient way is crucial for organisations to work successfully (Kickul and Liao-Troth 2003). Psychological contracts, unlike formal contracts, help to understand the features of workplace relationships by evaluating employees' attitudes, perspectives and behaviours and their fit with organisational objectives (Conway and Briner 2005; Robinson and Rousseau 1994). This creates an environment which enables employees to have a constructive outlook towards their leaders, management and the organisation as a whole whereby they can align their personal goals with the organisation's goals (Conway and Briner 2005; Robinson and Rousseau 1994). 'Psychological contract' as a concept offers an explanation of the grounds for complexity in the exchange relations that might be experienced by organisations, especially during an economic crisis and its consequences for employees and organisational behaviour.

2.3.2 Psychological contract: History

The term 'Psychological work contract' was first used by Argyris (1960) to explain a discernment that resulted from a specific leadership style between a foreman and his employees in a plant where he was conducting his research. This "understanding leadership style" was employed by the foremen to maintain the informal employee culture they experienced as they were promoted through the ranks and not to act against this culture's norms, thereby making employees act in the desired and an appropriate way (Roehling 1997: 204). Argyris (1960) recognised a group of rank and file employees who shared common beliefs and norms and their foremen, who were cognisant of and influenced by these beliefs, as parties to the psychological contract. Subsequently, Levinson et al. (1962: 21) defined the psychological contract as "a series of mutual expectations of which the parties to the relationship may not themselves be dimly aware but which nonetheless govern their relationship to each other." Levinson et al. (1962), through a Menninger Foundation-funded study, evolved psychological contract ideation. The aim of this research was to examine the impact of work experience on the mental health of the 874 employees who were interviewed. In the interview process they found employees speaking about their expectations, "as if the company was duty-bound to fulfil them" (p. 20) thus giving them an obligatory touch. These shared expectations of employees as well as of the organisation are regarded as elements of the psychological contract. Levinson et al. (1962) further suggest that the continuous interaction between employee and organisation as well as their changing and evolving needs make the psychological contract a continuously evolving and changing process.

Schein in his seminal work (1965, 1980) accentuated the significance of a psychological contract framework to analyse the employee-employer relationship, thereby managing and discerning behaviours in organisations. For Schein, “The psychological contract implies that the individual has a variety of expectations of the organization and that the organization has a variety of expectations of him. These expectations not only cover how much work is to be performed for how much pay, but also involve the whole pattern of rights, privileges, and obligations between worker and organizations. Expectations such as these are not written into any formal agreement between employer and organization, yet they operate powerfully as determinants of behaviour” (Schein 1965 as cited in Roehling 1997: 204). Although the definitions proposed by Schein (1965) and Levinson et al. (1962) are to some extent similar, Schein (1965) focused more on the consistency between the employees’ and organisation's expectations, which is critical to work-related outcomes such as satisfaction, commitment and performance. Moreover, Schein (1965) stressed that the psychological contract is dynamic and therefore changes or is continuously negotiated with changes in the employees’ and organisation’s needs.

According to Kotter (1973), psychological contracts are unspoken contracts between employees and the organisation which stipulate the expectations both parties have regarding the exchange. The concept of “matching” and the level to which “matched” and “mismatched” elements make up psychological contracts was used by Kotter (1973) to explain the state where both parties come to an understanding regarding particular expectations (Roehling 1997: 204). Portwood and Miller’s (1976) psychological contract framework assumes that employees’ requirements, their work approach, knowledge and skills regarding their roles and experience regulate their association with their organisation. They further suggest that greater the alignment

between employees' expectations and "job reality" (i.e. formalised organisational practices that bespeak organisation's expectations relating to employees' roles) higher will be the employees' job satisfaction, commitment and efficiency (Roehling 1997: 204).

Rousseau (1989: 123) defines the psychological contract as, "an individual's beliefs regarding the terms and conditions of a reciprocal exchange agreement between the focal person and another party. Key issues here include the belief that a promise has been made and a consideration offered in exchange for it, binding the parties to some set of reciprocal obligations." Rousseau's (1990) conceptualisation of contracts highlights the promissory and reciprocal nature of contracts. For Rousseau (1989), promises form the basis of psychological contract and this promissory nature of psychological contracts sets it apart from expectations. Rousseau (1989) further emphasises that people in an employment relationship (i.e. employees and employers) may have different perceptions regarding specific terms and may construe promises in different ways, which defines their psychological contract. 'Reciprocity', which is another important aspect of the psychological contract, refers to the notion that employees contribute towards an organisation in exchange for something in return from it (McLean Parks et al. 1998; Rousseau 1990). Most of the scholars who followed Rousseau's definition (1989) (e.g. Coyle-Shapiro and Kessler 1998; McLean Parks et al. 1998) agree on the reciprocal and subjective nature of contracts (Sels et al. 2004) where subjectivity lies in employees' beliefs about the exchange relationship that are shaped and formed throughout the duration of employment as employees interact with the organisation (Millward and Brewerton 1999). Boxhall and Purcell (2003), however, are critical of the subjective dimension of psychological contracts and argue that subjectivity implies that the contract is created only in the individual's

mind and therefore cannot be regarded as 'contractual'. Guest (1998) on the other hand advocates taking the 'employer perspective' into consideration in analysing the concept, as was suggested in the earlier conceptualisation of the psychological contract by Argyris (1960), Levinson et al. (1962) and Schein (1965). Based on the notion that an exchange involves at least two parties, Guest and Conway (2002: 22) define the psychological contract as "the perception of both parties to the employment relationship, organization and individual, of the reciprocal promises and obligations implied in that relationship".

In addition to the issue of whether employees or both employees and employers should be included under the canopy of psychological contracts, there are other conceptual concerns associated with the concept. For example, there seems to be a difference of opinion amongst scholars concerning the nature of the beliefs posited as constituting the psychological contract (Roehling 2008). In defining psychological contracts, some researchers have put emphasis on 'expectations', some on 'obligations' and some on 'promises'. Guest (1998: 650) observes that the concept of the psychological contract has been measured using various variables (which may or may not be operationally meaningful) with limited comprehension of the association between them, turning the concept into an "analytical nightmare".

Roehling (2008) in his research has discussed the theoretical distinctions between the three beliefs (expectations, obligations and promises) so as to better understand psychological contracts in organisations.

Expectations

Earlier research suggests that psychological contracts connote expectations, and few researchers have delineated what expectations really are or what they mean by

“expectations” (Portwood and Miller 1976). There are two types of expectations according to the criteria used to evaluate the psychological contracts of employees. These are normative and probabilistic expectations. Normative expectations indicate what is expected to or should occur depending on the existing criteria or standards, whereas probabilistic expectations refer to the likelihood or prospect of something taking place (consequences or results) (Roehling 2008). Expectations are believed to be much broader than psychological contracts (Rousseau and Tijoriwala 1998). Roehling (2008: 263) argues that “use of [the] term expectation sometimes takes into account the full range of probabilities”.

Obligations

Many researchers have defined psychological contracts by emphasizing the obligations that stem from commitment, assurances, legal relations, ethical responsibilities and informal social controls. Certain social norms such as the reciprocity norm may produce obligations in the employment relationship as some employees may go the extra mile or demonstrate organisational citizenship behaviour advantageous to the organisation and may thus perceive that the organisation will reciprocate the favour and reward them in turn. This is where expectations change to obligations (Roehling 2008). Obligations are crucial elements of the employment contract (Rousseau 1989). The reciprocity norm perspective therefore suggests that this process of mutual obligation between employees and employer in the employment relationship may result in increase in obligations with time (Blau 1964; Homans 1961; Thibaut and Kelley 1959). This increase may be because both parties to the contract make an effort to create and uphold a positive exchange relationship; and also, as the relationship evolves and grows with time, trust also increases, thus increasing the obligations (Roehling 2008).

Promises

Based on the work of Olson et al. (1994), about expectations being deduced from beliefs, Roehling (2008) argues that normative as well as probabilistic expectations are related to the beliefs about obligations. Normative expectations are akin to obligations and therefore cannot be easily differentiated, whereas probabilistic expectations cannot be differentiated from beliefs about obligations. Probabilistic expectations may originate from obligations and thus be differentiated easily, as here elements such as perception of whether the other party wants to or is able to fulfil obligations may affect the association between the two (Roehling 2008). Promises on the other hand may result in probabilistic and normative expectations and there may be expectations where promises are not understood, where parties may not perceive that a promise has been made but still have expectations; and sometimes they may perceive that a promise has been made but not expect the other party to keep it. Promises imply allegiance and commitment on behalf of those making them, whereas obligations may not entail these factors (Roehling 2008). Researchers have argued that basing psychological contract study exclusively on the promise-based model might overlook many beliefs, which though perhaps not based on promises are still pertinent to capture important characteristics of psychological contracts (Bankins 2010). For example, research by Montes and Zweig (2009) suggests that employees' perceptions of breach do not signal inconsistencies between promises and what was actually delivered. They further argue that promises are not necessary for employees to perceive a breach which can occur in their absence. Moreover, a perceived breach of expectations, obligations and promises may or may not result in a violation. However, as promises do involve some sort of guarantee on behalf of employers, a perceived

violation of a promise may result in more negative reactions than a perceived violation of an obligation (Roehling 2008).

Considering the above discussion surrounding the definition of a psychological contract regarding the *beliefs* constituting the contract and the *parties* to the contract, I believe that researchers should return to the initial conceptualisation of the psychological contract and look at both parties involved in it, as has been suggested by Guest (1998). However, I argue that researchers should look at all three beliefs, i.e. individuals' perceptions of expectations, obligations and promises, rather than focusing only on obligations or promises.

2.3.3 Types of contracts

In view of the subjectivity that describes the psychological contract, scholars have tried to sort psychological contracts' components (e.g. career development, remuneration, job security, training) into two basic types: relational and transactional (Coyle-Shapiro and Parzefall 2008). The two contract types can be distinguished in terms of their timeframe, stability, scope, exchange symmetry and tangibility (Sels et al. 2004). Factors such as loyalty, trust, respect, commitment and stability characterize relational contracts. Both employees and the organisation contribute to the open-ended relationship emphasised by relational contracts. The contributions from employees include company specific knowledge and a long-term career path, whereas those from organisations include training and promotion (Rousseau and Wade-Benzoni 1994). The parties to relational psychological contract resist change because of the frequent loss of job security and decrease in inducements such as career development (Rousseau and Wade-Benzoni 1994). Transactional contracts on the other hand emphasise economic and short-term exchanges and have clearly defined performance

standards. Employees in transactional contracts may end this contract and look for opportunities elsewhere, especially in a climate of change or even when employees feel that the employer has not been able to fulfil its obligations. Organisations functioning in unpredictable markets usually enter into transactional contracts with employees whose knowledge or expertise they believe is not really vital or crucial for them to gain a competitive edge (Rousseau and Wade-Benzoni 1994). During an economic crisis, employees rather than employers may be at risk in this type of contract, especially if they do not have alternative job opportunities available.

Coyle-Shapiro and Parzefall (2008) argue that the theoretical difference between the two contract types is obvious, but the empirical data suggest ambiguity with regard to the difference between the two. According to Taylor and Tekleab (2004), the basic problem is the overlap of the items. Taking the example of training, Arnold (1996) identifies training to be transactional as well relational (Arnold 1996), and research by Coyle-Shapiro and Kessler (2000) indicates training to be an independent item, highlighting the indistinctness. According to Coyle-Shapiro and Parzefall (2008) it is crucial to differentiate between the two contract types so as to specify the possible resources that will be reciprocated as well as their characteristics. The problem for researchers, however, lies in how to catch the differentiation (Coyle-Shapiro and Parzefall 2008).

Research by Hart and Thompson (2007) suggests that the majority of psychological contracts include elements of both types of contract. A study by Herriot et al. (1997) shows that transactional elements of the contract are accentuated more by employees, while research by Lester and Kickul (2001) shows that the relational elements of the contract receive more attention from the employees. In the current business world that is marked by restructuring and continuous organisational innovation, employees are

forced to become employable and often switch organisations or work for different organisations (Hess and Jepson 2009; Pappas and Flaherty 2006). This change towards a “protean” career, where employees are responsible for managing their own career and organisations are responsible for making their workforce more employable by providing them with training opportunities, has changed the overall concept of psychological contracts (Hall and Moss 1998; Hess and Jepson 2009). Regardless of the development of psychological contracts, old psychological contracts and perceptions of employer obligations may be quite prevalent with employees in certain sectors such as the public sector. These employees may differ from private sector employees in their basic beliefs about what they expect employers to provide. For example, employees in the private sector may have a very different understanding of their employer, with job security being uncertain in the current economy.

2.3.4 Psychological contract breach and violation

Research suggests that organisations should constantly oversee, change and revise the elements of the contract of employment to conform to changing conditions (Altman and Post 1996). Changes taking place in the organisation during an economic crisis might increase the probability of perceiving a psychological contract breach or violation among employees. A psychological contract breach is a “subjective experience, referring to one’s perception that another has failed to fulfil adequately the promised obligation of the psychological contract” (Robinson 1996: 576). Employees’ attitudes and behaviours may be impacted upon if they believe that a breach of contract has happened, irrespective of whether contract was really breached or not (Morrison and Robinson 1997). Perceived contract breach results in job dissatisfaction, employees distrust of management, decreases in in-role and extra-role

behaviours and an increase in intentions to leave (Robinson et al. 1994; Robinson and Morrison 1995; Robinson 1996). It should be noted that a psychological contract breach develops from not only the organisation's actions, strategies or policies but also the employees' perceptions of these in a specific context (Morrison and Robinson 1997). Psychological contract violation on the other hand is believed to involve "feelings of betrayal and deeper psychological distress [whereby] ... the victim experiences anger, resentment, a sense of injustice and wrongful harm" (Rousseau 1989: 129). Therefore, a violation is an affective or emotional state that goes beyond the simple cognition that leaders have failed to fulfil promised obligations (Morrison and Robinson 1997). Morrison and Robinson (1997) in alignment with studies on emotions (e.g. Frijda et al. 1989; Oatley 1992) differentiate between violations and the cognitive appraisals that define them, arguing that a 'complex interpretation process' (p. 230) mediates between them. This process, which is similar to any cognitive process including the one that produces emotions, is however not clear-cut and does not necessitate consideration or deliberation from the individual (Fiske and Taylor 1984; Lazarus 1982). Violation in its most elementary stage entails "dissatisfaction, disappointment, frustration" that result from perceptions that the employer has not fulfilled what was expected or obligatory (Rousseau 1989: 128).

Reneging and Incongruence

In order to understand perceived psychological contract violations, some researchers recommend looking at the reasons for their occurrence (Allen 2009), which according to Morrison and Robinson (1997) involve renegeing and incongruence. Renegeing according to them occurs due to the inability of the organisation's representatives to fulfil an obligation or due to their unwillingness to fulfil the terms of a contract. Sometimes, organisational representatives are unable to fulfil the obligations they

made in the initial stage of employment. For example, recruiters may not be fully honest with new recruits and may over-promise advancement to them, which may have a profound effect on employees' entire tenure with the organisation. The greater the number of promises made by the employer, the greater the possibility of renegeing (Morrison and Robinson 1997). Additionally, sometimes, organisations may be unable to fulfil promises because of the changing context, which could have been the case during the recent global economic crisis.

Research by Morrison and Robinson (2000) suggests that organisations may also find it difficult to keep their promises when there is an unforeseen cut in resources that they can use or because of a decrease in organisational performance (both of which may be quite prevalent during an economic crisis). Sometimes organisational agents are unwilling to fulfil a promise because of some particular terms of the contract they do not want to fulfil or because they lack motivation and have no intention to keep the promises they make; or they may break a promise purposefully. Renegeing will be more likely if organisational agents believe that keeping promises is less profitable than breaking them (McLean Parks and Schmedemann 1994). Power symmetry within employment is one of the factors that may affect the probability of renegeing. If the skills and knowledge of employees are crucial for organisational success, employees will be more powerful in their association with the organisation (Hickson et al. 1971). The exit of these employees from the organisation can have adverse effects on organisational performance. As the organisation will be dependent on such employees, renegeing might in this case be expensive for the organisation. Usually, employees being less powerful have less influence on the employment relationship and can therefore be replaced by the organisation, whereas it may not be easy for employees to leave the organisation (McLean Parks and Kidder 1994). During a recession,

particularly common might be a belief amongst leaders that people who have survived redundancies should be more motivated and work more just because they are still in employment. Such leaders might intentionally overwork employees, demand more work for less pay and not communicate adequately, which might lead to employees' perception of the organisation not fulfilling what they expected or desired.

The organisation's observation of employees' behaviours, its evaluation of employees' performance, and whether employees have adequately fulfilled their promises may affect the perceived costs of renegeing. Research by Morrison and Robinson (2000) shows that the probability of perceived contract breach increases with a decrease in employees' performance. If employees fail to live up to their commitments, the organisation may consider the perceived costs of renegeing to be less. They may consider renegeing as justifiable and think that employees as well third-party observers share their views on this. For example, the economic crisis might provide an opportunity as well as the justification for organisations initiating a cost minimisation drive to review their staffing needs and probably to lay off low-performing staff.

Reneging, however, may have a negative effect on organisational reputation and may even result in negative reactions from the employees if they believe they have fulfilled their promises (Robinson and Morrison 2000). Furthermore, whether the contract is transactional or relational may also affect the cost and probability of renegeing. For example, relational contracts support collectivism and task behaviour, and they emphasise not just what is being exchanged but the association itself (McLean Parks and Smith 1997; Robinson and Rousseau 1994). Therefore, in relational contracts, the perceived cost of breaking a promise will be more (McLean Parks and Kidder 1994; McLean Parks and Smith 1997) in comparison to other forms of contracts.

Incongruence, on the other hand, results when the employees as well as the organisation's agents differ in their understanding about the obligations promised in the contract. Reneging as well as incongruence can cause discrepancies between what employees thought was promised and what they actually receive. The extent to which different schemas are brought in by the employees or the organisation, the intricacy or uncertainty of the exchange relationship and communication are the three factors that lead to incongruence (Robinson and Morrison 2000). As already discussed, cognitive models or schemas are created from past experiences and help in the organisation of new information. Some elements of a schema may be shared by people in the same occupation, whereas some elements may be idiosyncratic. Different individuals may hold different schemas regarding work relationships and thus may perceive, understand, remember and interpret promises differently. Whether an employee possesses an element of job security in his or her schema is likely to affect the way he or she discerns the information regarding job security in the organisation (Robinson and Morrison 2000). Since different people have different cognitive frameworks, they may also differ in their perception of complex and ambiguous information, thus creating incongruence in the psychological contract.

Salience and Vigilance

Other factors that may contribute to a perceived contract breach are salience and vigilance. Salience refers to the extent or degree to which a stimulus stands out in comparison to others in the same context (Fiske and Taylor, 1984). Whether an individual will identify or notice that the terms of agreement are inconsistent with what the individual has received will be partly decided by the salience of that inconsistency. The clarity of the agreement in the worker's mind, the magnitude of the incongruity, and the significance of that contract to the employee are some of the

factors influencing salience (Morrison and Robinson 1997). Vigilance on the other hand refers to the extent to which employee attentively observes or watches how well the organisation is fulfilling its terms of agreement (Morrison and Robinson 1997). The vigilance level is greater when the parties in the contract are worried about the other's capability and believe that the other party is unwilling to fulfil the promised obligation (Rousseau and McLean Parks 1993). The factors that affect vigilance include ambiguity or uncertainty, whether the contract is relational or transactional, trust in the employment relationship, and the potential cost of discovering an unfulfilled or broken promise. Change is one such organisational event that often results in employees perceiving a loss of control and scepticism over their future (Ashford 1988; Chaudhry et al. 2009). Employees might perceive that they are not being adequately updated and that the organisation is hesitant in sharing information. Uncertainty perceptions are likely to heighten vigilance amongst employees with regard to how much they monitor what was promised to them and what they actually receive (Morrison and Robinson 1997). For example, economic crises create a climate of uncertainty with many changes taking place simultaneously, which might prompt employees to be more vigilant, thus increasing the likelihood of experiencing a contract breach. On the other hand, employees are expected to be less vigilant and less likely to perceive an unfulfilled promise under conditions where they believe that perceiving a contract breach will be disturbing (Morrison and Robinson 1997). If, for example, an employee perceives a breach of contract and does not have many employment alternatives (for example during economic crisis), leaving will not be a suitable option and thus the perception of an unfulfilled promise might be threatening. Under these circumstances, the likelihood of perceiving an unmet promise will be less as employees might be less vigilant (Morrison and Robinson 1997).

So far I have reviewed the literature on the economic crisis in India, the psychological contract concept, the history and issues surrounding the concept, types of contracts, psychological contract breach and violation and salience and vigilance. In every section, the relationship to change in the context of crisis has been briefly outlined. The literature review now will look at the in-depth analysis of change and its impact on people's perceptions, responses and psychological contracts in totality. I will begin by examining and identifying the roles of various change agents in different models of change and finally discuss the change agents examined in this research

2.4 Organisational members involved in change or change agents

Different people at different levels of the organisational hierarchy may be involved in one or other way in any organisational change. Some people might guide or direct it, some might manage and execute it, and some might just be impacted by it and develop a negative or positive attitude towards it. Various lenses related to hierarchy, scope and importance can be employed to categorise those involved in change (Smollan 2009). When directed from the top it covers a major part of the organisation and aims at the structure, thinking, strategy, processes and culture (Huy and Mintzberg 2003).

Some frameworks, e.g. by Nadler and Tushman (1989) and Huber et al. (1995), suggest that mostly senior management may direct change that is strategic, radical and divergent. Huy and Mintzberg (2003) believe that the type of change decides who leads it, e.g. dramatic change is directed from the top, systemic change is promoted by experts and consultants, and organic change is initiated by various staff levels. These approaches, being less specific, cannot be applied to every change context. If we go by organisational structure, the CEO and senior managers would be the ones initiating change during recession, middle-level managers and junior-level managers would

implement it, and other staff members would simply be change recipients. However, the organisational structure does not necessarily decide the roles that individuals might play in the change process, and neither do the scale or significance of the change (Smollan 2009).

Various descriptions and categorizations of change players have been proposed in the literature. Kanter et al. (1992) differentiate change players into strategists, implementers and recipients of change. Caldwell (2003), who is critical of models that undermine the complexity of the roles played by change agents, categorises them into leaders, managers, consultants and teams. Weick and Quinn (1999) make a distinction between change-player roles in planned and emergent change. According to them, the change agent is the “prime mover” (p. 373) of change when it comes to planned change; whereas when it comes to emergent change, the change agent’s role is more to understand the change, interpret it and manage the discourse around it.

People at different levels of the hierarchy may play different or simultaneous roles in the change process, especially in recession. This research will categorise change players into two groups, namely, change leaders who introduce and execute change and change recipients or employees who are affected by it. It is also important to note that people can play multiple roles in the change process. One of the features of this study is identifying how different change players view change implemented during recession (whether they consider it as a ‘breach’ of contract or not) and to understand the discrepancies in their perspectives. It is quite complex to understand whom employees hold responsible for change, the ‘top management’ who initiate it or their immediate managers who implement it, irrespective of whether they agree with it or not.

The confusion over who typifies the organisation (especially during change) is debatable and reveals vagueness or obscurity in the psychological contract literature. The result of this obscurity is reflected in psychological contract theory, which is deficient with respect to the employer's view of a contract. However, there appears to be growing agreement that the employer's outlook regarding the exchange relationship with employees should be incorporated into psychological contract studies (Guest 1998; Taylor and Tekleab 2004). The main problem when assessing the employer's view is that there are many actors who speak for the employer (Shore et al. 2004). Organisational activities such as hiring, socialising and rewarding are carried out without designating who represents the organisation in these activities (Lider et al. 2004). Research (Lewis and Taylor 2001; Tekleab and Taylor 2003) has investigated the employment relationship between employees and their immediate managers. Lewis and Taylor (2001) further highlight the role that immediate managers play in creating, holding and observing the psychological contracts of employees. Employees mostly interact with their immediate managers who are principally responsible for presenting the organisation's expectations to the employees and assessing and reacting to employees' conduct in the workplace. Guest and Conway (2000) raise concerns over immediate managers being regarded as organisational representatives. According to them, managers need to see themselves as organisational representatives so as to being regarded as official representatives of the employer. They further indicate that managers may be seen as organisational representatives only if they are at higher hierarchical levels. However, what needs to be noted is that decisions that impact on employment association are more often than not taken by the top management. For example, research by Porter et al. (1998) on senior level executives' psychological

contract perceptions suggests that they are more familiar with the employer inducements offered to employees.

In agreement with Coyle-Shapiro and Kessler's (2004) work, top management and immediate managers may act together in overseeing the exchange association between employees and the organisation. They further argue that there is no study that clearly asks employees whom they see or perceive as representatives of the organisation when they respond to queries about the employment relationship. This research will be no different, as I believe, because of the ambiguity involved, that it may be difficult to understand to whom employees are referring when they talk about their employment relationship (Coyle-Shapiro and Shore 2007) and how changes implemented during a recession affect it.

Coyle-Shapiro and Shore (2007) further indicate that in order to bring together these contrasting opinions it is important to understand that while in employment, employees can have manifold exchange associations, an indirect one with the top management and a direct one with immediate managers. Although senior management may propose all the changes in strategies and policies, managers lower down the hierarchy are the ones who carry those out. For example, during crises, if the organisation has undertaken some cost-cutting measures, for example with regard to training and development, bonuses etc., these changes are proposed by top management but middle-level managers might enact them. So when asked about employment association, employees may be speaking about the top management as well as their immediate managers. Regardless of who in the organisational hierarchy is considered an organisational representative, it is assumed that managers usually work in alignment with organisational interests. Moreover, it is further argued that in

addition to organisational interests managers actions may be guided by their “own interests or their consideration of others’ interests” (Coyle-Shapiro and Shore 2007: 168). However, during times of recession when the external environment might be forcing organisations to change their strategies, do managers have the liberty to reject top management’s terms or consider their own self-interest or others' interests?

It is important to understand that middle-level managers are employees within the organisation and at the same time speak for their organisation while supervising their relationship with its employees (Hallier and James 1997). It may not be easy for these managers to stand for their own interests as well as the organisation’s interests at the same time, because they are in two employment relationships in the organisation (Hallier and James 1997). Hallier and James (1997) further suggest that it is likely that if managers experience distress at changes in their own work relationship, they may engage in similar kinds of adjustment in their exchange association with their employees. Additionally, Coyle-Shapiro and Shore (2007) question the assumption of perceiving managers as objective reasonable decision-makers, which overlooks the likelihood of them establishing personal connections with their subordinates. It is this personal link, which might affect the degree to which managers stick to organisational interests during decision-making, that impacts on the employees exchange relationship (Coyle-Shapiro and Shore 2007). This notion is supported by LMX (leader member exchange) (Liden and Graen 1980) and work by Saal and Knight (1988) on rating errors. In summary, all these arguments add to the questions about who personifies the employer, especially in organisations with multifold exchanges.

I have now reviewed and identified change players as well as discussed the complexity around who represents the organisation, i.e. who holds the contracts with

the employees, and whom do employees hold responsible for the changes implemented. It presents a complex situation; however, as has been discussed above, this research will focus more on identifying different change players' perspectives on the changes implemented during an economic crisis. In other words, it will seek to understand their experiences of change and breach of psychological contracts.

I will now examine various frameworks that assist in shaping people's responses to change.

2.5 People's responses to changes during economic crisis

This section discusses various frameworks that help enhance the understanding of cognitive, affective and behavioural responses to change. To understand the cognitive process of assessing change (in this case recession), it is useful to explore the literature on framing and sense-making. The need for more research to understand how organisational change is perceived by employees is highlighted in the literature (Chaudhry et al. 2009). The latter propose a model for how employees assess psychological contract fulfilment during organisational change. This appraisal process is referred to as 'sense-making' to determine the degree to which there has been a shift in employees' psychological contracts. It involves employees' decision-making on how they react to these shifts by changing their commitment towards the organisation (Chaudhry et al. 2009). Sense-making is mainly applied to delineate and comprehend organisational life as viewed by the employees (Weick 1999), which aligns with the notion of psychological contracts as subjective experience being 'idiosyncratic and unique' to each employee (Rousseau 1995: 10). Chaudhry et al. (2009) advocate emphasising the 'psychological' over 'contract' in psychological contracts so as to analyse elements that are prominent when employees perceive shifts in their exchange

relationship. Employees usually switch to cognitive functioning when changes in the exchange relationship are not positive (Louis and Sutton (1991). Employees might engage in active thinking and ask questions such as 'How?' and 'Why?' about these changes and their impact, the responses to which might affect employees' reactions to these in the exchange relationship (Chaudhry et al. 2009: 500). Much of the psychological contract research has theoretically and empirically investigated internal change or how the elements of exchange agreement between employees and the organisation shift and develop over time (Robinson 1996; Rousseau 1995; Schalk and Roe 2007). However, the psychological contract literature is deficient with regard to empirical research on external change or change in context. A little research has been done to explore this, e.g. by Metz et al. (2012) who look at change in psychological contracts during recession from a manager's perspective, and by De Hauw and De Vos (2010) who look at the influence of generational, contextual and individual factors on millennial psychological contracts. Conversely, the literature is overwhelmed with research on people's responses to change, whether it is the cognitive roots of resistance to change initiatives (Labianca et al. 2000) or readiness for change (Wallinga 2008). Additionally a small body of research highlights the role of schemas in analysing information about organisational change which affects the attitudes towards change (Lau and Woodman 1995).

Rousseau (2001) propounded that psychological contracts are rooted in individuals' schemas or mental model of the exchange relationship. A schema is a cognitive framework or an ideal generalisation of a complex construct formed from previous experiences and helps in organizing and perceiving new information (Beck 1967; Horowitz 1988; Stein 1992). It is argued that individuals in the organisation have schemas for performance, work structure etc. that act as guide to assess information

and reach decisions. In the same vein, Lau and Woodman (1995) propose that individuals have change schemas that help in the cognitive interpretation of change. In other words they act as *sense-making models* that hold information about the features of change and the association between various change events (Lau and Woodman 1995). A change in schema probably happens when a person is motivated to make the deliberate and mental change needed by the change (Rumelhart and Norman 1978). The motivation to make that attempt develops from personal (such as being more accommodative, past experience of effective change) as well as situational elements (such as training and properly enunciated and reasonable grounds for the change). These schemas are conjointly formed by the organisation and can become subliminal over time, forming an element of the organisation's basic norms and beliefs (Schein 1985). Changes that question these norms or beliefs prompt strong affective responses, implying the significance of considering individual as well as collective schemas so as to comprehend how they alter (Brown and Starkey 2000). Rousseau (2003) further argues that the stability of a schema in relation to the employment exchange relationship can cause problems in organisations during a climate of change. Complete schemas can become very change-resistant, which supports a sense of order and consistency but at the same time impedes adjustment. Resistance may result from the fear of the 'psychological threat' that change may cause, and because of the individual's defence of his/her view of reality (Rousseau 2003: 234). For example, employees of organisations introducing travel budget restrictions as a cost-cutting measure during a recession might not be happy about it and might probably resist it, especially if they believe that the organisation is obligated to provide it to employees.

The sense-making framework has also been used to explain how employees understand and explain a perceived psychological contract breach (Parzefall and Coyle-Shapiro 2011). A breach is an experience that affects the employment relationship and is likely to prompt sense-making (Morrison and Robinson 1997). During change, the perception of viewing the exchange relationship as 'business as usual' is questioned if any new event is initiated that is different from people's everyday employment experience (Chaudhry et al. 2009: 504). This change from the norm increases the probability of nullifying the existing psychological contract framework (Chaudhry et al. 2009) and might increase the likelihood of perceiving a psychological contract breach. For example, an organisation that proposes layoffs indicates to its workforce that obligations regarding future employment security might not be fulfilled by the employer (Chaudhry et al. 2009).

Change agents according to Weick and Quinn (1999) have a key role to play in how change is framed and how people see it. Bean and Hamilton (2006) see framing as a way of making sense by priming some issues over others. For example, change leaders may try to provide only positive knowledge of the change process, which may lead to 'over-entitlements' (Heath et al. 2003), i.e. when employees consider their entitlements to be methodical and more favourable than the third party observer. Due to 'over-entitlements' employees may perceive a psychological contract breach when change initiatives are introduced (Heath et al. 1993: 75-93). There are other psychological facets that may result in 'over-entitlements'. Employees may not discern or foresee unprecedented circumstances or events that can cause changes in 'entitlements'. They may perceive consistency in the actions of the other party, or because of their confined cognition or 'information processing', which may prevent them from realising varying situations (Heath et al. 1993).

Downings (1997) indicates that ignoring the emotional consequences for others and concentrating only on cognitive models could hamper change efforts. Bartunek et al. (2006) suggest that change recipients make sense of change through social cognition and emotional responses, both of which influence change outcomes. Similarly, a study by Szabla (2007) suggests that when change leaders apply a participative approach rather than a power-coercive approach to change, people tend to react positively on *cognitive, intentional* and *affective* dimensions.

Employing cognitive appraisal theory, Paterson and Hartel (2002) describe how people appraise change (downsizing), how they assess the influence of change on their well-being (primary cognitive appraisal) and then how they make inferences about its causes and implications as well as how they cope with it (secondary appraisal).

Coping with change usually involves problem-focused techniques, such as looking for employment elsewhere or giving in to management to avoid redundancies, and emotion-focused techniques, such as tackling negative emotional responses that may spring up. Mitigating the threat that change may result in requires proper communication as well as an opportunity to contribute to the process as well as proper support systems. This helps in the exact appraisal of change (Hay and Hartel 2000), which in turn helps to decrease anxieties and at the same time results in people being more accommodative of change. Furthermore, research on people's responses to downsizing by Paterson and Cary (2002), based on Affective Events theory (Weiss and Cropanzano 1996), suggests that features of the change program such as communication and participation activate a cognitive appraisal of the fairness of change as well as affective responses depending on evaluation and the importance to an individual. This leads to an increase in the acceptance of change as well as promotes other positive work attitudes.

Unlike most studies that adopt the traditional view of change as one distinct event, the study by Kiefer (2005) on a merger looks into the emotional experiences of change during multiple, continuing changes. The study further proposes that negative emotions are mediated by three antecedents, namely, perceptions of an uncertain future, insufficient working conditions and insufficient organisational treatment. These negative emotions may result in employee withdrawal (Weiss and Cropanzano 1996) and decreased trust in management (Paterson and Cary 2002).

Additionally there have been other models that describe people's reactions to change which, as Smollan (2009) puts it, tend to take a 'psychological route' (p. 75). For example, Elrod and Tippett (2002) refer to it a "death valley of change", based on Kubler-Ross's (1969) model that suggests people move through different phases that are brimming with emotional experience (the grief process). These models portray change quite negatively. How people respond to change may alter as processes and consequences become less hazy. Additionally, the nature of change also has to be taken into consideration (Smollan 2009). For example, during a crisis, people may be more accommodative to changes implemented by the organisation than they would be in a non-crisis situation. This may be because of the non-availability of other attractive employment alternatives with the jobs market still in recession.

The changes implemented in organisations during economic crisis can have positive as well as negative features and might result in mixed reactions. The change process can generate a sense of loss or win for an individual (Wolfram Cox 1997), e.g. layoffs will be perceived differently by victims and survivors. The intricacies of outcomes might result in confusion. Agreeing with Fineman (2003: 121), "fear can coexist with exhilaration, liking with disliking, loving with frustration, suspicions with delight. Resolving, or learning to accept, these tensions is a part of the struggle of change."

There is an equal probability that change may not trigger any cognitive or affective reactions amongst people. For example, some employees might not react to changes implemented during a recession because they believe that most organisations are facing a similar situation and that change initiatives are important for organisational survival. Responses to change implemented during a recession may also depend on such factors as how people perceive change leaders, whether they trust them, communication in the organisation and the organisational context in totality.

The literature review therefore next engages in topics of leadership, trust, communication and organisational support.

2.6 Perceived leadership, trust, justice, communication and organisational support

Leadership can have a profound impact on employees' psychological contracts and therefore on employees' attitudes and behaviours (Flood et al. 2008). The impact of leadership on employees' demeanour and attitudes can be further illustrated through the research conducted on 14 organisations and 25,000 employees by the Wilson Learning Corporation, a global provider of human performance improvement solutions, which shows that 69 per cent of the variability in employee job satisfaction is associated with the attributes or actions of their leaders or bosses (Wilson Learning Corporation 2006; Van Marrewijk and Timmer 2003). Employees experiencing change evaluate leaders' abilities to handle various roles, especially their ability to manage change. Previous research has shown how employee outcomes such as organisational commitment, job satisfaction and voluntary turnover may be influenced by leadership style or behaviour (Barling et al. 1996; Bartolo and Furlonger 2000;

Bycio et al. 1995; Judge et al. 2004; Kane and Tremble 2000; McDaniel and Wolf 1992).

Transformational and in a way charismatic leadership has been strongly linked to change (Yukl 1999; Johnson 2008). Transformational leaders have the quality of being influential, persuasive and charismatic, while also stimulating employee development by empowering employees, involving them in decision-making and aligning their personal objectives with organisational objectives (Bass and Avolio 1993). Charismatic leadership theory, an extension of transformational theory, characterises a leader as one who has “extraordinary power to influence followers and is able to obtain a special leader-follower relationship” (Huang et al. 2005: 35).

Research has shown an association between transformational leadership and different forms of change or resistance to change (Bommer et al. 2005; Eyal and Kark 2004; Kan and Parry 2004). It should be noted that context also plays a role here. For example, research by Hmielesky and Ensley (2007) suggests that empowering leaders are less effective in a dynamic industry environment.

Although there are other forms of leadership, effective change implementation requires change leaders to adopt ones that involve followers (Huy 2001). According to Senge (1990: 27), “Involvement is the key to implementing change and increasing commitment. We tend to be more interested in our own ideas than in those of others. If we are not involved we are likely to resist change.” Along similar lines, research by Covin and Killman (1990) emphasises the significance of dependable and answerable leaders in the organisation, ones who are committed and endorse the change program, motivate employees to participate in the change process through the behaviour they demonstrate, promote the participation of employees by giving them control over their work, encourage teamwork and share the rewards of the change program with them.

Additionally, distributive or participative leadership promotes understanding of the fairness of procedures (Lines 2004; Thibaut and Walker 1975; Tyler and Lind 1992) and trustworthiness (Ngodo 2008; Tyler and Lind 1992).

For leaders to work efficiently in these tough times it is important to create and maintain a climate of trust. Trust connotes answerability, certainty and dependability (Cartwright 2008). It refers to “expectations, assumptions, or beliefs about the likelihood that other's future actions will be beneficial, favourable, or at least not detrimental to one's interests” (Robinson 1996: 576-599). Effective communication, developing, articulating, owning and sustaining a vision, motivating employees towards shared organisational objectives, demonstrating integrity in their behaviour, believing in employees and respecting them are some of the leadership practices that create trust in organisational leaders (Gillespie and Mann 2004). Trust is perceived as an important antecedent to the success of change initiatives (Dirks and Ferrin 2002; Kirkman et al. 2000). Morgan and Zeffane (2003) note that change efforts, specifically structural reorganisation, can negatively affect the trust in management. Research by Robinson (1996) demonstrates how trust decreases as a result of a psychological contract breach and its negative effects. Even though individuals might have had high levels of trust in their leaders in the past, this can be eroded by a change in context, for example organisational change.

The degree to which individuals trust one another is not the same and this is referred to as “propensity to trust” (Rotter 1967, 1980). Research by McKnight et al. (1998) shows how an individual’s propensity to trust affects organisational outcomes, and research by Colquitt et al. (2007) shows that a propensity to trust affects employees’ performance, especially task behaviour and extra-role behaviour. Rotter (1980) believes that individuals who are inclined to trust others act honestly and faithfully.

Organisational members' increased tendency to trust each other will affect the social exchange relationship between them. In a leader-member exchange, leaders who trust their employees will be less vigilant (McAllister 1995), whereas those who are less inclined to trust will be more vigilant (Alge et al. 2004) and less likely to grant employees job empowerment or autonomy (Berneth and Walker 2009; Well and Kipnis 2001). According to research by Berneth and Walker (2009), if there is more trust between employees and their leaders, employees are more likely to interpret and view the social exchange between them and their leaders in a positive sense, as an increase in trust ensures that employees' contributions to the organisation will be reciprocated.

Trust enables an organisation to operate in its normal state of affairs before crisis strikes and is essential in maintaining its reputation (Cartwright 2008). Additionally, leaders who are trusted by their employees can communicate their views and perspectives clearly throughout the organisation. Trust therefore helps in developing effective communication in the organisations, which further improves knowledge-sharing. Employees of such organisations engage better in their work and work from a broad, collaborative outlook (Cartwright 2008). Trust in one's immediate supervisor or the organisation's top management will have different relationships with employee outcomes and should be considered by the organisation. Immediate supervisors supervise job activities on a daily basis, whereas organisational leaders or top management are more involved in strategizing, resource allocation, formulating people management practices and communicating organisational objectives. Employees' trust in their immediate supervisor will result in an increase in employees' in-role and extra role performance and job satisfaction, whereas trust in top management will strengthen their commitment towards the organisation; however,

distrust in either or both may lead to an increase in turnover (Dirks and Ferrin 2002). Individuals experiencing organisational change will look at the trustworthiness of different levels of the hierarchy, which might affect how they perceive recession-led change and how it impacts their psychological contracts.

Whether or not employees perceive leaders' decisions to be fair will deeply influence their trust in them. One question that needs to be asked, however, concerns how leaders establish and sustain trust, especially in challenging times. Whether trust is determined by the way leaders make decisions and what decisions they take, or both, is debatable. But what makes leaders take decisions that may be perceived by employees as unfair or unjust? For example, during a crisis, leaders might be forced to take decisions that might be perceived as unjust and unfair by employees. The impact these decisions have on the employment relationship or employees' perception of their leaders and therefore trust is important.

According to fairness heuristic theory, decisions regarding whether to collaborate with the management when there is ambiguity about possible power abuse are shaped by trust (Lind 2001; Van den Bos et al. 2001). Conversely, functional significance is not the same in uncertainty management theory (Lind and Van den Bos 2002) which argues that high justice levels can lessen the impact of any form of trust related to uncertainty and reduce anxieties. Taking the same view, the perception that the organisational authority is fair might strengthen the exchange of obligations, in addition to introducing a sense of ease that reduces overall uncertainty (Colquitt et al. 2012).

Little trust in leaders may increase employees' perceptions of unfairness or distributive or procedural injustice, leading to job dissatisfaction and staff turnover

(Dirks and Ferrin 2002). Organisational justice research shows that all three types of justice, i.e. distributive, procedural and interactional, are important indicators of trust in a leader-follower relationship (Dirks and Ferrin, 2002). Additionally, organisational justice theory (Greenberg 1990) offers a cognitive view to explicate the impact of features of change initiatives on the acceptance of change (Paterson and Cary 2002). According to this perspective, employees evaluate the circumstances that impact on their well being and respond positively if they perceive fairness in the consequences of decision allocations (distributive justice), organisational procedures employed to execute the same, and the care they get from the organisational decision-makers (interactional justice) (Paterson and Cary 2002). When employees are provided with knowledge about decisions and are given a 'voice' to communicate their concerns, their perceptions of fairness improve (Bies and Shapiro 1988; Konovsky 2000; Tyler and Lind 1992).

The positive influence of justice perceptions include support from management (Greenberg 1987; Tyler and Lind 1992), commitment (Folger and Konovsky 1989; Konovsky and Cropanzano 1991; Lind and Tyler 1988; Martin and Bennett 1996; Meyer and Allen 1991; Naumann et al. 1998), extra-role behaviour (Lind and Tyler 1988; Moorman 1991), compliance (Lind and Tyler 1988), a strong feeling of identity and self-worth (Tyler 1999), self esteem (Brockner 2002; De Cremer et al. 2004), performance (Konovsky and Cropanzano 1991), trust (Brockner et al. 1997; Paterson and Cary 2002) and, particularly for the purposes of this study, employees' acceptance of change (Cobb et al. 1995; Paterson and Cary 2002; Schweiger and DeNisi 1991). On the other hand, perceptions of injustice are associated with turnover intentions (Bies and Shapiro 1987; Daly and Geyer 1994; Shapiro and Kirkman 1999), cynicism

(Bernerth et al. 2007), retribution (Folger 1993) and resistance (Caruth et al. 1985; Folger and Skarlicki 1999; Kotter and Schlesinger 1979; Shapiro and Kirkman 1999).

Shifts or variations in psychological contracts (Rousseau 1995; Robinson and Rousseau 1994) can result in feelings of perceived injustice and strong affective responses. Although the concept of psychological contracts is different to that of justice, there are, however, reasonable commonalities (Bies 1987; Cropanzano and Prehar 2001; Rousseau 1989; Tekleab et al. 2005; Thompson and Heron 2005). Generally, during large-scale organisational change, employees might perceive an imbalance in the obligations between themselves and the organisation (Lester and Kickul 2001).

Some studies (Morrison and Robinson 1997; Rousseau 1995) suggest that the degree of negative affective reactions following a perceived breach might be moderated by justice perceptions. Research by Kickul et al. (2001) show that low procedural and interactional justice perceptions together with a perception that the organisation has not fulfilled its obligations affect employees' responses towards their organisation. Furthermore, it was found that if the organisation was perceived to have breached its promises and employed inappropriate processes and methods, employees were likely to engage in 'anti-citizenship' (p. 87) behaviours with more anger towards the organisation. By engaging in 'anti-citizenship' behaviours employees are clearly communicating their disappointment and displeasure with the organisational procedures and treatment experienced regarding decisions impacting the exchange agreement (p. 88).

Overall, all justice forms, together or individually, can influence employees' perceptions of organisational change. Their responses will to a degree be influenced by the level of their trust in the leaders. Individuals' past experiences of change also determine how they view the fairness of change being implemented (Smollan 2009). Where individuals are genuinely involved in the decision-making process, they exercise more influence over the process determining the outcomes (Thibaut and Walker 1975), which is usually the main factor in people's response to change (Smollan 2009). While perceptions of the injustice of organisational change can produce affective reactions that can weaken the change process, it is likely that the change(s) introduced during economic crises will be influenced by perceived contract breach or violations if employees perceive unfairness prior to or during the change implementation phase.

One of the main roles of leadership is communication. In a crisis situation it might be critical for leaders to set up sound communication networks within their organisation to update employees on the changes being introduced, which otherwise might lead to uncertainty perceptions amongst employees. Change usually results in employees becoming uncertain regarding various features of change (Ashford 1988). Uncertainty is considered to be a threatening (aversive) experience (Schuler 1980), a feature of the "environmental or psychological state" (Bordia et al. 2004: 348). Uncertainty is more prevalent during change (Ashford 1988; DiFonzo and Bordia 1998; Schweiger and DeNisi 1991). It has mostly to do with the intent, procedure and consequences of the change and their impact on people's future career certainty and changes in structure or culture (Buono and Bowditch 1993; Jackson et al. 1987). Furthermore, psychological unease and a perceived lack of control related to uncertainty have been highlighted in the change literature (Bordia et al. 2004). Uncertainty Reduction Theory (Berger and

Calabrese 1975) suggests that people look for information through communication when they face uncertainty (Kramer et al. 2004). Lewis and Seibold (1988) consider change implementation as a communication problem and advocate adopting a communication perspective. According to them, "Communication processes are inherently a part of these implementation activities, including announcement of change programs, training of users, and users' interaction and feedback regarding change programs, to name only a few" (as cited in Bordia et al. 2004: 346).

Communication when not managed properly leads to rumours which usually hyperbolise the negative effects of the change process (DiFonzo et al. 1994; Smeltzer and Zener 1992) and lead to employees resisting change. Additionally, if communication is not well timed, employees might get information regarding the change from outside sources such as the mass media (Bastien 1987; Smeltzer 1991). Research indicates that getting information about change from immediate leaders rather than outside sources is preferred by employees (Larkin and Larkin 1994). The uncertainty that develops from ignoring such issues may lead to employees being dissatisfied and not trusting the management (DiFonzo and Bordia 1998). Schweiger and DeNisi (1991) in their study found, in a plant that was given a realistic merger preview that uncertainty was reduced and it was also protected from related dysfunctional outcomes in comparison to a plant that was given less information. By the same token, research by Johnson et al. (1996) shows that job insecurity is negatively related to the level of official communication prior to downsizing.

Communication enables the organisation to handle employee uncertainty, work satisfaction and retention, throughout and subsequent to, change, such as mergers and acquisitions and downsizing (Bastien 1987; Johnson et al. 1996). The main role of

communication during change is to lessen employees' uncertainty and keep them updated on the expected organisational procedures and policies (Bordia et al. 2004). However, communication may not necessarily reduce uncertainty (Bordia et al. 2004) and could increase it (Brashers et al. 2000). Additionally, it is not possible to eliminate uncertainty entirely (DiFonzo and Bordia 1998). Furthermore, the outcomes of honest and exact communication with employees may rely on whether the information communicated is good or bad and the procedures used to convey it (Bordia et al. 2004).

Usually, top management is itself indecisive when it comes to communication during change. Conveying information about the changes being implemented to employees can be critical, as lack of communication can lead to an increase in the psychological distance between leaders and employees (Morrison 1994) and incongruence between their perceptions of obligations, resulting in breaches (Morrison and Robinson 1997).

The attitude of an organisation towards communication evinces its culture and structure. It is important for leaders to boost open discussions and knowledge-sharing to enhance organisational excellence during a crisis (Huber and Boyle 2005). A study by Huber and Boyle (2005), on Roche, shows that by making managerial communication an essential part of the performance appraisal system, organisational performance was improved. The financial performance of Roche in the 1990s had deteriorated, and in terms of shareholder returns the company was lagging behind its competitors. According to a survey of general managers that Franz Humer, the chairman at Roche, conducted in 2001, it was found that many senior managers did not clearly understand the company's overall strategy. To cope with this, a 'Wftf' (Winning for the future) programme was started. The aim of this programme was "to

make Roche one of the top companies in the industry in terms of long term value creation as measured by total shareholder return” (Huber and Boyle 2005: 18). New criteria and measures were set up and senior managers were made responsible for familiarising themselves and all levels of the organisation with the standards thus set up. To achieve this, the organisation ensured that senior managers comprehend the concept of value-based management and also create an ambience of winning. The communication style at Roche ensured that every employee perceived the company’s strategy in a manner that increased profits (Huber and Boyle 2005). This study clearly indicates the important role that communication plays in successful change implementation.

The way employees react to a change implementation process is also influenced by the perceived organisational support (POS) (Shore and Tetrick 1994). According to Eisenberger et al. (1986: 500), employees’ POS is based on the “global beliefs concerning the extent to which [the] organisation values their contribution and cares about their well-being”. Masterson et al. (2000) believe that POS is how employees view the support of individual managers. The commonalities between POS and psychological contract theory have been highlighted in the literature (e.g. Aselage and Eisenberger 2003). According to Aselage and Eisenberger (2003), both these concepts emphasise social exchange processes and they therefore advocate the integration of both constructs to improve our understanding of an exchange relationship. Moreover, Aselage and Eisenberger (2003) observe that when assessing whether an organisation has fulfilled its promises or not, employees with high levels of POS might give the benefit of the doubt to their employer. It has also been suggested that employees not in a supportive relationship will closely monitor the degree to which the employer is fulfilling his/her share of the promised obligations (Shapiro and Conway 2005).

Employees with high POS will support the change implementation process as they may envisage it as an initiative that will incorporate their best interests (Rousseau 1996). POS reduces the strain that employees may feel due to changing psychological contracts as change is being implemented. This may be because they trust their leaders and expect them to support them and provide them with relevant information during the change process (Shore and Tetrick 1994). It is argued that employees who view their organisation as supportive will align their own gains and losses with those of the organisation; they will be prejudiced in evaluating organisational attributes and procedures and espouse organisational norms and practices as their own (Eisenberger et al. 1990). Naumann et al. (1998) suggest that the extent of organisational support provided to employees, especially during tough times, e.g. layoffs, may be quite important. It has been argued that employees who interpret their organisation as supportive will feel obliged to reciprocate with extra work and loyalty (Eisenberger et al. 1986; Settoon et al. 1996). Social exchange theory posits that organisations that have been supportive of employees will have an advantage, especially when the situation changes and becomes less positive (Blau 1964; Greenberg 1980), i.e. an image of being supportive of employees might help the organisation to develop 'credits' that can be 'cashed in' when crisis hits (Naumann et al. 1998: 359).

This section has looked at four factors which can impact on employees' perceptions of change during crisis and moderate their cognition and actions. An employee at any level evaluates the change process by considering aspects of their leaders, their trust in the organisation, perceived justice, communication and perceived organisational support. The next section deals with how the mass media influence employees' perceptions of psychological contracts during an economic crisis.

2.7 Media, psychological contracts and economic crisis

According to Coombs and Holladay (2004), a crisis is “an event for which people seek causes and make attributions” (p. 97). Usually, the public look for information regarding the crisis and assess its impact through media reports. Research by Headrick and Lanoue (1991) shows that during an economic recession people look for more information about economic conditions, and media coverage also increases tremendously (Goidel and Langley 1995). During an economic crisis considerable attention is paid to the transmission of economic news through the mass media and people actively await tidings about important events taking place in the business world. The multifaceted nature of the press (television, newspapers, radio, Internet, etc.) and the information conveyed through it shape people’s beliefs, attitudes and perceptions (Entman 1989). Hence it is vital to understand how the media portray crises.

In other words, the way the media present events (job cuts, downsizing, reorganising, compensation changes, etc.) during an global economic crisis is important, as these might influence people’s (leaders and employees) interpretations and their psychological contracts. In view of the recent global economic crisis, I believe that psychological contracts in employment relationships might be altered by the media. Whether existing psychological contracts influence the way one interprets the news or whether the news one gets influences psychological contracts is something that could be argued. For the purposes of this research I will also be looking at how media reports of economic crisis are understood and received by organisational members, how media-transmitted information develops and shapes organisational members’ beliefs and the impact it has on their attitudes and behaviours.

Influence of the mass media

Studying the impact of mass communication remains a dynamic and extensive area of research. A wide range of sources exists, dating back to the 1970s, such as papers by: Liebert and Schwartzberg (1977) on the evaluation of studies of the psychological impact of the mass media in terms of behaviour; Comstock and Fisher (1975) on the studies of television and human behaviour which may have quite an impact with regard to the significance of the social environment; Schramm (1973) which incorporates various disciplines highlighting the significance of employing such a multidisciplinary approach (Holz and Wright 1979). Agreeing with Liebert and Schwartzberg (1977), because the concepts, methods and also considerable stakes of these disciplines (mass communication, sociology, psychology, etc.) are varied, reviews on studies of the media can simply turn into an organisational mess.

The effects that the media have on people have undergone a major shift in the past few decades (McQuail 1994). During World War One, strategic propaganda was used to change or influence people's attitudes. During the 1960s, views on the effects of the media were modified and reformed, as it was found that the role of personal influence in changing attitudes was more than the influence of the mass media. In the 1970s there was a major transition in the effects of the mass media to cognition rather than attitude change (Entman 1989; Scheufele 1999). Also apparent in the 1970s was the emergence of 'agenda-setting research in political communication' (Scheufele and Tewksburdy 2007: 10). During the 1980s political effects research surfaced, often regarded as "negation models", i.e. priming and framing (McQuail 2005 as cited in Scheufele and Tewksburdy 2007: 11). Since the 1980s, a 'social constructivism' framework has helped to study how the media create a picture of social reality and its impact on people's perceptions (Entman 1989; Scheufele 1999).

A brief synopsis of all three models (i.e. agenda setting, framing and priming), how they relate to each other and their significance is provided below.

Agenda-setting refers to the notion that the media's focus on certain elements influences the significance that audiences attach to those elements. In other words, the salience of certain issues highlighted by the media influences the salience audiences attach to those issues (McCombs and Shaw 1972). This starts with the importance that the media attach to the agenda of 'objects' – entities that we have thoughts or views on. Although agendas of public matters have been the main focus of agenda-setting studies, establishments, organisations and well-known figures are other things on the media's agenda. Newspapers signal the relative prominence of objects in their everyday paper agenda. The main story on the front page, what is on page one and what is in the inside pages, the length of a headline or any other news item all indicate the salience of certain matters, people, organisations, establishments or other things in the news. Broadcast media (e.g. television) are stronger regarding the salience issue (Carroll and McCombs 2003) as they have more 'limited capacity' (Lang 2000).

Constant emphasis on a news item communicates its salience, which is employed by the people to arrange their personal agendas, to determine what 'matters', 'people' or 'things' are more prominent (Carroll and McCombs 2003). This is how the agenda of the media transfers onto the agenda of the people, over time and results crystallising in public opinion. In addition to the salience of objects mentioned so far, the salience of the features of objects is an important element of agenda-setting. The way the media stress certain aspects or features of these objects/ news items more is also important, as this is transferred to audiences (Carroll and McCombs 2003). Take the example of the recent economic crisis, media reports on the crisis in relation to organisations focused more on the sectors hit strongly by the crisis, their financials, the jobs market

in general (e.g. job cuts, increased levels of unemployment), how employees were being treated, i.e. employees' grievances, the community involvement of organisations (with some organisations closing businesses in certain countries), etc. The question now is: what news do people working in organisations share and talk about the most? What concerns and engages them most? Which issues do they think are more important? How do various media sources interact and do they have different agendas? And how does the media's agenda fit with their own?

According to Tuchman (1978: ix), the media provide "frames of reference" to audiences in order to examine and debate various situations or scenarios. Framing is predicated on a premise that how an issue is framed by the media can impact on how it is perceived by the people (Scheufele and Tewksbury 2007). Framing is usually believed to have originated in sociology and psychology: with works in psychology by Kahneman and Tversky (1979, 1984) who studied how people's pick and how their assessments of the various alternatives presented to them are affected by how different fundamentally similar decision-making situations are portrayed; in sociology by Goffman (1974) and other scholars who believe that it is difficult to comprehend the world entirely and therefore individuals continually strive to make meaning of reality or to construe their experiences (Scheufele and Tewksbury 2007). Goffman (1974) further suggests that to assess new information, individuals make use of cognitive frameworks to organise and understand information in a significant manner.

There are two constructs of framing that help in apprehending news and getting an exact picture of an event (Scheufele 1999). These are media frames, i.e. features of the information conveyed which is somewhat similar to agenda-setting, and individual frames, i.e. schemas or cognitive frameworks of individuals that facilitate interpreting and explaining information (Entman 1991; Scheufele 1999). As has already been

discussed, schemas or mental frameworks play a significant role in psychological contract formation (Rousseau 2001) and can influence people's understanding or interpretation of the news they receive. A good deal of information processing studies show an entrenchment in schema theory according to which humans arrange their understanding of their surroundings into schemas or mental frameworks which, once instigated, alleviate and mould information processing and thus provide the basis for individuals to assess and interpret their social world (Domke et al. 1998; Fiske and Taylor 1991; Graber 1988). This also indicates that people do not use all mental models to direct information processing, however they are inclined to oversample the available cognitive frameworks (Domke et al. 1998; Higgins and King 1981; Higgins and Bargh 1987). Research shows that for things that are unclear, contextual information, such as media's presentation of a subject, may instigate relevant schemas to steer the processing of information and attitude formation, unlike for things that are well-known where pertinent cognitive frameworks are readily available (Domke et al. 1998; Lau 1989; Tourangeau and Rasinski 1988; Zaller 1992; Zaller and Feldman 1992).

Such schemas, which are instigated by contextual information, are at the surface of one's cognition and hence easily available for a timeframe (Domke et al. 1998; Wyer and Srull 1989). These schemas, if viewed as relevant, may change the grounds for assessing apparently unlinked objects because assessments are usually based more on the facets of an individual's knowledge that spring to mind and less on the total range of their knowledge (Domke et al. 1998; Iyengar and Kinder 1987). A large amount of research on political communication shows that mass media's focus on certain political matters enhances the availability of certain knowledge to people, which in turn moulds the elements considered in assessing the candidates (Domke et al. 1998;

Iyengar and Simon 1994; Johnston et al. 1992; Krosnick and Kinder 1990; Krosnick and Brannon 1993; Mendelsohn 1996). This is called the priming effect (Domke et al. 1998). In other words, it happens when media reports imply that the public should employ certain issues as yardsticks to assess the functioning of political leaders and administrations (McCombs and Shaw 1972). The question now becomes, can this apply to business and economic news as well? Do people assess economic news in a similar manner? For example, layoffs and cost-cutting measures such as merit-or-hiring freezes etc. are possibly more open to varying interpretations, and for such matters the specific content accentuated in media reports probably plays a crucial role in employees' assessments or information-processing, not just regarding their organisation but in general, which may influence their behaviours or attitudes.

It has been suggested that we can discern all three models prudently by including them under the panoptic concept of agenda-setting (Scheufele and Tewksbury 2007). For example, McCombs (2004) believes that framing is just a refined form of agenda-setting. This view defines framing as highlighting the features of an object (to make it more prominent) by presenting it in various ways and thus altering people's behaviours. He calls this "second level agenda setting". However, many scholars disagree with the view that agenda-setting and priming on one side and framing on the other are predicated on a similar theoretical foundation and hence they are all an expansion of the concept of agenda-setting (Price and Tewksbury 1997; Scheufele 2000). According to Price and Tewksbury (1997), agenda-setting emphasises news item choices as a deciding factor in audiences' discernment of significant issues and, in some way through priming, the assessment of leaders. Furthermore they suggest that framing stresses not the objects or topics highlighted by the media but the specific ways these are put forth.

In the past, agendas were ascribed or attributed to audiences, media and public policy and examined on a large scale, taking the individual for granted and considering him a part of the general masses (Wu et al. 2002). In research assessing the individual's role in news intake, Erbring et al. (1980) positioned agenda-setting in relation to "audience effects". "Audience effects" involve treating "issue-specific audience sensitivities as modulators, and news coverage as a trigger stimulus of media impact on issue salience" (p.16). Past studies also fail to look into the fact that news events can become appealing to an individual for other reasons besides the media, e.g. experiences, social networks and "real world conditions" (p.18). Erbring et al.'s (1980) model also emphasises the role of social networks and proposes that they can lessen the influence of the media on individuals. Wanta and Wu (1992) suggest that interpersonal networks influence the salience individuals attach to an issue. I believe that employees' experiences of their organisation as well as the experiences of members of their interpersonal network facilitate media reports comprehension.

King and Cushman (1997) label news as a 'commercial product' (p. 12). They explain the commercial in commercial product by arguing that news as a product must yield enough return to cover the expenditure of producing and presenting it. Furthermore, they call it a product since it is developed by journalists who constantly choose from an extensive amount of information available so as to accomplish varied and sometimes opposing purposes. Producing economic news is difficult and different in comparison to ones related to events such as calamities, space launches, etc. There are various factors that are involved in it, industry gurus, economic information, statistics and various interpretations provided by different sources, which have different levels of integrity and knowledge (King and Cushman 1997). Journalists pick bits and pieces

of information to develop stories that relate to the interests, concerns and demands of the public. The craft of journalism has undergone a major change over the past few decades. Previously journalist had a more subtle role which mainly incorporated relaying authentic information based on principles of justice, impartiality and objectivity. But now they have taken on the role of 'champions of the people', whose main role is to better society by looking at various issues of unfairness, oppression and exploitation and insisting on finding solutions to these (King and Cushman 1997).

Research shows that the public are usually unaware when it comes to the economic situation (Goidel and Langley 1995). According to Holbrook and Garand (1993), how well the public analyse, evaluate or interpret economic information is debatable.

People usually get all their information on current and future economic conditions from the media (MacKuen et al. 1992) and this affects their assumptions about business, e.g. how people view and interpret unemployment is affected by the extent to which the issue is reported by local media (Goidel and Langley 1995; Mutz 1992). Research by Harrington (1989) and Stein (1975) on the relation between the economic picture presented by media and the real economic situation shows that the media have a cynical attitude towards economic conditions and spread the same attitudes among people (Dua and Smith 1993). Surveys (Case 1994; Evans 1984) show that the business world usually views business and economic news as partial, prejudiced and erroneous. Wu et al. (2002) in their article on the interaction between recession and people's perceptions highlight the difficulties in evaluating the impact of the mass media, which include determining and selecting the time period, connecting media reports to changes in people's behaviours and attitudes, and applying inferences from short-term research to longitudinal studies on broader social systems.

Quite a lot of research implies that news reports are usually inclined to be more negative than positive. The media exaggerate the occurrence of crime incidents (e.g. Altheide 1997; Davie and Lee 1995) and actions concerned with strife or crisis attract a good deal of media coverage (Bagdikian 1987; Patterson 1997; Shoemaker et al. 1991). The media were blamed for causing further damage to the economy which was already suffering in the 1990s – the phrase ‘media malady’ is often referred to. Some journalists, however, argue that the reports simply put forward the facts and do not purposefully impact on the economy (Wu et al. 2002). It has been argued that the media’s impact on people’s perceptions might be exaggerated and that people’s perceptions are rather directed and shaped by what they experience and economic indices such as unemployment and inflation (Linden 1982).

The media, I believe, around the world, highlight bad economic news more than good economic news, especially during a crisis. Is it because journalists write reports that others find interesting, that they believe negative information is more critical, considering their own interests as well as the public’s interest (Soroka 2006)? Is it just a way to make government responsible (Soroka 2006)? Or is this what the real picture is? is all unclear.

Whatever the case may be, the media do warn people of the effects of crisis (Goidel and Langley 1995).

It is important for organisations to observe the mass media during a crisis as they can have a major impact on employees’ behaviours and attitudes. Also important to note is that, in the past, broadcast media were more appealing for instant news and print media for detailed dissection (Littlefield and Quenette 2007), but this trend may be changing, with the increased use of blogs, social networking sites, etc. The latest

research shows that blogs are becoming increasingly popular amongst people for instant and detailed information, which may be because blogs put bloggers in direct contact with other people (Procopio and Procopio 2007). This is also an important factor that adds to the overall impact of the media on employees' psychological contracts, which can have serious consequences as people usually trust the traditional mass media to be reasonable and unbiased, unlike blogs which are prejudiced with bloggers presenting or articulating their own views (Drezner and Farrell 2004; Xenos 2008). Unlike journalists who are restricted by time-consuming editorial practices, bloggers can publish very quickly (Liu 2010).

This section has reviewed the mass media's effects on audiences by discussing various frameworks and the interplay of various factors that might affect people's perceptions of the changes implemented by an organisation during a recession.

Guzzo and Noonan (1994) indicate that an organisation's HR practices provide most of the knowledge employees require to evaluate whether their contracts have been adequately fulfilled. The literature review therefore next engages with the topics of training and development, performance management and reward management, and how these have been impacted in recession, which might impact the psychological contracts within organisations.

2.8 HR practices, psychological contracts and the economic crisis

Much research has been done into the HRM practices and strategies implemented by organisations in post-recession and post-downsizing scenarios (e.g. Cameron 1994; Emshoff 1994; Hiltrop 1995). Psychological contracts are shaped by formal written employment contracts or organisational processes, ones that are typified in staff handbooks and HR policies or organisation's actions such as press releases, leadership

styles and implicit organisational rules (Flood et al. 2008). It has also been argued that the psychological contracts of employees can be affected by strategic choices (Tsui et al. 1997) of the organisation. Organisations adopt HR practices based on their strategic business choices (Schuler and Jackson 1987), which then lead to the formation of psychological contracts of employees (Rousseau and Wade-Benzoni 1994). Strategic decisions need top executives' involvement and participation, necessitate apportioning huge amounts of organisational resources, value long term continuity and take into account the organisation's internal as well as external conditions (Pearce and Robinson 1982). In other words, decisions regarding strategies and therefore HR practices are taken via social collaboration, which also makes leadership a more important element in organisational working and success (Rousseau 1995).

Organisation's HR policies communicate to employees what they are expected to provide and what they will receive in exchange (Rousseau 1995). Research has shown the significant and vital role of the organisation's human resource practices in impacting and shaping employees' perceptions of psychological contracts and organisational performance (Guest 1998; Hiltrop 1995; Rousseau 1990; Rousseau 1995; Sims 1994). It is not realistic to expect an entirety in an employment agreement (Rousseau and Greller 1994), although employment contracts should specify the functions or work, employees are expected to perform and the rewards they can expect in return. These employment contracts have discrepancies which both organisational leaders and employees try to fill up (Heath et al. 1993). Individuals experiencing uncertainty try to put things together via interpretation, assessment and conjecture (Daft and Weick 1984). Unlike old times, in contemporary times employees rather than the organisation are at risk, previously borne by the organisation. Contemporary

work settings (irrespective of crises) have seen many changes in employment agreements, e.g. such things as job security, assured salary raises and career advancement are no longer there (Singh 1998). HR practices now are designed to correspond to the varying levels of risk employees are expected to carry (Rousseau and Greller 1994).

The way individuals perceive and make sense of what they see or receive during hiring, performance appraisals, job rotations and advancements lay the groundwork for comprehending the employment agreement (Rousseau and Greller 1994).

Furthermore, most HR practices are likely to impact many people at the same time. For example, during an economic crisis, the announcement of a pay freeze or training cuts might be the focus of extensive debates or shared sense-making than would be the remarks or feedback received during appraisals. Irrespective of whether sense-making or interpretation is isolated or shared, it might be useful for the organisation to shape the sense-making process which could be done through communication (e.g. clearly communicating or sharing information with employees through formal meetings about upcoming changes to be introduced). Otherwise, employees are left to speculate, which might be detrimental to the organisation.

2.8.1 Training and development

In the recent economic crisis, organisations adopted various cost-cutting measures and spent carefully on training and the development of employees (Anderson 2009; CIPD 2008). The question now becomes: how did these impact employees' psychological contracts, especially in contemporary work settings which no longer offer long-term employment?

This section provides a brief synopsis of the importance of training, how training investments have been influenced by the economic crisis and a brief discussion of the concept of employability and the ideology of self-reliance.

Impact of training

The foundations of human capital theory rest on the notion that people have skills, expertise and experience which have economic value to the organisation (Becker 1964). Becker (1964) believes that education as well as the knowledge and experience gained through training enable people to increase their human capital. Training includes both formal (e.g. apprenticeships and traineeships) and informal training (part of day-to-day work) programs. Becker further states that education is not enough to equip a person with the knowledge and expertise needed for the job. Finishing school marks the end of a more basic stage and the commencement of a call for more advanced and usually lengthy training as employees join the workforce (Becker 1964). Increased human capital amongst employees can enhance the organisation's performance and enable it to achieve competitive advantage (Flamholtz and Lacey 1981; Snell and Dean 1992). In the employees' view, a willingness to develop their human capital offers greater future benefits, such as improvements in earnings and job security, which is why they undertake training.

Moreover, employee motivation and commitment are significantly influenced by the organisation's approach to training (Meyer and Allen 1991). A lack of training can lead to decreases in output, customer satisfaction, teamwork and job satisfaction (Longenecker 2007). Organisations provide training to employees to increase their skills so that they can perform their work functions effectively, as a way to increase their staff effectiveness (Sahinidis and Bouris 2008). However some organisations

develop a strategic plan to prepare for the future and are therefore committed to provide employees with essential training so that they can learn different skills and thus solve issues or work problems that they may not face presently but might in the future (Sahinidis and Bouris 2008). These steps can lead to an increase in employees' motivation and commitment as they value the organisation's commitment to providing them with training opportunities. These employees are likely to be satisfied with their jobs and put in extra effort (Sahinidis and Bouris 2008).

Research by Tai (2006) shows that two main issues that organisations have been facing in recent years are rapidly changing technology and an ageing workforce. Tai (2006) further suggests that it is important for organisations to step-up their spending on training so as to have skilled and adaptable staff and sustain high performance (Tai 2006). Training programs help to equip employees by providing them with the necessary skills to cope with their job requirements (Chen et al. 2004). Employees who believe they are not skilled enough to do their job are likely to leave (Chen et al. 2004), while those who choose to continue will not be able to achieve the performance level expected by their organisation (Kanelopoulos and Akrivos 2006; Sahinidis and Bouris 2008). Job dissatisfaction as well as the intention to leave increase with the increase in difference between skills employees actually have and the skills they need for their roles. Organisations usually try to close this gap by undertaking training programs as they realise the need to upskill their employees (Sahinidis and Bouris 2008).

Economic crisis and training investment

According to the 'The War on Talent' report by CIPD (2008), the economic crisis severely affected the learning and development budgets of organisations. Moreover, a

report by the Chief Learning Officer (Anderson 2009) suggests significant variations in the training budgets of organisations during the economic downturn. Chief learning officers tried to utilise their resources efficaciously by focusing on significant domains that yielded quick returns (Anderson 2011). According to the same reports, training areas that were expected to develop during the economic crisis included in-house training, E-learning, informal learning, business skills, career development and leadership and executive development (Anderson 2009, 2011).

An important point that needs to be highlighted here is that investing in employee training and development is considered a cost in an economic crisis. Whether organisations should focus more on retaining employees and invest in survivors who could revitalize their organisation or should they continue operating lean until the situation stabilises may depend on the type of industry they are operating in. However, it is not just the recent global economic crisis but the past few decades that have seen constant organisational attenuation whereby organisations focus on cost efficiencies through workforce reduction, outsourcing, innovation etc. and therefore formulate new plans to adapt quickly to changing markets. According to research by Rajan (1997) on the financial services sector it was found that 100,000 jobs were lost across the world in the period from 1991 to 1994 (Martin et al. 1998).

In general, changes such as layoffs or restructuring have resulted in change in employment relationship by jeopardising the reciprocity of unwritten agreements, impacting leaders as well as the employees (Herriot and Pemberton 1996; Herriot et al. 1997). These changes reflect employees' views regarding increased job insecurity due to recession, employers' demands regarding increased flexibility from their employees and changes in the customary remuneration and employees' career advancement system. On the other hand, the focus in the contemporary business world

is on turning the organisation into a 'learning organisation' where employees are given control over their role, their training and career paths (Hendry and Jenkins 1997; Martin et al. 1998).

It is therefore important to understand how organisations protect their human resources during an economic crisis, how various measures taken impact employees, and as organisations struggle to provide job security especially during an economic crisis, should they provide training to employees to make them more employable?

Concept of Employability

Employability implies employees' capability and propensity to be employable, internally as well as externally. Thijssen (1997) differentiates three types of employability. The first signifies employee's potential to secure varied jobs and perform effectively in them. The second incorporates a broader perspective as it takes into account employees' potential as well as propensity to perform well in different jobs. The third, in addition to individual factors, takes context into consideration as a factor that may hamper or promote employability, e.g. training opportunities that are available to employees. To establish employability it is important for employees as well as organisational leaders to communicate in order to create a climate of understanding, cooperation and learning (Bagshaw 1997; Edwards et al. 2003).

'Employability' thesis and 'employee-driven demand' for training

Employee training and the increase in job insecurity have been described in an 'employability thesis' (Rajan 1997) and 'employee-driven' demand for training (Martin et al. 1998). An employability thesis is where organisations which cannot offer lifelong employment to employees give them opportunities to advance, which improves the employer's brand and at the same time protects employees by making

them more employable. In return these organisations demand flexibility from their employees (Herriot et al. 1997; Johns 1997; Martin et al. 1998).

‘Employee-driven’ demand for training reflects that investment in training and development is demanded by employees from their organisation which can no longer guarantee them employment continuity. When it comes to training and development, employees may have high expectations from their organisation and may become demotivated by what the organisation actually provides (Beard and Edwards 1995). Martin et al. (1998) argue that the changing markets, layoffs, varied work options and the availability of attractive alternative jobs influence employees’ views, which in turn impact their outlook vis-à-vis training and development. Therefore, they may be discouraged when they find discrepancies between what they expect and what the organisation delivers.

Research in recent decades shows how psychological contracts have been altered due to increases in competition as more organisations are working in a leaner and efficient manner (Herriot and Pemberton 1995; Hutchinson et al. 1996; Kanter 1989).

According to Kessler and Undy (1996), three main issues that changing contracts result in and that can be worrisome are organisations’ inability to provide assurances to employees regarding their job continuity, a decrease in employees’ loyalty towards their organisation along with an increase in distrust of their leaders, and discrepancies in what employees expect and receive from their organisation in terms of their involvement in matters of remuneration, employees’ well-being and target-setting (Martin et al. 1998). These issues usually develop due to culture change initiatives that emphasise external customers over internal customers, leading to discontent among employees (Herriot et al. 1998). During an economic crisis organisations may not consider investing in training as an ideal option as they cannot guarantee long-term

employment to employees due to unstable markets, and therefore may not provide training to employees who may not stay with their organisation.

The 'enlightened employer' is a concept whereby employers provide their employees with training and development opportunities to increase their employability so that they can gain employment elsewhere (Kessler and Undy 1996; Martin et al. 1998), especially when markets are volatile and organisations might have to lay them off. In exchange for this, employees are asked for more flexibility in terms of working hours and ways of working (Herriot et al. 1997; Johns 1997). This approach has been visible across various organisations; for example, in the survey conducted by Rajan (1997:73) on the financial services sector, it was found that 60 per cent of organisations claimed to substitute job security with an employability approach, at least to some degree (Martin et al. 1998).

However, Herriot et al. (1998) believe that these changes in the psychological contract have been thrust upon employees by their organisations and are not something that every employee willingly accepts. Taking the example of job security, employees conform to the reduced job security situation by evaluating the extent of the possible impact of downsizing on their jobs. Plus, employees are less powerful and have little say in the employment relationship and may therefore view job security as something that is not definite, and hence they may focus on training or up-skilling to increase their job prospects. Therefore it is the employees who ask for training opportunities which has resulted in their increase in the workplace (Thomson et al. 1997).

Either way, employability is the pivotal aspect of a changed employment relationship which reinstates equilibrium to the employee-organisation exchange. It envisages a settlement whereby both employees and organisations accept job security as

something that is improbable (Sharpe 2001). It signals a shift from relational psychological contracts to transactional psychological contracts that are based on clear expectations of high performance from employees in exchange for high wages as well as training and development opportunities (Sharpe 2001).

Some researchers believe that the idea of employability is more easily embraced by employees if the organisation has been explicit about it. According to O'Reilly (1994), some powerful organisations consider it helpful to provide employees with explicit details so that they can decide on their career path (Sharpe 2001). Many organisations provide employees with clear information, either through weekly meetings, newsletters or other media, or by assessing their perceptions about their leaders through surveys etc. (Rajan 1997). However, it has been found that it is mostly information on performance or remuneration rather than the nature of employment that is conveyed to employees (Townley 1994), thereby creating problems.

There are many factors that make it difficult for both employees and the organisation to adjust to the idea of employability. These include:

1. Organisations can face issues with the idea of employability as the workforce may not easily accept it, especially those who have been in their job for a very long time.
2. Different employees view their work differently and have different career aspirations, which organisations have to realise.
3. With the economic downturn most organisations might trim down their HR budgets due to lack of resources and therefore may not be able to provide employees with training and development opportunities.

4. Some employees “view their employment with their current organisation as a stepping stone to other firms” (Rousseau 1990: 392). In other words, they stay with their current organisation because of the training opportunities that are provided and may leave on completion of them. So organisations will not invest in employees who may move to other organisations and therefore do not accept the notion of employability (Sharpe 2001).
5. Recent graduates in new jobs may not perceive job security in the same way as those who have been in their job for a long time (Sharpe 2001). They may not consider job insecurity as a loss. During an economic crisis the impact of redundancies proposed by the organisation may have a different impact on their psychological contracts in comparison to those of experienced employees who may or may not easily adjust to the changed contract terms.

Ideology of self-reliance

Ideologies or beliefs offer a schema or mental model which lessens the ambiguity about an event that an individual experiences, emphasising certain features or facets of the event and understating the rest (Edwards et al. 2003). For example, during recessions, layoffs are events which are highlighted and how employees analyse and interpret these is important.

According to the ideology of self-reliance, employees are responsible for their own employability, which is no longer the organisation’s responsibility (McKinley et al. 1995). This implies that employees who believe in this ideology do not consider job security to be an obligation that the organisation should provide them with. This further suggests that employees who believe in self-reliance may not consider redundancies that organisations impose to be a contract breach. The ideology of self-

reliance provides a different outlook on layoffs and the chaos accompanying them. It is viewed as a phenomenon that leads to less breach of psychological contract among organisational members. Employees with a strong belief in self-reliance would not consider redundancies as blameworthy unlike employees with a weak belief in this ideology who would regard layoffs as a breach of the psychological contract (McKinley et al. 1995; Edwards et al. 2003). During an economic crisis when the jobs market is weak, the ideology of self-reliance may not work in the same way as it does in normal circumstances. With a lack of alternative employment opportunities employees may have an expectation from their organisation to keep them employed, or there is possibility they may not consider redundancies a contract breach if they perceive it as an event which is unavoidable and quite prevalent today

2.8.2 Performance and Remuneration Management

This section first reviews the impact of the global economic crisis 2008 on the remuneration and performance management of employees across the world and then discusses the interplay between performance management, reward management and psychological contracts.

Impact of the economic crisis on performance and remuneration management

As the world economy slipped into recession in 2008, cost-cutting measures emerged with organisations making thousands of employees redundant and instituting pay freezes. The effects of crisis were visible across all sectors. Rewards in a downturn survey (2009) conducted by Hay Group showed that the economic crisis impacted the compensation and benefits and future career opportunities of employees across the globe. Remuneration was also affected in all nations with pay hikes at or below

inflation rates. Additionally the survey revealed the workforce in 36 per cent of organisations across the world experiencing pay cuts and salary freezes.

A survey conducted by Tower Perrin in 2009 showed that the majority of organisations across the world were eliminating merit increases, freezing wages and in some cases actually terminating base pay. Other surveys conducted by Tower Perrin in 2008 and 2009 indicated that most remuneration and compensation boards were facing difficulties in setting performance goals or objectives under incentive compensation plans with organisations deciding to give more power or freedom to define or set awards or incentives, establishing a lower threshold level of performance and increasingly employing relative performance indicators where the average performance of the industry is considered and revenue growth is set in accordance with it instead of having “fixed growth rate” (Tower Perrin 2009).

Compensation constitutes a significant proportion of the organisation’s expenditure or total operating expenses (Milkovich and Newman 1987) and has a significant influence on employer branding and enhancing performance across business divisions; as a result, some remuneration or reward decisions are probably strategic.

Furthermore, it is important to understand how these strategic decisions influence employees’ perceptions during an economic crisis.

As has been already discussed, the employment relationship is more positive and satisfying when the contributions of employees are reciprocated by the organisation over time through organisational inducements (Vaughan and Hogg 1998). However, when the actions of employees are not reciprocated by the organisation in the way expected by employees, the employment relationship is negatively affected (Cropanzano and Mitchell 2005).

Rewards and psychological contracts

Rewards are a significant incentive in the employment exchange agreement (Gerhart and Milkovich 1992). They have been identified as a vital constituent of psychological contracts, delineating the exchange agreement between the organisation and the employees (Lucero and Allen 1994). Rewards and compensation packages aligned with what is expected by the employees inspires them to work more, beyond what their roles are, get experience and develop competencies (Hiltrop 1995).

Compensation can be monetary, such as remuneration or bonuses, or indirect, such as health benefits, travel, etc. Research has identified “pay” and “pay for performance” as significant organisation obligations (Robinson 1996; Rousseau 1990) which can have a profound impact on employees’ perceptions about the exchange relationship (Rousseau and Ho 2000).

Employees that are happy with the inducements provided by the organisation are more adjustable; react compliantly to organisational changes and work more readily to achieve organisational targets (Argyris 1964; Ostroff 1992). However it might not be easy for employers to know what types of incentives will encourage and motivate employees to contribute effectively to organisational growth. Understanding these might be crucial to maintaining a successful employment relationship, especially in a crisis marked by uncertainty and chaos. As has already been discussed, the recent economic crisis has impacted employee compensation in organisations across the world. Pay for performance with the introduction of variable pay can give organisations the power to check costs and reward employees only when they have enough funds for it, which might impact the psychological contracts. This research will also be looking at how changes in compensation and benefits are perceived by employees and leaders and how these impact their psychological contracts, especially

in times when organisations might not be able to afford to offer these benefits and when employees' survival might be at stake.

Performance management and psychological contracts

Performance management is a process that involves the inclusion and engagement of both employees and leaders to make sure that there is progress in performance and that appropriate strategies are chosen to attain it (Hartel et al. 2007). According to Armstrong and Baron (2004), performance management is a strategy that is linked to all the organisational processes that are set up, considering its culture, structure, manner of communication and HR procedures and guidelines. The characteristics of the performance management system that contribute towards contract-making are specifying the job description, fair, well-timed and precise appraisal of an individual's performance, fair allocation of rewards and advancement opportunities and appropriate feedback (Rousseau and Greller 1994). Appraisals and reviews are considered one of the main concerns and major contributions of HR towards the changing exchange relationship (King 2000). Having a precise performance appraisal process proves to employees that the organisation's top leaders have the necessary managerial ability required to drive and manage them. The extent to which the organisation's top management value their employees is influenced in a positive manner by having a precise and clear performance appraisal process, one that evaluates performance so that it can be readily acknowledged by the organisation (Mayer and Davis 1999). Such a performance appraisal process enables employees to grow and progress, as it provides them with constructive feedback. Moreover, it also gives them a sense of accomplishment or enhances their "psychological success", as it allows employees to set their own goals, align these with the organisational goals, and assess their own performance (Argyris 1964). In organisations with a performance-

based pay system, increasing the precision of the appraisal process gives employees more chances to accomplish positive financial and psychological results, which will increase their trust in management (Mayer and Davis 1999). For leaders to concentrate on processes or functions that are important for organisational survival and at the same time evaluate employees' performance in a fair manner against reasonable criteria might be difficult during an economic crisis. This research will therefore also focus on the steps that organisations take, i.e. how they approach the whole performance management issue and how this impacts employees' psychological contracts during an economic crisis.

2.9 Model of the literature review

In this section, I am presenting a model which is derived from the literature review and includes as many relevant factors as possible responsible for altering psychological contracts during the economic recession. The aim here is to help readers see the connections between various concepts covered in the literature review as well as the levels they might be operating at. The model suggests that an economic recession can lead to change events within an organisation which trigger individual sense-making eliciting different cognitive, affective and behavioural responses. The factors that can influence people's perceptions of exchange relationships, their sense-making and their responses to change events have been divided into three groups, some relating to people's perceptions of leadership ability and trustworthiness; some relating to people's perceptions of the organisational support, communication, justice and its human resource practices and some relating to people's perceptions of the mass media reports and therefore the situation during recession. There are several possible overlaps between the different factors which might be operating at different

levels; individual, organisational, societal and national. It must be noted that this model is not being tested but various factors included in it are being explored through qualitative methods, more of which will be discussed in the next chapter.

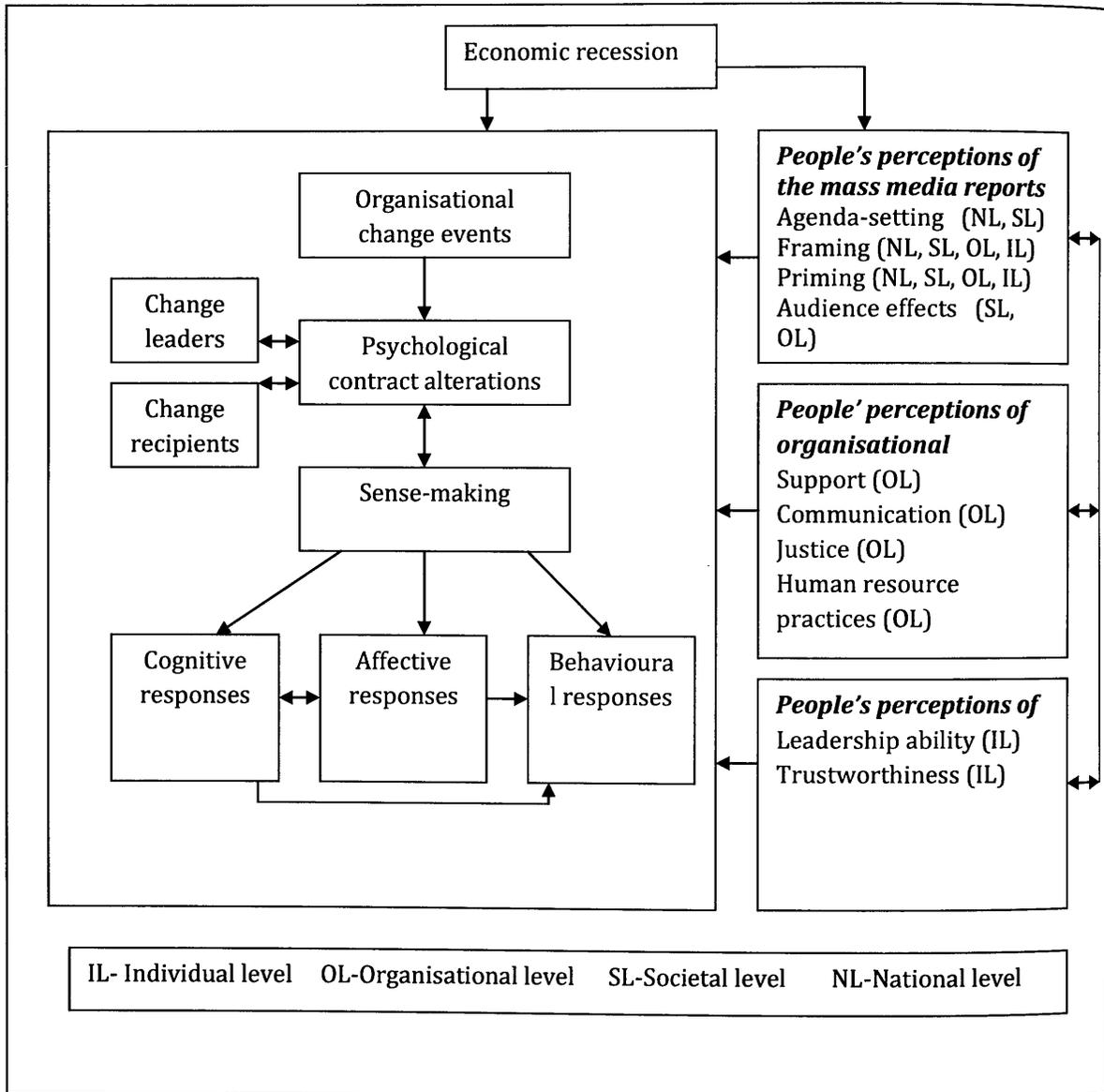


Figure 2 Model of the literature review

2.10 Summary of the Literature Review

The recent economic crisis has been arguably the most serious one faced by the world since the 'The Great Depression' (International Labour Office 2009). An economic crisis is a time when organisations in most sectors face turbulent markets, emphasising the need for organisations to change so as to sustain themselves. Change process usually results in change in employee-organisation association. When the change implementation process starts, employees are likely to find inconsistencies between their objectives and organisational objectives, which may result in a reluctance to change. Changed organisational working, settings, contracts etc. may affect people's views and perspectives of their work association with the organisation, which may affect their attitudes or behaviours. This is why it is important to understand the construct of psychological contracts when implementing change (Schalk et al. 1998). Additionally, increasing uncertainty incites employees to re-evaluate their contracts (Shield et al. 2002; Guzzo et al. 1994; Sels et al. 2004), and if contracts are not managed carefully they may encumber organisations' ability to conform to changing environmental conditions.

A number of key points have surfaced from the literature review. Firstly, although the psychological contract involves two parties, employee and employer, most studies have assessed the psychological contract from the employees' viewpoint, paying less attention to the employers' side of the story (Metz et al. 2012). This study will, therefore, look at the perspective of the different parties involved in the change process during an economic crisis, some of whom may be playing multiple roles in the change.

The literature review has further presented various frameworks so as to better comprehend individuals' responses to change with more emphasis on sense-making. Change of a significant degree, as economic crisis, necessitates sense-making as individuals attempt to assess and revisit their schemas (Lau and Woodman 1995). The literature review has also explored the intersecting role of various factors in the internal and external environments during change, which influence people's responses to change during an economic crisis. With respect to the internal environment, a repertoire of factors can add to people's perceptions of the psychological contract during change, such as leadership, trust, communication, justice, organisational support and HR practices. Additionally, what is worth noting is how the psychological contract literature has constantly missed out the role of the mass media (an external factor) during economic crises that could help to understand individual's psychological exchanges through more clarity.

Change can be seen as generating a sense of loss or win for an individual (Wolfram Cox 1997) and might result in positive or negative reactions. What a person considers to be more prominent for him/her could reside in one or more of these factors. Furthermore, the links between all these factors have been explored as a background to the study, to better inform the analysis and understanding of participants' descriptions and perspectives as they face change during an economic crisis.

This study looks into how psychological contracts are altered during organisational change led by economic crisis. This involves looking at how people see various factors that revolve around organisational change, e.g. factors of organisational leadership, trust, justice, communication, media and HR practices. Examining these will enhance the understanding of how change led by economic crisis is perceived by change agents, what are the experiences of the employees who have experienced

psychological contract breaches or violations, which components of the psychological contract have been impacted the most during crisis; and although components of the psychological contract undergo continuous shift or evolution, has the economic crisis stimulated change in psychological contracts by infusing instability into the employment relationship? The methodology chapter that follows looks at the philosophical paradigm as well as the methods that allow the researcher to understand the perceptions of participants as they face economic crisis.

CHAPTER 3: RESEARCH METHODOLOGY AND METHODS

3.1 Introduction

As stated in Chapter One, the scope and aim of this research is to investigate and add to the growing body of research and debate about how change (in this study economic crisis) influences people's perceptions of their psychological contracts. In this research, various aspects of change responsible for influencing psychological contracts are explored. Page 12 of Chapter One sets out the purpose of this research in greater detail. This chapter explores the research methodology that has directed and shaped my research.

The overwhelming array of literature on the methodological and philosophical choices made me think about the ways which would best demonstrate my evolving ideas within a suitable methodological framework. This chapter presents this repertoire of methodological understandings which have guided my approach and encouraged me to look at different elements of the research process. This chapter is divided into two sections: Section I and Section II. The first discusses two major research paradigms, positivism and interpretivism, before bringing into the picture the philosophy of critical realism, which informs this research. This comparison eventually assists in addressing questions that any social science inquiry raises and also adds to the conclusion: Why do I employ CR to conduct this research and how does it assist and contribute to it? In the second section of this chapter I explicate the grounds for choosing qualitative methods, case study approach, and the trustworthiness of the research. The second section of this chapter also presents the processes of data collection and interviewing as well as participant description and data analysis process.

Before discussing my methodological approach in depth, it is relevant to give some thought to what Janesick (1994) defined as a preoccupation within the social sciences, that she labelled 'methodolatry'. According to her, methodology has become like an idolatry in which unconditional focus on the method undermines or ignores the content of what is being told. I do share the same stance of not being comfortable with some current attachments to methodology; however, at the same time, I acknowledge the importance of explicating and clarifying basic philosophical and methodological assumptions that direct and shape my research (Easterby-Smith et al. 2002).

Therefore, though I recognise the importance of refraining from unnecessary preoccupation with methodology, I also recognise the importance of knowing and comprehending the background (in terms of philosophy and methodology) of the study one plans to undertake, as this helps in formulating a structure that will lead to better results by encouraging and promoting good research practice (Snape and Spencer 2003).

3.2 Section I

3.2.1 Philosophical and Methodological Issues

There has always been much discussion about philosophical and methodological issues and their significance. This includes assumptions on the nature of reality and what we think reality is, whether it exists, what its components are and their interdependency (ontology), the nature of knowledge, i.e. how we are supposed to recognise reality (epistemology), and in what way we can methodically and in orderly fashion obtain what can be known about reality (Grix 2010; Merriam 2009). Grix (2010) believes that "it is only with a clear understanding and recognition that a wide variety of ontological positions actually exist and can lead to different results, that we

begin to engage with other scholars' work” (p. 60). The methodology employed by any researcher is guided by the ontological (Easterby-Smith et al. 2002) and epistemological position he or she holds (Grix 2010). However, it may be noted that the interaction between our philosophical grounding and methodological choices is to a greater degree influenced by the ‘social context’. We see what other researchers in our discipline are working on, the trends in methodology and research areas, i.e. what is appropriate to research for social science researchers, research grants and research publication prospects, the information or details available to us to complement our research, competition and disagreement between and among people in our occupation and finally bureaucracy, which may be implicit or explicit (Oakley 1999).

With regard to examining the ontological grounds of the literature, one significant concern is the role of theory in various philosophical underpinnings that could possibly relate to the psychological contracts construct. One of the concerns with regards to ontology is that the psychological contract as a term may be rarely addressed by the participants, although they may easily give information regarding the employment-exchange relationship. This shows that if a researcher is studying a particular theoretical construct such as the psychological contract or LMX exchange theory, then the study has to be tailored in a manner that transfers the research focus to the specific construct of relevance. There are divergences between the ontological positions with regard to the research design as to whether knowledge is obtained from participants by giving them the autonomy to speak about the topic as they like or whether theory should be forced upon to them so as to generate meticulous data. Therefore, some ontological approaches might be more suitable with respect to philosophical congruity to examine the construct of psychological contract (Gallagher 2008).

The next section therefore discusses various philosophical positions, thereby exploring different ways in which psychological contracts have been investigated.

Positivism

Positivism is a panoptic term which converges or shares common ground with different approaches, such as scientific explanations, behaviouralism, operationalism, etc. Positivism is an objectivistic view of the world which is based on the notion that the world exists independently of the human mind or thoughts. Positivists believe that causes and outcomes of the 'social' world can be ascertained in a valid manner (Grix 2010). Positivists' premises are based on explanation, hypothesis generation and testing. They therefore argue that the properties of the social world should be defined and observed using 'objective' scientific methods (Easterby-Smith et al. 2008).

Moderate forms of positivism are accommodative of reality being observed indirectly through large-scale sample surveys of individuals, groups and organisations. The data here are presented quantitatively to recognize patterns of behaviour, thereby testing the hypothesis and evolving new ideas (Easterby-Smith et al. 2008). The majority of psychological contract research has been conducted based on this philosophical approach, specifically with regard to the field's focus on quantitative methods. An example of such a study is that of Coyle-Shapiro and Kessler (2000: 13) that tests the hypothesis, "fulfilment of the psychological contract by the employer will have a positive effect on employees' perceived organisational support". With regard to ontological suitability, this study centres on the construct of psychological contract as per the questionnaire design (e.g. the choice of words with respect to item signifiers, that switches the focus of analysis as intended) (Gallagher 2008). In other words, the

approach clearly asks participants to rate the extent of the fulfilment of the obligations by their employer on a response scale.

However, as will be discussed later, quantitative studies add to the conceptual understanding of the concept in a restricted manner. Therefore, the use of a quantitative design may be more beneficial as a part of mixed-methods approach to show another viewpoint on the psychological contract.

Interpretivism

Unlike positivists, interpretivists believe that reality is not discovered or defined by objective methods but is created through communication or exchange among people or social agents (Hacking 1999). This exchange is a medium for discussions, approvals and contestations, producing flexible and stable structures (Giddens 1979, 1984). Interpretivist approaches help to gain insights into the way people develop cognisance or awareness of different situations, define their cognitive processes and interpret their subjective accounts. Thus interpretivists believe that researchers, being part of reality, cannot be separated from what is being researched (Fairhurst and Grant 2010; Grix 2010).

With regard to psychological contract research, some interpretative (phenomenological) studies (e.g. Millward 2006) do look into subjective descriptions of individuals regarding psychological contract violation, although such approaches examine 'general work exchange association'. The psychological contract as a concept, however, may perhaps be incorporated with other similar organisational management concepts to look at complexities and understand people's meaning and construction (Gallagher 2008), as can be seen in the research by Millward (2006) on the experiences of maternity leave in women and their subsequent return to work.

Violation issues that surfaced in the research included feelings of being marginalised during pregnancy and an obligation to commit to organisational performance on return to work.

As of now, psychological contract studies are dominated by quantitative research designs (Conway and Briner 2005). However, for future studies, Conway and Briner (2005) recommend using phenomenological approaches although they are not clear about ontology. With studies employing the psychological contract concept with this ontological perspective, meticulous inductive research looking at idiosyncratic employment agreement could possibly infer that the concept of a psychological contract is not pertinent as the themes and findings should evolve from the data themselves. Psychological contract research is likely to fall into a rut if only the psychological contract construct in particular is being looked at; thereby increasing the discrepancies in inductive research if the research premise and rationale are not well defined (Gallagher 2008).

On the whole, more insights into the field of psychological contracts could be provided by an ontological position which engages with the concerns discussed, one that moves the research focus onto the psychological contract through research rationale and procedures, considers the social construction of reality to an extent, and accommodates other relevant theoretical models. I will, therefore, now turn to an examination of an alternative approach – critical realism – which has surfaced as one of strong approaches in the field of social and psychological sciences.

Introducing critical realism

The psychological contract has been theorised in the same way as other constructs, such as job satisfaction and organizational commitment. The greater emphasis put on

an individual employee's perceptions in psychological contract studies raises concerns over the overlap between assessments of the psychological contract construct and of job satisfaction and commitment (Guest 1998). Such an approach investigates psychological contracts in relation to a 'successionist' view of causality (A caused B), making it more compatible with the quantitative analysis of large samples of individuals or organisations, thereby reinforcing the nomothetic outlook of the construct (Gallagher 2008). However, as discussed in the literature review chapter, psychological contracts are grounded in individual schemas (Rousseau 2001). Though distinctive, conditioning of the schemas to match those of the organisation's representatives is emphasised with regard to how the construct of the psychological contract should be looked at, thus shifting the analytical focus to small employee samples. However, Rousseau (2001) does not explicate the ontological stance in depth with a focus on cognitive or mental frameworks as an important aspect of psychological contract formation (Gallagher 2008).

With respect to philosophical underpinning, this shifts psychological contract research to the critical realist paradigm. Critical realists have attempted to apply empirical realism to social and psychological research (Bhaskar 1989). Critical realism could be useful in understanding and looking at the generative structures and mechanisms of psychological contract breach or fulfilment. Critical realism as an approach seems ideal for the thorough, comprehensive and explanatory case study research being prepared for the impact of recession-led change on psychological contracts in organisations. The grounds for selecting critical realism are specified below.

Basic assumptions of critical realism

There are varying views of realism (Hunt 2003). I primarily adopt the accounts of Bhaskar (1975) and Sayer (2000), as their descriptions of critical realism are more inclusive and thorough and therefore make it less difficult to show how critical realism as a philosophy is suitable for case research while at the same time providing an outline for its use in practice.

One of the main assumptions of critical realism is that reality is external and independent of our knowledge and interpretations, being divided into three different realms and domains, as shown in Figure 3: the empirical (which comprises what observers experience either directly or indirectly); the actual (which comprises events which may not necessarily be experienced or apprehended in a changed way by observers; the real (which comprises generative mechanisms that cause events) (Bhaskar 1975).

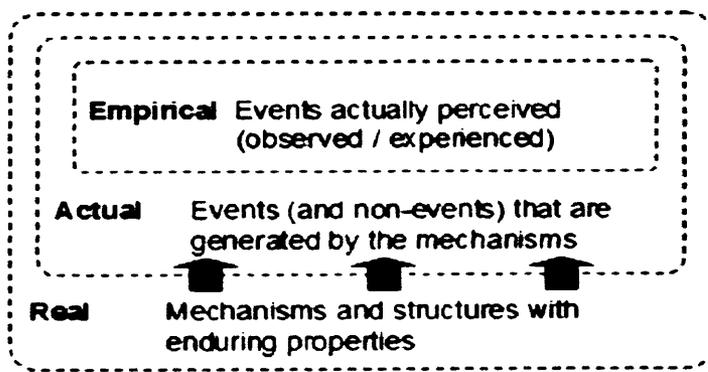


Figure 3 Domains of the real, the actual and the empirical (Mingers 2004: 91)

It is the realm of the real that has major and special significance in Bhaskar’s work. Though not perceived directly, this level is still seen by Bhaskar as ‘real’ in some manner. “The domain of the real is distinct from and greater than the domain of the empirical” (Bhaskar 1998: xii). It is real as it causes the production of events. Houston

(2001) explains this through the example of a magnetic field and iron filings. In the realm of the empirical, iron filings oriented in the magnetic field can be observed. However, to elucidate this phenomenon adequately, one has to recognise that there is an invisible causal mechanism (a magnetic field) working which is responsible for this property. In adopting a multilevel ontological perspective in this research, I believe that at the realm of empirical 'experiences' can be observed; this is done here by gathering data on respondents' experiences and perceptions through interviews, these experiences form the elements of 'events', in this case organisational change recognised in the realm of the actual which is the result of 'mechanisms', i.e. turbulence (global economic crisis), in the realm of the real. Introducing change into organisations may be observed as an actual response to chaos in the realm of the real.

The other main view regarding working of causal mechanisms is that they operate in 'open systems'. Critical realists therefore suggest that the natural world consists of a repertoire of distinct systems, having their own discrete (counteracting or complementary) mechanisms, the collective effect of which makes it hard to foretell the result of any interference. It can be concluded that critical realists postulate that mechanisms give rise to 'tendencies', instead of advocating metaphysical determinism. Houston (2001) explains these points through this example: According to nomological determinists, inhaling mycobacterium tuberculosis will cause tuberculosis in a human being. In other words they advocate that events are bound by simple causal relationships which can be confirmed through experimentation. With respect to the individual in this example, there is a probability that the person may be infected by tuberculosis but still be fit, which may be because of the person's strong immune system or because of improved living conditions. This example demonstrates that we must be open to the notion of *open systems* in the natural world, where

different mechanisms might be working simultaneously. As such, “causal laws must be analysed as the tendencies of things, which may be possessed unexercised and unexercised unrealised, just as they may of course be realized unperceived (or undetected) by men” (Bhaskar 1979 as cited in Boylan and O’Gorman 1995: 97).

The same reasoning and understanding are transferred by Bhaskar (1989) to the social world where social and intrinsic psychological mechanisms shape people’s conduct.

Like the natural world, the social world consists of a repertoire of systems, where varied countervailing and complementary structures work concurrently (Porter 1998).

An example might help to explain these points. A determinist might claim that psychological contract violation would result in negative behavioural reactions by employees. Therefore, he or she argues for a straightforward causal relationship (X causes Y) which can be confirmed through survey experiments, something which is too simple for the real world. However, it is entirely possible that due to a tight jobs market, as found in a recession, employees might not show any negative behavioural reactions in case their jobs are jeopardised by such behaviour. As a result, the notion that the said effect can be known a priori (predictive certainty) is discarded in the social sciences over a method that focuses on recognizing, examining and describing “social and psychological mechanisms and their causal tendencies” (Houston 2001: 851).

Furthermore, critical realists (e.g. Bhaskar) believe that people are not mere robots who are entirely dependent on these mechanisms but rather they change and reproduce them and are, in turn, changed by them. In Marx's words (1983 as cited in Houston 2001: 851). “Men (sic.) make their own history, but not spontaneously, under conditions they have chosen for themselves; rather on terms immediately existing, given and handed to them.”. This notion recognises the constructivist premise that

people can change their social world, yet still the theory gives a sufficient description of the social world by also recognizing the existence of structures. The focus on agency implies that people's descriptions form the essential first step in social science research (Bhaskar 1998). Contrary to the interpretivist perspective, that recognises all descriptions as valid (Kenwood 1999), critical realists are receptive to the possibility of fallible social constructions. The reason for this is that humans, including the social science researcher, can never fully access "the real", in other words they can never get an image of the social world in an absolute sense (Sayer 1992) (as opposed to positivists' classical theory of truth). In line with this reasoning, our view of the world tends to be *transitive*, one that is susceptible to the fallibility of our knowledge, coloured by our intrinsic limitations or the negative effects of the beliefs within society; however, this view may best explain the reality of things (*intransitive*). This is why we take the view that social events are contingent on people's perceptions of them and we, as Sayer (2000: 18) puts it, already have "internal access" to them, albeit a fallible one. Moreover, even though what we know about the social world is perspective oriented and 'value laden' – as all knowledge must be (Seale 1999) – is better than no knowledge, for social science to advance (Carter and New 2004: 2; Simm 2009).

The other main focus of a critical realism perspective is a commitment to values. In effect, the job of critical realists is to recognise these psychological and structural mechanisms as well as question their being. As Bhaskar (1989: 2) puts it, "we will only be able to understand – and so change – the social world if we identify the structures at work that generate those events or discourses ... These structures are not spontaneously apparent in the observable pattern of events; they can only be identified through the practical and theoretical work of the social sciences" (Bhaskar 1989: 2).

Additionally, such a move requires researchers to construct explanations through retrodution (Bhaskar 1989). Explanation rather than prediction and retrodution as a mode of inference, rather than induction or deduction, are emphasized by critical realists (Hesketh and Fleetwood 2006). In other words, seeking a causal explanation calls for a mode of inference that goes beyond the event which is apparent and present at a level to its causes that reside deep and are at a different level (Hartwig 2007). In its focus on unobservable or hidden patterns, critical realism relates in some ways to critical theory and hermeneutics (Alvesson and Skoldberg 2010).

The main concern that might be raised at this point is: How do we identify these psychological or structural mechanisms if they are not apparent to us? According to Bhaskar the solution resides in our use of a broad repertoire of pertinent theoretical frameworks. In this regard, theory is an explanation that assists us to hypothesise about ‘causal mechanisms’ working at individual, group or societal levels. To give an example, if I observe fear or frustration in an individual whose work situation and simultaneous life situation have changed, I might hypothesise that change has emotionally impacted that individual. Lazarus’s (1982) cognitive appraisal theory, highlighting the (interpersonal) structural mechanisms impacting this process, can then be employed to evaluate the situation. Weiss and Cropanzano’s (1996) affective events theory, on the other hand, might produce a different hypothesis about the individual’s emotional state, perhaps emphasizing the role of different aspects of work systematically to determine affective/ emotional states.

It is important to give a good deal of thought to the various theoretical frameworks one intends to employ – how they solve issues by providing explanations, how they correspond to other theories and how they view issues through a different lens etc. (Popper 1994). This requires use of the data gathering methods and reflective

processes offered by a qualitative research design since, at the core of this inquiry, the focus is on the participants' own descriptions of events. In this respect, Bhaskar recommends giving specific consideration to the *reasons* people provide for their behaviour and actions so as to steer clear of the drawbacks of explaining behaviour in a determinist manner (Houston 2001).

3.2.2 Summary

Taking a context of crisis, the research criteria and the foregoing considerations into account, the reasons for preferring to conduct research from a critical realist perspective are outlined below.

To conduct research in most organisations it is important to get informed consent from them (in this case) to the research methodology; therefore, to the minimal, it is appropriate (may be not entirely) to refer to 'realism' as the ontological domain of the perspective. Additionally, it is important to be openly critical and explicit about the research methods, nature and objectives of the research. All these points were considered and agreed beforehand, by both the researcher and the organisations involved.

This research involves both objective and subjective elements, which is quite apposite with critical realism, in which going back and forth between facts and values is usual. The objects under examination vary from material – such as organisations, leaders and employees – to the more psychological – such as aims, commitments and expectations. Critical realism prevails over the mind/ matter duality by considering self-awareness and the psyche as the brain's emergent properties. The construct of the psychological contract can be easily accommodated within a critical realism

perspective and its ideology as a research method as well as the standards of good inter-organisational relationships.

Besides defining organisational entities and phenomena, the effect of structure on agency helps in explicating the ‘how’ and ‘why’ such phenomena happened. In order to comprehend events and ‘what’ leads to them or ‘what makes them happen’ (Sayer 1992: 104), critical realism allows the capitalization of effects produced by certain mechanisms in ‘conjunctures’ in specific situations (Sayer 1992: 116).

Critical realism stimulates perceiving the broader picture and the influence of outside forces on this research over time. This research attempts to assess how well the psychological contract held up during the global economic recession, and critical realism maintains a balanced approach possible. It encourages comparative analysis by stressing mechanisms (that have causal powers) over events, because as a philosophy it is extensive and clear.

3.3 Section II

3.3.1 Introduction

This section first presents a debate on the appropriateness of qualitative approaches in relation to this research. After that, case study approach as a research strategy is briefly introduced followed by a discussion of the sampling technique, the use of semi-structured interviews, the trustworthiness of the research and the ethical concerns that inform the research process. This is followed by a description of the use of content analysis as an analysis approach to interpret data. Finally, I provide a brief description of the presentation of the three cases that are to follow.

3.3.2 Appropriateness of qualitative methods for studying the psychological contract

Sayer (2000) suggests that in the view of various research methods critical realism is comparatively accommodative. Critical realism, unlike positivism and social constructivism, is congruent with a broad repertoire of research methods; however, it connotes that the selection of research methods should be predicated on the nature of the entity being examined and what knowledge one wants to gain from it. Sayer (2000) further outlines two kinds of research approaches: extensive and intensive. An extensive approach applies quantitative methods and analysis to look for patterns, causes and relationships, can be reproduced and provides a limited or weaker explanation. An intensive approach, which I follow in this research, focuses on the individual actor in a social setting using qualitative methods and analysis to establish causal links or relationships that are confined to the settings being examined (Sayer 2000: 21).

Before commencing this research, I believed that, for me, it would be simpler and more suitable to interact directly with people about their perceptions, understanding and experiences of change during the economic crisis through interviews, rather than any other methods. This view has strengthened with the progress of the research. This idiographic approach “stresses the importance of letting one’s subject unfold its nature and characteristics during the process of investigation” (Burrell and Morgan 1979: 6). This is similar to the “subjectivistic” approach by Burrell and Morgan (1979), or what might be considered “inquiry from the inside” according to Evered and Louis (1981); and it rests on what has been recognised as “qualitative” methods for collecting data

(Luthans and Davis 1982). According to Veal (2005: 125-126) there are many advantages in employing a qualitative approach, which he summarises as follows:

- Qualitative methods enable the researcher to understand in greater depth the personal experiences of individuals;
- Qualitative research focuses on people's understanding and interpretations, rather than seeking external causes or laws for behaviour;
- Qualitative methods allow the researcher to experience research issues from a participant's perspective;
- Qualitative methods are useful in examining personal changes over time.

Research is always value-bound (Guba 1990) and its outcomes, to a greater degree, rely on the philosophical approach of the researcher (Smollan 2009). Numerous scholars have discussed the challenges underlying qualitative enquiry. For example, Lincoln and Denzin (2003: 612) highlight the humanistic adherence of qualitative researchers which, according to them, gives rise to the "liberal and radical politics" of different approaches. They further assert that qualitative researchers "all share the belief that a politics of liberation must always begin with the perspective, desires and dreams of those individuals and groups who have been oppressed by the larger ideological, economic and political forces of a society or a historical moment" (p. 612). This adherence delineates the existing, although changing focus, in the discourses of qualitative research as fresh, previously marginalised and silenced, voices are getting incorporated. Likewise, such scholars as Bryant (2003) and Lincoln (1995) take the philosophical stance that respondents' voices should be heard. Though

this approach might cover the essence of qualitative research to an extent, it has more to do with critical theory and so does not present all the objectives of qualitative research together (Smollan 2009). In this research, I use some of the emancipatory ardour of Lincoln and Denzin (2003), the concept of breach and the interview questions on unfulfilled obligation present the voices of the respondents.

In assessing the research literature on the psychological contract, Conway and Briner (2005) observe that the vast majority of studies employ quantitative methods. Despite the fact that the initial and pivotal studies by Argyris (1960) and Levinson et al. (1962) employed interviews to gather and examine information, the potential of qualitative research has been restrained, with current works focusing more on quantitative surveys (Coyle-Shapiro and Parzefall 2008). However, the minimal qualitative research literature published along with the significance of qualitative studies in presenting the complications and intricacies of the nature of the psychological contracts has been acknowledged (Conway and Briner 2005).

According to Conway and Briner (2005), research conducted using different methodologies highlight the reciprocal exchange procedures and the psychological contracts between leaders and employees are not simple enough to be comprehended using survey instruments. Agreeing with Taylor and Teklab (2004), due to the over-reliance on survey methods, “psychological contract research has fallen into a methodological rut” (p. 279). Moreover, in present quantitative studies, it seems that the association between contract breach and employees’ responses is straightforward and uncomplicated (Conway and Briner 2005). Thus, as the need for psychological contract studies to extend their scope beyond the assessment of contract breach (Taylor and Tekleab 2004) and to interpret employees’ employment experiences increases, the use of qualitative approaches could enhance our knowledge of

employment relationships and simultaneously acknowledge that these are not simple (Coyle-Shapiro and Parzefall 2008). Moreover, qualitative methods may be more appropriate to interpret and analyse the complexities of employment relationships and they also emphasise the significance of context in these reciprocal work associations (Coyle-Shapiro and Parzefall 2008).

The global economic crisis has changed the way organisations work, continuously reorienting employment relationship experiences for leaders as well as employees. This change in perceptions can be particularised by surveys, but as an approach it may be inadequate when it comes to recognising and ascertaining the contextual factors that have brought about this change in perceptions (Conger 1998). Additionally, with surveys, the researcher is usually disconnected or detached from the study or sample, as a result of which they ignore the “newly emerging factors” (Conger 1998: 110). On the other hand, qualitative researchers are more immersed in the research situation and therefore the research method offers a high level of understanding or a holistic view by considering the “newly emerging factors” that result from changes in the environment (Conger 1998: 110). Qualitative methods unlike quantitative methods can be adjusted or conformed more readily to use and assess critically different methods or models in order to achieve retroductive description (Downward and Mearman 2007; Sayer 1992).

Taking up the call for qualitative research, this research employs a qualitative research design which gravitates towards employing a case study technique (using semi-structured interviews) to explore, comprehend, gather and analyse data (Merriam, 2009).

3.3.3 Case study research design

Different schools of thought, be they anthropology, sociology (Hammersley 1989; Hamel et al. 1993) or pure sciences (Barlow and Hersen 1984), have impacted the evolution of a case study approach over the last century, making the search for a definition of the method more difficult (Berger and White 2000). Yin (2003: 13-14) defines a case study as “an empirical inquiry that, investigates a contemporary phenomenon within its real life context, especially when the boundaries between object of study and context are not clearly evident”. This was the case in this study, because the line between organisational change and the context in which it was enforced was not easy to draw. Using case studies as a mode of investigation has many advantages which I believe add to the findings. The objective is to get detailed, methodical and thorough knowledge about each case of interest (Patton 2002). According to Merriam (2009), a case study is the best way to describe a phenomenon, as it enables the researcher to perceive and interpret in a manner that may develop or enhance the reader’s knowledge and experience. These interpretations can be formulated into a hypothesis which can help shape or direct future study. Stake (2006) believes that case studies provide us with various accounts, descriptions or incidents that conflate with the prevailing picture of experience. The distinguishing feature of the case studies lies in ‘what’ is being asked and how it influences the outcome (Merriam 2009; Stake 2006).

Qualitative case research is quite apposite to critical realism (Bhaskar 1997; Tsoukas 1989; Easton 2010) because, like critical realism, it emphasises process and endeavours to go beneath the surface and look into “causal tendencies” rather than “cause and effect relations” (Christie 1990 as cited in Picard 2006: 93). Furthermore, case study research can be perceived as a way to relate realist ontology and epistemology (Picard 2006). In support of the case study research method, Marobela

(2006: 15) suggests that critical realism is more suitable to case study research, compared to other methods, as both of these recognise the significance of “contextual analysis” and “historical embeddedness”. Additionally, both critical realism and a case study approach also agree with the examination of a single case on its own, even though multiple case studies are more prevalent.

Overall, the pre-eminence of a case study develops from its potential to confront complicated and chaotic open social systems which, due to the intrinsic complexity involved in isolating individual factors or elements, call for an intensive approach that concentrates on questions such as “What produces a certain change?” and “What did the agents actually do?”, rather than an extensive one that looks for patterns, causes and relationships and provides a limited or weaker explanation (Sayer 1992: 2000). As discussed earlier, most previous research has looked at the phenomenon of interest (i.e. crisis-led organisational change) from either the perspective of leaders or employees, but not both. The case study method chosen enables an in-depth examination of the subjective perspectives of different categories of respondents.

Despite the fact that each case study looks in depth into the phenomenon under investigation and hence was instrumental (Stake 2000), a multiple case design was incorporated to get more insights into the phenomenon and thus to learn more, thereby making the most of the time available for the research. All these discrete cases have a common feature or attribute and are in some way categorically connected (Merriam 2009; Stake 2006). Furthermore, a multiple case design has many advantages. Merriam (2009) points out that the greater the number of cases and the greater the differences across them, the more cogent an explanation will be. In other words, we can comprehend individual or separate case outcomes by examining cases that are somehow related or alike, and also varied or different. This helps us to understand

such questions as “how?”, “where?” and “why?” about the phenomenon (Miles and Huberman 1994: 29).

Furthermore, research that focuses on providing an explanation or interpretation of events can be of generalised significance as it helps to explain individuals’ mental schemas and thus their actions (i.e. why they act in specific ways or what guides their actions) across varied contexts (Giddens 1984). Intellectuals can learn indirectly from a case by way of the description that the researcher provides of it (Stake 2005). Stake (2005) believes that researchers transfer some of their own interpretations of the phenomenon to the reader, and miss to transfer others, as they believe that the reader will also alter, modify, restructure or reorganise information in a manner applicable to their context (Merriam 2009).

According to Yin (1994), there are five components that define a case study research design: research question(s); propositions (if any); unit(s) of analysis; the logic linking the data to the propositions; the criteria for interpreting findings. Bearing in mind my research aims and research questions, the five components of my case design are elucidated below:

1. The primary research question is: to study how psychological contracts hold up during the global economic crisis?
2. The study proposition is that the economic crisis-led organisational change may have influenced employment relationships and thereby components of psychological contracts which usually (irrespective of crisis) undergo continuous shifts or evolve continuously.
3. The units of analysis are change leaders, change recipients and the employment exchange relationship.

The last two components of the case research design were deliberated only after the data collection process was complete. These are briefly discussed below

4. The logic linking the data to the propositions – this includes the data analysis process in which data collected from the interviews is put as findings, discussed and linked to the proposition. The basic idea is to lean on a theoretical proposition (to an extent) to assist in the analysis, which helps to concentrate on relevant data (Yin 1994).
5. The criteria for interpreting findings – there is no obvious or exact way to develop the criteria. Nonetheless, like other critical realists, I believe in identifying competing explanations as interpreting data differently ensures that the “best” current interpretation is put forward (Easton 2010).

The following paragraphs discuss the sampling technique employed to recruit the organisations and participants for this research and explains the reasons for so doing.

3.3.4 Data Collection Process

Sampling

One major division in sampling techniques is probability and non-probability. In probability sampling, a sample is selected from the population; and as the sample selected represents the population, the finding of the research can be generalised to the population. As transferability of the conclusions is not the aim of this research, probability sampling is not an ideal option here. Non-probability sampling is used for most qualitative research, and this research is no different (Merriam 2009). When using non-probability sampling, a sample is selected from which the researcher can

gain most in terms of knowledge and comprehensibility. The most common forms of non-probability sampling are purposive sampling (Chein 1981) and purposeful sampling (Patton 2002). The strength of purposeful sampling resides in picking “information rich” cases for detailed examination, as from these the researcher can analyse the problems that are fundamental to the purpose of investigation to a greater degree or in greater depth (Merriam 2009; Patton 2002).

- Before starting purposeful sampling one has to set the criteria for selecting the organisations or people for the research. As a researcher one needs to know the features or characteristics necessary to one’s research, prepare a list and then find the units accordingly (LeCompte and Preissle 1993). This helps in finding “information-rich” cases (Merriam 2009).

The following selection criteria were set that helped to identify the organisations which participated in this research

- Organisations (public sector or private sector) across India affected by economic recession that were undergoing or had undergone changes to cope with it; and
- Assented by signing a letter of consent describing the purpose of the research and the organisation’s involvement in addition to guaranteeing maintaining confidentiality and voluntary participation.

In order to recruit respondents from the organisations that agreed to participate, the following criteria were set:

- Change leaders and employees (men and women), in executive, senior or other important roles who were willing to participate;

- Had been working for the organisation at least during the recession period (since 2008);
- Changes leaders who had direct responsibility for introducing and executing changes in the organisation in terms of strategies or people management practices and change recipients who were affected by these changes;
- Did not know the researcher at the time of the study.

Based on the selection criteria a total of three cases were selected which were similar in terms of being affected by global economic crisis but at the same time different with regard to the change initiatives taken and their impact on organisational members. The details of all three organisations are provided below

Org-HR

Org-HR is an HR services organisation that offers a wide repertoire of recruitment and staffing, training, consulting and business process outsourcing services across the globe. The organisation is based in India and focuses on providing outstanding quality of services as well as decreasing operating expenses via a process optimisation model. The organisation was started by two partners and has grown since then. It now employs 110 full-time employees and 58 employees on a part-time basis. The management team consists of nine members with extensive experience in HR and IT services. The company attracts talent from different sectors, people who are experienced and experts in the sectors they serve in and work towards achieving organisation's goal of 'providing end-to-end HR services to clients'.

Org-Energy

Org-Energy is an Indian renewable energy organisation. The organisation was set up in the mid-1990s as a necessary measure to counter the power shortages that Indian

manufacturing organisations were facing at that time (which affected their profits), and it has grown since then. Org-Energy employs more than 10,000 people with 4,000 employed in its manufacturing divisions. The organisation is listed on the NSE of India. With regard to market share it is one of the largest turbine manufacturers in the world. The organisation consists of Org-Energy Ltd. which is based in India and several other subsidiaries in India and across the globe. The organisation stretches across more than thirty countries in six continents. Although the main corporate office is in India, the sales business is operated through Europe. For the financial year 2011-12, Org-Energy generated revenues of more than \$4 bn.

Org-Construction

Org-Construction is one of the leading construction organisations based in India, with current and completed projects exceeding 50 m. ft² in various cities in Asia. The organisation is around 30 years old. Earlier the group was only involved in water treatment plants, but around 15 years ago it started residential construction and entered the real estate business. The group currently works in four areas, namely, water treatment, roads and highways, mechanical equipment and engineering consulting. Org-Construction has a team of more than 150 people, working across a range of projects of different capacities, who ensure the smooth and timely running of projects. The organisation is among the leaders in the establishment and growth of eco-friendly housing.

Method

The participants

While working on the literature review, I simultaneously planned the data collection. I had not imagined it would be so complicated, but soon I realised that gaining access

was one of the most difficult hurdles one could face as a researcher. I started the process by preparing an invitation letter, a participant information sheet and a consent form to be sent to organisations. All these were double-checked by my supervisors. The next stage involved me emailing some of my contacts and friends to establish contact, thereby employing an 'opportunistic' approach, as suggested by Hammersley and Atkinson (1995). I contacted third parties, so I had no prior information about potential respondents and did not know them previously. This process was followed by constant negotiation and re-negotiation with the three organisations that my contacts tried to put me in touch with, and which were formally invited. However, unfortunately, all these organisations agreed to provide only very limited access which would not have suited my research that required intensive interviewing. After a few months, I got the contact details of the HR managers of a few organisations impacted by the global economic crisis from one of my acquaintances.

At Org-HR, one of the HR managers was sent an email invitation containing details of the study, a participation information sheet (see Appendix 1) and a consent form (see Appendix 2). After a few days, a telephone conversation was arranged with the CEO of the organisation who was briefed on the research project. After gaining consent, he directed the researcher to other organisational members who were willing to participate and who could offer constructive and valuable knowledge to the research. A total of seven candidates were interviewed for the study. The interviews lasted between 40 and 70 minutes. The interviews were recorded (with the participants' consent) using a digital audio recorder and later transcribed into Microsoft Word files (for initial data analysis) and stored in a strongly encrypted portable device. To protect organisation and participant identities I agreed with the HR manager that the real

names of the organisation and participants' would not be used in presentations of this research.

On completion of the interviews with Org-HR, I started looking for more organisations to expand my research. During that time another acquaintance of mine put me in touch with the managers of two other organisations, Org-Energy and Org-Construction, which had been affected by the global economic crisis. I emailed invitations containing details of my study to the managers of both organisations, as well as what participation would entail. I was asked to sign a non-disclosure agreement by Org-Energy before having their participation confirmed via an email received from one of the HR managers. Org-Construction confirmed their participation via a formal email which I received from the Managing Director. After consent was obtained, both organisations' HR departments sent a global mail (internal email communication) containing the study information (participation information sheet) (see Appendix 1) to their staff. Individuals interested in participating were asked to contact the HR managers who contacted me to arrange the interviews. Both organisations were guaranteed full anonymity for all participants that were willing to take part in the research. Participation was totally voluntary. It was up to the participants to decide. The purpose of the study was described to them prior to conducting interviews. Again, all the interviews were audio-recorded (with the participants' consent) and transcribed into Microsoft Word files. All interviews lasted between 30 and 75 minutes.

All the participants in all three organisations were informed that they would be given a chance to go through the transcripts if they wished to. However, no participant asked for a transcript. All the interviews in all three organisations were conducted between March 2011 and August 2012. Interviews were conducted in all three organisations

until data saturation was reached (Stake 1995). The point of saturation was easily identified as the participants, mostly employees, started talking about the same kinds of experiences of certain change activities carried out during the economic crisis.

At Org-HR a total of seven interviews were conducted, of which two were with women and five with men. At Org-Energy a total of 16 interviews were conducted, eight with men and eight with women, while at Org-Construction eight people were interviewed, seven men and one woman. The interviewees in all three organisations worked in a variety of different departments, including production, marketing and sales, accounts, human resources, IT and corporate social responsibility. Additionally, amongst the participants, I tried to get cross- sections of different levels of the organisational hierarchy, and according to my interpretation of how they described their designation and work responsibilities, I believe that in:

1. Org-HR there were three junior executives/non-managers, two middle-level managers, one senior manager and one owner/CEO;
2. Org-Energy there were five non-managers, one first-level manager, four senior managers, six business heads;
3. Org-Construction there were two non-managers, two first-level managers, three middle-level managers and one chairman/managing director.

Participants' details are further summarised in Table 1. For the purpose of reporting their responses, the participants are labelled from R1 to R7 for Org-HR, R1 to R16 for Org-Energy and R1 to R8 for Org-Construction.

Org-HR								
R. No.	R1	R2	R3	R4	R5	R6	R7	
Gender	Male	Male	Male	Female	Female	Male	Male	
Position	CEO	Senior manager	Middle-level manager	Non-managerial position	Middle-level manager	Non-managerial position	Non-managerial position	
Org-Energy								
R. No.	R1	R2	R3	R4	R5	R6	R7	R8
Gender	Male	Male	Male	Female	Male	Male	Male	Male
Position	Business head	Business head	Business head	Business head	Business head	Business head	Senior manager	Senior manager
R. No.	R9	R10	R11	R12	R13	R14	R15	R16
Gender	Male	Female	Female	Female	Female	Female	Female	Female
Position	Senior manager	Senior manager	First-level manager	Non-managerial position				
Org-Construction								
R. No	R1	R2	R3	R4	R5	R6	R7	R8
Gender	Male	Female	Male	Male	Male	Male	Male	Male
Position	Chairman	Middle-level manager	Middle-level manager	Middle-level manager	First-level manager	First-level manager	Non-managerial position	Non-managerial position

Table 1 Participants' details

As was discussed in Chapter 2, it is not easy to demarcate clearly the roles of the change agents, which was experienced in this research too. Although most of the respondents were change recipients, other respondents were involved in more than one

role in different elements of the change, being change leaders and change recipients at the same time, which was not really decided by the organisational hierarchy.

Interviewing

We can learn ... through interviewing, about people's interior experiences. We can learn what people perceived and how they interpreted their perceptions.

We can learn how events affected their thoughts and feelings. (Weiss 1994:1)

Data in this research were collected through semi-structured interviews, since this enables investigating people's understandings, knowledge, perceptions and views while accentuating "depth, nuance, complexity and roundedness" (Mason 2002: 65).

Interviews are classified into the following types: structured, semi-structured and unstructured (Merriam 2009). Merriam (2009) differentiates between structured and unstructured interviews; in structured or standardised interviews, participants are asked the same questions, and the questions as well as the sequence in which they are asked are decided in advance or are predetermined, whereas in unstructured interviews the questions are not decided beforehand, thus allowing participants to speak more freely. Unstructured interviews are advantageous when the knowledge of the researcher about the event is limited. The disadvantage of unstructured interviews is that the researcher may not get information germane to the purpose of study and can get confused by the overwhelming amount of data generated (Merriam 2009).

Structured interviews on the other hand, being inflexible, are not useful in perceiving and interpreting participants' outlooks or their interpretation of reality (Merriam 2009).

In support of unstructured interviews, Merriam (2009) argues that they allow participants to speak more freely and candidly and provide more information.

Furthermore, Lee (1993) describes unstructured interviews as providing ways of going into depth and allowing greater understanding of the context that shapes and influences the participant's words. Semi-structured interviews can be equally effective if ample thought is given to the examination of participants' words. In relation to this research, for example, participants might have had varied views as to how organisational working was influenced by the global economic crisis, what changes were introduced during that time and how these changes influenced employees' psychological contracts. Some participants may view changes negatively and perceive a breach while others may not. In other words, what stimulated these perceptions and the effects these might have (cause and effect) will be different, and so employing semi-structured interviews will enable the researcher to bring out issues of intricacy, hidden conflict or tension, ambiguity and uncertainty (Creswell 1998).

A semi-structured interview design was prepared (see Appendix 3) and after a couple of interviews it was revised (made a bit less specific than what it was initially). For example questions such as, "Can u please tell me about your job? Who do you deal with in this role? Are you responsible for a team? Who are you reporting to?" were modified into "Please tell me about your role and what it entails?" Additionally, questions regarding the changes introduced during the global economic recession such as, "Was the process stressful" and "Did these impact you emotionally?" were removed to lessen the intrusion of bias.

At the beginning of each interview, participants were asked more general than specific questions (e.g. asking them about their work and their organisation's culture and work atmosphere). With regard to the economic crisis, all participants were asked to describe how it had affected their organisation in terms of the changes implemented

during that period before moving on to particular aspects of change and the reactions it resulted in. The aim of this approach was to put participants at their ease while describing their experiences of organisational change during the economic crisis and also to underline their responses, and causes and effects. For the participants this approach helped them to recall key moments they had experienced when their organisation was impacted by crisis, although most of the interviews were conducted during a period of change.

The objectives of research shape the nature of the questions asked, as well as how responses are elicited and data analysed. This research looks into how psychological contracts were affected during organisational change initiated by the global economic crisis. Although the objective was to get respondents to speak about their perceptions and their responses to the changes implemented, the questions asked were unavoidably predicated on concepts from the literature which I thought might be helpful in gaining more insights into participants' experiences. The topics listed below (Figure 3) cover the topics discussed in all the interviews. Questions on psychological contracts were not asked directly to the respondents because most of them were unfamiliar with the concept. However, questions about changes in mutual expectations, obligations or promises of leaders and employees were asked, as well as issues of fairness were discussed.

1. Please tell me about your role and what it entails?
2. Understanding of the organisation's internal environment.
3. Impact of the global economic crisis 2008.
4. Changes introduced in the organisation during and after the crisis.
5. Understanding of change – how did they make sense of it?
6. Responses, breach perceptions (if any), expectations.
7. Issues of resistance.
8. Issues of outcomes, justice and fairness.
9. Different factors that influenced perceptions of change and therefore responses.

Figure 4 Topics covered in the interviews

As can be seen, most of the questions are fairly loosely worded and the researcher changed the sequence of the questions depending on how the interview proceeded.

This helped the researcher to handle the circumstances at a given time, evolving interviewees' perspectives as well as novel thoughts or views (Merriam 2009).

Additionally, in order to make sure that I understood respondent's views correctly, I at times summed up their statements by asking that, 'Did you mean this...?' and I enquired more when participants' responses seemed brief or vague, although at the same time I was conscious that probing should not influence their responses (Jarrett 1996). At times, if some respondents insisted that they were fine with the changes implemented during the recession, I moved on but then returned to it by asking about it differently and less explicitly. Rosenblatt comments on this approach which helps to extract more details and which I tried to employ during the interviews:

...on important matters I often do return to a question that seemingly has been answered completely. I might ask the question from a different angle, or with different words, or with additional permission to the interviewee to say something that is embarrassing or difficult. Or I might ask that the question be answered from another perspective. I might frame the renewed questioning as a matter of aiding interviewee

memory, so the whole truth can be given. Or I might frame it as looking for additional specifics. Rosenblatt (2002 as cited in Smollan 2009: 151)

Many researchers have argued that interviews are not really straightforward. For example, Fontana and Frey (2003: 62) highlight that, “increasingly, qualitative researchers are realizing that interviews are not neutral tools of data gathering but active interactions between two (or more) people leading to negotiated contextually based results” (Fontana and Frey 2003: 62). These authors advocate switching from the old concept of interviewing to one that assumes that using interviews to get to know participants beyond their logical and cognitive selves, to in-depth levels, which involves the sharing of emotions (p. 91). With this approach, the interviewer should actively listen to and examine participants’ narration of their subjective experiences in addition to applying critical analytical thinking to the process. Information about events and what caused them is more than the mere product of a dialogue between researcher and participants. This is why it is important to have a proper research design, one that shapes questions, structures answers, conducts an enquiry and offers a way forward for further discussion, in order to increase the richness and quality of the descriptions being developed (Smith and Elger 2013). These are the implications for the semi-structured interviews employed in this research. Additionally, participants’ descriptions have to be examined critically, not just in and of themselves but also with respect to other interviews (Smith and Elger 2013).

Authors such as Alvesson (2003) believe that researchers who think that data collected through respondents’ answers reflect reality are being unrealistic. According to him, the responses that the interviewer gets from the interviewee are usually what the interviewee thinks is anticipated. Other factors that he believes may play a role in

influencing answers are the age, gender and ethnicity of the interviewer, and the efforts made to give a positive view to the interviewer and to build or preserve a constructive self-image. In relation to some of issues highlighted by Alvesson (2003), I believe that different people (leaders as well as employees) create the reality of change (in this case crisis) in a different manner, and even employees (at the same level) may have varied views of reality, so might leaders (at the same level). In other words, there are various interpretations of an event and each person's view of reality differs from others to varied extents. Agreeing with Smollan (2009), the main objective of interviews is to see how people analyse and interpret a situation and how it influences their responses.

3.3.5 Ethical issues

A number of ethical issues surfaced during the research process, while gaining access to the organisations and to the respondents, during interviewing and data analysis, as well as in the writing-up phase. All these concerns were reflected upon and, if serious, care was taken to stay clear of them. First and foremost this research adhered to Lancaster University's code of practice (2011) and the principles set out for the same, which were never breached. I completed the self-assessment forms, as well as the university's questionnaire, which were sent to the Head of Department after discussion with my supervisors. These forms were then sent to the Lancaster University Research Support office for approval, which was gained in two weeks. Furthermore, these guidelines provided by the University for ethical approval were quite useful and assisted me, "by drawing attention to features of proposed research which are morally relevant but the researcher may have ... overlooked" (Bibby 1993 as cited in Wagner 2006: 79). Other issues which were brought to my attention by the

Lancaster University Code of Practice (2010) and which have been highlighted in the literature (e.g. Coghlan and Brannick; Saunders et al. 2003) include data fabrication, falsification, misinterpretation, confidentiality and informed consent. All these were considered and borne in mind throughout the research process.

After seeking consent from the three organisations (discussed earlier), I made sure all the recruited participants were well informed about the purpose of the study by providing them with a participant information sheet (see Appendix 1). Additionally, at the start of each interview, consent was asked for again and the objectives of the research were repeated. Additionally, consent to audio-record the interview was also gained at the beginning of the interview. Data were encrypted and stored in a portable device and only I had access to the encrypted data. To protect confidentiality and anonymity I made sure that real names were not used and efforts were made to report findings in a way that protects participants' confidentiality. Additionally, the list of participants was restricted to me and the HR managers of the organisations, nobody else had access to it. Also, participants were allowed to withdraw at any stage without giving a reason. However, nothing of this sort happened. All the interviews were scheduled at participants' convenience, and they were only contacted during office hours. During the interviews, although participants were probed on various aspects, caution was taken when going in depth into issues that might be disturbing to the interviewees. Finally, all three organisations were provided with a brief summary of the findings.

3.3.6 Trustworthiness of the research

A significant issue for any study is that of quality. There are varieties of approaches which scholars, embracing different philosophical positions, apply to assess the

quality of research. For example, the constructs of reliability, objectivity, validity and generalisability are mainly associated with quantitative rather than qualitative research. However, Lincoln and Guba (1985) have proposed alternative criteria for qualitative research. They propound trustworthiness as a standard for assessing the quality of qualitative research. They highlight the issue of ensuring or checking trustworthiness in carrying out a naturalistic enquiry. According to Lincoln and Guba (1985), “the basic issue in relation to trustworthiness is simple: How can an inquirer persuade his or her audiences (including self) that the findings of an inquiry are worth paying attention to, worth taking account of? What arguments can be mounted, what criteria invoked, what questions asked, that would be persuasive on this issue?” (p. 290). Qualitative enquirers should be cognisant of these issues. Cresswell (1998) advocates applying the construct of verification instead of validity, which he considers more suitable, despite the fact that the word verification means confirmation of the truth. Individuals discussing their experiences may verify supposed associations, such as emotions resulting from a breach.

Some researchers use the same terminology for qualitative enquiry as is used by researchers in a quantitative enquiry. I will be evaluating the trustworthiness of this research using the criteria proposed by Lincoln and Guba (1985). Trustworthiness comprises four criteria or facets, each having analogous criteria in quantitative enquiry. These four facets are: credibility, which is analogous to internal validity; transferability, which is analogous to external validity; dependability, which is analogous to reliability; confirmability, which is analogous to objectivity (Bryman and Bell 2007).

Credibility

As there can be varied explanations or interpretations of any feature of social world, it is the credibility of the explanation that the researcher provides which determines its admissibility to others. To ensure credibility, it is important to conduct research in a manner that shows that the researcher's interpretation of the information or study outcomes aligns with those of the participants studied (Bryman and Bell 2007). This can be achieved through participant or respondent validation where the research participants or respondents are provided with an overview of the study outcomes, i.e. the researcher's findings. I submitted a brief summary of the findings to the organisations. Additionally, during the interviews, I checked back with the respondents by summing up the main points at the end of the interview. To further enhance the credibility of the research, actual words or direct quotes of participants are used to explicate viewpoints and to support the findings (Sandelowski 1994). During data analysis, competing explanations were reflected upon and data were checked for consistency across the transcripts.

Transferability

Qualitative research characteristically involves an in-depth and thorough examination of fewer individuals or groups that have some common attributes. As a result, the study outcomes in a qualitative enquiry are likely to be premised on and directed towards the contextual peculiarity or distinctiveness of the feature of the social world being examined. According to Lincoln and Guba (1985: 316), external validity cannot be stipulated in a qualitative enquiry although researcher can provide sufficient details so that anybody wanting to apply the findings to another context can decide whether it is feasible and practicable. This issue has been addressed by providing a 'thick description' (Geertz 1973) or rich details of the investigation to the reader so that they can judge whether the findings can be applied to other contexts (Bryman and Bell

2007: 398). The readers may have a different opinion on how transferable an individual's responses might be. Nevertheless, a critical realist approach helps to look beyond people's experiences of an event (crisis-led organisational change) so as to understand what those experiences were based on, instead of just surmising about how the majority of other people might have responded. An individual might have had a different response to a phenomenon in comparison to others which, however, does not represent the research process. This nonetheless uncovers a discrete response to the change experience. Different people might respond to changes differently and may or may not experience a breach, so one thing that the reader should note from the description of the investigation is that humans cannot be expected to respond in a similar manner, and that different perceptions and experiences, and therefore reactions, can surface.

Dependability

The third criterion to assess the quality of research is dependability. Although it might not be possible for another researcher to rebuild the similar study and generate similar results, consistency is still a significant standard to evaluate the trustworthiness of qualitative research (Lincoln and Guba 1989). Lincoln and Guba (1985) suggest employing an audit approach to make sure that a total account of all stages of the research process is preserved. This concern has been addressed by creating a dataset that records how conclusions were reached, the entire analysis process, interview transcripts, participant selection process, etc. This approach helps the reader to comprehend the decisions taken during the research journey and makes sure that they can make sense of it with the data set in hand. Additionally a researcher's diary, as recommended by (Robson 2002), was used to jot down my views, reflections and

decisions, which provided rich details to track the progress of the research over two and a half years of study.

Confirmability

Confirmability involves realising that although it is impossible to be ‘completely objective’ or unbiased while conducting research, the researcher should nevertheless demonstrate integrity, honesty and a degree of neutrality and not allow personal bias, beliefs or motivation to manipulate or influence the findings of the research. While carrying out the research I tried to forbear from altering anything that might influence the research outcomes (Bryman and Bell 2007: 398). According to the norms of the PhD process, supervisors were provided with an analytical framework along with the initial findings, so their feedback could have affected the findings.

To conclude this section, I was happy with the wealth of information generated by the interviews which would help me examine and interpret the participants’ perceptions and their responses to the changes implemented during the global economic crisis 2008. I am thankful to all my participants for sharing their experiences, particularly those that they found hard.

The next section discusses the analytical approach followed in this research to analyse the interview transcripts.

3.3.7 Data Analysis

Data analysis is a complicated phenomenon that involves ascribing meaning, simplifying and understanding what respondents have mentioned and what the researcher has perceived and understood. It requires revisiting pieces of data and abstracts and going backwards and forwards between inductive and deductive

explanations. These explanations or interpretations are the outcome of the research and can be in the form of rich descriptions, categories with similar meanings, or theories or models that explain the data. All these demonstrate varied or wide-ranging analytical levels, from ones where concrete bits of data are provided in the form of a rich description to ones that involve generating theory from abstracts (Merriam 2009).

Data collected can be analysed through various methods including content analysis, grounded analysis, discourse analysis and narrative analysis. It is important to select a method that aligns with one's philosophical and methodological premises. I have used inductive content analysis to code textual data. The data analysis in this research is centred on how meaningful patterns conform within the research question that I aim to address:

How did psychological contracts hold up during change initiated by the global economic crisis?

Content Analysis

Content analysis is one of several methods usually employed by researchers to analyse qualitative data. Regardless of this, not much has been published on how one should undertake this method (Twycross and Shields 2008). The method was initially employed for examining writings in press, advertisements, magazines, political addresses, etc. (Harwood and Garry 2003). However, currently, it has been predominantly used in the social sciences, humanities and business and its application has seen a constant increase in the past few decades (Elo and Kyngas 2008; Neundorf 2002).

Content analysis is a flexible method for developing cogent inferences from text data, ones that can be applied to related contexts. It provides clear and deep perceptions of a situation, enhances the researcher's discernment of it, and suggests practical implications (Weber 1990). Content analysis stresses the attributes of language as a medium of exchange, concentrating more on the 'content' of textual data. Data are gathered from individual or focus group interviews, narratives, participant observations, etc. (Hsieh and Shannon 2005). It entails exhaustive examination of text which involves coding followed by categorization, where it is sorted into a reasonable number of analogous categories or themes (Weber 1990).

However, content analysis has been criticised by quantitative researchers who view it to be a less systematic method, less suitable for statistical analysis, whereas others view it as less qualitative (Morgan 1993). The delineation of content analysis is generally constrained to categorising it as mainly a qualitative vs quantitative research approach (Hsieh and Shannon 2005). However, one can achieve less detailed or less thorough findings by employing any method, no matter what, if the ability to analyse is lacking (Weber 1990). The reality is that content analysis is as straightforward or as complicated as the researcher makes it (Elo and Kyngas 2008; Neundorf 2002).

Content analysis has many advantages, in spite of the criticisms directed at it – it is a “context sensitive” approach (Krippendorff 1980) and offers “flexibility of research design” (Harwood and Garry 2003: 493). Content analysis has more to it than merely being a technique that provides a simplistic explanation (Cavanagh 1997) or involves quantification or numeration (Downe-Wamboldt 1992). It can be employed to comprehend and recognise “critical processes” (Lederman 1991: 169) (e.g. employees' cognitive processes such as insecurity and frustration can be recognised in

the interviews with them; perceptions and interpretations, such as being to some extent content with changes and their approach in the current context, have also been recognised in these interviews). This approach relates more to interpretations, reasons, outcomes and context (Downe-Wamboldt 1992). One thing to be noted here is that the researcher must be aware of the environment and must substantiate findings with regard to the setting that generate the data. The aim here is to improve the illative content of findings by linking categories to the settings that produce the data. This approach can be employed for a number of purposes, such as learning and identifying the psychological status of people, defining and explaining arguments, tendencies, and purposes in a communication context, etc. (Downe-Wamboldt 1992).

Agreeing with Downe-Wamboldt (1992), the focus here is on defining and explaining the event being examined for a specific purpose, and not essentially to substantiate a shared understanding between subject and researcher. Downe-Wamboldt (1992) further argues that individuals are not usually able to construe their conduct and that the researcher might be able to understand this by applying a broad repertoire of knowledge to the study context during analysis. However, it is not suggested that the “category scheme should be the immaculate conceptions of the researcher” (p. 316). The category system is created by the researcher to produce knowledge and enhance the discernment of the event being examined. Although employing a specific framework or viewpoint for data analysis is recognised in content analysis, it does not suggest that the researcher can envisage the categories before collecting or analysing data, which would otherwise affect the credibility of the findings (Downe-Wamboldt 1992).

Inductive and deductive content analysis

Content analysis can be employed to analyse either qualitative or quantitative data, in an inductive or deductive manner. The research question one intends to explore influences the choice of content analysis one employs. All three cases in this research went through inductive content analysis comprising the following stages to code the data.

Coding→Categorising→Horizontal scan→Clustering

Coding

The analysis involved reviewing and checking the interview transcripts to obtain a sense of the data, followed by coding the responses (through the process of jotting down comments) according to the topics that reflected the main focus of the study (Hsieh and Shannon 2005; Merriam 2009), i.e. how employees perceived the changes implemented by the organisations in response to the global economic crisis and how these impacted their psychological contracts. Comments jotted down near the pieces of data were actual words or phrases used by the respondents, the researcher and concepts from previous studies. After reading through the full transcripts and writing down comments, I congregated comments that seemed to resemble i.e. these rough codes or comments were fine-tuned into sub-categories based on the relation between them (Merriam 2009). For example, by coding key phrases or words in relation to culture (such as ‘informal’, ‘open and transparent’, ‘ownership driven’), and phrases describing work atmosphere and leadership, sub-categories and combinations of sub-categories started emerging from the data.

Horizontal Scan

After coding, I cross-referenced sub-categories and looked for patterns across the transcripts by comparing data in different sub-categories (Richards 2005). In other words, it involved the identification of aspects shared by the accounts. This is the second stage of analysis and is known as a 'horizontal scan'. It is a way to see how data from different transcripts are consistent or inconsistent with each other and provides clarification to our perception of the research problem. At this stage patterns were evident and categories were formed (Merriam 2009).

Clusters/ Themes

Clustering is the last stage of analysis; clusters or themes were formed from codes that were sorted and put together using 'emergent' categories (Coffey and Atkinson 1996; Patton 2002). All the coding was done by me, twice, for dependability and uniformity and to make sure that no important point was ignored during preliminary coding (Richards, 2005). I have also tried to include minute yet intricate details such as intonation and reluctance in participants' responses.

A process view of the analysis is provided in Figure 5. Additionally, to give the reader an idea of the coding and categorising employed during analysis, an example from Case I, i.e. Org-Energy (the first case to be analysed), is provided in Table 2 and Figure 6.

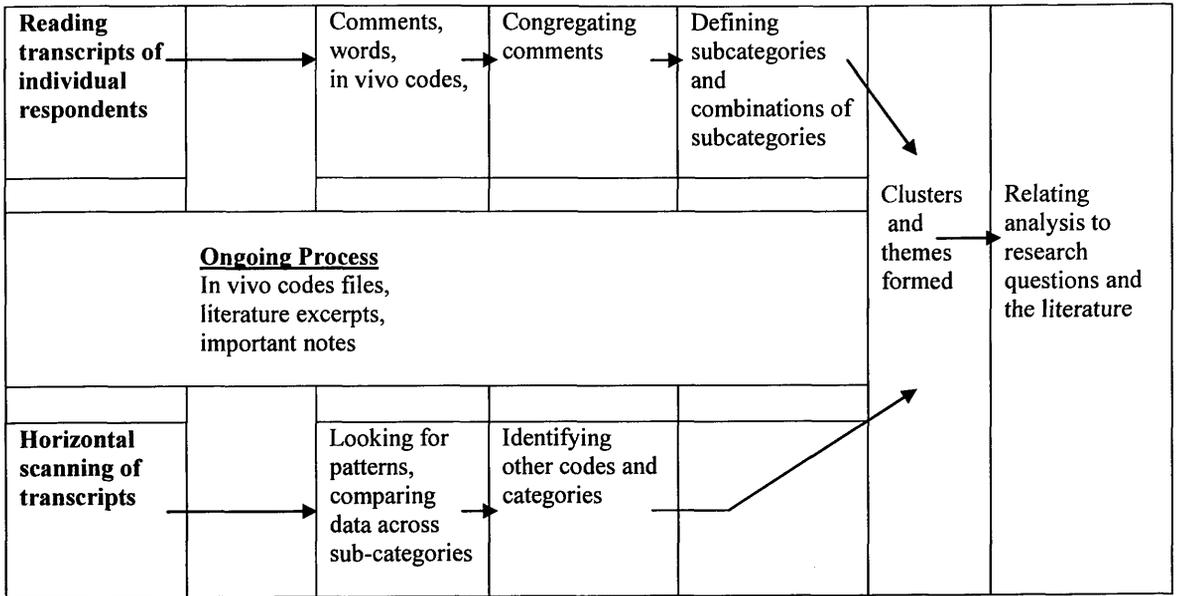


Figure 5 Process view of analysis

Background details: Business head (R4) describing the impact of the global economic crisis 2008 on Org-Energy	
Interview transcript	Coding
<p>Global crisis you refer to is October 2008. The first time the Org-Energy ever in the history of 10 or 12 years' time faced crisis in terms of <u>reputation</u> in term of <u>stock market</u>, in terms of <u>profitability</u>. So it was very <u>serious psychological impact on everybody</u>. Just couple of years before the crisis, <u>we had hugely invested in globalisation and that fell of like a pack of cards</u>, fortunately our investment and our strong hold on India rescued us and if I had to travel back to October - 08 to let's say December -09, things were tough. There was lot of <u>churn in the top management</u>, we had lot of <u>global leadership changes</u>, we had lot of <u>leadership changes</u> within Org-Energy in terms of CHR one, CPO, we also kind of had a <u>hiring freeze</u>, we had <u>exhort of talent happening</u>, we had <u>frozen salary hikes</u> which later on we opened up. The worst thing was Org-Energy got the brand equity because of it being the darling at the stock exchange and the stock prices were always nice but we saw <u>stock prices crashing down to probably 1/5th of what it was few months before</u>. We also had <u>lot of competition smartly taking advantage of this situation</u> and <u>lot of negative media</u> around us.</p>	<p style="text-align: center;">1. Main impacts </p> <p>Impact on globalisation, stock prices plunge, decline in profitability, reputation impacted upon</p> <ol style="list-style-type: none"> 2. Psychological impact 3. Leadership changes 4. Changes in people management strategies (hiring freeze, attrition, frozen salary raises) 5. Increased competition 6. Negative media coverage

Table 2 Example of Early Coding Attempt

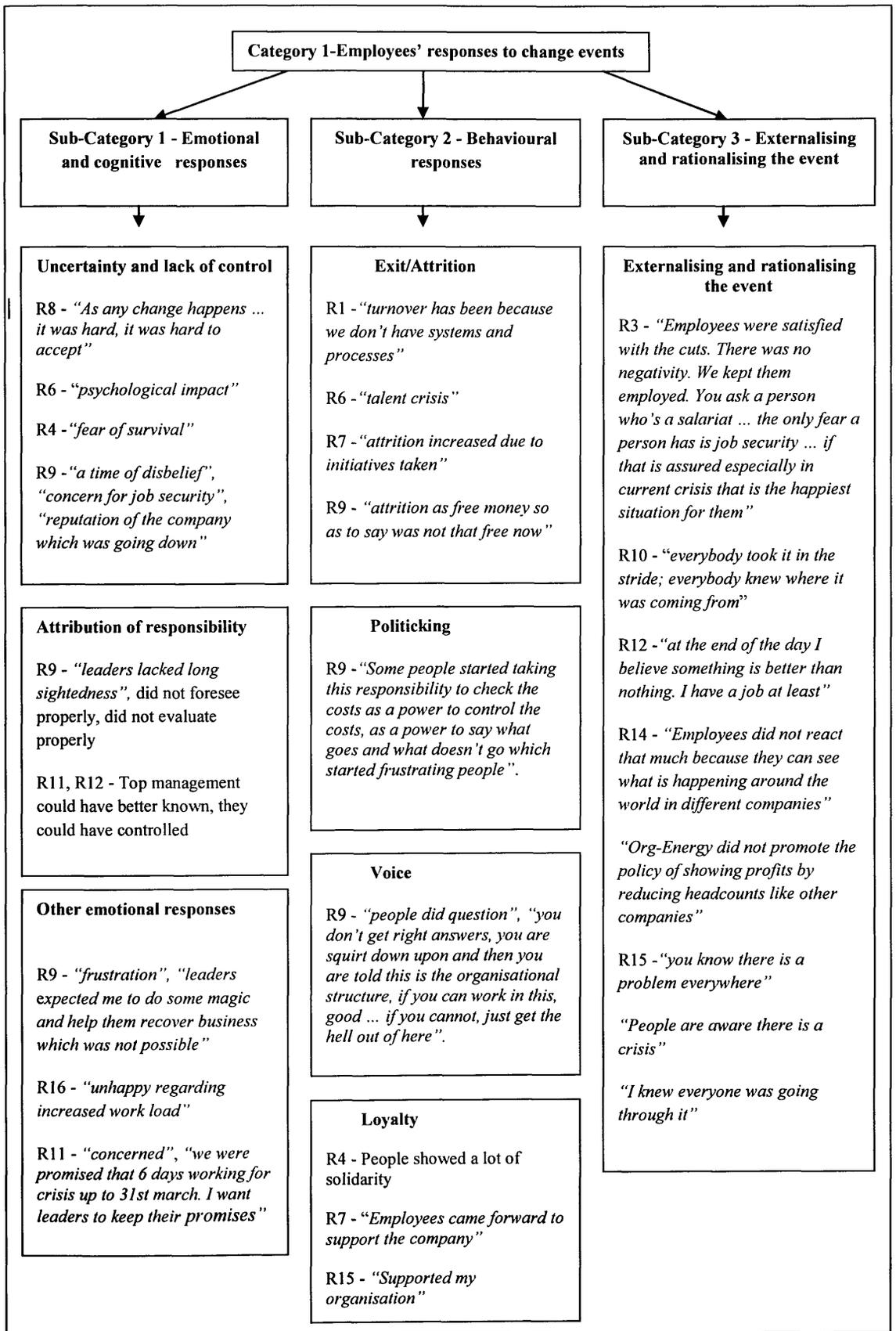


Figure 6 Example of final coding

Issues faced in the analysis

One of the most challenging moments in carrying out analysis is simply starting it. The start of the categorisation stage is daunting in a way, because at that point one has numerous incoherent chunks of data (codes) (Backman and Kyngas 1998). Also, another issue with narratives material (which I faced) is that it is usually not systematic and data from transcripts may have components that may appertain to various other categories (Dey 1993; Polit and Beck 2004). To solve this issue it is essential to go back and forth while analysing the data to ensure dependability of the categories and clusters.

3.3.8 Presentation of cases

After analysing the transcripts and preparing the final list of themes, categories and codes, I started reviewing several journals and dissertation as a method to organise text. This stage required greater attention and effort and was time-consuming. I decided to discuss the themes in some fullness in addition to including some general commentary on them. All three cases that follow are combined with general commentary, theoretical perspectives, queries and reflections which show my understanding of the issues. For the purposes of this thesis, it was more suitable to present each case as a different chapter. The first case to be presented is Org-Energy, which was the first case to be analysed, followed by Org-HR and Org-Construction. In the presentation, I start by providing an overview of the 'organisational context' (the first theme) for all three organisations, the grounds for which are discussed below.

In examining studies on change in the 1990s, Armenakis and Bedeian (1999) advocate looking into all three, i.e. content, contextual and process issues, rather than confining

the analysis to just one set or another to understand “why” and “how” organisations change (p. 311). People react to change in a variety of ways, which can be seen through an organisational or individual lens, both of which have their own context (Smollan 2009). Rousseau and Fried (2001) believe that “Contextualization entails linking observations to a set of relevant facts, events, or points of view that make possible research and theory that form part of a larger whole” (p. 1). According to Cappelli and Sherer (1991), context is “the surroundings associated with phenomena which help to illuminate that [sic] phenomena, typically factors associated with units of analysis above those expressly under investigation” (p. 56). In the same token, Johns (2006) asserts that research outcomes can be affected by context, with the effects ranging from restrained to more obvious or straightforward. Bacharach et al. (1996) assert that in order to understand the change process, it is important to analyse both micro-processes internal to the organisation and macro-factors that often bring about the change. Forces external to the organisation, whether political, economic, sociocultural or technological (Pearce and Robinson 2005), usually initiate the change process and can affect or work consecutively with the internal change, its culture, organisational processes, leadership, decisions, etc. (Kinicki and Kreitner 2006). According to Osborn et al. (2002), “leadership and its effectiveness, in large part, are dependent upon the context. Change the context and leadership changes” (p. 898). Context influences the purpose of leadership and why it is there in the first place (Jackson and Parry 2011; Klenke 1996).

Profound change, like that caused by the global economic crisis necessitates sense-making as people reassess and re-examine their existing schemas or cognitive frameworks. Sense-making involves incorporating a repertoire of prominent environmental factors, with context being an important facet of it (Smollan 2009). By

bringing context into the analysis, I advocate the significance of such questions as, 'why?', 'when?', 'where?' and 'how?' in examining recession-led change, leadership and psychological contracts. I started the interview process by asking respondents to describe their organisation's internal environment. The aim here was to gain an understanding of organisational members' perceptions of the organisational context before the crisis hit in order to select cues from it that might have relevant bits of information to help understand people's responses to change during a crisis and form coherent stories about it.

The other eight themes that follow the theme of "organisational context" include: "Global Economic Crisis 2008", "Leadership during economic crisis", "Expectations during economic crisis", "Communication during crisis", "Organisational trust during economic crisis", "Impact of media during economic crisis" and "Impact of economic crisis on HR practices".

It is important to note that there are significant overlaps across the themes and categories. Additionally, the way I have organised the material is by no means the only layout possible, and the reader may well search for, and uncover, other relations and collocations.

CHAPTER 4: ORG-ENERGY, CASE I

4.1 Introduction

This chapter aims to explore the impact of the global economic crisis 2008 on Org-Energy and the subsequent alterations in psychological contracts. The same have been discussed through the nine themes listed in Table 3. Each theme which will be referred to as a feature after this will be discussed with quotations from the interviews and a general commentary.

S. No.	Theme	Categories	Sub-Categories
1	Organisational Context	1. Perceived Culture	1. Formal/Informal Mix
2. Entrepreneurial/ autonomous/ collaborative			
2. Perceived Organisational Structure and Work Environment		1. Positive assessment	
		2. Negative assessment	
3. Perceived Leadership		1. Mixed forms of leadership	
		2. Ambivalent perceptions and entrepreneurial edge	
2	Global Economic Crisis 2008	1. Impact of the Global Economic Crisis 2008	1. Increased Competition
2. Impact on Leadership			
3. Overcapacity and problems with backward integration			
4. Negative Media			
5. Cost-cutting measures and changes in people management strategies			
6. Positives of crisis			
2. Employees' responses to change events		1. Emotional and cognitive responses	
		2. Behavioural responses	
		3. Externalising and rationalising the breach	
3		Leadership during crisis	1. Credibility issues
2. Different features of leadership that emerged during the crisis			
3. Deliberate sense-making			
4. Engaging, connecting and communicating			

		5. Walking the talk	
		6. Job security	
4	Expectations during the crisis	1. Leaders' expectations	1. Employee loyalty
			2. More work and increased focus
		2. Employees' expectations	1. Communication and Transparency
			2. Forecasting and vision
			3. Job security
5	Communication during the crisis	1. Positive assessment	
		2. Negative assessment	
		3. Employees' responses to communication initiatives	1. Positive responses
			2. Negative responses
6	Importance of trust during the crisis	1. Positive assessment	
		2. Negative assessment	
7	Organisational decision-making during the crisis	1. Positive assessment	
		2. Negative assessment	
8	Impact of the Mass media	1. Negative impact	
		2. Positive impact	
		3. No impact	
9	Impact of the crisis on HR practices	1. Impact on recruitment	
		2. Impact on training and development	1. Forms of training available at Org-Energy
			2. Changes in training and development
			3. Responses to changes in training and development
			4. Is training an employee-driven demand?
		3. Impact of the crisis on the performance and remuneration management system	1. Changes in performance and remuneration management system
			2. Responses to changes in performance and remuneration management system

Table 3 Final list of themes, categories and sub-categories (Case I)

4.2 Theme 1 – Organisational Context

Three categories are discussed under this theme: perceived culture, perceived organisational structure and work environment, perceived leadership.

Category 1 – Perceived culture

Organisational culture offers a context to understand people's perceptions of change. Respondents' comments about the types of culture were based on the times before the economic crisis struck. There are two sub-categories discussed under this category: formal/informal mix and entrepreneurial/ autonomous/collaborative culture

Sub-category 1 – Formal/informal mix

Most of the respondents at Org-Energy believed that their organisation has a mix of cultures, with both formal and informal elements. For example, according to R9:

“It's a hybrid. I cannot say its formal, I cannot say it's informal but it's somewhere in the middle, may be a bit informal.”

Adding to this, R15 mentioned that the culture varies across the organisation between various sites and departments. However, some of the respondents also mentioned that the organisation has a hierarchical culture with fairly centralised leadership (R1, R7, R8) where a set of people decide how to run the business and the others are just followers (R9).

The way employees view their organisation's culture affects their perceptions of their psychological contracts (Van de Van 2005). Additionally, how people perceive the organisational change process relies to a greater degree on their past experiences with the organisation and their view of the organisation's culture (Smollan 2009). Ryan (2005) argues that culture, “provides a ‘glue’ and understanding in that it can help individual members make sense of events and change activities” (p. 432). Culture is a measure of leaders' beliefs – the way they cogitate, influence and behave with employees on an everyday basis (Shields 2007), and therefore has to be considered. I

believe the formal and informal elements that the respondents were referring to are informal norms (social control) and formal control (Chatman and Cha 2003). Norms are the psychological roots of the culture, social, shared and acknowledged measures to assess the suitability and alignment of the behaviour (Birenbaum and Sagarin 1976). Norms shape how people see each other, interact and go about decisions and problems (Bettenhausen and Murnighan 1991). Employees' referring to culture as informal implies that people in the organisation have good ties with each other, besides having a professional relationship and have a relaxed work environment which involves sufficient empowerment and engagement. The hierarchical culture and centralised leadership that some respondents spoke about, I believe, is formal control where employees are given formal directions which sometimes can make them reluctant to take ownership (Chatman and Cha 2003).

Sub-category 2 – Entrepreneurial/ autonomous/ collaborative culture

A number of respondents described the culture as entrepreneurial or dynamic where learning is encouraged and people are empowered, given responsibility and have a voice to share their views. Collaborative culture was also highlighted by some of the respondents' who mentioned that the propensity to collaborate is knitted to an extent into the fabric of organisational working, which according to the respondents is marked by '*team work*', '*communication*', '*transparency*', '*mutuality*' and '*respect for each other*'. However, R7 spoke about the silo culture the organisation had until 2007-08, where every organisational division was '*in their own world*', and which still exists to an extent. He further mentioned that post 2008 there has been an increase in collaboration; people move around a lot and interact a lot. This was also indicated by other respondents.

Category 2 – Perceived organisational structure and work environment

How individuals feel about their job also depends on their perceptions of the organisational structure and environment. There are two sub-categories discussed under perceived organisational structure and work environment: positive assessment and negative assessment.

Sub-category 1 – Positive assessment

When asked about the work environment at Org-Energy, most of the respondents described it as open and comfortable, with people being supportive and cooperative. For example R5 stated that the:

“Working environment encourages exchange of communication and people at lower levels are also encouraged to take responsibilities and are also given space.”

Along the same lines, R7 mentioned that even though the organisation has a hierarchical structure people are allowed to intervene, voice their views and discuss them openly. Differences in the work environment between offices and sites were also highlighted in the interviews.

Sub-category 2 – Negative assessment

On a negative scale, some of the respondents (R1 and R9) admitted that some people in the organisation are not professionally qualified, thereby highlighting gaps from a competency and capability perspective. For example, R9 said:

“There are 2 kinds of people – ones who joined after the year 2000 are real professionals who have seen life beyond Org-Energy; they are in Org-Energy to improve the systems. With those people experience is good. Then there is an older lot

who have stuck to the company from the beginning, they might not have a good CV but hold strong positions. Working with them could be challenging at times."

Discussions with other respondents also revealed that because it is a family-run business, people at times tend not to take decisions, but to escalate. R8 called it "*a lacuna in the delegation of authority*". Escalation might be because of structural (politics, inertia or powerlessness, etc.), social (insecurity, competition, face-saving, etc.), psychological (responsibility, perceived risk and self-justification) or project factors (costs and benefits) (Staw and Ross 1987), with structural and social forces probably playing a primary role (Drummond 1994). Whatever the reason for escalation, people not taking decisions or taking too long to make decisions can lead to frustration, which was implicit in the respondents' comments. Other negative aspects that surfaced during the interviews included issues with communication (discussed in detail under Theme: Communication) and the importance of maintaining personal rapport to get work done. It was also mentioned that, during the crisis, people faced many challenges as the industry was going through a consolidation phase (R10) and people had to work long hours (R8).

Many of the responses also hinted at general discontent at the existence of limited structures and limited processes. It was also emphasised by a number of respondents that the organisation needs to strengthen its processes and systems, get them in place and drive adherence to them. For example, R15 stated that, "*the systems and processes are not in place*". Likewise, R11 mentioned:

"Here lots of things are people based and not system based. You need to run around and get your things done ... processes are still evolving, culture is evolving, still in the nascent stages."

Systems and processes stream through the organisation and are vital to hold the organisation together. The experience of depending on people to get work done did not seem to go down well with the employees. Org-Energy is a promoter-led organisation which is semi-professional and semi-family. The reason for the exiguity of systems and processes may be that Org-Energy is a relatively young organisation which has grown rapidly in the last decade and is still evolving to become a full professional organisation.

Category 3 – Perceived Leadership

Interviewees' comments on leadership at Org-Energy indicated different leadership styles and types operating in the organisation. Respondents' perceptions of leadership were based on the times before the crisis struck.

There are two sub-categories discussed under this category: mixed forms of leadership and ambivalent perceptions and entrepreneurial edge.

Sub-category 1 – Mixed forms of leadership

Most of the respondents identified the leadership at Org-Energy as person-based at the top and shared and distributive further down the hierarchy. According to R3, Org-Energy has a well-defined organisational structure consisting of an executive council (leaders from various divisions) that steers the organisation and takes certain decisions jointly. R3 further mentioned that different business heads decide for their work areas, which shows the distributive nature of leadership at Org-Energy. R4 explained the shared and distributive leadership at Org-Energy in this way:

"Here everybody is a leader. For example – in a team my focus would be vision, networking, and policy making, gluing the organisation together and lobbying both

within and outside the organisation. J's role would be translating all of this into systems, operational designs making sure everything goes smoothly – which is her leadership function. P's role is to make sure logistics, administrative functions, finance and HR are seen holistically. We have a matrix structure where everyone is leading a theme, i.e. leading integration in a location."

Sub-category 2 – Ambivalent perceptions and entrepreneurial edge

Additionally a number of respondents (R2, R6, R8, R11, and R13) considered their leaders to be visionary. Some of the respondents had mixed perceptions of their leaders. For example R11 stated:

"They have a good insight about the industry but I would say that the connection is missing between the ground realities and the vision ... The only dot I see is missing in the structure. They need to be aware of the ground realities. They need to leverage more on what already is existing be it abilities of the people. They need to leverage on that and then move ahead."

R8, R9 and R10 found their leaders to be entrepreneurial. According to R8, the leaders at Org-Energy are *"first generation entrepreneurs. At times it is difficult for them to completely let go responsibility or let go decisions from below."* Likewise, R9 believed that leadership at Org-Energy is more based upon *"opportunities in front of you as compared to long-term strategies."* According to him it is more about visible gains and how to target them. Furthermore, R9 labelled the leaders as *"short-term oriented and a bit opportunistic"*. R10 considered the leadership at Org-Energy a mix, differentiating between old-timers and newcomers, considering the former as the *"decision-makers ... who make quick decisions"* and the latter *"professionals who are more thought-oriented"*. It was also mentioned that recent years have seen a shift in

leadership, with new leaders being groomed and who are trying to bring in a good amount of change.

Discussion

Various conflicting issues came up in the participants' responses to culture, structure, work environment and leadership, positive and negative assessments, different leadership styles and employees' perceptions of these. A number of respondents spoke about the limited processes and systems which indicate a need to re-examine the systems and processes in the organisation to mitigate inside organisational inconvenience, also highlighted by the participants. Regarding leadership, some respondents recognised either positive or negative aspects while others saw both. Most respondents described their leaders as entrepreneurs, referring mainly to the negative side of entrepreneurship, which they mostly associated with the older generation leaders. There seemed to be general discontent among most of the participants with the approach of the older generation leaders. R10 spoke about the older generation entrepreneurs as quick decision-makers, R9 spoke about leaders being short-term oriented and R8 discussed leaders' desire for control. All these can result in distrust which might be one of the downsides of entrepreneurship. Short-term leadership, which was discussed by R9, might have resulted in a context of crisis, more of which will be discussed later. Short-term leadership can result from immediate need in the context of finding a solution to the biggest issues faced at that particular moment, as could have been the case during the global economic crisis. R11 described leaders as visionary but emphasised the discrepancy between reality and the vision, and at the same time indicated a need for leaders to leverage people's abilities. I believe that the greatest leadership leverage results from how leaders collaborate and establish healthy

relationships with people and achieve goals with and through them, which Org-Energy might have been struggling with.

4.3 Theme 2 – Global Economic Crisis 2008

The degree of impact of the global economic crisis varied from organisation to organisation. However, quite a number of organisations handled it by following a retrenchment approach that involved reductions in costs, such as job cuts, instituting a hiring freeze, a merit freeze, training budget cuts, R&D budget cuts, etc. Org-Energy was no different.

There are two categories that will be discussed under this theme: Impact of the Global Economic Crisis 2008 and Employees' responses to change events.

Category 1 – Impact of the global economic crisis 2008

The global economic crisis 2008 impacted on Org-Energy in a variety of ways. Org-Energy annual reports for the last three years (2011, 2010 and 2009) suggest that their sales have gone down and revenues have not increased.

R6 described the period as:

“The first time Org-Energy ever in the history of 10 or 12 years’ time faced crisis in terms of reputation in term of stock market, in terms of profitability. So it was very serious psychological impact on everybody. Just couple of years before the crisis, we had hugely invested in globalisation and that fell like a pack of cards. There was a lot of churn in the top management, lots of global leadership changes within Org-Energy. The worst thing was Org-Energy got the brand equity because of it being the darling at the stock exchange and the stock prices were always nice, but we saw stock prices come crashing down to probably 1/5th of what it was few months before. We also had

lot of competition smartly taking advantage of this situation and a lot of negative media around us.”

R1 explained the impact of crisis in terms of organisation not being able to generate orders over 1½ to 2 years, which resulted in layoffs in the US, Europe and to some extent in Australia. Besides this, Org-Energy had to close down one of its factories in the US and reduce manufacturing in China. It was also mentioned that because of the economic crisis, the organisation was not able to invest in developmental areas such as L&D, talent management, education, etc.

There are five sub-categories, namely: increased competition; the impact on leadership; overcapacity and problems with backward integration; cost-cutting measures and changes in people management strategies; positives of the crisis, discussed under the Impact of the global economic crisis 2008.

Sub-category 1 – Increased Competition

Org-Energy is the only provider in Asia offering end-to-end solutions in (one of the renewable sources) the power area and the organisation purported that they “*probably would have this advantage for a long time but found out that the competitors were very fast catching up*” (R1). Many respondents spoke about how Org-Energy believed that they were doing relatively well in terms of technological expertise but it was only during the global economic crisis that they realised that improvement was needed on the product technology front. Furthermore, discussion with respondents on this issue revealed that the organisation had underestimated its competitors who were equally concerned about growth and profitability. So competition was cited as one of the significant forces to be dealt with during the crisis.

Sub-category 2 – Impact on leadership

R9 spoke at length about the churn in top management which R6 referred to.

According to him, during the crisis:

“Some of the old people, some of the very senior people lost their standing in the company. They might not have lost their jobs but they lost their standing because new professionals came in and showed them in bad light. They kind of said these guys are the core reasons for your problems. So technology head was changed, the CEO of India was changed, the CEO of the world was changed.”

R9 admitted, however, that in spite of these changes, there still remains a weak spot for some of the old professionals.

Sub-category 3 – Overcapacity and problems with backward integration

Speaking on the impact of the crisis, some of the respondents indicated how Org-Energy “*crashed in the middle of the crisis*”. One of the general managers (R7) while discussing the organisation’s forward and backward integration mentioned:

“In the process of expanding we somehow overlooked the backward integration and did take a hit. Somehow till 2005, 2006, 2007 we took for granted that we are there and we’ve made it.”

Backward integration at Org-Energy involved looking at processes, systems and research and development. During the economic crisis, product quality, which is a part of backward integration, was questioned, creating challenges for the organisation. Org-Energy had a blade-crack issue in the US which, according to R9, “*hurt its reputation*”. Some of the respondents elaborated on it by discussing how, in a market which is already dwindling, in a sector which is at the front end of the economic crisis, if any organisation has technical issues and the products they are selling are technical

products, the market simply takes out the valuation premiums that it used to give to that organisation. The result of this was that Org-Energy's profitability declined. In other words, investment to recover from those losses ate into their profitability. Also, as the organisation was not generating orders, it was under pressure in terms of designing its cash flow, employee efficiency and getting more value for money. According to R2, the crisis was a time when the organisation had to look again at everything. Elaborating on this he mentioned that:

“when there's been an over capacity (i.e. the situation where organisation cannot sell as much as it can produce) as a result of the decline in the growth of this sector ... it obviously leads to pressure on margins, so everybody has to kind of relook at the costing and which leads to also improving the cost efficiencies of the system, processes, secondly the materials as well.”

Speaking about product quality, R9 mentioned that their organisation underestimated everything and put sub-standard products in the market expecting their leaders to sell them. According to R9, what happened after that was that the sales team started making excuses for not selling which, in a way, *“corrupted the culture”*, which moved from a *“we can do it”* kind of system to a *“cover thy ass”* kind of system. R9 further blamed the leaders' mindset for all of this, which was also indicated by other respondents. For example, he stated:

“Already the organisation had so many issues and then the crisis strikes and then you don't want to look at your problems, you just want to look at the ways to get out and that's where I believe they have gone wrong.”

The negative impact of the crisis on Org-Energy was also quite evident in the following comment by R8:

“Because I am responsible for the competitiveness of the product and I am responsible for the cogs of the product; economy is not helping; it’s not coming as an attractive proposition. I have to reduce cogs, I have to reduce costs so that I go and try to sell at cheaper rates.”

As has already been mentioned, during the economic crisis, Org-Energy had overcapacity, as a result of which it had to decrease the cost of its products. Org-Energy had assumed that the global economy would support their intended growth and that they would continue with a particular growth plan. However, all the parameters, whether they were financials, operations or systems, were challenged during the crisis.

Sub-category 4 – Negative media

On discussion with some of the respondents it was found that the negative media that R6 referred to were the external media and the analyst community. R9 described it as the way the analyst community values a business. According to him, during the economic crisis, their view had become a bit *“pessimistic”*. He further explained that, when the analyst community predicts that they expect a particular organisation to grow 100% in a year, but then, as the crisis hit, it may not grow 100% but 15-20%, is the main reason that according to R9, takes *“the wind out of your sales”*. As a result, earnings declined, the net value of multiples declined.

Sub-category 5 – Cost-cutting measures and changes in people management strategies

According to R3, the global economic crisis was a time when everyone had to be *“flexible, accommodative, responsive and holistic”*. R11 spoke about the increase in working hours that started during the economic recession. For example, she said, *“We used to have Saturdays off but now we have all these days working.”* Along the same

lines, R16 remarked that the workload had increased during the recession as they had to, “*manage in existing man power*”. She further spoke about the “*double heading*” which was done during the recession by the employees.

A number of respondents mentioned that the organisation had become cost-conscious (strict about budgets) during the recession with “*costs being monitored very closely*”. There was a certain discipline in the way the organisation scaled its budget, discipline in the way it went about achieving its goals. The cost minimisation measures that most of the respondents spoke of and which they perceived as breaches on the management’s part included:

“Salary hike freeze (mostly for seniors), training constraints, long working hours, cuts in travel expenditures, Diwali bonus freeze etc.”

All these will be discussed in detail in the Impact of crisis on HR practices theme. Additionally, it was also discussed by some respondents that some cost-cutting initiatives were “*mindless*”, e.g. removing tissues from the washrooms.

Sub-category 6 – Positives of the crisis

Despite these cost-cutting measures, nobody was made redundant by the organisation. According to R14, Org-Energy tried to maintain good relations with its clients and employees. It became more process-oriented, more systematic and more focused. R14 explained it in this way:

“Now we know where to target, who are our niche customers, who are our general customers. Now we know better than we used to earlier.”

R8 felt that one positive aspect of the recession was that the leaders understood the importance of communication with internal stakeholders. According to R6, the

organisation did various campaigns around positive communication and tried to resolve employees' grievances, which mostly revolved around non-monetary employee engagement activities. Other things that surfaced during the interviews with respondents, which organisation introduced, included starting a change management programme called "*BRAINWAVES*" to identify gaps in the systems and setting up of governance mechanisms which were reviewed regularly by the CMD.

Discussion

As has already been discussed Org-Energy is a young organisation which is fairly dynamic and continuously improving. Agreeing with R2, "*When it comes to people, processes ... all areas ... there's tremendous amount of room for improvement everywhere.*" A number of respondents discussed how the organisation had to rework their business model and look inwards, improve the quality of systems, processes and products, work on the pricing aspect and look for new markets. It was also mentioned by R3 that during the economic crisis the organisation "*stopped its growth plan*".

I believe that Org-Energy's stock-price plunge, leadership changes, negative attitude of the analyst's community and the mass media in general and substandard product quality, which was questioned, were events that triggered negative perceptions amongst the employees. Additionally, changes in people management strategies (discussed in detail in Theme: Impact of Crisis on HR practices) such as bonus cuts, controlled hiring, increased workload (double-heading) and travel budget constraints, which impacted individuals directly and were perceived as unfulfilled expectations, triggered a process which involved employees making efforts to elucidate "what's the story here?" (Weick et al. 2005).

According to Lester and Kickul (2001), an organisation that uses open-book management is able to offer improved clarification or reasoning, especially when it is unable to fulfil promised obligations due to external factors not in its control. It was also obvious that the top management foresaw that employees would express negative responses to the unfavourable consequences and therefore started communicating more, engaging with employees more and also made other kinds of support accessible, which was seen positively by employees.

Category 2 – Employees’ responses to change events

Respondents’ perceptions were based on the different change initiatives the organisation introduced during the economic crisis. Sometimes they were referring to changes that affected them, sometimes changes for others, and sometimes for the organisation overall. Most of the respondents evaluated these changes both positively and negatively, except for a few.

There are three sub-categories, namely: emotional responses; behavioural responses; externalising and rationalising the event, discussed under employees’ responses to change events.

Sub-category 1 – Emotional and cognitive responses

R8 when asked about how he perceived these changes said:

“As any change happens ... it was hard, it was hard to accept.”

Likewise R6 spoke about the serious psychological impact on everybody. R4 confessed that there was a sense of insecurity which she referred to as a “*fear of survival*”, regarding whether the organisation would be able to take orders and whether it would be able to make ends meet. R9 referred to the crisis as “*a time of*

disbelief". According to him, it was as if the whole business community was struck down by something they were not prepared for, something they had not anticipated and which they did not think would hurt them so much. Additionally, R9 admitted that employees at middle and senior levels were experiencing fear and anxiety as they were concerned about "*job security*" and the "*reputation of the company which was going down*", as a result of which their ability to find another job was also getting affected.

All these statements reflect the uncertainty experienced by the employees during the economic recession. Uncertainty is, "*an individual's perceived inability to predict something accurately*" (Milliken 1987: 136). Being unaware of something about oneself or about the surroundings impedes adaptation, as it is not easy to be ready for, or to handle, the unknown (Bordia et al. 2004). The respondents' comments also show their vulnerability and perceived lack of control, both of which can be very overwhelming and lead to psychological strain, stress and anxiety (Bordia et al. 2004; Nelson et al. 1995). Furthermore, participants highlighting 'fear' and 'anxiety' indicates that the changes (during the global economic recession) were experienced emotionally by them, as these influenced how they saw their future prospects and current status, which has also been mentioned in the literature previously (e.g. Ashford 1988; Kiefer 2005; Miller and Monge 1985).

On a personal level, R9 expressed disappointment with the leaders whom he believed "*lacked long-sightedness*" and did not have an execution plan. R9 comments also indicate a loss of faith in management. According to him, the leaders did not evaluate properly, they did not foresee properly and they underestimated everything, which was also hinted at by other respondents. As a part of interpretation or a sense-making process, research (Morrison and Robinson 1997) suggests that when people encounter

unanticipated and unfavourable consequences they look for details to help them attribute responsibility (Wong and Weiner 1981), which then influences the intensity of their emotions (Frijda 1988; Ortony et al. 1988). Additionally, the attribution of responsibility might also model a negative relationship between employees' reactions and perceived non-fulfilment of their psychological contracts (Chaudhry et al. 2009). In the case of Org-Energy, some respondents believed that top management should have controlled and known better the implications of the global economic recession, and therefore expressed their disappointment at what happened.

R9 also admitted being frustrated, because leaders expected him, *“to do some magic and help them recover business which was not possible”*. Adding to this he also mentioned that many senior-level employees were frustrated (which was also hinted at in other participants' responses), especially people who were trying to build their careers at Org-Energy, who were asked to sell machines when there was no demand for them. According to R9, the organisation's assumptions of high growth, unchallenged growth and a belief that whatever they built would sell were *“very far from reality”*, which led to a lot of frustration amongst employees.

Regarding the increased workload, R16 admitted that employees were not happy about it. Adding to this, R11 said:

“we were promised that 6 days working for crisis up to 31st March. I want leaders to keep their promises.”

She further discussed that she would be concerned if leaders did not keep their promises and that it would result in a loss of credibility and trust in top management.

Sub-category 2 – Behavioural responses

R1 admitted that the share-price crash impacted employees' morale. Additionally, respondents discussed how being a people-intensive company it was assumed that people would stay, but somehow, during the recession and post-recession, attrition rates increased. These things happened during the crisis because of the initiatives that were taken. It was also mentioned by respondents that, *"Attrition increased because people became insecure at some point in time."* R1 blamed it on a lack of systems and processes. However, most of the respondents believed that attrition was because of bonus cuts and that people got frustrated and left. Speaking about bonus cuts, R6 said that initially there was *"voluntary euphoria"*, employees said they did not want it but later the organisation had some talent crises and had to renounce the decision about not offering incentives. Likewise, R9 also mentioned that the attrition was because *"free money so as to say was not that free now"*. According to him, systems were strengthened but it took a different turn as people who were supposed to implement the system thought they had become powerful and started controlling the cost. He described it in this way:

"Some people started taking this responsibility to check the costs as a power to control the costs, as a power to say what goes and what doesn't go which started frustrating people."

Further discussion hinted at conflict and increased politicking which, as research (e.g. Keeley 1988) suggests, can weaken the exchange relationship between employees and the organisation. According to Wildavsky (1975), budgets are *"attempts to allocate financial resources through political processes to serve differing human purposes"* (as cited in Covalski and Dirsmith 1986: 195). Wildavsky (1975) further suggests that budgeting in organisations characterised by conflict, is used to create, disseminate and

hold power. Budgeting is seen as an outcome of political negotiations in organisations, it is effective for authorising and maintaining 'power and control' systems (Cyert and March 1963). Control systems according to Burchell et al. (1980) can become "mechanisms around which interests are negotiated, counter claims articulated and political processes explicated" (p. 17). Organisation during uncertainty must demonstrate rationality (Meyer and Rowan 1977), which can be achieved through control systems (Covaleski and Dirsmith 1986). People in positions of power can alter these control systems tacitly to maintain the power relations in existence and at the same time present a picture of promoting rational management to employees (Covaleski and Dirsmith 1986), which I believe might have been the case at Org-Energy. A study by Kiewitz et al. (2009) suggests that, employees' perceptions of people's political behaviour, or in general organisation's political environment, serve as a significant contextual factor by working as a guide that employees evolve when evaluating the organisation's intentions. This also plays a vital role in how employees see and interpret a breach as well as the quality of the exchange relationship with their employers (Kiewitz et al. 2009).

Broadly speaking, the organisation saw employees either leaving or continuing with their work and overlooking everything. When asked whether anybody questioned these initiatives R9 stated that people did question but did not get any response. He explained it in this way:

"...you don't get right answers, you are squirt down upon and then you are told this is the organisational structure, if you can work in this, good ... if you cannot, just get the hell out of here."

However, some of the respondents mentioned that the majority of employees supported and stood by the organisation, which was quite encouraging. For example, R4 believed that employees showed a lot of solidarity during the recession. According to her, people made themselves available during the recession. When asked about employees' reactions to these initiatives, R4 highlighted a crucial point:

“See employees don't starting reacting to such things when you shoot out ... you choose your employees far before such an adversity comes through.”

It reflects a crucial aspect of the organisation which is the focus on selecting the right people, those who grow with the organisation, are committed and stand by the organisation during tough times.

Sub-category 3 – Externalising and rationalising the event

R10 when discussing people's reactions to cost-cutting measures said, *“everybody took it in the stride; everybody knew where it was coming from”*. According to her, people had seen prosperous times and they took it in their stride, as this was the need of the hour. Similarly, R14 and R15 also believed that there was some initial riving but people were aware of the impact of the recession around the world on other organisations. For example, R14 said, *“Org-Energy did not promote the policy of showing profits by reducing headcounts like other companies.”* She admitted that yes people did not get increments, which was not a big issue because, *“at least they had a salary, a regular income”*. R3 elaborated on this by highlighting the fact that the leaders did not retrench anyone during the recession. For example, he said:

“Employees were satisfied with the cuts. There was no negativity. We kept them employed. You ask a person who's a salariat ... the only fear a person has is job

insecurity ... if that is assured especially in current crisis that is the happiest situation for them."

Along the same lines, R12 admitted that whatever the situation, whatever they feel, they do get back to work as, "*at the end of the day I believe something is better than nothing. I have a job at least.*" This reflects the importance of job security during a recession when fewer job alternatives are available.

Discussion

Events such as cuts and an increased workload triggered intense emotional and behavioural reactions at Org-Energy, which is in line with most of the research conducted on change which shows how change can lead to negative emotions (Bartunek 1984; Huy 2002; Piderit 2000) and the research on the psychological contracts which shows how changes in psychological contracts can lead to different behavioural consequences (Rousseau 1995; Taylor and Tekleab 2004). Most of the participants' responses indicated a feeling of loss reflected through frustration, fear, anxiety, unhappiness, unease and concerns over job security. These emotional reactions necessitated as well as assisted sense-making process, making individuals' ask "what did I expect?" (Weick et al. 2005). Additionally, a number of respondents externalised the breach (Dulac et al. 2008; Parzefall and Coyle-Shapiro 2011) as they referred to the context of crisis and believed it to be the need of the hour, which to an extent normalised the breach. By explaining that, "*the organisation did not make employees redundant*" (R14) or that "*everybody knew where it was coming from*" (R10), individuals in a way cleared leaders of their responsibility. Additionally, the saliency of the unfulfilled PC obligations was to an extent mitigated by considering other factors that reduced the negative aspects of the breach, put it in the context of

other relevant events, and highlighted the positives of work relations, as found in the research by Parzefall and Coyle-Shapiro (2011).

Other changes that respondents reported in the work-related attitudes and behaviours were demotivation and a decrease in morale. It was also mentioned that some employees left the organisation (Exit) (Guzzo et al. 1994; Robinson and Rousseau 1994), mainly because of bonus cuts, a decision the organisation had to renounce later. Furthermore it was also discussed that some employees tried to question and voice their concerns (Farell 1983) but with no results whatsoever. It was also mentioned that some people continued working and overlooked everything (Robinson and Rousseau 1994). This might be because they did not have other employment alternatives available (Rusbult et al. 1998). According to Herman (1973), an individual's attitude may differ according to how he sees, arranges and assesses pertinent events in his work context. Although there are various behaviours (like exit, voice, absenteeism, decreased engagement) that an individual might engage in, situational constraints (Robinson 1996; Rousseau 1995) restrict the individual's ability to take on each. An individual can espouse any behaviour to the degree that a situation permits him/her freedom of action. Therefore, even if employees feel that psychological contract obligations have not been adequately fulfilled they might not engage in behaviours that they would like to as these might be limited by situational contingencies, as was apparent in some of the responses, e.g. "*at least they had a salary, a regular income*" (R14) and "*at the end of the day I believe something is better than nothing. I have a job at least*" (R4).

What could also be noted in the respondents' comments was the discrepancy between change leaders' responses and employees' (change recipients) responses to peoples' reactions to the changes implemented. For example, leaders believed that because of

the effective communication that was maintained, employees were motivated or that employees were satisfied with the cuts because they were provided job security, whereas employees' responses revealed positive and negative reactions: cognitive, affective and behavioural.

4.4 Theme 3 – Leadership during the crisis

Quite a number of overlapping and contradictory issues surfaced in the interviewees' comments on leadership during crisis: positive and negative evaluations of leaders, different roles played by various leaders, their leadership styles and abilities and the impact on employees' perceptions. Interviewees' perceptions of leadership were predicated on different phases of the crisis and different leaders. There are six categories discussed under this theme: Credibility issues; Different features of leadership that emerged during the crisis; Deliberate sense-making; Engaging, connecting and communicating; Walking the talk; Job security.

Category 1 – Credibility issues

During the crisis, there were major leadership changes at Org-Energy. A number of respondents spoke about senior management being beefed up with new faces which changed the texture of leadership. New professionals were brought in and many senior leaders lost their standing in the organisation.

R9 when asked to comment on organisational leadership during the crisis said, "*they always talk about great things but they cannot put them into practice*". According to him, for about "*80% of the leadership, there's a genuine challenge of understanding what is expected of them*", and that they focus on short-term issues and never look at long-term solutions. He further spoke about how organisational leaders continue to

ignore market forces, real customer needs as well as the strengths of competitors. He described it in this way:

“They still lack execution and ability to call a spade a spade.”

It was also mentioned by some respondents that there were many assurances from top management that the organisation was recovering, the situation was recovering, but the situation never recovered. According to the respondents, people got to know about the real situation through the news, through their social networks, through recruiters, which reflected very badly on top management – more of which will be discussed in the Impact of media theme. According to R9, *“leaders did fall back on their promises”*. He believed that *“leaders lost their credibility”*. He further stressed that it was important for leaders to communicate honestly and not to *“cook up stories”*.

Category 2 – Different features of leadership that emerged during the crisis

When asked about the leadership skills and abilities that are important and as a leader one used during the economic crisis, R3 mentioned that it was imperative to employ *‘conservative’* leadership during a crisis. According to R3, conservative meant having *“limited delegation”*, as a crisis is a time when one needs to look at each and every decision from a business point of view. Every decision one makes could impact the financials of the organisation, so *“business acumen”* is a competency that R3 believed is important to take decisions during a recession.

R5 believed that it was vital to maintain *“discipline”* during the economic crisis. For example, he said:

“When the economy is going through crisis, it affects your relations so what you need is a discipline, it could be financial discipline, it could be service discipline, it could be discipline in the way you deal with the outside world.”

R4 on the other hand believed that it was important for her as a leader to be sensitive, which she considered the highest form of leadership skill. Additionally, she also suggested the significance of being genuine with employees, being honest with them, understanding their problems and looking at them as customers, not just employees.

Category 3 – Deliberate sense-making

There were other positive aspects that emerged in the respondents’ comments. For example, R5 mentioned that leaders at Org-Energy would address organisational member’s enquiries and explain why the initiatives (implemented during the recession) were required, what challenges the organisation was going through, what challenges lay ahead and what steps the organisation was going to take to come out of this period. This was also highlighted by R6 who spoke about leaders communicating progress on various initiatives introduced during the economic crisis. According to him, these initiatives were taken based on the feedback from employees and also consultants hired by the organisation. For example, he spoke about *“HELP EMPLOYEES HELP ORG-ENERGY”*, a program started by the leaders to invite employees to help and ask for their suggestions. Along the same lines, R7 also indicated that top management enabled people to come forth and discuss issues. Additionally he spoke about the large-scale interactions that leaders started having with the employees and pointed to *“BRAINWAVES”* (discussed earlier) which was started by the leaders to identify gaps in the system, and this information was published on the Internet. He further mentioned that the organisation has a system for

change now and that employees are supported at all levels. For example, he explained that every time a change is introduced they have an orientation program for all levels. Likewise, R3 also spoke about how the organisation tried to familiarise employees with the change process, for example “*what changes are happening and what is in it for them*”. This was also confirmed by R15 who spoke about how leaders made them aware of things that were happening in the organisation during the crisis. It can be seen that leaders at Org-Energy constantly made themselves visible through such projects.

These programs reflect a deliberate sense-making initiative taken by the organisation. According to Louis and Sutton (1991), a deliberate initiative for an event relates to a condition where deliberate efforts to understand the event are instigated in response to an implicit or explicit call for an enhanced degree of conscious attention. Many organisations try to engage their employees and get their input in ‘change programs’ so as to shape and direct employees' understanding of change, and prevent any negativity that might develop from change events (Rousseau 1996; Rousseau and Tijoriwala 1999). For Org-Energy, initiatives such as offering explanations to employees and starting programs like “*HELP EMPLOYEES HELP ORG-ENERGY*” or “*BRAINWAVES*” were important to prompt sense-making regarding the change initiatives. These kinds of efforts help to unfreeze schemas or cognitive frameworks and take in or integrate new knowledge; they also serve as a way for the organisation to control the event in a manner that accentuates favourable changes in the psychological contracts (Labianca et al. 2000). Furthermore, sharing knowledge and giving clarifications about change initiatives can help employees to perceive change leaders as trustworthy, fair and genuine (Smollan 2009). I believe that the improved

communication and explanations from the leaders during the recession were appreciated by respondents at Org-Energy.

Category 4 – Engaging, connecting and communicating

Speaking about how leaders motivated and supported employees during the recession, several respondents (especially senior-level employees) believed that the organisation tried to improve its communication and tried to be transparent regarding the organisation's financial situation. As R8 put it, "*there was clear communication. No shying away from facts.*" According to R10, increased communication, "*brought a lot of positivity in the environment and started building the confidence of the employees*". R2 discussed various employee engagement programs started by the organisation during the economic recession. He further mentioned that:

"The Chairman and the senior management team have reached out to people at large through various forums, town halls, etc."

R1 spoke at length about how leaders had a lot of open-house discussions and town hall meetings which involved the CEO travelling from location to location, addressing senior-level employees, their issues and concerns and asking them to cascade down information regarding the organisation's situation, future plans, etc. This was confirmed by R8 and R10 while discussing the "*LINK*" program started by Org-Energy where the CMD addressed 4,000-5,000 people in one go.

So interaction in the organisation increased overall. Elaborating on this, R7 stated, "*We started talking to people, involving them into decision-making.*" R8 explained how the organisation started the non-cash appreciation scheme, with platforms where employees were recognised and their contributions appreciated, which kept them

motivated. Furthermore, R8 also discussed how as leaders they tried to empower employees as much as they could.

Category 5 – Walking the talk

According to R4, it is important to lead by example, as *“employees will work an extra hour only if you are able to shoulder [a] few of their responsibilities”*. This was all reflected in the following instance which she described when discussing the impact of the global economic crisis:

“It all dawned on us on 30th October 2009 that money was not going to come. We were going home for Diwali and I thought I’ll give cheques and go ... And I realised after 5 days of waiting that it’s not going to come. I took 2 hours to take entire stock of what are my liabilities and what is going to be in a worst scenario my funds flow. My team stayed back for about 10 hours. We decided that we are going to contact all our stakeholders and be honest to them. We took the responsibility, we said that we are extremely sorry ... Yeah being honest helps because if there’s something as unusual or as irrational as this, then the only asset becomes your credibility because people cannot sue you in court technically in the kind of work that I do, yes they can go back to contracts and they can say ... you promised, this and that ... but if they believe that your intentions are clear and we don’t mean harm to them and we are prepared to stand by them then your stakeholders will not harm you.”

She also discussed how her leadership team looked at the resources available and then had an internal mandate for each and every member. The team suggested doing things that were consistent with the formal communications which were going out. The first step the team took was to freeze the entire Diwali bonus in addition to limiting travel expenditure. According to her:

“...we had already said that we cannot keep our financial commitments and then if we were seeing taking money, flying out, taking bonus ... this and that ... it would have been bad.”

This reflects the leading by example aspect that was discussed earlier. These steps were appreciated across the organisation. According to R4, the organisation already had these values but what their team did was put them into practice. It was also mentioned that leaders reached out, went out of their way and made themselves available for the organisation’s welfare.

Furthermore R6 also highlighted the importance of “*walking the talk*”, which impacted employees’ behaviours. According to R6, “*just sharing is not helping ... It should also be complemented with actual behaviours.*” R6 also spoke about the “*I LOVE ORG-ENERGY*” campaign started by the organisation whereby people who left the organisation and came back were made ambassadors and councillors. So a lot of positive campaigning was done around the brand Org-Energy to motivate and retain employees.

Additionally, R8 mentioned that the cross-functional deployment program ‘*STRIVE*’ was started by the leaders to encourage people to take up additional responsibilities in different departments. According to R8, if a person felt that he or she could contribute to a particular function or program which was critical then his or her super ordinates would relieve him/her as quickly as possible so that he or she could be taken on-board on the new program. He explained it by giving the following example:

“One of our IT Heads is now a project trainee for one of our SBUs (strategic business units) ... you can see the deployment that has happened.”

When employees see leaders volunteering themselves and making an effort it definitely motivates them to follow in their leaders' footsteps. 'STRIVE' is a platform whereby employees personally check the list and nominate themselves to take up a challenge.

Category 6 – Job security

R3 when asked about how he motivated his employees during the economic recession said, "*We didn't fire even a single employee.*" Likewise, R14 spoke about the organisation's support during the crisis by explaining that top management constantly assured employees that "*nobody is going to be thrown out of his or her job*". She further indicated that their leaders were more understanding during the economic crisis. Along similar lines, R11 stated that the basic necessities of employees were not ignored by top management. According to her, "*there was never a delay in payment – salaries – and leaders kept their promises regarding the same*". This was also highlighted by R5 who believed that "*insulating young people from financial difficulties*" was very important to make sure that their work was not affected and also to motivate them.

R1 explained that employees at Org-Energy were paid competitively during the recession so as to retain them. The same was mentioned by R9 who stated that the, "*real performers started getting good salaries*". During the economic recession bonus cuts were implemented by the organisation, as a result of which attrition increased. So, in order to retain talent, the organisation started paying employees competitively, more of which will be discussed in the theme: Impact of the crisis on the performance and remuneration management system.

Discussion

Participation (by providing information or exchanging views) and walking the talk were the main factors in most of the participants' assessments of the top management's intentions. Leaders' actions enhanced employees' perceptions of justice (Morrison and Robinson 1997; Rousseau 1995), because it was not just employees who had to face the cuts, the leaders were in the same boat with some of them voluntarily giving up some of their benefits. Most of the respondents, especially change leaders, believed that change was managed in a fair manner, but some respondents held a different understanding. Although leaders' perceptions might be the result of a self-serving bias (Gomm 2004), my understanding from their responses was that they did make efforts to shield employees and were fair in overseeing change. Comments such as "*there was never a delay in payment – salaries – and leaders kept their promises*" (R11), "*We didn't fire even a single employee*" (R3) or the importance of "*insulating young people from financial difficulties*" (R5) show that individuals saw fairness in the way employees were treated by the organisation. Most of the respondents, change leaders as well as recipients, believed that the top management provided adequate support for the change initiatives implemented during the recession. Studies suggest that when people are given opportunities to participate in decision-making, their perceptions of the fairness of the process increases (Thibaut and Walker 1975; Walker et al. 1974). Most of the respondents in this research, mostly change leaders, emphasised the attempts that organisation made to keep employees updated, include their ideas and exchange views with them.

4.5 Theme 4 – Expectations during a crisis

This theme looks at the state of mind of individuals as it reflects their hopes, their fears and their demands. There are two categories discussed in this theme: leaders' expectations and employees' expectations.

Category 1 – Leaders' expectations

Employee loyalty, and, more work and increased focus are the two sub-categories discussed under leaders' expectations.

Sub-category 1 – Employee loyalty

When asked about leaders' expectations of employees during the economic recession R1 stated:

“Given all the constraints, we hope they’ll continue to remain with us.”

Org-Energy had seen high attrition, especially at senior levels, because of the various cost-cutting measures introduced by the organisation during the recession. Also, as previously discussed, some of the respondents were not comfortable with these measures, so there was some insecurity and a feeling that the organisation might lose more talent because of such measures during the recession. Senior-level employees I believe had greater opportunities available, even during the crisis, as a result of which it was relatively easy for them to leave, especially when some core elements in their current job (such as compensation and benefits) were being affected.

Sub-category 2 – More work and increased focus

A number of respondents (leaders as well as employees) mentioned that employees were expected to work extra time during the economic recession, be committed, stay focused and not be led away by rumours. Along similar lines, R9 and R13 mentioned

that their leaders expected them to do their jobs and perform their roles efficiently. For example, R9 said, *“they expect me to deliver on my job and the challenge I signed up for and some more challenges as we were going through crisis”*. He added that as they had some travel budget limitations, leaders expected him *“not to complain a lot”* regarding the same. Additionally, R15 also emphasised that leaders expected them not to exceed costs and to plan everything properly.

The importance of staying positive was also highlighted by R10 who stated that, *“it was important to put our heads together, believe that the work we are doing will add value”*.

Category 2 – Employees’ expectations

Communication and transparency, and forecasting and vision, are the two sub-categories discussed under employees’ expectations.

Sub-category 1 – Communication and Transparency

When asked about what employees expected from their leaders during the crisis, most of the leaders believed that clear ‘communication’ and ‘transparency’ were something expected by employees during the economic crisis. For example, R1 stated,

“They expect clear communication in terms of what we are doing to get out of the current situation and to share with them very openly and candidly exact state of affairs as far as the company is concerned.”

One of the business heads (R4) stated that, *“providing a bigger picture”* was what she expected from her seniors during the crisis. A number of respondents (employees) indicated that they expected their job to be secure and also expected their leaders to communicate honestly with them. For example, R10 said:

“My expectations are that they communicate with us without any negative connotations. Communicate the facts as they are. Lead the way during difficult times. Communicate fairly if the organisation has taken a stand in the public domain, employees should be communicated beforehand rather than hearing it from the outside media. So regular communication from the top management is an expectation.”

Likewise, R11 believed that employees’ expectation was that, *“whatever is on the leaders’ minds we would like to have a hint of that so that nothing comes as a surprise to us”*. According to her, it was important for the leaders to make employees aware of the situation, whatever was happening with increments, whether a headcount reduction would come into force, etc. Speaking on the importance of maintaining transparency regarding business plans, R15 stated, *“I find a lot of business plan changes happening now and then, so some kind of clarity should be there.”*

So more information and clarity were needed for employees to feel assured. Adding to this, R12 also emphasised that leaders needed to share good as well as bad points.

Sub-category 2 – Forecasting and vision

Speaking about his expectations of his leaders, R5 stated:

“To predict, interpret and to currently read the realities based on macroeconomic parameters.”

Elaborating on this, he mentioned that *“leaders need to interpret correctly”*, for e.g. how issues such as what is happening in the industry, macroeconomic parameters, competitors’ activities and other external forces were affecting the organisation and

what measures were needed to mitigate their impact. He also mentioned that the leaders did their job.

R9 mentioned that he expected his leaders to have a vision and an execution plan behind that vision. He added that, “*They did have a vision but what they lacked and they still do to an extent is execution.*” So execution capability and execution discipline were also expected from leaders.

Sub-category 3 – Job Security

Additionally, R2 and R3 believed that what employees expected from them was to support them well in terms of employment, as finding a job was difficult in the recession. Likewise, R5 also indicated that, “*employees are concerned about their jobs*” and so what they expected from their leaders was job security.

Discussion

Understanding the market situation, open communication and job security were the main expectations from the employees’ side, also acknowledged by their leaders. R9 and R5’s comments highlight the importance of reading the market accurately by leaders. R9 further complained that leaders could not foresee or execute properly. Org-Energy had some problems with its leadership which escalated during the crisis (as discussed earlier), as a result of which the organisation had to go through some major leadership changes, with many senior leaders losing their positions.

Furthermore, job security was also highlighted by respondents as an expectation. Job insecurity is an outcome of “*an imbalance in the psychological contract between employee and employer*” (Keim and Wilkinson 2011: 26) and can be mitigated by communicating and giving sufficient information to employees (Kinnunen and Natti 1994). Communication is an effective factor that defines organisational values and is a

manifestation of what the leadership believes in and what it advocates (Harshman and Harshman 1999). Lack of communication can lead to rumours accentuating the negative effects of change (DiFonzo et al. 1994; Smeltzer and Zener 1992) and result in uncertainty perceptions which can create a climate of distrust (DiFonzo and Bordia 1998), more of which is discussed in the next theme.

4.6 Theme 5 – Communication during a crisis

Both content and means of communication can play a crucial role during transitions. There are three categories discussed in this theme, namely: positive assessment, negative assessment and employees' responses to communication initiatives.

Category 1 – Positive assessment

Most of the interviewees' responses hinted at an increase in interaction in the organisation during the crisis. A number of respondents talked about organisational communication in the sense that the chairman reaches out to employees on a quarterly basis.

For example, R2 stated:

“The Chairman calls a 2hr meeting where he shares numbers and financials of the organisation, he shares information about what is happening and gives senior employees opportunity to ask questions.”

Likewise, R5 also discussed the various meetings (structured periodic meetings as well as informal meetings) that take place in the organisation where profit and loss, budget constraints and planning parameters are discussed.

Additionally, some of the respondents also spoke about the organisation's internal website, or rather a mailer called "*LIVEWIRE*" which is used by the organisation to send out communications regarding the organisation's achievements in term of awards, orders, etc. "*LIVEWIRE*" is used to give information about people, about the organisation's status, industry trends and many other areas on a regular basis.

Additionally, some respondents also highlighted that different departments have their own newsletter, which to an extent capture activities taking place in the various departments or business units.

A number of respondents also mentioned that the communication plan was changed during the recession with communication being stepped up and spoke about the program called "*HELP EMPLOYEES, HELP ORG-ENERGY*" which was discussed earlier. Likewise, R10 mentioned that the organisation had to set up an entire "*global communication process*" during the economic recession and that they did not have anything comparable before that. Similarly R3 also discussed that the organisation used all its communication channels during the economic recession and used them more than it had used them before the recession. Some of the interviewees spoke about the CMD attending various forums to update employees on the organisational situation. Speaking on the same topic, R14 acknowledged, "*CMD addressing the people directly ... something that was rarely seen before recession.*" She further admitted that the top management did not discuss each and every thing with the employees but a "*window shot*" was definitely given.

Category 2 – Negative assessment

On the negative side, some of the respondents admitted that the organisation has some communication issues. For example, R12 stated that the "*Organisation only shared*

good points.” Likewise, R11 also highlighted that communication channels were missing, which adds to employees’ insecurity and leads to a 'grapevine' effect. For example, she said, *“I don’t have enough information on what is happening. I really have no answers. I don’t know whom to trust.”* R11 and R12 also mentioned that they heard rumours that manpower reductions might come into force in the future, which is *“worrisome”*. R12 further added, *“We only have to accept it, we cannot react to that extent, we just have to accept it.”* When asked whether she was looking for a new job after hearing those rumours she said, *“I am completing 4 1/2 years here, have built personal rapport with everyone, have emotional feeling attached to the company. I would not be happy to go for another job. I’ll keep up the positive attitude ... that things will change.”*

R11 believed that the organisation did not have enough forums where different information could be shared. She added that, *“I would not say it is intentional, but I would say that the focus is not on the internal communication.”* She also admitted that as an employee she got more information from informal channels, the *“grapevine”*, rather than via formal channels.

R8 spoke of the necessity of maintaining *“personal rapport”* to get feedback. He further added that the, *“non-business communication within the organisation is good”*, but when it comes to business communication there’s still a long way to go because the organisation is not at the *“level where a mature system could be”*. He also emphasised the importance of the information that is being communicated. According to him, it is important to communicate the overall situation rather than just give simple information about the organisation’s income or operating margins, etc. He further stressed that the organisation's leaders needs to enhance their communication and that they *“are in the right direction as of now”*.

When asked whether the organisation had maintained transparent communication with the employees during the recession, R12 said, *“they have and they have not. The thing is that some points they disclose and some they don’t. That is not correct. They should disclose everything.”* Likewise R11 also mentioned that the organisation has some traditional newsletters and some traditional online portals which contain more information regarding the orders won or manufacturing facilities that the organisation is trying to build up. Further discussion revealed that employees did not have enough information about the crisis situation, plans of management, and their strategies on how to handle the crisis, etc. Sometimes using technical ways to promote or speed up communication, especially in big organisations, overlooks the fact that *“communication is more a matter of minds than of machines”* (Brown 1973: 53). Communication is an important facet of leadership (Harshman and Harshman 1999) and research (e.g. Bordia et al. 2004) suggests that the quality (informativeness and accuracy) of communication can play a crucial role in reducing uncertainty during change. The interviewees’ comments indicated contexts where top management (change leaders) who are supposed to disseminate information and make sure sound communication is maintained perceived the situation in a much more positive light than people lower down the hierarchy (change recipients). Complaints by some of the participants (change recipients) suggest that top management might be oblivious or not relate to the fact that employees lower down the hierarchy might not have the information they require or that only a few people trust the information they get.

Category 3 – Employees’ responses to communication initiatives

There are two sub-categories that are discussed under employees’ responses to communication initiatives: positive responses and negative responses.

Sub-category 1 – Positive responses

Speaking on the significance of communication, some of the respondents admitted that if organisational leaders stay silent, people tend to speculate and add their own meanings. For example, R5 highlighted how employees can react to rumours in a strong way, and that if communication has been maintained by top management they can *“win the trust of employees”*. Along the same lines, R2 discussed that communication led to improved employee engagement with the organisation and served as a *“confidence building measure”*. He further added, *“Communication reduced employees’ anxieties because they saw that organisation is being transparent to them.”*

Some of the respondents indicated that improved communication was important to maintain positivity in the environment and that it impacts on employees’ motivation. For example, R8 said:

“There’s a direct impact on all attributions. Very clear communication that guys, right now, we are down, these steps have been taken, this is the result we are getting, gets an employee motivated. That helps him to remain in the organisation. He sees light at the end of the tunnel.”

Sub-category 2 – Negative responses

R11 admitted that because of insufficient communication from the management’s side employees *“fall prey to grapevine that are doing rounds in the organisation”*. She added that this impacts on employees’ productivity and performance because *“you are suspicious ... what is next, what will happen. We don’t know the fate of certain positions ... job insecurity tends to set in. There’s a lot of grapevine communication happening, we don’t know what is actual authentic information.”*

Likewise, R9 when asked about the impact of organisational communication on employees' attitudes remarked, *"Eventually it didn't matter because you realise that they are saying this to make it sound good."* He explained that the organisation always tried to communicate that there was no big deal, they repeated it again and again, but performance continued to deteriorate and profits continued to deteriorate, so it was *'difficult to trust them'*. He stated that the leaders *"were visibly trying to send only positive messages and people can see through that"*. Also, speaking about Org-Energy's stock-price plunge, some of the respondents mentioned that the organisation did not communicate this to the employees and that they got to know the details from friends, newspapers and other sources. For example, R12 said, *"They should be aware that if they don't give us information people will be updated themselves through media, newspapers and other sources."* She admitted that it was *'embarrassing'* when one got to know such things from others. When asked how she perceived this approach of the organisation she mentioned, *"I don't like this attitude of the company."* She added that it is always good to hear from the organisation itself rather than from somebody else. At the same time she seemed to empathise with the leaders, as she stated, *"Maybe they were worried that employees will get scared and what their reactions will be."* It was also mentioned by some respondents that sometimes even organisational decisions are not communicated to the employees.

Discussion

There seems to be a discrepancy between how leaders perceived organisational communication and how employees saw it. Communication when not managed properly can lead to negative rumours, as was highlighted by R11, which might be detrimental to the organisation during change (Bordia et al. 2004). Rumours reflect the uncertainty that usually coexists with organisational change and they continue or

thrive when inadequate organisational communication is ineffective in mitigating this uncertainty (DiFonzo and Bordia 1998).

Additionally, I believe that giving insufficient information (R11), “sharing only good points” (R12) or “cooking up stories” (R9) can be perceived as manipulating people, tacitly if not obviously. Usually giving a different, mostly positive, picture to employees might be an effort by the leaders to maintain good morale amongst them. It is unclear whether these actions by the organisation were a result of not wanting to upset employees or spread negativity amongst them or a need to give the impression that everything is ok, all the time, or a blend of all these.

Studies suggest that the timing, media or accuracy of communication can help organisations deal with rumours (DiFonzo and Bordia 1998) and impact the individual’s view of fairness (Smollan 2009). If organisations do not communicate in timely fashion, employees might get to know about various aspects of change from outside sources (Bastien 1987; Smeltzer 1991), which happened in the case of Org-Energy. Research indicates that when employees get information from organisational sources or leaders they like it better, in comparison to when they get it from outside sources (Larkin and Larkin 1994), which might result in disappointment (DiFonzo and Bordia 1998), as indicated by R12 and R9 in this case. Additionally grapevine communication (highlighted by R11) can be deleterious too during organisational change as it can lead to the organisation no longer controlling or directing what is being communicated, thus making employees who are already anxious see things in a bad light (DiFonzo and Bordia 1998) (e.g. “*We don’t know the fate of certain positions ... job security tends to set in. There’s a lot of grapevine communication happening, we don’t know what is actual authentic information*”) (R11). I believe that insufficient and inaccurate communication from the leaders did not help

employees to handle uncertainty and was also perceived as impairing the exchange relationship.

4.7 Theme 6 – Importance of trust during a crisis

This theme focuses on the employees' trust in the organisational leadership and its impact during the economic recession. Both positive and negative assessments were reported.

Category 1 – Positive Assessment

R3 believed that, *“trust was established through credibility and credibility was established by working and showing results”*. He further added that their leaders also established credibility by assuring employees that *“together we need to deal with this situation”* and not by following other organisations by *“panicking and retrenching people”*.

Along the same lines, R5 remarked that, as a leader, he established trust by consistently meeting targets, adding to Org-Energy's value system and delivering what was expected of him. A number of the respondents thought that leaders established trust by *“walking the talk”* i.e. by maintaining consistency between actions and words. For example R10 stated that, *“leaders have established trust by leading by example. You know if senior leaders said organisation has to do cost optimisation, they led it by example, by first doing it themselves, by being honest and transparent, by constantly communicating with the employees.”*

Communication is vital to maintain a climate of trust. R13 spoke at length about their leaders being fairly transparent about the status of the organisation, which again is important to maintain trust. For example she stated, *“Everybody from the functional*

leaders to vertical leaders have a clear cut status about what is it they are doing”, which builds trust. Likewise, R2 also mentioned that, as a leader, he addressed his employees and was transparent with them. Adding to this he said, “They were aware of what is happening which gave them confidence in the organisation.”

R6 thought that leaders established trust by showing, *“a lot of abstinence, a lot of self-control ... and also lot of enabling and empowering activities started happening at the sites which made common Org-Energy employee feel belonged.”* Such activities obviously strengthened leaders’ trust-building efforts and made them more visible. Along the same lines, R8 talked about leaders establishing trust by encouraging employees to come up with new ideas and by encouraging them to take on big responsibilities.

Also, as has previously been discussed, leaders tried to interact more with employees, started various programs and made themselves more available. These measures were important in building and enhancing trust in the organisational leadership during the recession.

R14 when asked about employees' trust in the leadership mentioned that Org-Energy faced a bad phase and the leaders proved themselves during that period. She added that during the economic crisis the leaders at Org-Energy, *“kept on moving, had faith in the organisation, they understood the problems, came up with the solutions and achieved the goals”*.

Category 2 – Negative Assessment

One of the main aspects of trust is honesty. R9 was very dismissive of the leaders' initiatives as he stated, *“We don't have the climate of trust.”* Speaking about the organisation’s communication policy he stated, *“If you are a true professional, if you*

can read the market, if you are concerned about your career then you don't go exactly by what the leaders say ... they might be trying to say this to keep you with them". He added that the leaders at Org-Energy have not been able to lead properly. Questioning their honesty, R9 said, *"The admission of truth I believe is the biggest weakness and the biggest problem that has been for Org-Energy as a company so far. They never admitted the truth in their hearts or in front of their employees."*

Likewise, R11 when asked about her trust in the organisational leadership highlighted the missing communication channels in the organisation (already described under the communication theme). For example, she said, *"I am not questioning the trust, the credibility or transparency of the organisation but definitely some more information flow would be welcomed."* The need for more information was also indicated by other respondents (discussed under the communication theme) who, however, did not link it directly to the element of trust.

Discussion

How employees perceive the trustworthiness of their leaders and how they respond to the same during change can be affected by various factors that work together (Smollan 2009). Trust is defined as the consequence of a sound collaboration of prior events, with behavioural outcomes (Pugh et al. 2003); in other words aligning words with actions (DiFonzo and Bordia 1998). Trust can be broken when employees get to know about change from non-organisational sources (Smeltzer 1991), when leaders do not provide sufficient information or say one thing and do another. Most of the respondents, especially change leaders, mentioned that leaders maintained trust during the recession by walking the talk, involving employees, showing results and being transparent with them. However, some participants questioned the information they

were provided with during the change and highlighted some communication issues which coloured their feelings and influenced how they perceived leaders' trustworthiness. Perceived untrustworthiness is related to uncertainty perceptions (Schweiger and DeNisi 1991), which can result in employees becoming more vigilant and keeping a close eye on their PC fulfilment (Morrison and Robinson 1997), which could be sensed in some of the responses.

4.8 Theme 7 – Organisational decision-making during crisis

How people perceive organisational decision-making during change impacts people's responses to change. At Org-Energy, both positive and negative assessments were reported.

Category 1 – Positive assessment

Speaking on organisational decision-making during the economic crisis, some of the respondents (especially leaders) believed that employees were involved in decision-making. It was also mentioned that decisions at Org-Energy are taken at an appropriate level. Most of the interviewees spoke about the executive council consisting of leaders who, according to R8, *'have the knowledge and responsibility to guide and assist the leadership team to take the right decisions'*. R8 further added that it is not just the CMD's office or the promoters, it is also a level below the top leadership, *'the first and the second level'*, who can give their comments, recommendations or suggestions and at times even take decisions. Similarly R3 and R6 remarked that strategic decisions are taken at the centre and that there is defined delegation across the organisation. Furthermore, R3 also spoke about the leadership team travelling once a year to each and every corner of the country to seek employees' suggestions. Likewise, R2 and R14 highlighted various forums where interactive

discussions with senior functional heads take place. However R2 pointed to leaders being very 'cautious' with regard to decision-making, *'keeping it with times'*, indicating how decision-making became constricted during the economic crisis.

R5, when asked whether employees were included in decision-making during the economic crisis, said, *"Employees are informed ... Decisions are taken by a group of people who are aware of the criteria, who are knowledgeable and who can interpret how it's going to affect the organisation and what actions are required."* He added that employees are involved to an extent and that decisions are communicated to employees with *"rationales and numbers"*. Likewise R6 believed that when it comes to decision-making, *"employees are involved at a level where it concerns them"*. R10 also commented that during difficult times employees are not included in decision-making. She justified this approach by stating that an *"economic crisis is a time when everybody is on the edge and participative approach can lead to crucial time being lost when you take decisions"*. Similarly R10 mentioned that all decisions cannot be taken using a participative approach and that some decisions will have to be taken only by the top management. During economic crises, a participative approach diminishes a little as organisations become more cautious, as can be seen in the case of Org-Energy.

Category 2 – Negative assessment

Most of the respondents (not at senior levels) highlighted that the organisation does not include them in decision-making. It was also mentioned by a number of the respondents that major decisions are not even communicated to the employees. For example, R11 said, *"We get to know most of the things from the media. Only 10-15% of the decisions are communicated. Maybe communication happens at the top layers."*

It definitely does not reach us.” R12 emphasised the need to communicate major decisions. According to R12, *“most of the times we are in the company, we should be aware of what is happening, what are the important decisions that are being taken”*. On the other hand, however, R13 defended this approach by stating, *“It would cause confusion to employees, our focus is to remain focused and leave the strategic decisions to them, they have a lot of experience than we do.”*

According to R9, decision-making at Org-Energy is *‘short term led’* in that decisions are taken to *“survive till tomorrow”* as compared to real long-term decisions. He stated that, *“the top management took decisions in panic”* and hence expressed disappointment over random decisions that were taken, such as taking out tissues from the washrooms, which were *“not really good”*.

Discussion

The decisions taken as well as the procedures involved were not perceived favourably by most respondents, especially the change recipients. Some participants seemed to be enraged by the decisions taken, some were anxious and some justified and supported the non-participative/ centralised decision-making process. Studies have highlighted the significance of proper communication; chances to contribute to the change process, and support systems in reducing the threat that change might cause (Hay and Hartel 2000). Furthermore, research suggests that the degree to which a person thinks he or she can influence the environment significantly affects his or her perceptions of it as well as his or her responses to it (Spector 1986). Since decision-making was limited to the top management with employees having little or no control over it, employees perceived decision-making quite negatively. Averill (1973) describes it through the example of the significant research on knowledge of intense threats

(electric shocks) which demonstrates that people's responses are biased by their belief that they can control the threat, without them even actually using the control.

Participation not only leads to better results, because of input from different people who bring a variety of different perspectives (Edmonson 2003), but also gives individuals a feeling of psychological ownership (Dirks et al. 1996), thus securing commitment to change (Smollan 2009). In other words inclusion in decisions augments influence over the favourability of change results and is viewed as procedurally fair (Thibaut and Walker 1975).

4.9 Theme 8 – Impact of the mass media

Org-Energy was facing many issues during the recession and negative media were one of them. Continuous coverage of the economic crisis may be misleading at times and may make it less easy for people to comprehend the decisions they make or the issues they face. Whether media spread rumours intentionally to misguide or do they not comprehend it themselves is debatable. Nonetheless, media may double the impact on people's psychology, share prices, etc.

Most of the respondents at Org-Energy mentioned how, during the recession, they were paying more attention to the economic news on TV as well as radio and also that there was much communication from the media side too, which is in line with research conducted by Headrick and Lanoue (1991). For example, R16 stated, "*Media coverage has increased. News about quarter 1, quarter 2, quarter 3 whatever the achievements are has increased. Initially expansion plans were not shared but these days we can see that even they are shared.*"

There are three categories that will be discussed under this theme: negative impact, positive impact and no impact.

Category 1 – Negative impact

Top leaders discussed how, during the economic recession, people heard stories about the situation through the mass media. At Org-Energy for example, share prices plunged during the crisis which might have motivated people to monitor media reports more. This made people speculate and according to the leaders at Org-Energy impacted employees' morale.

R6 while expressing his rage towards media reports said:

“Media did its best to really evade our image. They are after us. Initially we kind of didn't know what to do but then gradually we kind of nullified or reinstated or raised the facts that were portrayed negatively by the media. What company did was a major drive on quality especially on our CA (cause analysis) of root cause of couple of frequent error and we communicated frequently.”

During the recession the product quality of Org-Energy was challenged, which was highlighted a lot by the media. The organisation, according to the leaders, acted immediately, did an analysis of the situation, debated the reports and provided the 'correct picture' to the media and the people.

R9 felt that the mass media impacted employees' perceptions 'heavily'. He explained it in this way:

“If Mr. A (leading journalist) on CNBC TV 18 which is the biggest new channel for business in our country simply stands up and laughs at your results and laughs at the statement from your management then you lose faith in your management. If all the analyst community is sort of saying that whatever the management is saying is a lie, it affects your perception about your company. If the other recruiters start telling you

that the company you are working for has no reputation so the next company will take you for a discount but not for a premium, it affects your motivation”

He added that the recruiters for other organisations, as well as the analyst community, take Org-Energy lightly today which has affected employees’ morale. Describing the criticality of the mass media’s impact, R9 said, *“because you interact with others and when others sit down and see TV, they say that Org-Energy is going to die and then your father in law asks you ‘Son what is wrong?’, ‘Are you searching for a job because this company is not doing good?’, that affects your morale right? Then you start looking for a job.”*

The media have a negative attitude and the way organisations respond also impacts employees’ perceptions. According to some of the respondents, the media are the *‘biggest factor why people leave the company’*. R9 admitted that no employee wants to work for an organisation that is ridiculed daily as one comes under a lot of pressure from the family and friends who watch the news. He added that *“people don’t quit because of what is happening in the company, people quit because of the news that they hear from their social relationships, from the news channels, from the recruiters ... that scares them, not demotivates, but scares them”*.

In times of economic recession when no organisation can guarantee job security to its employees, would employees want to work for an organisation which is not doing well? With the media spreading so much negativity during the crisis, employees become uncertain about their future; if they have better opportunities available they might leave, but if they do not they have to stay and therefore might perceive a breach in contract due to these changes. Also, amidst such a situation, it can be easy for

employees to believe the media stories, which may or may not be true, but they can affect their decisions and also their relations with their employers.

Speaking on the impact of the media at Org-Energy, R8 emphasised the negative impact that they have. Further to this, he stated that:

“Media presents its own picture ... it did have a negative impact on the organisation. Now we have told our employees that this is what media has ... it works on the perceptions not the reality. Initially it had a negative impact but we all have understood that we should not always depend on what media says ... it's again an external non-validated perception.”

This statement reflects that employees at Org-Energy were affected by media reports which were, to an extent, untrue, and after communication from the organisation the stress caused by the media did to an extent ease off.

R15 mentioned that news about stock prices was not communicated to them by the organisation; rather they got the news from the *“people, newspapers, friends who keep themselves updated about such things”*.

This might be because the organisation did not want employees to get worried and react to bad news. However, it was also mentioned that the organisation has, at the same time, to be aware that if they do not update people they will get updated anyway through the mass media.

Further discussions revealed that the employees wanted the organisation to share good news as well as the bad. R15 mentioned that, *“It is always good to hear from the company itself than somebody else.”* R9 felt that organisation's *‘communication policy has been an utter failure’* at containing that news and making sure that there is

parallel positive news which is meaningful. Adding to this he said that leaders were just saying, “*everything is ok, rather than actually providing some concrete evidence that yes everything is ok*”.

Based on their pre-existing schemas, different people react to media reports in different manner (Domke et al. 1998); if employees are committed to the organisation they continue to add value to it, if employees are already insecure, they react to media reports and probably start to look for a new job, and there are those in-between who become stressed and chaotic and, as R4 put it, “*they go a little helter-skelter*” and start seeking information from other sources. This is where the organisation needs to make sure that information cascades down to the lowest levels, because if the organisation remains silent about things, people tend to speculate, which may result in low levels of trust in management (DiFonzo and Bordia 1998) and increase the perception of a psychological contract breach. As has already been discussed, employees like to get information from the organisation itself rather than from outside sources (Larkin and Larkin 1994), and ignoring such issues can lead to disappointment amongst employees (DiFonzo and Bordia 1998). The data here, to an extent, indicate a ‘credibility gap’ which Harshman and Harshman (1999) believe is created when leaders are not really aware of the facts or want to portray a situation as being better than it really is so as to not upset employees or are simply seeking to influence employees into accepting something which is not the actual picture. A credibility gap can lead to employees becoming demotivated (Harshman and Harshman 1999) with a greater chance of them assuming that leaders intentionally kept information hidden, which might increase their perception of a psychological contract breach.

Category 2 – Positive impact

The media can at times be a blessing in disguise. R7, when asked about the media's impact on his perceptions about the organisation, said that:

“Well media did a nice job actually because it cleared up the confusion like recently the media ... they said that Org-Energy has been acquired by somebody else. It only helped people to ask more questions ... seek clarification.”

Further discussion revealed that employees were given clarification about the status of the industry. It all started with false media reports and then the outlook of the employees towards the organisation changed in a positive manner. However, speaking about this, R9 said, *“I don't believe that, I don't believe that they ever took that chance, they just said, 'Everything is ok'. That is not clarifying right? If you don't admit that we have a problem how are you clarifying with your employees?”*

R4 spoke at length about how the mass media reports helped in ratifying some assumptions of the employees and other stakeholders and questioning their thinking. Moreover, she also mentioned that media reports:

“Added information so that I could make some informed choices.”

Media reports helped R4 to assess information and accordingly steered her approach towards different issues. This aligns with previous research (Domke et al. 1998; Lau 1989; Tourangeau and Rasinski 1988; Zaller 1992; Zaller and Feldman 1992) which shows that, for things that are unclear, contextual information such as media perception may prompt schemas to guide people's information-processing.

Most of the respondents spoke about the forums that the organisation had started to engage with employees, share information with them and give them an opportunity to ask questions. Such online forums during an economic recession can help the

organisation to communicate clearly and quickly with its employees and also reduce misconceptions created by the mass media.

Category 3 – No impact

Some of the respondents (leaders) believed that the mass media do what they are required to do. It was mentioned by R4 that, *“there’s nothing like good or bad impact, it can only be your bad judgement”*. One point mentioned by the respondents at Org-Energy was that how people perceive information also depends on the sources they get the information from.

According to discussions with leaders (Business Heads) at Org-Energy, it was found that if employees perceive their leaders to be rock strong and if they trust them, they stand by them and their organisation. R11 mentioned that:

“If I have access to all the internal information, I know what is on the agenda, what is on the minds of my leaders, I would definitely not trust the media reports. So if I trust my organisation, my leaders I would not be worried about media reports”

In other words an individual’s perception lies in what he or she believes. If the leaders present a true picture or share information with employees then the information that the media provide will not really impact them. How leaders present the situation, what picture they show to employees and in what way are also important. Recalling the time when the media reported news about Org-Energy being acquired, R10 stated, *“within half an hour of it an internal communication was sent out from the CMD to everybody saying that this news is not correct and they had no such plans to sell off the business as they were doing well”*. This communication cleared up any speculation immediately. It was critical at that point as media stories can create panic and during critical times people want to hear facts from the horse’s mouth, and if they

are not coming from the horse's mouth people tend to believe the stories they hear from the media or other sources.

Discussion

The participants' responses identified that pre-existing schemas, leadership, trust and communication can play an important role in the way media reports are received by people and the way they moderate psychological contracts. This reinforces the findings from some earlier studies on the media: by Headrick and Lanoue (1991), that identified that during recessions media coverage increases and people look for more news; by Harrington (1989) and Stein (1975) that suggested that the media have a cynical attitude and spreads the same among people; by Tuchman (1978) that indicated that the media provide frames of reference that enable people to examine situations and thereby affect their perceptions; by Domke et al. (1998) who believe that people's schemas can influence their understanding of the news; and by Lau (1989), Tourangeau and Rasinski (1988), Zaller (1992) and Zaller and Feldman (1992) which shows that for things that are unclear contextual information such as media reports may prompt schemas to guide people's information-processing. Most of the respondents conceded that the media have an impact. More was mentioned about the negative impact of the media in terms of spreading negativity and insecurity amongst employees and creating fear psychosis, etc. Some of the respondents indicated that the mass media impacted their decisions in a positive manner as well as in a negative sense. In terms of positive impact, some of the respondents (leaders) pointed out that media reports gave them a chance to provide more explanations and clarification. It was also mentioned that the online forums started by the organisation helped in the communication with employees and reduce the misconceptions that the media often create. Few respondents believed that the media do not really affect

people's perceptions. Furthermore, it is inferred that the pre-existing relationship between employees and leaders, an element of trust and organisational communication may enable employees to perceive media reports less negatively. The importance of monitoring the mass media during a crisis was also highlighted.

It is argued that, during change, organisations need to update employees constantly and through proper media (DiFonza and Bordia 1998; Schweiger and DeNisi 1991). No communication or less communication can result in an increase in misconceptions amongst employees, which may impact on their psychological contracts and thus their attitudes. The first thing they will be concerned about is their job security, which if not assured could demotivate them. However, if the organisation maintains clear communication with its employees, rumours should not strongly influence their perceptions.

4.10 Theme 9 – Impact of Global Economic Crisis on HR Practices

Whether there is a crisis or not, people management has a significant impact on the employees in the organisation. During a crisis their role is a little more challenging because there is an expectation of job security amongst employees (it might be real or it might be a perception) and also there is a chance the organisation will lose talented employees who are not satisfied with the organisation's policies. During a crisis, organisations tend to rely on the services of talented, hardworking and knowledgeable employees to steer them out of it. At the same time these employees might have more opportunities to go elsewhere and therefore the role of HR is to identify areas where they can develop employees (in other words facilitate their growth), care for their well-being and pay them competitively so that they can continue to work for the organisation.

There are three categories that will be discussed under this theme: impact of crisis on recruitment; impact of crisis on training and development; impact of crisis on the performance and remuneration management system.

Category 1 – Impact of crisis on recruitment

There was a hiring slowdown at Org-Energy in response to the crisis. R1 referred to it as a '*hiring restriction*' whereas R9 called it '*controlled hiring*'. Some of the respondents spoke about the organisation tightening up its approval process and putting some controls in place with regard to organisational recruitment. For example, R10 mentioned that each and every hiring was monitored by the top management. R11 and R12 discussed how, for some positions which they called '*critical positions*', hiring continued. R11 explained it in this way:

“There was attrition, naturally somebody had to come ... if one resigned you need a replacement”.

Restricted hiring can result in an increase in employee frustration, burnout and turnover. It can increase paranoia in employees, making them question the intentions of management.

Category 2 – Impact of the crisis on training and development

There are four sub-categories, namely: forms of training available at Org-Energy; changes in training and development; responses to changes in training and development and; is training an employee driven demand? discussed under the impact of crisis on training and development.

Sub-category 1 – Forms of training available at Org-Energy

Speaking on training and development at Org-Energy, R7 said, *“Our organisation is into high-end engineering so learning is given a priority here.”* Likewise, R3 stated, *“We invest a lot of money in learning and development.”* Discussions with other respondents revealed that Org-Energy has a global learning and development centre set up in the country. They have a full academy that has been built and which runs 10 programs for all grades and levels. All sorts of training, technical, management and behavioural, is provided for employees. According to R3, the number of average man-days per employee (spent in training) is from 3 to 5.

The growing importance of training and development was evident in the respondents' comments. For example, R9 stated, *“Many new things are happening, many new tools are available and one needs to adjust to them all. If I am a new manager responsible for new programs then I need to learn how to run them.”*

Sub-category 2 – Changes in training and development

When asked about how training and development was impacted during the crisis, most of the respondents spoke of training cuts. For example, R1 said, *“We were not able to invest in training and development. Senior leadership programs were put on hold.”* Furthermore, R4 admitted that employees' learning and development was kept in a ‘C-Analysis box’ and that recession had taken its toll on training. Along the same lines, R2 said, *“it was not completely aborted but funding was affected”*. Adding to this, R3 stated that training that was *‘not adding value’* was cut.

Some of the respondents mentioned that the training budget was not reduced but was made smarter. For example, R7 remarked that training instructors instead of travelling by air travelled by train. He added that it was *‘negotiated’* and that there was *‘no impact on delivery’*. Along the same lines, R8 and R10 also discussed how the

organisation converted all external training programs into in-house training programs. Elaborating on this, R10 said, *“We tried to get a substitute, comparatively low cost but at the end delivered the same results as external training did.”*

R6 also mentioned that the training budget was spent more wisely at Org-Energy. For example, he said, *“Efforts were made not to cut the budget but to get more value out of the money spent.”* R6 further stated that training was never stopped and spoke about a *“couple of best developmental interventions, LEADING EDGE and XPA that came during recession”*. He further praised Org-Energy's approach towards training and development by stating that, *“We were not myopic, we continued training employees.”*

Two respondents, R5 and R9, mentioned that they were *‘not sure’* whether there were any cuts or not. For example, R9 said that, *“the training cuts could have happened, I might not have noticed ... you don't know whether these things are happening or not”*.

Sub-category 3 – Responses to changes in training and development

R1, when asked about employees' responses to the organisation's decision to put the senior leadership program on hold, said, *“No significant issues. They were senior leaders who understood the implications and business scenario.”* Likewise R3 and R10 also mentioned that *‘employees supported it’*, *‘nobody had any issue’* as they knew where it was coming from.

R11 however spoke at length about training being very nascent at Org-Energy. She added, *“I don't think employees felt anything, because people are not aware of as to what it should be. So they have no expectations. I don't think any one of them actually realised that there was a cut.”* She also highlighted that they (the L&D dept.) had tough times convincing top management not drastically to cut training. She felt that,

“it was bad that training was not given due weightage”. She also expressed concerns regarding this, saying, *“I am worried when this organisation will come to a stage when training and development will be considered a vital function, a necessity rather than a cosmetic function.”* Additionally, some of the respondents spoke about employees not being happy with the training cuts.

Sub-category 4 – Is training an employee-driven demand?

When asked whether training is demanded by employees or provided by the organisation, most respondents believed it to be two-way traffic. For example, R2 said, *“It is both ways. It is an ongoing, continuous process. If you are grooming a leader to take over 5-10 years from now, you have to go on with it. It is like product development. You cannot stop the process of product development because when the recession is over and when the market picks up, you should not be found looking for talent.”* Along the same lines, R7 said, *“It is both ways, majority of the programs are on demand programs based on whatever we get from the employees’ performance management reports.”* Most of the respondents also pointed to the Training Needs Identification process that is followed to allocate staff to training programs. Training needs identification is a big process at Org-Energy where training needs are identified and then there is formal discussion with the leaders following that. For example, R14 while discussing training needs identification stated, *“If you want to get training in the company, if you want to go improve your profile then you need to discuss it with your leaders and then the leaders will definitely help you in getting that training.”* This was also mentioned by R16 who said that the organisation analyses the needs of employees, they have a format for it and needs are addressed. If an employee is nominated for any particular training, they attend that training and that is how they develop.

However, some respondents believed that training is demanded by employees at Org-Energy rather than provided by the leaders. For example, R11 said, *“As of now it’s a demand and even if you demand it tends to be ignored ... that is the prevailing situation.”*

Along the same lines R4 also admitted that, *“she feels guilty that not much space is given to training and development”*. She further explained that the L&D department writes to her if something comes up, and that she shares it with her team members and even signs them up for programs instead of taking them herself.

R12 also mentioned that even if there is a financial crisis, organisations have to provide training opportunities so that employees can give of their best. He added that, *“If not job security, training should be provided so that if not here somewhere else they can prove themselves.”* Likewise, R14 commented that if leaders provide the right kind of training to employees, it will help the organisation as well as develop the employees.

Discussion

Most of the respondents had neutral or negative perceptions of the changes in training and development. Some were not happy, some did not even notice any change, some were concerned about job security and some were fine with it as they could see why the organisation was taking these steps. Although Org-Energy in general pays considerable attention to the training and development of employees, which was evident from most of the responses, during the recession the focus was definitely shifted to some extent. When organisations face turbulent times it is understandable that employee training and development might suffer cuts if something else is more important to the organisation at that time. And if employees do not feel the

organisation is investing in them or stimulating their personal growth and development, they might not feel committed to the organisation. Opportunities for promotion and advancement, personal growth and to develop new skills were rated as significant items by the employees in Lester and Kickul's (2001) study investigating psychological contracts. A study by Barrett and O'Connell (2001) suggests that some HR practices such as training are perceived by employees as a "gift", the outcome of which is that they work more, become more efficient and have an increased sense of debt or obligation towards their employer. In addition, this "gift" has the tendency to make employees feel more belonged, and apply and dedicate themselves to the organisation. The notion of a "gift" or feeling belonged or feeling like an "insider" corresponds to the notion of reciprocity, which is predicated on the idea that employees will contribute to the organisation as the organisation contributes to them. Employees have certain expectations and hopes and when employers fulfil these or go beyond them, the possibility of increasing employees' commitment increases. Furthermore, research by Burke (1995) found that employees, who took part in a greater number of training programs and evaluated those as pertinent perceived their organisation more positively, saw it as supportive and had greater intent to remain with it. However, during a recession, employees are aware of budget restrictions and might be more concerned about their job security than training and development, which may then not be given a high priority, as can be seen in this case. With the organisation's survival at stake, employees might have reduced expectations from their leaders and perhaps not perceive most of the unfavourable change outcomes as contract breaches.

Category 3 – Impact of the crisis on the performance and remuneration management system

Respondents at Org-Energy provided a brief idea of the organisation's performance management system. Org-Energy has well-defined strategic objectives and against those a list of key performance indicators (KPIs) is prepared which shows whether those strategic objectives have been achieved or not. Every employee has a goal sheet and KPIs under which he or she is assessed.

R1 while discussing the organisation's performance management system mentioned that people are '*happy with the process*' but at the same time highlighted that its implementation could be improved.

There are two sub-categories, namely: changes in performance and remuneration management system and; responses to changes in performance and remuneration, discussed under the impact of crisis on the performance and remuneration management system.

Sub-category 1 – Changes in performance and remuneration management system

All respondents spoke about the changes in performance management system introduced by the organisation. It was mentioned that the objectives and goals varied a bit during the recession. A number of respondents also mentioned that performance management matured somewhat during the recession, became more formalised, reviews became periodical, milestones were well specified and goals circumspective. R6 described it in this way:

“We focused not only on compensation and benefits but ... more on target setting. We trained our leaders to engage in good dialogue and mediate performance dialogues. We attempted to eliminate non-performers. Qualitative aspects like goal-setting, dialogue and more transparency were the takeaway of crisis in our performance management system.”

Dialogues are a way for leaders to get knowledge of the organisational climate and employees' morale, and are crucial in times of crisis.

Along the same lines, R7 stated that:

"The performance management system was actually defined by the crisis ... it got more formalised, a lot of transparency was brought in ... it only got defined."

Speaking on the strong performance review system that the crisis resulted in, some respondents highlighted the elimination of non-performers. R8 referred to it as *"churning out the bottom ladder"*. However, further discussion revealed that the churning process was not random but something with opportunities. It was more like a system where ample opportunities were given to the individual along with ample indicators that suggested that he or she was not performing well. If low performance continued after that, only then did elimination happen.

A number of respondents highlighted the bonus cuts introduced by the organisation during the crisis. Most of them mentioned that these cuts in incentives were restricted to managers and above. Justifying the organisation's move regarding bonus cuts, R9 stated, *"Management had gotten easy, they had gotten comfortable. Initially if people used to get 50% bonus, that was cut down to 30% bonus. A lot of these guys who had gotten comfortable, obviously their bonuses were cut because they were not meeting up the performance expectation."* This was also hinted at by R6 who discussed how corporate 'fat' was eliminated during the crisis. He explained it in this way:

"...you know there are players and there are score-keepers. Earlier those who showed the scores were rewarded, but post-crisis the players are recognised, not the score-keepers."

Additionally, R4 spoke about Diwali bonus cuts. However, according to R9, Diwali bonus was an unrestricted, non-related to performance kind of bonus system that during the crisis was translated into a structured business performance system. So *“as a practice it was let go”*.

While discussing benefits cuts, a number of respondents highlighted the organisation’s austerity drive whereby it was ensured that everyone except the executive committee, which consists of five independent directors and the CMD, travelled economy class. According to the respondents, even the directors, if the flight hours were less than four hours, travelled economy class. According to R9, *“the free money so as to say was not that free now. People had to submit tickets along with boarding passes to ensure they boarded the flight”*. There were budget restrictions on how much a person could travel, where he or she would stay, etc.

Sub-category 2 – Responses to changes in performance and remuneration management

Most of the respondents admitted that the bonus cuts and freezes led to high attrition at Org- Energy. R9 mentioned that there was a lot of *‘criticism’* over bonus cuts but Org-Energy *‘didn’t have any option as they didn’t have money to pay people’*.

According to most of the respondents, these cuts were introduced during 2008-9 and led to a lot of attrition. As a result, in 2010-11, the organisation had to revise its plan and the retention bonus was started. R9 described it in this way:

“To their best performers they gave unheard of 20-30% bonuses, 15-20% pay increases in a sector which was degrowing. I really don’t believe anybody was under-rewarded who had performed. There were expectations mismatch and because the person didn’t perform well and he got at the wrong end of the line. Those things have

happened. But generally so far as the bonuses went out, Org-Energy has been much better than the IT sector or any other sector in the country.”

The top management realised that they should not have been so stringent because people did not react positively and as a result, they had to revise bonuses upwards. When asked whether it was a desperate move by the organisation to retain employees, R9 replied:

“They had to do it. The crisis had hit Org-Energy so heavily that they had no other alternative but they still tried to retain key employees and they could not have done anything better.”

He added that the *“company was paying through its nose”* when it could not have afforded to, but it still went ahead and did it to retain its employees. Org-Energy took ample care in spite of recurring losses to provide performance-linked incentives to the business units.

Along similar lines, R6 discussed that the increments freeze had some bearing. R5 believed it was like *“sprinkling wound with the little pinch of salt but people did realise that these were tough times and these measures were probably needed”*.

Likewise, R13 commented:

“They are not satisfied with it, they understand it. They understand why and most of them are being really patient about it.”

Some respondents believed that people were fine with it. For example, R4 when asked how employees reacted to the Diwali bonus cuts said, *“They showed a lot of solidarity.”* Likewise, R3 and R7 said that the employees were satisfied and that there were *“no complaints”*. Speaking about travel limitations, R9 mentioned that that he

“took it in the spirit that everybody has to share the pain. It was recession so it was justified.” At the same time he described them as problematic, especially for the new professionals who were coming from big organisations and who were not used to such cost-cutting measures. For example, he said:

“I was irritated because I was coming from the best company in the country. I never had budget restriction on how much I could travel for, where do I need to stay. I had a Rs 7,000 [per] day budget which was cut down to 1,500-2,000 bucks. So I was not comfortable with everything. There was genuine uneasiness.”

Speaking about changes in the organisation’s performance and remuneration management system, R12 stated:

“I am satisfied with it. See one thing is there, even if they are facing economic crisis, one thing good about the company is, there has never been any delay in payment, salary has never been delayed.”

This was something which was appreciated by some of the employees. Additionally some respondents spoke about the organisation trying to provide employees right from the public applause to the highest level of non-cash recognition scheme and bonuses which helped a lot and brought some positivity to the environment.

R9 when asked about how employees’ reacted to a strong performance appraisal system said, *“Obviously negatively.”* He explained it with this example:

“The old guy who did not even know how to manage a simple Excel file and was running the treasury system of the company suddenly was told, ‘you know what you are not forecasting properly’. But the truth of the matter was that he could not have forecasted properly because you were not reviewing his work earlier ... how he was

doing his job. Because the currency was booming, money was coming in and nobody looked at those elements.”

So when, for the first time, the organisation looked at these people's jobs, they felt the pressure and a lot of people quit under the pressure because they could not live up to the new expectations. According to R9, this frustrated a lot of people, who finally left the organisation.

Discussion

Lester and Kickul (2001) suggest that when it comes to extrinsic rewards (e.g. pay and bonuses) employees do not really endure the gap between what they expect and what they get. Bonus cuts (general ones or Diwali ones) were explicit and specific promises that were violated. Since general bonus cuts were implemented for senior employees only, most of them dealt with the situation by leaving the organisation (Guzzo et al. 1994; Robinson and Rousseau 1994). The talent crisis that followed the bonus cuts forced the organisation to reverse the decision and pay employees more so as to retain them. However, most employees did not quit the organisation, possibly because of the lack of opportunities elsewhere, but at the same time they did express their dissatisfaction and also externalised the breach by blaming the crisis for the situation. For example, such statements as *“these measures were probably needed”* (R5) and *“They are not satisfied with it, they understand it. They understand why and most of them are being really patient about it”* (R13) lessened the leaders' responsibility burden. In other words, to an extent, the recession gave organisations the justification to cut their cash commitments. Some respondents had neutral perceptions of the changes in the remuneration management system. Some reframed the event by carefully construing the information (Dulac et al. 2008; Rousseau 1995) – a positive

assessment of the organisation (evident through statements like “*See one thing is there, even if they are facing economic crisis, one thing good about the company is, there has never been any delay in payment, salary has never been delayed*” – R12) helped in maintaining a healthy psychological contract irrespective of a breach. With regard to the strong performance management system, respondents spoke about some employees perceiving it negatively. I believe strengthening the system required the organisation to continuously track how employees were coping with it. In addition, although participants spoke of a communication and performance dialogue, I believe that more explicit communication could have avoided the confusion created and reduced employee frustrations and staff turnover.

4.11 Summary of findings

Broadly speaking, the findings from this case study can be organised into two sets. The first set (i.e. Theme 2) relates to the influence of the global economic crisis 2008 on Org-Energy – the subsequent changes and people’s perceptions and reactions to those changes thereby address the first two research objectives. The second set (Themes 3-9) is about the role and the interdependence of different factors in altering psychological contracts and addresses the third and fourth research questions.

Org-Energy was affected by the global economic crisis in a variety of ways. The stock price crash, a decline in profitability, increased competition, leadership changes, overcapacity, problems with backwards integration, negative media coverage and changes in people management strategies were the main outcomes of the economic crisis, as highlighted by the participants. Changes in people management strategies which affected employees directly were perceived as breaches, something that set-off a sense-making process (Weick et al. 2005). Respondents’ account of their reactions

to breaches included their emotional, cognitive and behavioural responses and rationalising and externalising the event. Most respondents admitted being anxious and concerned about their job security, which reflected their uncertainty and lack of control (Bordia et al. 2004; Nelson et al. 1995). Additionally, some respondents blamed their leaders for not foreseeing and controlling the outcomes of the global economic crisis 2008 – attribution of responsibility, which research (Morrison and Robinson 1997) suggests is a part of people's sense-making process when they face unfavourable outcomes. Exit (Guzzo et al. 1994; Robinson and Rousseau 1994), voice (Farell 1983) and loyalty (Robinson and Rousseau 1994), as behavioural responses to the change initiatives implemented, were also highlighted by respondents.

Furthermore, politicking (Keeley 1988) which weakens the exchange relationship also emerged in participants' responses while discussing the organisation's cost-control initiatives. Additionally, some respondents externalised and rationalised breaches (Dulac et al. 2008; Parzefall and Coyle-Shapiro 2011) by referring to the context of crisis. A difference between leaders' and employees' responses to change was apparent with leaders mostly evaluating changes in a positive light.

With regard to leadership during the crisis, a number of intersecting issues emerged during interviews, with some of the respondents questioning the leaders' credibility, others appreciating the participative and walking the talk leadership styles of leaders which increased their perceptions of justice (Morrison and Robinson 1997; Rousseau 1995). The deliberate sense-making (Louis and Sutton 1991) that leaders engaged in through different programs was hinted at in the participants' comments along with increased interaction with employees and job security. Overall, change leaders believed that change was handled in a fair manner, whereas some change recipients held a completely different understanding.

When asked about their expectations during the crisis, participants' comments suggested employee loyalty and increased work as leaders' expectations and open communication, proper forecasting and job security as employees' expectations. What was also evident from the participant's responses was the gap between the employees' and leaders' perceptions of organisational communication. Insufficient communication as well as just painting a positive picture were not taken well by the employees. These were perceived as undermining the employment exchange relationship as well as affecting employees' perception of leaders' trustworthiness. When respondents' were asked about their perceptions of organisational decision-making, most of them perceived it negatively, with some mentioning that certain decisions were not even communicated to them, which did not help to reduce the insecurity and threat that change had caused.

The main finding of this case study was a realisation of the role that mass media reports can play in terms of affecting people's perceptions. What was also highlighted in the participants' comments was the role of pre-existing schemas (Domke et al. 1998), leadership, trust and communication (DiFonzo and Bordia 1998) in influencing how people take media reports and how these influence their psychological contracts. Lastly, the research looked into how changes in HR practices impacted people's psychological contracts. Regarding recruitment, most respondents spoke about hiring restrictions. Speaking about reactions to training cuts, employees mostly had negative or neutral perceptions, neutral mainly because they were more concerned about job security but could understand why the organisation was coming up with these measures. Furthermore, bonus cuts, travel budget cuts and changes in the organisation's performance management system evoked mixed responses from the participants, with some reframing and rationalising the event (Dulac et al. 2008;

Rousseau 1995), some leaving the organisation (Guzzo et al. 1994; Robinson and Rousseau 1994) and some simply being dissatisfied.

All these factors were found to impact directly or indirectly on people's perceptions of change and their psychological contracts. Furthermore, the findings emphasise the importance of considering the effects of different factors together, rather than considering each in isolation. Although the findings from this case study provide new insights into psychological contract research during economic crisis, two more case studies were conducted to increase understanding of the phenomenon and make a brief comparison.

CHAPTER 5: ORG-HR, CASE II

5.1 Introduction

As in the last chapter, which evaluated the impact of the global economic crisis 2008 on Org-Energy, this chapter aims to explore the impact of the crisis on Org-HR and subsequent alterations in psychological contracts. The same have been discussed through the nine themes listed in Table 4. Each theme which will be referred to as a feature after this will be discussed with quotations from the interviews and a general commentary.

S. No.	Theme	Categories	Sub-Categories
1	Organisational Context	1. Perceived Culture	
		2. Perceived Work Environment	1. Positive and Helpful Workplace 2. Flexible and Humanistic Workplace
		3. Perceived Leadership	
2	Global Economic Crisis 2008	1. Impact of Global Economic Crisis 2008	1. Business Consolidation
			2. Cost-cutting measures and changes in people management strategies
			3. New Approach to Business
			4. Communicating and Engaging
		2. Employees' responses to change events	1. Emotional and cognitive responses
			2. Behavioural responses – Blame Games
		3. Externalising and rationalising change events	
3	Leadership during the crisis	1. Participative leadership style	
		2. Walking the talk	
4	Expectations during the crisis	1. Leaders' expectations	
		2. Employees' expectations	
5	Communication during the crisis	1. Forms of formal communication	
		2. Steps taken to improve communication	
		3. Employees' responses to communication initiatives	

6	Importance of trust during the crisis	1. Maintaining transparency and providing growth opportunities	
		2. Honesty and Integrity	
7	Organisational decision-making during the crisis		
8	Impact of the Mass media	1. Negative Impact	
		2. Positive impact	
		3. No impact	
9	Impact of the crisis on HR Practices	1. Impact on recruitment	
		2. Impact on training and development	1. Forms of training available at Org-HR
			2. Changes in training and development
			3. Responses to changes in training and development
			4. Is training an employee-driven demand?
		5. Impact of the crisis on the performance and remuneration management system	1. Changes in performance and remuneration management system
			2. Responses to changes in performance and remuneration management system

Table 4 Final list of themes, categories and sub-categories (Case II)

5.2 Theme 1 – Organisational Context

As in Case Study I, there are three categories discussed under this theme: perceived culture, perceived work environment and perceived leadership.

Category 1 – Perceived Culture

Respondents at Org-HR provided detailed discourse on the culture at Org-HR, with most of them considering it to be open and informal. The other attributes they attached to the open and informal culture of their organisation included decentralised decision-making, an open-door policy, less hierarchical structure and open and transparent communication. For example, the CEO i.e. (R1) when asked about culture said:

“The line of business we are in is more people-oriented; a lot transpires between our clients and on the other end are the candidates; a lot transpires in an informal set-up – right from the dress code to the day-to-day activities – it’s pretty informal. We have a very flat organisation; there are not a lot of hierarchies and we have an open-door policy.”

Some of the respondents, mostly employees, spoke about an informal culture in the sense that their leaders and supervisors were very cooperative, adjusting and supportive and highlighted the same by mentioning the ‘*open-door policy*’ of their organisation.

Category 2 – Perceived work environment

As mentioned in Case Study I, how individuals feel about their job also depends on their perceptions of the work environment. There are two sub-categories discussed under perceived work environment: positive and helpful workplace; flexible and humanistic workplace

Sub-Category 1 – Positive and helpful workplace

When asked about the work environment at Org-HR, most respondents spoke at length about the positive and helpful working atmosphere in the organisation, one which is competitive, healthy and focused on productivity. The CEO (R1) at Org-HR emphasised the importance of helping each other which, according to him, is reflected in the ownership-driven culture of their organisation whereby people take responsibility for work and ensure it is delivered on time. According to him:

“It’s more of an attitude of getting the job done ... what is being planned for.”

It was also mentioned that employees at Org-HR go the extra mile for their organisation. According to the CEO (R1):

“Employees don’t just draw a line on what their roles are, but go beyond that to accomplish a task.”

One of the managers (R2) highlighted the healthy working atmosphere at Org-HR by stating:

“Whenever employees have any problems they don’t gossip, they’ll directly come and meet me, discuss their problems and accordingly we try to solve the problems as soon as possible. We never hide information; you know there’s no grapevine communication. People are friendly; they have a very healthy relationship.”

Sub-Category 2 – Flexible and humanistic workplace

Additionally, respondents spoke about leaders at Org-HR being pretty flexible towards their employees in terms of working hours, especially in the IT division of the organisation. Some of the respondents, mostly leaders, stressed the importance of making employees feel equal and maintaining a personal rapport with them. Speaking on the same, R5 mentioned that:

“The way leaders behave with me, I try to behave with my juniors in the same way. I never make them feel that I am their boss. In fact I go on a personal level ... I talk to them during lunch ... we even share personal talks. Sometimes my colleagues or my juniors want to go out early or something ... I say that you can go, I’ll take care of your interview schedules and do follow-ups for you. It’s ... you know ... you make them feel comfortable and feel equal.”

She added that:

“Even employees who are just freshers are given full right to speak. Leaders listen to our ideas and discussions. They give us full freedom.”

Employees being given the right to speak implies that they are involved in decision-making, which is different from the traditional management of command and is something that cultivates trust and helps maintain a positive and productive work environment.

Category 3 – Perceived leadership at Org-HR

Respondents' comments on leadership at Org-HR suggest that leaders at Org-HR do not adopt or follow a particular leadership style or styles. A common theme that emerged from the responses is that leadership in the organisation is collective, distributive and people-based. In Org-HR, leaders occupy formal positions and though there is a power difference by default between them and their employees, at the same time they maintain informal behaviour with their employees, besides being supportive, cooperative and easily approachable. One of the respondents (R2) discussed how leadership in their organisation varies with the situation (Hersey and Blanchard 1969), and that it is passed from person to person, i.e. in one situation a specific person may be more suited to lead because of his knowledge or experience, whereas in a different situation a different person may act as leader (Bakunin 1970; Bennett et al. 2003; Buchanan et al. 2007; Kropotkin 2002; Raelin 2003; Spillane 2005; Yukl 1999). Some respondents (e.g. R3, R4, R5) when asked about leadership spoke mostly about the leadership practices in the sense that leaders in their organisation communicate continuously with their employees, listen to their ideas and involve them in decision-making. For example, R4 stated:

“Leadership overall is like, leaders are there in a sense like whatever new decisions are to be taken, new policies that are to be implemented, there’s an open group discussion to listen to employees’ ideas.”

However R5 while speaking about leadership pointed out that:

“The leaders are open to ideas from employees, but at the end of the day they are just concerned with the results.”

This indicates the leaders’ focus on results (Grint 2005; Ulrich et al. 1999). Further discussion with R5 revealed that the employees at Org-HR are given autonomy in terms of the way they want to work as long as they are productive and produce results.

Discussion

The respondents at Org-HR consistently portrayed the organisation as one in which employees are valued and supported and not just considered resources. Employees’ interpretation of the organisation’s culture, work environment and leadership reflect reciprocity based less on transactional elements and more on elements that are necessary to maintain the relationship, such as including employees in decision-making, maintaining honest and transparent communication with them, empowering them, etc. Overall, the interviewees considered Org-HR to be a well-managed organisation where leaders perceived their role as creating buy-in with people and then, through collective consensus, moving ahead and leading from the front.

5.3 Theme 2 – Global Economic Crisis 2008

As in Case Study I, there are two categories that will be discussed under this theme: Impact of the Global Economic Crisis 2008 and Employees’ responses to change events.

Category 1 – Impact of the global economic crisis 2008

The participants at Org-HR spoke about the range of complexities faced by their organisation during the global economic crisis 2008. There are four sub-categories, namely: business consolidation; cost-cutting measures and changes in people management strategies; new approach to business; and communicating and engaging, discussed under the Impact of the global economic crisis 2008.

Sub-category 1 – Business Consolidation

The CEO (R1) and managers (R2, R3 and R5) at Org-HR mentioned that during the economic crisis the organisation did not retrench their staff but had to be proactive and adopt some strict measures to avoid getting into a position where they would have to make employees redundant.

Elaborating on this, R3 stated:

“We are in the recruitment business; our clients (companies) were affected by the global economic crisis. At that time they did not have projects as such, so obviously manpower requirement was not there. So at that time we were short of clients, we used to get requirements for temporary staffing – the contractual ones – but the permanent placements were affected.”

However, being in the software business, Org-HR was not affected too drastically by the recession but had to make some strategic changes to adapt to the changing situation. Commenting on this, the CEO (R1) at Org-HR said, *“It was imperative to consolidate business across business lines and focus on key clients.”* Org-HR is currently working with 18-19 clients, but during the economic recession the organisation consolidated its base to 6-7 clients. Further discussion with the leaders

indicated that these customers were the ones who were paying them well and with whom they had the most margins. Other factors that were also considered were how long they had been working with those clients and whether the organisation could foresee growth with them.

Speaking on measures the organisation took, the CEO (R1) at Org-HR explained that the whole idea started when they realised that the organisation was amidst recession. On every strategy level, it was decided that “*the organisation is going to stick with its employees*”. This was because most employees had been working in the organisation for a long time. The CEO (R1) further described how, at that time, top management, “*identified few ways through which they would be able to sail through the recessionary period*”.

The top management at Org-HR believed that as long as the organisation had capital coming in from clients they would have enough to sustain themselves through the crisis. It was important to be more productive in terms of achieving operational excellence, creating avenues whereby the organisation could add value for clients and thereby stay competitive. With the onset of the economic crisis, the clients of Org-HR demanded a reduction in charging rates, which meant a decrease in revenue for Org-HR with costs remaining the same. Nevertheless, the organisation continued to deliver on clients’ expectations and in a much better and focused way, which enabled them to continue to do business with their clients.

Sub-category 2 – Cost-cutting measures and changes in people management strategies

In addition to the consolidation of business, some respondents discussed the initial changes that were visible to employees, such as:

“Cut down on electricity usage, simple things like mineral water that we used to get or tea or refreshments that we used to have.”(R3)

Other measures that Org-HR introduced, which leaders and employees discussed in the interviews, included increase in working hours (R1, R6) with employees being asked to work weekends (R5), no promotions, a reduction in training programs, a slowdown in hiring and no salary improvements for a year and a half, more of which will be discussed in detail under the theme: Impact of the crisis on HR practices.

While justifying these measures, the leaders (CEO and senior managers) mentioned an important point:

“People in jobs were in a better situation than people who didn’t have jobs.”

I consider this a critical point made by the leaders, as during tough times when layoffs become prevalent, employees’ primary concern becomes their job security, and therefore they may become more accommodative of other changes. Yet, taking actions like these requires employees’ support, which I believe the organisation managed quite well.

Sub-category 3 – New Approach to Business

The recruitment manager (R2) at Org-HR spoke at length on how the crisis was the time when the organisation had to adopt a new and unique business model for long-term survival. They had to change their existing processes and adopt some new policies which they believed would prove helpful to the organisation. Speaking on the organisation’s course of action, he said, *“We are trying a place in the market where we can play really safe.”* For this, the organisation was looking at sectors that were recruiting during the crisis and therefore trying to move into those sectors. This, top management believed, was helpful for protection against upcoming threats to the

Indian market. R2 also mentioned that during the crisis individuals had to define their tasks and take more responsibility.

Additionally, R6 talked about how the leaders focused more on client satisfaction than employee satisfaction during the recession, which at that point was very important from a business point of view. However, most of the respondents at Org-HR considered their leaders to be quite supportive and understanding as they used to handle organisational problems as well as employees' needs, which sometimes did not go hand in hand.

R3, while discussing the organisation's response to the crisis, stated that, "*We plan things much better than what we used to do previously.*" Participants at Org-HR perceived their organisation to be more alert, more aware and more prepared to face any future challenges.

Sub-category 4 – Communicating and Engaging

According to the CEO (R1) at Org-HR, implementing changes was not a simple task as the organisation had to:

"Continuously hold sessions, make employees aware of the situation, lay out measures as to what needs to be done, how every employee needs to put in extra effort and provide them a road map as to how organisation would successfully come out of recession."

The CEO (R1) also mentioned that these discussions were taking place in the organisation once a week during the recession, where leaders could impart information and get the buy-in of employees on a weekly basis. Other respondents (R2, R3, R4, R5 and R6) added to this by highlighting how well the organisation

maintained communication during the recession with leaders not hiding any information and also how every decision taken was discussed and communicated to the employees.

Discussion

The global economic crisis 2008 was a tough time for Org-HR, as the organisation went through business consolidation and implemented various cost-cutting measures. I believe that during recession it was important for the leaders to understand the situation, share it with their employees and work closely with them so that they were not, as R1 put it, “*overshadowed by the fear of recession*”. Research by Riolli and Savicki (2006) shows that when employees in a unit of an engineering organisation were given details and explanations regarding the necessity for technological change as well as the chance to express their concerns and seek clarification, they suffered less burnout relatively than those in another unit where less emphasis was placed on these factors. The study shows that procedural justice and leadership have a profound influence. Involving employees can increase their perceptions of justice, especially in this case when the consequences were not very positive. Participation in decision-making decreases resistance to change when employees see that the organisation values their views and when change objectives are perceived as significant (Lines 2004). This can also be seen as deliberate sense-making (Louis and Sutton 1991), as initiated by Org-HR regarding change, so as to mould people’s perceptions of change and mitigate any unfavourable outcomes that change might result in (Rousseau and Tijoriwala 1999).

Category 2 – Employees’ responses to change events

As in Case Study I, respondents' perceptions were based on the different change initiatives the organisation introduced during the crisis. Sometimes they were referring to changes that affected them, sometimes changes for others and sometimes for the organisation overall. Most respondents evaluated these changes both positively and negatively.

There are three sub-categories, namely: emotional and cognitive responses; behavioural responses; and externalising and rationalising the event, discussed under employees' responses to change events.

Sub-category 1 – Emotional and cognitive responses

During the interviews, respondents at Org-HR defined the crisis as a time when *“employees were scared and sceptic”* and *“when everybody was tense”*. A number of participants admitted that during the recession employees were *demotivated* as they were not getting results (R3), were *worried* about their job security (R1,R2, R4), were in *two states of mind* (R4) and were very *tense* (R6). However, when discussing the issue of job security with R5, she confidently said:

“I don't have to be afraid of anything because I am very much secured in this organisation.”

It appeared that some managers were not concerned about job security and were very sure that they would have their job irrespective of the problems recession created for their organisation. Junior executives felt insecure regarding their job, because they were new in the organisation, making them an easy target for redundancies, and plus they were not really sure as to what actions the organisation might be forced to take during the recession.

Additionally, leaders (CEO and senior managers) at Org-HR mentioned that decisions to implement changes introduced were taken by the senior executives, although they made sure that employees were informed about everything. Further discussions highlighted communication as a crucial factor that influences employees' approach to the changes implemented. Speaking about employees' reactions to the various changes implemented by Org-HR during the recession, R1 said that, during recession:

“Employees really challenge the organisation by asking what if the assumptions that their business will get better turn out to be false.”

When change is not positive employees engage in active thinking and question the change process, the responses to which might influence employees' reactions (Chaudhry et al. 2009). This was a time when the organisation had to be totally transparent with its employees in terms of what they should expect and what it was possible for the organisation to achieve.

Sub-category 2 – Behavioural responses – Blame games

Speaking about employees' responses to the changes implemented, R3 mentioned that during the recession a lot of “*blame games*” were going on in their organisation, which was evident in the following statement by R3:

“We had a target of getting around 1,000 plus open positions for this quarter; however we are short of this number because we are short of business development guys. This was known to us beforehand that we would be having certain number to achieve but at that time if recruitment team would have recruited business development guys we would have achieved this number.”

Blame games can result when individuals try to safeguard their image (Blaine and Crockner 1993; Fast and Tiedens 2010) and can become more pronounced during recession when employees' performances might be monitored closely and when it is easy for the organisation to make employees redundant.

Sub-category 3 – Externalising and rationalising change events

Most respondents mentioned that they were aware of the crisis situation and that most of the organisations around the world were facing a similar situation. Some respondents stressed the role of the media in the crisis, which will be discussed in detail under the theme: Impact of the media. All the respondents commented about them being accepting of the changes introduced by the organisation. For example, R4 said:

“Cuts were justified. Employees do understand that management is not doing certain things intentionally.”

This shows that, in a way, employees tried to manage discrepancies during the recession by interpreting events from a rational viewpoint (Dulac et al. 2008). Additionally, R6 said that in comparison to the employees of other organisations, *“we have not suffered much”*. Elaborating on the same issue, R3 mentioned that that *“it made sense. At least they are not removing anybody.”* R1, when asked about employees' reactions to the changes implemented, said:

“Employees do not have an option to change their jobs because everywhere the situation is grim.”

This may be the one of the main reasons why employees at Org-HR were accepting of the changes introduced by the leaders during the recession, because with the tight jobs

market the possibility of finding an attractive alternative job was very slim. It may also be that because of job security, effective communication and high perceived organisational support, employees did not perceive these actions as unfair.

Discussion

Although the organisation did not make any employees redundant, employees were still worried about their job security. The respondents' comments show their uncertainty (Milliken 1987) and lack of control (Bordia et al. 2004) which can lead to negative experiences, thereby compromising the balance in employment exchange relationships. This further reflects the emotional consequences of the economic crisis in relation to how respondents viewed their current and future employment, which is highlighted in the research on organisational change (Ashford 1988; Kiefer 2005). Furthermore, the emotional response assisted in the sense-making process, enabling employees to see what they expected (Weick et al. 2005).

Regarding the blame culture discussed above, I believe that it possible that the business development people were genuinely short of staff but at the same time did not want to be perceived as inefficient by the top management, which made them blame the recruitment team for not achieving targets. Additionally, the recruitment team could not I believe afford to recruit staff during the recession, as there was a slowdown in recruitment for quite some time. Nonetheless, the issue of blame can become intensified especially if it becomes entrenched in the organisational culture (Fast and Tiedens 2010).

Furthermore, the explanations that the respondents gave for their reactions to change events concerned their emotional responses and/or viewing events in a different way. Interviewees often explained how leaders were forced to implement changes

(discussed above) because of the global economic recession 2008 – something beyond their control. The recession provided leaders with justification for the changes introduced. It also acted as a mechanism to maintain the exchange relationship, yet there were other factors that led employees not to question the steps taken by leaders, such as: job security during the recession as leaders made sure that no employee was made redundant; effective communication (Huber and Boyle 2005; Morrison 1995); and high perceived organisational support (Rousseau 1996; Shore and Tetrick 1994). The positive appraisal by leaders enabled some employees to hold a positive psychological contract even if a breach had taken place. Tekleab et al. (2005) suggest that a strong social exchange relationship might immunise employees from perceiving psychological contract violations by giving rise to bias regarding the behaviour of the organisation which is interpreted as being fairer than it really is. Likewise Dulac et al. (2008) propose that people in high quality relationships look for clues and explanations that help them to see the organisation as fair in the process even if a breach has happened. They further mention that people in these strong exchange relationships may attribute a breach to factors external to the organisation, rather than ascribing it to the organisation's inability or unwillingness to fulfil its obligations, as can be seen in this case. Overall, it appears that the recession did, to some extent, normalise employees' breach perceptions. By explaining that most organisations were facing a similar situation, employees freed their leaders of responsibility. In addition, leaders referring to a tight jobs market externalised and in a way justified any breach.

5.4 Theme 3 - Leadership during the crisis

Respondents' perceptions of leadership ability are predicated on different phases during recession and on different individuals. All respondents gave positive evaluations which were described using various examples.

There are two categories discussed under this theme: participative and supportive leadership style and walking the talk.

Category 1 – Participative and supportive leadership style

Leaders at Org-HR discussed how it was critical for them to change their way of leading during the crisis. The CEO (R1) at Org-HR believed that, during the crisis, it was important to believe in one's employees, support them and stick with them. All the same, he also emphasised the need to push hard, stay focused and transfer the same attitude to and amongst employees. A number of respondents seemed to be impressed by the adequate support and understanding provided by the leaders. Most of them mentioned that leaders were very understanding in terms of discussing the problems employees were facing, how they took employees into consideration and at the same time made sure that employees were not affected mentally by the recession. For example, R3 and R5 mentioned that before the recession, if they were assigned a target, they had to get it done somehow, but during the recession when the market was quite down and set targets could not be achieved, leaders were there for support, looked at the problems employees were facing and even accompanied them to clients' places.

Additionally, most respondents spoke at length regarding the transparency that their leaders maintained and how they took employees into confidence and communicated frequently with them. Employees mentioned that top management was keen on keeping communication intact and used various media to do so. Confirming what the

leaders stated, two respondents (R3, R6) talked about how leaders listened to employees' suggestions regarding set targets by asking them whether they would be able to achieve their targets, whether they wanted them to be lowered, how they planned to achieve them, etc. This form of support goes a long way in creating a good relationship and also gives employees strength when dealing with a crisis situation.

When asked about how leaders motivated employees during the recession, R5 said that even though the organisation did not have much business the leaders were very motivated, which motivated the employees. R6 added to this, stating that, "*we didn't suffer a lot during recession because of hard work and dedication of leaders*".

Leaders cited transparency and frequent communication as their major strengths when it comes to motivating employees. Elaborating on this R1 stated:

"...the mantra has been weekly meetings of individual leaders with their team where senior management or the top management is present to take any questions or any issues that employees might be facing – on an absolute week to week basis."

R1 further discussed the significance of planning the change process and explaining to employees how change can be beneficial to them and can help them achieve short-term and long-term objectives. Explanations increase perceptions of justice and also reduce vulnerability to negative emotions. Providing details can help reduce concerns about change, ambiguity or anxiety, and result in perceptions of justice (Smollan 2009).

Speaking about leaders' support for employees, (R2) said:

"I am a mediator who is going to communicate or pass information from the leaders to my internal team members. So if the leaders will not support or motivate me, how

am I going to motivate my team members? Leaders gave me all the information and didn't hide anything. So I took the responsibility and provided right advice to my team members. So it is definitely because of the transparency culture."

This reflects the importance of open and honest communication to employees' motivation in the current business environment. Giving details and explanations during a change process enables employees to perceive change leaders as honest and genuine.

Category 2 – Walking the talk

Some of the respondents mentioned that leaders used to work with them for long hours, even after having long tiring meetings with clients they used come back to the office and work with the employees on various projects until late. According to R3, one of the things that he has learned from his leaders is to lead from the front.

The CEO (R1) also cited the significance of self-motivation as leaders' biggest personal attribute during the crisis. Elaborating on this point he said:

"During crisis everything around – the media, clients, investors, internal customers, everything tries to pull you down because the situation is so grim."

R1 believes that self-motivation is the key during crises, as well as leading by example, to show your team how things can be done and thereby motivate them.

Overall, leaders' actions and behaviours had a positive impact on employees and motivated them to work for long hours (Covin and Killman 1990). These actions also improved employees' perceptions of justice (Morrison and Robinson 1997; Rousseau 1995) because it was not just employees who were working more or asked to work more, leaders were working hard too.

Discussion

A number of respondents spoke about leaders' support for employees as they used to ensure that employees were getting quality work and feeling secure regarding their job and salary. Support and motivation from leaders was important for respondents as it motivated them to face the challenges of recession. The sincere support demonstrated the empathy leaders extended towards their employees, making the leader-employee relationship stronger. The construct of perceived organisational support (POS) during change (Shore and Tetrick 1994) has to be considered here. Individuals may often need psychological support during change and the extent of POS (Eisenberger et al. 1986) affects the way they react to the change process. In this case it was evident that adequate support was provided to the employees, which made them accept and support the changes implemented by the organisation during the recession. In the same way it may reduce any strain that changing contracts might result in as changes are being implemented.

It is interesting to note that a participative leadership style, where employees' opinions are taken into consideration, was appreciated by the respondents. This aligns with the significance of participation in organisational change, as indicated by Chawla and Kelloway (2004), Covey (1991), Kotter and Schlesinger (1979), Lines (2004) and Schein (2004). More on this will be explored under themes of communication and decision-making.

With much research on transformational and charismatic leadership and their influence on organisational change (Bass et al. 2003; Bommer et al. 2005), examining respondents' perceptions of leadership abilities that correspond to these theories is important. There was little evidence in the respondents' answers of any extraordinary

influence (Huang et al. 2005) of charismatic leadership (Bromley and Kirschner-Bromley 2007). They did however offer some examples in relation to transformational leadership behaviour, such as comments on how leaders' behaviour motivated employees (Bromley and Kirschner-Bromley 2007) during the recession.

Additionally, some respondents commented on their involvement in decision-making and the trustworthiness of leaders (Bass and Avolio 1993), which will be explored under the themes of 'Importance of trust during the crisis' and 'Organisational decision-making during the crisis'.

Overall, perceived leadership did influence respondents' attitudes towards the changes that Org-HR introduced during the recession. The way respondents perceived leadership ability was increased by transparency, communication, involvement and the support they experienced.

5.5 Theme 4 – Expectations during crisis

As in Case study I, there are two categories discussed under this theme: leaders' expectations and employees' expectations.

Category 1 – Leaders' expectations

Speaking about expectations, R2 mentioned that it is important that both parties (leaders as well as employees) are "*transparent*" in terms of their expectations, especially in times of economic crisis. The CEO (R1) at Org-HR mentioned that with the onset of crisis, the top management arranged:

"...a daylong session with the employees, where we set the expectations right, that we are now in recession if a single person does not put in that extra bit the whole group will be affected."

A number of respondents indicated that what their leaders expected from employees during the recession was do work extra, work weekends, multitask, close positions as soon as possible, achieve targets on time, support them and have faith in them. From the interviews, it was clear that leaders' expectations of employees from employees' point of view and leaders' expectations of employees from leaders' point of view matched to an extent which reflected positively on the communication maintained by the organisation during the recession.

Category 2 – Employees' expectations

According to the CEO (R1), during the economic crisis employees hear news from various sources about employees being laid off or asked to work for half their base salaries etc.

“So employees' expectations from leaders are whether their jobs will continue at least until the time economy is out of recession, whether they'll get salaries on time, whether they'll get full salaries or not etc.”

From the employees' side, every employee had different expectations (Rousseau 1989) from their leaders, but a common theme that emerged from their statements was that they wanted their leaders to provide them with job security. One of the managers (R2) stated that he wanted more involvement from his leaders, to understand his problems and his team members' issues, while others mentioned that they wanted their leaders to revisit the incentive system, focus on financial capital as well human capital, provide growth opportunities and communicate frequently. Elaborating on the importance of communication, R4 said:

‘There should be communication from the management side – frequent meetings so that we are updated regarding our organisation. Whatever is the situation, it should

be truly communicated to the employees because during recession employees are in a very different situation where they feel insecure as they don't know what their future will be."

Discussion

Work life is exposed to major changes during recessions, which was evident in the participants' comments. Uncertainty about job security was clearly explicated by the participants. In this context, job security surfaced as the main expectation in participants' responses. Uncertainty is a common feature of change (Ashford 1988; DiFonzo and Bordia 1998; Schweiger and DeNisi 1991). It has to do with the entire process and outcomes of change and how it affects people's future career certainty and other aspects (Buono and Bowditch 1989; Jackson et al. 1987). However, if leaders are open in terms of the situation organisation is facing and stay in touch with the employees constantly, security itself is maintained and the employees are more confident about their future within the organisation. Job insecurity can impact employees' well-being (Barling and Kelloway 1996; Hartley et al. 1991), satisfaction (Ashford et al. 1989; Davy et al. 1997) and organisational effectiveness (Greenhalgh and Rosenblatt 1984) and can have unfavourable outcomes much the same as job loss (Dekker and Schaufeli 1995).

5.6 Theme 5 – Communication during crisis

This theme reports participants' perceptions of the communication activities at Org-HR during the economic crisis. There are three categories discussed under this theme: forms of formal communication; steps taken to improve communication; employees' responses to communication initiatives.

Category 1 – Forms of formal communication

The CEO, R1, shared details of the types of meetings taking place in the organisation, such as stand-up meetings which take place on a monthly basis where the entire organisation takes on top management, and fortnightly meetings that involves team leaders, their respective teams and one of the business heads. The organisation also has a monthly newsletter which goes to all employees informing them about developments in the organisation. The same was indicated by other respondents.

Category 2 – Steps taken to improve communication

Most respondents mentioned that their leaders maintain transparent communication within the organisation. It was also mentioned that leaders explain many things directly to the managers in terms of existing organisational problems, leaders' expectations, upcoming numbers, expected profits, etc.

According to R2:

“Leaders never hide information in terms of ... suppose the business is getting losses which can give wrong signals from their side.”

Along the same lines R3 stated:

“At the time of recession everybody was in a situation where a lot of blame games were being played out. So at the time of recession, management was very clear that any discussions taking place were on black and white, which was our mail communication. That helped us a lot at the time of recession as things were crystal clear.”

Leaders at Org-HR took all necessary steps to avoid confusion and misunderstandings during the recession. For example, R2 described how leaders were quite aware of the internal grapevine communication and had to maintain transparency to make sure:

“There’s no gossip or grapevine communication which can have bad impact on employees’ minds.”

According to him, leaders in their organisation have been, *“active in knowing how employees are adjusting”*. They used to talk to middle-level managers about how employees were coping and then talk directly to juniors. Adding to this, R3 highlighted the role of HR in organisational communication in the sense that HR was very active in sending emails and keeping people updated.

When asked whether there were any changes in communication plans during the recession R1 stated:

“There was no change during crisis or post-crisis situation in terms of the medium of communication. The biggest change during crisis was in the frequency of communication. Meetings that happen let’s say monthly or fortnightly ... happened weekly during crisis.”

This was confirmed by other respondents who spoke about changes in communication in terms of leaders having more meetings, more interaction with employees as well as clients.

Category 3 – Employees’ responses to communication initiatives

Highlighting the importance of communication during a crisis, R4 said:

“...this is a kind of situation when everybody is in the two states of mind or in dilemma regarding whether their jobs will be secure, whether they’ll get salary or not. People do think like this.”

According to the CEO (R1), if the organisation does not communicate frequently with employees, especially during a crisis and leaves room for employees to assume things, it might impact employees’ productivity and also the attrition rate. He further spoke about how their organisation takes care that a two-way flow of information is maintained for positive outcomes.

R2 mentioned that when leaders discuss problems directly with their employees, *“it creates a healthy behaviour”* amongst them. R2, at a managerial level, experienced *‘happiness’* when top management provided him with detailed information regarding the situation the organisation was facing. He further discussed how this helped him to give the *“right advice to his followers”*. Communicating the correct information to employees enables them to make informed choices and at the same time helps to gain their support for the change process. For example, a number of respondents mentioned that the way organisation communicated information motivated them more.

Elaborating on this R2 said:

“When we organise meetings ... in those meetings we are very transparent, we discuss with our team members our current problems or current status. So employees feel good that bosses are getting involved in the meetings and they are giving them importance. So it motivates them to put effort from their side.”

Adding to this, R5 and R6 discussed how communication created trust within the organisation and had a positive impact on employees’ attitudes and behaviours.

Discussion

The significance of communication during organisational change has been demonstrated in studies by Daly et al. (2003) and Kramer et al. (2004). Lester and Kickul (2001) suggest that it is crucial for organisations to maintain effective communication, especially when a situation not under their control forces alterations to psychological contracts. Giving information to employees about processes and the consequences of change is critical as it decreases uncertainty (Bordia et al. 2004), adds to perceptions of justice (Bies and Shapiro 1988; Konovsky 2000; Tyler and Lind 1992) and prevents incongruence between perceptions of obligations that might result in a breach (Morrison and Robinsinon 1997). Communication, which is an important aspect of leadership, was related to positive behaviour amongst employees at Org-HR. Communicating important features of the change process decreases ambiguity and enhances trust and commitment (Klein 1996; Kotter and Schlesinger 1979; Kramer et al. 2004; Nelissen and van Selm 2008; Schweiger and DeNisi 1991). Participants' responses indicate that leaders at Org-HR might not be vulnerable to perceived breaches across a range of obligations because the communication regarding what employees could or should expect, especially during a recession, was perceived as effective. Communicating and providing information regarding change can help people see leaders as honest, genuine and rational. Hiding information can make employees indignant and angry. An enormous body of literature indicates that communication helps to decrease the possibility of resistance (Klein 1996; Kotter and Schlesinger 1979). It is crucial to inform employees regarding procedures and consequences. People are inclined to see fairness if process information is given beforehand (Van den Bos et al. 2003). Respondents (change leaders) in this study emphasised the efforts they made to communicate to employees what change would take place and why, which proved to be helpful.

5.7 Theme 6 – Importance of trust during crisis

As in Case Study I, this theme looks at how trust in leadership spreads across the organisation and its influence during a recession. There are two categories discussed under this theme: maintaining transparency and providing growth opportunities; and honesty and integrity.

Category 1 – Maintaining transparency and providing growth opportunities

Most respondents spoke at length about the importance of maintaining trust in the context of economic crisis. A number of respondents believed that leaders had done well to inform employees about the changes being implemented. For example, R4, when emphasising the importance of communication in building trust in their organisation, said:

“Trust is built when you actually do not portray any fancy picture in front of employees. Even if it’s crisis just give them the true picture and take them into confidence.”

Respondents further mentioned that leaders try to make sure that transparency is maintained and provide growth opportunities for employees to increase and maintain trust. For example, R1 said:

“We the co-founders believe that the only way to gain employees’ trust is to be absolutely transparent, any employee can evaluate any aspect of our organisation at any time and the thing is that we really help our employees to get to the next level. It’s not a promise that is made during an interview but we take pains to get them to the next level and this puts a lot of confidence in them that if they stay long enough with this organisation they are bound to grow.”

Elaborating on this, R3 said:

“Leader who right now I am reporting to has been with the organisation for quite a long time and he has got that growth path and has advanced. This is something that you generally don't see in small companies like Org-HR where people will not stay with the organisation for more than two years. So trust factor is there because lot of employees are working with you for quite a long time. This shows to people who are joining new that if these people have advanced, have got their increments, salaries, incentives on time which is why they are with the organisation. And this increases their trust in organisation.”

This shows that employees' trust in the organisation also depends on how they view the organisation's treatment of their seniors or peers (Bibby 2008; Dirks and Ferrin 2002). They believe that if their seniors have stayed with the organisation and the organisation has taken care of them, then the organisation is worth trusting and is a good place to work.

Category 2 – Honesty and Integrity

One of the managers (R5) also described the importance of honesty in organisational working and creating trust. For example, R5 spoke about recruitment plans and how important it is to see which employees source most candidates. She said:

“Being the team leader if I want to cheat on my team mates, I can always take their credit as I am the one who's directly reporting to the top management. So I can always tell them that this is my work. But I have to be honest, maintain transparency with my juniors and provide them right feedback.”

This reflects that honesty and integrity are crucial attributes of leaders, which can help to increase trust and build credibility within the organisation. Trust evolves with time and having a culture of trust enables leaders to get hold of things, especially when circumstances are not favourable.

Discussion

People's responses to various changes are influenced by their perceived trust in their leaders (Dirks and Ferrin 2002; Morgan and Zeffane 2003). Various important variables which have been recognised in the literature came up in the interviewees' comments. Trust is a belief that the other party has acted with integrity, in ways not detrimental to others (Gillespie and Mann 2004; Robinson 1996), and the respondents at Org-HR talked about trust in their leaders in a positive sense. Trust can have profound emotional implications (Dunn and Schweitzer 2005), partially because of the results of decisions that leaders take (Morgan and Zeffane 2003) and also because it communicates the value of the association (McAllister 1995). Trust in leaders increases perceptions of justice (Dirks and Ferrin 2002), an element that permeates this research. Additionally, trust influences how people react to change (Dirks and Ferrin 2002; Morgan and Zeffane 2003). A number of respondents mentioned that their leaders maintained trust during the recession by involving employees in organisational processes, not hiding information from them, and continuously communicating with them. Providing information about the procedures in place and the situation that the organisation is facing is important for creating trust and eliminating negative reactions. Communication and clarification increase people's perceptions of justice, making employees more accepting of the change initiatives; and at the same time it may also mitigate negative reactions if the initiatives are not very favourable. Most of the respondents at Org-HR felt at ease as it was

communicated to them (explicitly and implicitly) that no employee would be dismissed.

5.8 Theme 7 – Organisational decision-making during the crisis

This theme describes the organisation's decision-making approaches during the economic crisis and peoples' perceptions of them. According to the CEO (R1), the organisation being flat and open involves employees in decision-making. However, he also mentioned that during the crisis only a few key employees were involved in the decision-making process. When asked about the employees' reaction to this he said:

“When things are not looking good, employees are scared and since average experience of employees is far less than what top management has, their ability to foresee a situation and take decision is weak. So during the time of recession, it was important to take tough decisions which were very much restricted to the top management.”

Elaborating on the decision-making process, R2 and R3 stated that leaders involve them in the meetings, whether it is investors' meetings or future planning meetings where new strategies are discussed. Furthermore they also pointed out how as managers they could see two faces of the same coin by understanding clients' or employees' issues and communicating the same to the top management. Furthermore, appreciating the rapid decision-making process at Org-HR, R3 stated:

“Decision-making here is very quick which does not happen in other organisations. See I have worked with two other consultancies before and there just to take a particular decision it used to take a lot of time. Here it was quick and instant. We are an executive search firm right now but during recession we were not getting senior

level requirements. But management acted immediately and decided whatever requirement we were getting we need to take it and start working immediately. Actually this decision helped us a lot and kept our finances moving.”

Most respondents spoke about how management listens to their suggestions while making decisions and that they have open meetings where employees are encouraged to contribute ideas, responses, etc. Just being given a chance to provide input or voice views may not be perceived as procedurally fair (Leung and Li 1990), Lines (2004) therefore argues that the effect of having a voice appears to rely on whether management considers employees' opinions. Some respondents at Org-HR mentioned that their suggestions were rejected by the top management. However, at the same time, they mentioned that top management has more experience and that it is good on their part at least to listen to employees' ideas and discuss issues with them, rather than forcing their decisions upon them.

Discussion

The decisions taken were seen in a positive light by most of the respondents. Their positive perceptions were based on their inclusion in decision-making. According to research by Lester and Kickul (2001) on psychological contracts in the twenty-first century that involved part-time MBA students, it was found that participation in decision-making was considered a significant psychological contract item by them. When people are provided with details and a 'voice' or are included in decision-making, it increases their view of fairness (Bies and Shapiro 1988; Konovsky 2000; Kotter and Schlesinger 1979; Thibaut and Walker 1975; Tyler and Lind 1992), which was evident from the participants' responses. Furthermore it might also help to see and notice affective and cognitive responses as well as communicate respect for the

workforce. While participation might point to procedural justice (Bies and Shapiro 1988) and produce positivity, it does not give people control. Even if employees feel that they have been listened to, it might give them some sort of satisfaction; this does not necessarily suggest that they can get the results they anticipated. However, it is likely that the satisfaction from just being listened to might help employees perceive fairness, as is evident from my participants' responses.

5.9 Theme 8 – Impact of mass media

A number of participants at Org-HR discussed how, during the economic crisis, they were actively listening to the economic news on TV and radio and also that the news coverage had increased, which is congruous with research conducted by Headrick and Lanoue (1991).

As in Case Study I, there are three categories that will be discussed under the impact of the media, namely: negative impact, positive impact and no impact.

Category 1 – Negative impact

The CEO (R1) at Org-HR discussed how the media affect employees' perceptions by portraying news about economic crisis in terms of its effects – globally, nationally, sector-wise, etc. Adding to this he said:

“When you see the newspapers, TV, Internet, etc. – when everything is so negative there's very little positive that comes out. And in such cases employees become even more sceptic and scared. Media has had a very negative impact on the mind set of employees and it takes a lot of effort to get it right then.”

This statement indicates the increase in insecurity that media reports may create during an economic crisis. It aligns with the views of Harrington (1989) and Stein

(1975) regarding the negativities and cynicism spread by the media amongst people (Dua and Smith 1993; Goidel and Langley 1995).

Furthermore, some of the employees mentioned that media reports did have an impact, with R4 referring to them as “*mental tension*”.

One of the managers (R3) spoke about the impact of the media in the sense that, every day, people read news or articles about organisations implementing salary freezes or laying off employees, which creates fear and insecurity. He elaborated on this by stating:

“Even if a person is getting a good job offer from somewhere he will think hundred or thousand times before changing the job because with media everyday there was an article that this company has stopped salary of hundreds of employees or have sacked them. A person who has got a good offer from somewhere will not join that company ... because there’s a mind frame that I am currently working with this organisation at least I am getting my salary on time. By reading such articles and going with this again and again ... like every day you have a new mail coming in – something or the other that actually impacted a lot –personally to me.”

This highlights a really important issue which is that even if people are getting opportunities in these times, they may not take them because of the wave of insecurity and uncertainty that the media can create. Media reports may directly or indirectly influence people’s decision- making, especially in a recession. The way the media frame these issues influences how people perceive them, as has been suggested by Tuchman (1978). Whether this will impact on their current work (e.g. will they be more motivated?, will they be demotivated?, will they be more vigilant? etc.) could be argued. Moreover, how people process information is also crucial. As was discussed

in the literature review, people's schemas, which play an important role in psychological contract formation, can influence their interpretation of the news they receive (Domke et al. 1998). If the organisation has maintained positive psychological contracts, there is a greater chance that organisational members may perceive news less negatively.

Category 2 – Positive impact

There's a greater possibility that media presentation of the economic situation may influence psychological contracts positively, thereby strengthening them. It could be argued that all the changes that the organisation introduced during recession could have been perceived as a breach or violation by the employees had the media not presented the economic situation in the manner it did, i.e. negatively.

Category 3 – No impact

Some of the respondents (executives) mentioned that the media did not affect them very much, as they were confident that they would not lose their jobs and also because they trusted their leaders. For example, R5 mentioned:

"I was not worried because I knew that there is a job security in Org-HR and where I am working it is absolutely safe ... I don't have to worry about it ... So I was just collecting news and I was just keeping it in mind."

R4 elaborated on this by stating:

"One gets a bit tense but then if you believe or trust your organisation then you can sail out of that situation also."

From the employees' and leaders' statements it is clear that the media do influence people's schemas and their understanding; however, there are other elements that may affect the extent of the media's impact on employees' mental frameworks and therefore their perceptions; for example, in this case, employees clearly mentioned trust in their leaders as one of the factors.

Employees' schemas, which are an important factor in how they comprehend and perceive media reports, may be influenced by the existing association between them and their leaders. It was also pointed out that if one believes in his/her leaders then one can handle the stress caused by recession. Trust builds with time and can impact on employees' schemas, which can then impact on their analysis of media reports. Most of the respondents at Org-HR spoke in detail about the importance of trust and maintaining transparency in the current business context, as discussed earlier.

Discussion

It is clear from the above discussions that if employees trust their leaders and if the leaders have maintained clear communication throughout the crisis, then employees will be less vigilant in their approach, with more positive psychological contracts, and therefore may not be too bothered by what the media report. Also, if negative media reports might have created some doubts in employees' minds, the leaders at Org-HR took all necessary steps to avoid confusion and misunderstandings during the recession, thus decreasing the employees' perception of a contract breach or violation. These findings support and add to earlier studies on the media, e.g. by: Headrick and Lanoue (1991), that identified how, during an economic crisis, media communication increases and that people pay more attention to the news; by Harrington (1989) and Stein (1975) on the cynicism spread by the media; by Tuchman (1978) on the "frames

of references” provided by the media that aid in assessing the situation and affect audiences’ perceptions; by Domke et al. (1998) who believe that people’s schemas can influence the understanding of the news they receive; and by Lau (1989), Tourangeau and Rasinski (1988), Zaller (1992) and Zaller and Feldman (1992) which shows that for things that are unclear, contextual information such as media reports may prompt schemas to guide people’s information processing.

5.10 Theme 9 – Impact of the crisis on HR Practices

As in Case Study I, there are three categories that will be discussed under this theme: the impact of the crisis on recruitment; the impact of the crisis on training and development; the impact of the crisis on the performance and remuneration management system.

Category 1 _ Impact on recruitment

There was a hiring slowdown at Org-HR in response to the economic crisis.

Elaborating on this R2 stated:

“We were not in that position to hire new people, but if the position was very important or any individual left the organisation we had to hire a new person to fill the gap.”

Along the same lines, R1 mentioned that there was no freeze as such, but hiring was very slow and *“if we hire 3 candidates a month at that time, we would hire 3 in a quarter”*. One of the respondents (R6), who was a new recruit, when asked whether the organisation provided accurate job details during the recruitment process said:

“Accurate details were provided and the HR policies regarding the increments, progression, appraisal etc. was provided by the organisation on the same day.”

It was also mentioned that there were no discrepancies between what they had received and what the organisation had promised to provide at the time of recruitment.

Category 2 – Impact on training and development

There are four sub-categories, namely: forms of training available at Org-HR; changes in training and development; responses to changes in training and development; and is training an employee driven demand? discussed under the impact of the crisis on training and development.

Sub-category 1 – Forms of training available at Org-HR

The respondents provided details about the different types of training currently provided at Org-HR. There is on-the-job training that is carried out on an ongoing basis where individuals and the way they perform their duties are observed, negatives and positives are identified, and then a short training session is arranged in order for them to get training under that aspect. The second one is the work-related workshops that are organised each fortnight. Third, is the skill-enhancement workshops which are a mix of games, videos and other tasks. Besides these, the organisation also arranges camps, outings and trips which are very structured; the first day is dedicated to review meetings while the next two or three days are not related to work.

Speaking about the training opportunities available at Org-HR, R4 mentioned:

“I have received very good training; initially more of intensive training was given to me because they believe that it’s useless to start work without good training. We have a continual training too, once I’ve started working, after a week there will be a review like ok ‘we taught you this, this is what you’ve started work on and may be you can tell us that these are the loopholes or these are the areas where you are feeling weak’,

so we can train you on this again or maybe they can just ask me to demonstrate certain skills that they've taught me."

Org-HR monitors the training needs of employees closely and every new member joining the organisation has to undergo one month of training before they start working. Training at Org-HR is provided on *"domain knowledge, the communication histories, how to interact with the clients"*. If the employees are facing any issues in their work they are supposed to communicate those to their managers who then arrange weekly meetings for them. Elaborating on the training provided at Org-HR, R6 mentioned that, *"it is the firm specific training that we get; basically we are getting training on what we work."*

Also, at Org-HR, training depends on the services they plan to adopt. If the organisation is adopting anything new they try and arrange in-house training for the employees. In the words of R2 it, *"depends on what kind of project you have and what kind of training you want to provide in your organisation"*.

The above responses indicate that the organisation concentrates more on providing role-specific training to the employees rather than general industry-specific training, which to an extent shows that the organisation may be paying less attention to the employability (Keep 1999) of employees. The accounts also reflect that Org-HR like most organisations is keen on aligning its business goals with training needs. It can be argued that organisations during a recession may not want to provide sound training and development opportunities to employees when they cannot guarantee job security to them or when they are not sure whether employees will want to stay with the organisation.

Sub-category 2 – Changes in training and development

When asked whether there were any cuts in training budget during the crisis, the CEO admitted:

“Yes training was less frequent ... that’s the business side of it. Training was reduced in terms of time gap.”

Most of the respondents spoke about cuts to training programs during crisis. For example, R3 mentioned that general training continued but new training programs were stopped. He further commented that:

“At that time I still remember, we had come up with a training for the software guys which was on PHP because the team we had in the software division was purely based on Java and the requirement they used to get at that time was purely on PHP. So at the time of crisis training on PHP was provided to these developers. Yes we didn’t have any training programs for the HR team at that time and software division also had some cuts.”

At Org-HR, the overall training budget was reduced and only the training programs that were required for projects were provided to the employees. Speaking about training budget constraints, R3 also discussed how the organisation arranged different sessions as a replacement for formal training. Providing an example, he mentioned:

“We had a very senior person from the HR background who had come up to share the experience that he had and actually that helped us a lot in terms of ... where we had to headhunt candidates.”

Measures like these, where organisations arrange sessions inviting industry experts to speak, can play a critical role, especially in a crisis, as they signal to employees that

the organisation has not abandoned training completely and that it still cares about their learning.

Also, as the organisation is in recruitment, one of the managers (R5) spoke about organisations that were recruiting candidates through Org-HR and how they were demanding trained recruits. Elaborating on this she said:

“...it was very difficult to get training and development ... I mean clients who need talented people ... they were always pursuing that ... for example there is a client who said that right now we don't need any freshers (recent graduates) whom you train ... because it was recession and we don't need any freshers right now.”

This reveals that organisations affected by recession did not have resources to allocate to training and development and therefore preferred to hire people who were already trained and experienced.

Sub-category 3 – Responses to changes in training and development

R2 when asked about employees' reactions to training cuts stated that employees were very much aware of what was happening around the world via the media and that nearly every company was facing similar problems, so it was not a big issue for them. He mentioned also that training programs would start as soon as the recession was over and that employees were aware of that.

Elaborating on this R5 stated:

“We were not shocked. Whatever changes were made, we have signed the HR policies, papers, documents by just going through them once and have given it back to the HR. Whatever changes are made, we are happy with it and it is in the favour of employees, so there's nothing negative about it.”

R3, R4 when asked about their reactions to training cuts said that, at that point, it was not a big issue and that the cuts were justified. For example R3 said:

“See to be very honest I was pretty ok with that because at the time of crisis, I had a job so I was pretty much happy at that time. So even though if there was no training given, I was pretty ok with that.”

This statement highlights the importance people attach to job security in recessionary times. The employees at Org-HR were fine with the training cuts because Org-HR, although going through difficult times, did not retrench the staff. This, in a way, enabled the staff to trust their organisation and not react. This might also have helped in creating and maintaining positive psychological contracts in the organisation. In other words, the saliency of any breach was reduced by considering other factors such as the crisis context, which resulted in a tight jobs market and the fact that there were no redundancies in the organisation.

With regard to the ideology of self-reliance (McKinley et al. 1995; Edwards et al. 2003) and the concept of employability (Rajan 1997), I believe that even in a normal situation employees expect their organisation to offer job security (even though organisations in the current business world do not offer long-term employment) and during a recession these expectations become more powerful because employees know that the jobs market is tight and there are not enough alternative employment opportunities available. So even if employees have a strong belief in self-reliance, redundancies during a crisis might be perceived as a contract breach. This is in line with the study by Bernhard-Oettel et al. (2011) which shows that job insecurity tends to be an issue with employees, even with those who have already adjusted to the notion of job insecurity in their employment.

Sub-category 4 – Is training an employee-driven demand?

When asked whether training is demanded by employees or provided by the organisation. R5 said:

“Training is a replacement for job security as well as leaders want a better work force.”

Adding to this, R2 mentioned that if employees are dedicated and contribute effectively to the organisation then definitely they will be provided with growth opportunities. For example he said:

“As you know that in India recruitment is the unorganised sector so obviously training employees is very vital for each and every company. So definitely we have training programs for recent graduates and for experienced people also so that they can come and upgrade their skills and take the responsibility which we want to give them.”

This reflects the expectations from the organisation’s side; they expect employees to stay with the organisation after providing them with training and development opportunities. So there is expectation on both sides (employees and organisation) regarding training and development.

When employees were asked whether the organisation provides training at its own discretion or is training something that is demanded by employees, a common theme that emerged was that it is demanded by employees as well as provided by the organisation. However, R3 seemed to disagree with others on this issue as he mentioned that training is demanded by the employees, at least at that time it was (i.e. during recession). Adding to this he stated:

“Training is done in ORG-HR every quarter. What we feel is that it should be provided as per the needs. Right now if somebody is looking for training or is short of some skills, training should be given. We shouldn’t wait for the first quarter to be completed to start the training. To be very honest company does not do this at this time.”

The reason for not providing training was the budget constraints imposed during the crisis. Formal training in the organisation was provided every quarter and it was difficult to arrange this for a single candidate before formal training sessions started. However, the organisation dealt with this problem by asking seniors at the organisation to help out candidates.

Discussion

Research suggests that providing training and skills development opportunities is a significant aspect of the contemporary employment relationship (Roehling et al. 2000). The exploration of the issues discussed above within a crisis context reveals that employees at Org-HR did not really perceive a breach, even though the organisation introduced many training-cut initiatives. This may be because of the following factors:

1. Perceived organisational support (Aselage and Eisenberger 2003) when employees see that their organisation is facing tough times but still not making staff redundant. They start comparing how their organisation treats them with how other organisations treat their employees during a crisis.
2. Lack of alternative employment opportunities.

However, employees seemed to mention the factor of job security more, reflecting its significance. Org-HR provides organisation-specific training programs (not industry specific) to its employees that align with its business needs, indicating that the organisation may not be concentrating on the external employability of its employees (Keep 1999). This may be because they may not want to invest in employees who may not continue with them. With the recession there were significant cuts to training programs, although training essential to carry out projects was still provided to employees. Also, the organisation brought in some experienced people to give sessions and in a way compensate for the training cuts. Speaking about expectations of their organisation in these times, most of the employees mentioned job security. Although in current organisations job security is not guaranteed, and especially during a recession when most organisations follow a retrenchment approach, however this expectations seemed to be more powerful, perhaps because of the weak jobs market. The organisation was relied on to provide job security to its employees, at least during the period of recession. The evidence from the interviews generally portrays a situation where employees do not believe in self-reliance and may perceive redundancies negatively. In other words, during a crisis, the organisation's actions as well as such concepts as employability and self-reliance are perceived differently in comparison to normal times.

Category 3 – Impact of crisis on the performance and remuneration management system

Respondents at Org-HR provided a brief synopsis of the organisation's performance management system. According to R1, performance management at Org-HR is primarily results-oriented. For every employee a proper KRAs (key result areas) sheet is drawn up, roles and responsibilities are explained, and possible results in terms of

what is average, what is good, what is best are outlined, set out and signed off, and against these employees are assessed throughout the whole year. A high percentage is allotted to financial results, second is how employees are helping their team and the entire project to get to the next level, and third is their significance as an overall asset to the organisation; and there is a value attached to this and that is how the organisation measures performance.

Speaking on the pay system, R6 said:

“Basically we have a basic structure in hand ... salaries are fixed, above that we receive incentive structure that is dependent on the performance.”

There are two sub-categories, namely: changes in performance and remuneration management system; and responses to changes in performance and remuneration management system, discussed under the impact of crisis on the performance and remuneration management system.

Sub-category 1 – Changes in performance and remuneration management system

When asked about the impact of the crisis on the performance management system, the CEO i.e. (R1) stated:

“During recession it was very clearly communicated to employees that they will not be evaluated for this period of time. Because there aren't going to be any appraisals there aren't going to be any increments or promotions but still people would have to work out of their skins. So the only evaluation will be how hard the individuals are trying to have an impact on the organisational outcomes...”

When other respondents were asked about the impact of the crisis on the performance and remuneration management system, some of them mentioned that evaluations

continued during the crisis contrary to what the CEO mentioned. Moreover, it was also mentioned that the increments were stopped, in addition to salary delays, and also promotions were put on hold.

Contrary to what most of the respondents said, R5 admitted getting promoted and even getting a raise during the crisis. For example, she said:

“Don’t know about others, I got more increments than previous year.”

According to the CEO (R1), some roles were changed because of the organisation's situation at that time, and that is why some people got a marginal raise and were promoted too.

Speaking about why some people received increments while others did not, the CEO (R1) said:

“Some people were given increments, because these people would pull the load and perform well in bad economic situation.”

The above accounts indicate that the performance and remuneration system was not very clear in the organisation. Appraisals provide an opportunity for the organisation as well as employees to explicitly understand each other's expectations. As Aggarwal and Bhargava (2009) mention, after appraisals a proper reward and training scheme has to be formulated to avoid issues of unfairness and injustice. It may be possible that the organisation intentionally left some elements unclear. With so much uncertainty and so many financial constraints, the organisation might have been unsure about their future actions, and with no appraisal discussions it might have been difficult for employees to question the organisation's approach. Additionally, during the recession, some employees were not appraised while others were. Individuals who

were performing well were given increments, while others were not, which shows the organisation valued key performers who they believed affected organisational performance.

Sub-category 2 – Responses to changes in the performance and remuneration system

When asked how employees reacted to these changes R2 said:

“This was happening everywhere. The employees know the situation of their company and situation of the world. So they will not go somewhere else because there’s no job. So they are happy with their current jobs. They know that increments will start soon. So definitely they were all thinking about their job security because at that time they were aware how crisis is affecting the world.”

Most of the employees when asked about the impact of changes on the performance and remuneration management system mentioned that “it was fine” and that they had “no issues” with it. A number of respondents admitted that the organisation had clearly communicated everything to employees beforehand; as a result, they took these changes in a positive manner. Also, as the organisation did not retrench employees irrespective of the difficulties it was facing, employees were more adaptable towards the changes instituted.

Discussion

The respondents' comments suggest ambiguity around the performance management system which might be intentional from the organisation’s side. Additionally, regarding no appraisals, increments or promotions most of the respondents externalised the breach by referring to the context of crisis. In other words, the economic crisis to an extent provided justification to the organisation regarding the

changes implemented to the performance and remuneration management system. Some respondents spoke about the organisation communicating changes beforehand to employees, which I believe made them more accommodative of them. As has been mentioned earlier, communication enhances fairness and justice perceptions (Kickul et al. 2002; Schweiger and DeNisi 1991) and mitigates resistance (Klein 1996; Kotter and Schlesinger 1979), which was evident in this case.

5.11 Summary of findings

As with the first case study, the findings from this case study can be organised into two sets. The first set (i.e. Theme 2) relates to the influence of the global economic crisis of 2008 on Org-HR – the subsequent changes and people's perceptions and reactions to those changes thereby addressing the first two research objectives. The second set (Themes 3-9) is about the role and the interdependence of different factors in altering the psychological contracts and addresses the third and fourth research questions.

The global economic crisis 2008 impacted Org-HR in various ways. Respondents at Org-HR spoke about Org-HR undergoing a consolidation phase during the economic crisis, reducing their client base from 18-19 to 6-7. Besides this, there were changes in people management strategies along with various cost-cutting measures that the organisation introduced. Respondents at Org-HR further spoke about the organisation's new approach to business, with things being planned in a much better way. Leaders at Org-HR spoke in detail about the sessions organised by them to familiarise employees with the situation, to discuss measures regarding what the organisation planned to do and thus set expectations right. This was a deliberate sense-making measure (Louis and Sutton 1991) taken up by the organisation to direct

employees' perceptions and decrease any negativity that change might produce (Rousseau and Tijoriwala 1999). Respondents' accounts of their reactions to the economic crisis included emotional, cognitive and behavioural responses, and rationalising and externalising the event. Participants admitted experiencing anxiety, scepticism and demotivation. Additionally, blame games, as one of the consequences of the economic crisis, also emerged in the participants' responses. Employees mostly spoke of recession as something beyond the leaders' control which provided them with justification for the changes they implemented. However, there were other factors that helped in maintaining positive psychological contracts, such as organisational support (Rousseau 1996; Shore and Tetrick 1994), effective communication (Huber and Boyle 2005; Morrison 1995) and no redundancies. Furthermore, participative (Chawla and Kelloway 2004; Covey 1991; Kotter and Schlesinger 1979; Lines 2004; Schein 2004) and walking the talk (Covin and Killman 1990) leadership styles were appreciated by the employees, which helped them in accepting the various changes being introduced during the crisis. Speaking about expectations during the crisis, job security and open communication surfaced as the main ones in the participants' responses. Additionally, respondents at Org-HR discussed the efforts made by the leaders to communicate various aspects of change to the employees, a reason why the leaders were not susceptible to breach of various obligations. Participants also spoke of leaders' trustworthiness in terms of leaders involving employees in organisational processes and decisions and maintaining open and transparent communication with them.

However, as in Case Study I, the most interesting finding concerned the impact of the media on people's perceptions. Participants' responses hinted at: an increase in media reports (Headrick and Lanoue 1991); negativity spread by the media during the crisis

(Harrington 1989; Stein 1975); how the media help in evaluating the situation and influencing the public's perceptions (Tuchman 1978); and the role of schemas in comprehending media news (Domke et al. 1998). Lastly, the research looked at how changes in people management strategies influence people's perceptions and their psychological contracts. Most respondents spoke about the hiring slowdown at Org-HR during the crisis. Furthermore, respondents talked about the training budget cuts implemented by the organisation during the crisis and about them being accepting of them. This may be because of the perceived organisational support, as employees were not made redundant, or because of the lack of attractive job alternatives. The factor of job security came up frequently in participants' responses, an expectation which seemed more powerful during the crisis. Participants' comments also suggested that the concepts of employability and the ideology of self-reliance might not work in a similar manner during a recession as they would in normal times. Additionally, increments and promotions were also put on hold at Org-HR, however most of the respondents mentioned being fine with it as the organisation had communicated these changes beforehand. Respondents frequently referred to the crisis context which, in a way, externalised and normalised any breach.

All the factors found in this case study either directly or indirectly contributed to influencing people's perceptions of change and subsequently their psychological contracts. This case in itself was instrumental in that it enhanced knowledge of different factors that play a role in affecting people's perceptions of change. However, I believed that more insights could be generated by considering a third case study in a different context and by comparing the findings from three case studies.

CHAPTER 6: ORG-CONSTRUCTION, CASE III

6.1 Introduction

As in the last chapter, which evaluated the impact of the global economic crisis 2008 on Org-HR, this chapter aims to explore the impact of the crisis 2008 on Org-Construction and the subsequent alterations in psychological contracts. The same have been discussed through the nine themes listed in Table 5. Each theme which will be referred to as a feature after this will be discussed with quotations from the interviews and a general commentary.

S.No	Themes	Categories	Sub-Categories
1	Organisational Context	1. Perceived Culture	1. Formal/informal mix
2. Empowered culture			
3. Productive and nurturing culture			
2. Perceived structure and work environment		1. Perceived structure	
		2. Flexible and supportive work environment	
3. Perceived leadership		1. Different features of leadership	
	2. Participative and shared leadership		
2	Global Economic Crisis of 2008	1. Impact of the Global Economic Crisis of 2008	1. Impact on bookings and change in consumer demand
			2. Downsizing or rightsizing?
			3. Organisation-initiated voluntary employee turnover and increased insecurity
			4. Cost-cutting measures and changes in people management strategies
			5. Changes in sales and marketing strategies
		2. Employees' responses to change events	1. Leaders' perspective
			2. Emotional responses
			3. Behavioural responses
4. Externalising and rationalising an event or the calculative accommodation of a breach			
3	Leadership during the crisis	1. Ambivalent perceptions	
		2. Communication and leaders' personal presence	
		3. Job security	

4	Expectations during the crisis	1. Leaders' expectations	1. Leaders' perspective
		2. Employees' expectations	2. Employees' perspective
5	Communication during the crisis	1. Positive assessment	1. Leaders' perspective
		2. Negative assessment	2. Employees' perspective
		3. Responses to communication initiatives	
6	Importance of trust during the crisis	1. Positive assessment	
		2. Negative assessment	
7	Organisational decision-making during the crisis	1. Positive assessment	
		2. Negative assessment	
8	Impact of the mass media	1. Negative impact	
		2. Positive impact	
		3. No Impact	
9	Impact of the crisis on HR practices	1. Impact on recruitment	
		2. Impact on training and development	1. Forms of training available at Org-Construction
			2. Changes in training and development
			3. Responses to changes in training and development
			4. Is training an employee-driven demand?
		3. Impact of the crisis on the performance and remuneration management system	1. Changes in performance and remuneration management system
			2. Responses to the changes in performance and remuneration management system

Table 5 Final list of themes, categories and sub-categories (Case III)

6.2 Theme 1 – Organisational context

As in Case Studies I and II, there are three categories discussed under this theme: perceived culture, perceived organisational structure; and work environment and perceived leadership.

Category 1 – Perceived Culture

Respondents' comments about the types of culture were based on times before the economic crisis struck. There are three sub-categories discussed under this category, namely: formal/informal mix; empowered culture; and productive and nurturing culture.

Sub-category 1 – Formal/informal mix

Most of the respondents at Org-Construction described their organisation as a '*family owned organisation*', with some considering the culture to be formal, and some a mix of both formal and informal.

Sub-category 2 – Empowered culture

R1, when asked about the organisational culture, stated, "*It's a family run business and people here are like an extended family to us.*" He further stressed the importance of understanding people's needs and being friendly with them, irrespective of what level of organisational hierarchy they are at. For example, he mentioned:

"I have an open cabin system. In my office anyone, even an office assistant who kind of serves me water or tea or coffee ... can dial my number any time and can come into my cabin and say 'I don't like this or I don't agree with this particular thing' and I'll listen to it ... We are not layered in the way that I don't listen to anyone or only certain people can come and talk to me."

This was confirmed by other participants. For example, R7 spoke of how seniors take their ideas and suggestions and respect their decisions. Likewise, R4 spoke in depth about the Chairman being personally involved in everything and the direct communication that goes on between the Chairman and the ground staff.

Sub-category 3 – Productive and nurturing culture

R1 spoke about the organisation having a strong culture of performance that goes beyond just “clocking in certain number of hours”. He further highlighted the importance of having an output-focused attitude by mentioning that, “if an employee is able to clock in 9hrs and not give any output, I’ll prefer him to come in for an hour do his work and go back and enjoy with his family. I’ll reward him more.” Similarly, R4 mentioned that in their organisation there is more focus on giving one’s best output rather than working as per designated office hours. Likewise, R6 believes that Org-Construction has a culture of getting work done. According to him:

“All are interested to finish the work in the specific time set by the management. We encounter problems but we tackle them and move on.”

R2 also described the culture at Org-Construction as being productive and nurturing. According to her, the organisation has a culture of investing in people. She described it in this way:

“There were some people who were not good in English so we actually had a trainer coming and teaching English, instead we could have hired people who could speak English and probably thrown these people out.”

Category 2 – Perceived organisational structure and work environment

As mentioned in Case Studies I and II, individuals’ perceptions about their job are influenced by their perceptions of the organisational structure and environment. There are two sub-categories discussed under perceived organisational structure and work environment: perceived structure; and flexible and supportive work environment.

Sub-category 1 – Perceived structure

R4 believed that the organisation has *“everything in place in terms of specification of departments who have their own heads and sub-heads”*. Furthermore, he highlighted that any suggestions, ideas or changes from the employees have to go through a loop which he called *“going formally step by step”*. R5 believed that the hierarchies at Org-Construction are not like those of multinational organisations. According to him, *“It’s like more sort of construction industry type. It’s not a flat organisation; the hierarchies are different from MNCs, normal accounts team from junior to senior level, the CFO.”*

Sub-category 2 – Flexible and supportive work environment

Most of the respondents at Org-Construction acknowledged that people in their organisation are quite supportive. For example, R2 commented, *“When I joined I was a fresher but everybody from all the departments, they really helped me settle in and get a grip on things.”* Along the same lines, R4 mentioned that in their organisation there is no pressure to come in at 10 am sharp in the morning or to leave at 6.30 or 7 pm in the evening. R3 differentiated the work environment at Org-Construction from the other organisations by stating, *“It’s not like any other office where people go and work in cubicle, we work on sites.”*

Other aspects of the work environment that surfaced during the interviews, in addition to flexibility in terms of timing, included the focus on outputs, communication (already discussed under perceived culture) and going the extra mile for the organisation. For example, R8 spoke about employees being very adaptable and willing to do extra work for their organisation. He described it in this way, *“if someday I don’t come to work; someone else will do my work. People would work extra for their organisation.”*

Category 3 – Perceived leadership

A variety of intersecting issues came up in the participants' comments on the leadership at Org-Construction. Interviewees' perceptions of leadership were mostly predicated on the times before the crisis struck. There are two sub-categories discussed under perceived leadership: different features of leadership; and participative and shared leadership

Sub-category 1 – Different features of leadership

R1 spoke of leadership in terms of not doing everything oneself but inspiring and motivating others to do something they thought they could not do. According to R1, *“to fire fight and troubleshoot”* is important in their businesses where leaders are defined by their problem-solving ability. R3 highlighted the importance of *“leading by example”* that he as a leader practices. R2 considered her leaders to be *“far-sighted”* with *“good business acumen”*. Other leadership attributes highlighted during the interviews were the empathy and supportive nature of leaders. For example, R4 said, *“they are not like that something should be done like this only, they understand the ground situation and they know that it's ok suppose the work is not going on, there's some reason behind that”*. R4 saw leadership at Org-Construction as *‘sound’*, where leaders have the quality of experience. For example, he said:

“All the leaders in our company have an experience of 10 years or more, at least 10 years with our company. So it helps us to discuss issues easily with our leaders and to understand according to our language, I mean not formally or technically, they make us understand in the way we can.”

Along the same lines, R6 spoke about the directors and executive directors in terms of them being well-qualified, experienced professionals. Elaborating on this he said:

“In construction industry mostly directors don’t have the relevant qualification; anybody can enter the business and work as director so it doesn’t have to be related. But 3 out of 4 directors in our company have relevant qualification required for the job – they are civil engineers. So I think of them positively.”

Sub-category 2 – Participative and Shared Leadership

A number of the respondents believe that the leadership at Org-Construction is participative and shared. For example, R2 spoke about the HODs and the expert team that every department has; and who have the autonomy to take decisions but in consultation with the management. Likewise, R6 also mentioned that that leadership at Org-Construction is shared and that it is *“not a single person doing everything but 4 directors who decide on everything”*. R5 commented, *“Leadership here is distributive, it’s not autocratic. Leaders give space to everyone to grow themselves.”* R4, R7 and R8 highlighted the participative nature of the leadership by discussing how leaders ask for employees’ suggestions and take their ideas into consideration.

Discussion

As discussed in Case Studies I and II, individuals' past experience with their organisation as well how they interpret and see its culture do, to a greater degree, influence how they construe various organisational events such as change events (Smollan 2009). Participants’ responses hinted at a strong culture operating in the organisation, a culture where a lot of focus is put on performance and output. Participants also spoke about the organisation nurturing a supportive and engaging work environment where employees are given flexibility and autonomy. Furthermore, respondents spoke positively about the organisational leadership, which they perceived as participative, with leaders delegating authority and encouraging

employees to make suggestions and participate in decision-making. A participative leadership style is likely to promote trust (Dirks and Ferrin 2002) and increase justice perceptions, thereby promoting honest exchanges between leaders and employees (Colquitt et al. 2001; Tremblay and Roussel 2001). Overall, the participants' responses indicate positive and favourable behaviour aimed at the employees by the organisational leaders. This, I believe, to an extent adds to the development of a healthy exchange relationship (e.g. Konovsky and Pugh 1994) creating obligations for employees to reciprocate in a favourable manner (Eisenberger et al. 1986).

6.3 Theme 2 – Global Economic Crisis 2008

As in Case Studies I and II, there are two categories that will be discussed under this theme: impact of the Global Economic Crisis 2008; and employees' responses to change events.

Category 1 – Impact of the global economic crisis of 2008

While discussing the impact of the global economic recession 2008, most of the respondents spoke about the various changes in terms of how these impacted them personally, while some discussed the impact of changes on other employees, and some on the organisation as a whole.

There are five sub-categories, namely: impact on bookings and changes in consumer demand; downsizing or rightsizing?; organisation-initiated voluntary employees turnover and increased insecurity; cost-cutting measures and changes in people management strategies; and changes in sales and marketing strategies, discussed under the impact of the global economic crisis of 2008.

Sub-category 1 – Impact on bookings and changes in consumer demand

According to the respondents, the global recession 2008 was a 'tough' time for the construction industry. R1 believed that in 2008-9 consumers' spending power fell dramatically. He explained it in this way:

"This is a classic for a W-shaped recovery where the tips essentially are about lower consumer spending. Lower consumer spending essentially means that people are not able to save too much. So for example if you are selling homes, then typically anyone's home is the largest purchase he or she ever makes. We are probably the first ones to go out of his buying needs when there's an economic slowdown. So really the slowdown impacts us probably amongst the first few industries that it does. People will still go out and eat but definitely defer their decision on home buying."

A number of respondents discussed about the flat bookings being affected by the recession. According to R6, most of the organisation's construction projects were based in an area near the "IT Zone", and therefore most of their customers were from the IT field. With the IT business going down during the recession, flat bookings were hit. R5 described it in this way, *"if somebody had booked two apartments in one building, they withdrew their money and switched to some other investment options. 80% of the bookings got cancelled."*

Some of the respondents believed that people who booked flats had to cancel because of insecurity and the possibility of losing their job, or they had already lost their job. According to R5, cancellation of bookings impacted organisation's turnover, which was reduced to 50%, as also mentioned by other respondents.

Some of the respondents highlighted that the changes in consumer demand forced the organisation to change its plans for many of its projects. For example, R4 said:

“Previously 3-4 months before recession, the demand over here was for 2-3 BHK (Bedroom, Hall and Kitchen) lavish luxurious flats but now the demand has changed to small compact budget flats.”

Sub-category 2 – Downsizing or Rightsizing

Org-Construction had to lay off 20-30 employees which the organisation believed were ‘*not important*’ at that time. Speaking about the lay-offs, R1 said:

“Every organisation in a slowdown will go through a certain level of, I wouldn’t call it a lay-off, but sometimes what you do is ... when times are good, management tends to overstaff and that is essentially because you follow the trend that says that you will need those many people for your ongoing or upcoming projects. When you hit a slowdown, typically what you do is, you become cost-sensitive and one of the biggest costs are people, so then you kind of start ... I know it’s not the best thing to do or the proudest thing, but typically some of your hiring decisions are not exactly what you hope they would be. Likewise some people who promise at the time of interview are not able to deliver what they should have as per their commitments. So typically economic slowdowns become good trigger points for you to be staff efficient as well.”

R1 explained it further through the following example:

“If there’s an employee who has been appointed to kind of give brochures to customers, all he does is just give the brochures and he’s doing his job very well, but he’s a little more than what the company can afford. If it’s just giving brochures, they can be even placed on the shelves and people can be asked to kindly pick them up.”

Careful planning to cover manpower requirements and resource deployment was also highlighted by R2 who stressed the importance of ensuring organisational expenses

did not increase unnecessarily during the economic recession. Downsizing, or as Astarlioglu et al. (2011) put it '*rightsizing*', is one of a number of popular cost-minimisation strategies (Greenhalgh et al. 1988) employed during the crisis (Astarlioglu et al. 2011). Moreover, R1 emphasised that as a leader he needs to protect the "20-30%" employees who he believes are "*star performers*" and make a positive contribution during recession, even if that involves "*letting go people in the remaining 70%*". He called it "*survival of the fittest*".

Sub-category 3 – Organisation-initiated voluntary employee turnover and increased insecurity

Most of the respondents discussed that the economic crisis was a time when everybody felt insecure about their job. While discussing lay-offs, R3 mentioned that in the construction industry employees are not 'directly' asked to go but instead given targets that are very difficult to achieve, so that they become frustrated and leave their job. Further discussion with R3 revealed that there was '*organisation-initiated voluntary employee turnover*'. He illustrated it through the following incident:

"Target was given to somebody in marketing department and he was asked to report on what he's achieved. He submitted a report ... that he sold this many flats at this rate. They told him that the rate was very low and because of inflation, rates should go up and that he's giving loss to the company. So instead of getting an appreciation from his leaders like you've sold this many flats in a very limited time he was shouted at on why he sold each and everything at a low rate – which was not really low. It was not just."

These actions added to the insecurity and uncertainty faced by other employees.

Sub-category 4 – Cost-cutting measures and changes in people management strategies

A number of respondents described the crisis as a time when leaders could not see growth, when fewer projects were coming in and the organisation became leaner. According to R3, the organisation also had to close down the R&D department that was working on a green concept for construction. Likewise, R4 highlighted that one of the projects had to be stopped midway. When discussing the organisation's cost-minimisation drive, quite a number of respondents spoke about the hiring freeze implemented by the organisation. R3 pointed out that during recession he started working on two projects simultaneously, which reduced their administration costs – which got divided into two. Additionally, a number of respondents complained about the increase in workload that the recession resulted in, and the payment cuts, which were perceived as breaches by them. For example, R3 stated:

“Previously where we used to deploy 4 people, we deployed 2 to do the same work. Work pressure on me increased, I started working more hard. Everyone was overburdened with work.”

R4 seemed frustrated, as he said, *“As colleagues were being removed so automatically we had to work more because their part of the work was to be completed by us and no substitutes were given. Work load increased and payment never did.”*

Likewise, R6 mentioned that during the economic recession they even had to work at night and that overtime payments suffered a cut. He explained it in this way, *“what happens is that even if people are or are not working overtime on the sites, you are still supposed to stay because that is just the lead time in this industry. They had a*

strategy like people whose salary was below Rs15,000/ month, they used to get the overtime payments. Managers and senior engineers didn't get it."

However, discussions with other participants revealed that employees got paid overtime only when they worked for four extra hours. Previously, payment was made on an hourly basis, but during the recession, until and unless employees worked for exactly four extra hours, they would not get paid overtime.

Interviewees also spoke about the implementation of a proper performance management system by the organisation during the economic crisis. R2 talked about the variable pay incentives which the organisation introduced to motivate and attract talent. This was confirmed by R6 who mentioned that employees used to get incentives when they completed a project before the scheduled date of completion. The organisation treated different employees differently during the recession, which was clear from the interviewees' responses. R1 admitted giving a marginal raise to a few employees (which he called the "main set") during the recession and at the same time some respondents spoke about pay and incentive cuts during the interviews.

Additionally, a reduction in training programs for some departments, an increase in communication with leaders who visited sites frequently and an increase in leaders' vigilance regarding employees' performance during the crisis were also mentioned by the interviewees.

More involvement by leaders during the recession was also hinted at in the participants' responses. R7 remarked that, *"purchase department, was shifted to the head office, till now it was on the site, but Chairman wanted it to be shifted to the head office so that he can get all the details face to face ... what he wants and also to finalise all the products, what he thinks are required rather than middle level leaders*

doing it”. Praising the decision to move the purchasing department to head office, R7 said, “*Purchasing is a very big and important part in any construction company. So if it gets finalised by the Chairman the loopholes in that chain or loop get jammed.*”

Sub-category 5 – Changes in sales and marketing strategies

A number of respondents talked about the changes in sales and marketing strategies that involved discounts and other promotion schemes, which were employed by the organisation to sell projects in their entirety. For example, R6 said:

“If a customer books a flat with us, he or she is being environment friendly as we use eco-friendly materials so ultimately the Municipal Corporation of the City will give the customers or buyers, points being the buyers of eco-friendly housing. As a result of this their wealth tax is reduced.”

Besides this, a massive reduction in marketing and advertising costs also surfaced in participant’s responses. A few respondents mentioned that leaders revealed their sales plans to employees during the recession, which according to them rarely happens in the construction industry.

Discussion

Providing proper information to employees about decisions helps to mitigate resistance to change, even if it does not obtain a commitment to change (Smollan 2009). Leaders made sure that employees knew about the sites that had been completely booked to ensure that the focus was maintained on completing projects on time. This participative leadership style in which employees were involved was welcomed by the interviewees. A number of respondents spoke about the cancellations of flat bookings, growing insecurity, changes in consumer demand and

sales and marketing strategies, lay-offs, changes in people management strategies and other cost-cutting measures. There were a variety of events that triggered contract breaches at Org-Construction. Promises that were quite often mentioned as being broken were mostly about payments and benefits, lay-offs and increased workload. All these led to strong emotional responses (discussed in the next section), which called for, as well as helped, a sense-making process, thus making individuals reflect and ask the question “what did I expect?” (Weick et al. 2005)

Category 2 – Employees’ responses to change events

Participants' responses hinted at them experiencing a repertoire of experiences, which in some cases led to constructive orientation.

There are four sub-categories, namely: leaders’ perspective; emotional responses; behavioural responses; and externalising and rationalising the event, discussed under employees’ responses to change events.

Sub-category 1 – Leaders’ perspective

As discussed earlier, during the recession the organisation made some people redundant. When questioned about employees’ reactions to redundancies, R1, who happens to be the Chairman, mentioned that the organisation avoided using a pink-slip protocol. According to him, organisational leaders were sensitive to employees’ needs and made sure employees were treated with respect. Further discussion with R1 revealed that he spoke personally to employees who were being made redundant about how the situation had changed. Providing some insights into the kinds of conversations leaders had with employees who were made redundant, he said:

“We told them we want you to take your time to assess what’s going on and find better opportunities elsewhere. You can hang around for a couple of months, till you find something that you like, you don’t need to say yes to someone just out of desperation ... so take your time, we don’t want to spoil your life but we don’t want to spoil our bottom line either ... If you need a good recommendation we will help you but in the current scheme of things we don’t feel like you are able to contribute as much as we want and maybe at some other point in time we might get a chance to work again.”

Likewise R2 also believed that employees who were being made redundant were *“fine with it”*, as according to her, the organisation, *“didn’t give them one day notice or something so they did get enough time to look outside for jobs and settle down”*.

Managers and leaders seemed to be satisfied with the way they tackled interpersonal relations, especially lay-offs. R2 however acknowledged that, as leaders, they could not screen what everybody was thinking, but they could sense insecurity at all levels. Along the same lines R1 admitted that he was aware that, *“it’s not a joyous moment for anyone”*. Nevertheless, he expressed his helplessness as he stated, *“sometimes I really can’t think about everything or everyone and after a certain point I need to kind of hold on to my emotions and not really show them”*. These comments show that leaders were quite aware of the consequences for employees who were made redundant.

Sub-category 2 – Emotional Responses

Speaking about employees’ reaction to redundancies R5 acknowledged that,

“Suppose a person who’s working with you suddenly with the top management’s decision gets removed from the job and one fine day and they are telling that ... that

employee is no longer working with us, so disappointment and fear is in other employees' minds that if he got removed today, I may get removed tomorrow."

'Constant fears' of job security were also highlighted by R6 and R8. R8 commented that, *"People were removed, I used to fear that maybe ... It was impossible to find another job at that time. We felt for employees removed from the jobs."* Likewise, R6 spoke at length about various construction sites that were closed down during the recession and admitted that *"everybody was thinking that this might happen, the site that they were working on might get closed down"*. Some respondents spoke about *'the organisation-initiated voluntary turnover'* which they were aware of, and therefore reported negative emotions and perceptions even though they did not directly experience it. For example, R3 expressed dissatisfaction when discussing about an employee who was being shouted at for selling flats at low rates, despite the fact that he did a good job, and considered it to be unjust.

R4 pointed out that since people were being removed, the workload on survivors increased. He further added that employees were *"dissatisfied"* with it. However, R2 who happens to be the HR manager, claimed that *"nobody complained"*, regarding the increased workload, but at the same admitted to *"being unsure"* about how employees felt. In general, most of the respondents seemed unhappy with the increase in workload. For example, R3 seemed overwhelmed with work, as he said, *"we didn't get time to think that we are in recession, we were so much overburdened with work"*. He also recalled instances when some employees *"started drinking"* because of the increased work pressure. Likewise, R6 also complained about getting *"mentally and physically tired"* because of the increased workload.

Regarding the cuts in training that were implemented for some divisions, R3 remarked that employees “*missed it*”, and R4 believed that employees were “*not happy*” with the decision over training being stopped.

Speaking about the employees’ reaction to the new performance management system, R1 acknowledged that the decision was met with mixed reactions from employees, more of which will be discussed under the performance management theme. R2 believed that employees were reacting “*positively*” to the new performance management system. Additionally, some of respondents expressed their dissatisfaction over not getting incentives during the recession while others even complained about remuneration cuts that were implemented for some employees. When asked how employees reacted to pay cuts during recession, R2 suggested that, “*they were ok*”. According to her, as there were no jobs in the market, they had to make sure that they stuck to what they had. R3 emphasised that employees expressed mixed reactions to various cost-cutting initiatives. He remarked that employees started working more and were ‘*not dissatisfied*’ with these initiatives but admitted that there was ‘*anger*’ towards the organisation.

Sub-category 3 – Behavioural responses

Most respondents reported that redundancies made employees (survivors) work harder to avoid getting into the position where they would be asked to go. R3 remarked that times were crucial, everyone was aware of that and everyone was trying to show the top management that his or her job was very important. Describing it as ‘*very selfish*’ behaviour, R3 further said:

“In a construction industry few jobs are done by the contractor and few jobs are done by the client, the responsibility of the client is very limited as he sublets each and

every sort of work to the contractor. In that case what we were doing, the job which could be done by the client engineer ... we were doing it, doing extra job and were curtailing the contractors' work. So they were showing the top management that without contractors they are doing their work, they are getting it done."

R3 described the reaction of employees to cost-cutting measures in this manner, *"It was like, let the recession be over, we'll show the company and they left the job after the recession. As the market picked up, people started leaving their jobs."* However, there were some employees who according to R3 were loyal to the company because they believed that if the organisation was there for them during the recession they should *'work hard'* for them.

R6 commented that the organisation had not fulfilled all his expectations and that he would *"definitely leave the company"* as soon as he got any new opportunity. Along the same lines, R4 mentioned, *"If during recession employees would have got an opportunity they would have 100% left and some even left."*

Sub-category 4 – Externalising and rationalising the event or calculative accommodation of a breach

R2 believed that employees were fine with the various change initiatives introduced during the recession because they knew *"this was a temporary phase"*. Speaking about the increased workload, R4 stated, *"I thought it's only for some time and I'll have to take it and I geared up myself."* In a similar vein, R5 mentioned that the increased workload was anticipated during the recession and that nobody was in a position to say, *"Oh I don't want to do this or this can't happen"* as other organisations were facing problems too. He added, *"At that time if you saw the market position, overall*

the condition was worse, people were being removed, without even asking or taking resignation or something like that ... comparatively our organisation is good I mean."

Discussion

Participants' responses hinted at differences in the evaluation of change, indicating heterogeneity rather than a unity of opinions, especially between the leaders and the employees. Respondents provided varied explanations for their responses to a breach. Most respondents recalled deep emotional and behavioural responses following the breach related to redundancies, pay and increased workload which is congruous with previous studies on organisational change that show how change triggers negative emotions (Bartunek 1984; Huy 2002; Piderit 2000) or studies on psychological contracts which show how changes in psychological contracts can lead to various behavioural outcomes (Rousseau 1995; Taylor and Tekleab 2004).

For most of the respondents, a breach (increased workload and overtime payment cuts) and job insecurity had led to anger, disappointment and perceptions of injustice. Mostly, the emotional reactions (anger, dissatisfaction and fear) originated from feelings of uncertainty and loss of control. Loss of control is linked to learned helplessness (Martinko and Gardner 1982), reduced well-being (Jimmieson 2002) and increased unease and anxiety (Bordia et al. 2004), as evident in the participants' comments. Additionally, working hard to prove themselves to the top management indicates employees' aspirations for control. Research by Fay and Frese (2001) suggests that people who show a greater desire for control, and who are proactive, probably demonstrate a greater degree of personal initiative (i.e. active behaviour towards goals, surviving obstacles and difficulties), as demonstrated by employees at Org-Construction.

In times of economic crisis, the jobs market becomes tight, therefore leaders might expect employees to overperform which can result in employee burnout, strain, fatigue, work overload, etc. Cherniss (1980) argues that “burnout” results from unpredictable work settings which make individuals perceive a lack of control. Respondents at Org-Construction, I believe, had reached saturation point where work overload, job insecurity and loss of control had taken a toll on their psyche, which was evident from such comments as *“we didn’t get time to think that we are in recession, we were so much overburdened with work”* (R3), *“employees started drinking because of increased work pressure”* (R3), *“getting mentally and physically tired”* (R6). Increased workload can be emotionally distressful (Greenglass et al. 2003). It might lead to employees perceiving a negative change in psychological contracts (Schaufeli and Enzmann 1998), resulting in anger (Greenglass et al. 2003).

Some of the respondents spoke about them only tolerating change, e.g. R3’s comment *“I thought it’s only for some time and I’ll have to take it”*, and R5’s comment *“Oh I don’t want to do this or this can’t happen”* about increased workload being anticipated during a recession. These comments, to an extent, show a calculative accommodation of breach (Hallier and James 1997) – regardless of employees being accommodative and sticking to the norms of reciprocity, they were still aware of the imbalance in the exchange agreement. Research (Bunderson 2001; Lester and Kickul 2001) shows that when employees perceive a breach they might intentionally lessen their efforts. However, in this case, employees started working hard and productivity increased, which was clear from comments such as, *“everyone was working hard to show the top management that he’s the key player and should not be terminated”* (R3). Comments like these reflect employees’ insecurity. Although respondents spoke about working hard during the recession and that how some employees were being loyal to the

organisation (Robinson and Rousseau 1994), other respondents discussed the possibility of quitting the organisation (intentions to leave) (Raja et al. 2004; Robinson 1996; Turnley and Feldman 2000).

Additionally, respondents also rationalised and externalised their breach perceptions (Dulac et al. 2008; Parzefall and Coyle-Shapiro 2011), which was evident in such comments as, '*this was a temporary phase*' (R2) and '*comparatively our organisation is good I mean*' (R5).

Additionally, R3's comments about the 'organisation initiated voluntary employee turnover' implied hypocritical and deceptive behaviour being demonstrated by the leaders. Employees who are not treated in a decent manner or believe their peers are being treated in an unfair way can perceive interpersonal injustice. Interpersonal justice centres on elements of esteem, decency and dignity and leans on direct interaction with organisational agents who are responsible for making decisions. Perceptions of interpersonal justice mostly gravitate around the way consequences, processes and knowledge are communicated to employees (Smollan 2009). Actions taken by the leaders at Org-Construction to remove employees eroded trust and exacerbated negative perceptions (Kickul et al. 2002; Turnley and Feldman 1998). In this case it resulted in employee dissatisfaction and exit.

Conversely, leaders believed they had been fair and just, although they acknowledged being aware of employees' insecurities. Leaders' helplessness was also evident in their comments, e.g. R1's comments on redundancies, "*it's not a joyous moment for anyone*" and "*sometimes I really can't think about everything or everyone*". My interpretation of the leaders' responses is that they did try to manage redundancies in a fair way. Leaders could not have avoided these measures that impacted their

employees; however, they could have handled the situation better and enabled employees to cope more effectively.

6.4 Theme 3 – Leadership during the crisis

Respondents' comments about organisational leadership during the recession were somewhat conflicting. Both positive and negative assessments of leaders, how they handled the situation and the impact on employees' reactions came up during the interviews.

There are three categories that are discussed under this theme: ambivalent perceptions; communication and leaders personal presence; job security.

Category 1 – Ambivalent perceptions

As chairman, R1 believed that it was critical to communicate to employees that, "*the situation has changed*". He further emphasised the significance of understanding employees' needs during the recession without losing focus on the business, which has been discussed under the previous theme. Considering leadership and decision-making as situational, he stated, "*With recession, I don't know what is going to happen tomorrow, I don't know which fire I have to douse, tomorrow what I have to troubleshoot, and that is what is exciting about my job. No two days are the same.*"

R2 believed that leaders had to understand that the recession would not last long but at the same time acknowledged understanding the *business needs*- to survive, which are of foremost importance. According to her, sometimes leaders have to take harsh decisions, such as redundancies, cost-cutting etc., but when the situation returns to 'normal' they should rehire people who were made redundant. R3 believed that his leaders were very '*helpful*' during the recession and they helped him deal with tough

conditions. However, he expressed his disappointment as he spoke about the tactics leaders used to remove people, as discussed earlier. R4 praised the Chairman for getting personally involved in everything. At the same time he remarked that, “*Leaders look out for how much extra they can get from the employees.*” Speaking about leaders' increased involvement, R7 remarked that leaders became more vigilant during the economic recession as they were trying to remain updated on work completed, even small things like, “*how many columns, how many slabs have been completed etc.*”

Leaders admitted encountering helplessness and uncertainty during the recession and tried to justify their decisions. Most participants (employees) saw both positives and negatives in the organisational leadership during recession. Lewicki et al. (1998) note that, “Relationships are multifaceted or multiplex, therefore enabling parties to hold simultaneously different views of each other-views that may be accurate, but, nonetheless, inconsistent among them” (1998: 442). It is critical to perceive and comprehend how people had opposing views of leaders, e.g. appreciating the personal involvement of leaders while at the same time being scathing about leaders treating employees as resources (R4), or considering leaders as helpful and also complaining about leaders' deceitful behaviour (R3). One could argue that their psychological contracts had been breached to some degree, or to the least the essence of the exchange relationship had changed.

Category 2 – Communication and leaders' personal presence

When asked about leaders' support for employees during the recession, R1 said that he likes to talk to employees personally, listen to them, have a cup of tea or coffee with them, especially when he gets the idea that they are troubled over something or if

anything is bothering them. For example, he said, *“My general relationship with my team is personal and therefore it kind of helps.”* He added that he believes that he acts as a *“mirror”* for them to reflect and come up with solutions on their own. R2 believed that during the recession she as a leader made sure that networking was good as it was important to know what employees were thinking at that time. Putting forward the good side of the organisation was another point highlighted by R2. According to her, convincing employees that the organisation was *“not just hire and fire”* was critical. She spoke further about maintaining *“one to one touch with the employees”*, which was helpful in calming them down, especially during the recession. Elaborating on this she said;

“If somebody comes to me and says, I’ve heard this person has been asked to leave or that person has been asked to leave or things like that ... As an HR manager I would rather tell them that, ‘No this person was not asked to leave but he has resigned himself.’ I would not give out such details because that is discouraging instead I would say that, he’s leaving for a good opportunity or something like that.”

This statement shows that leaders believed that the employees might not be able to take the bad news. This reflects the paternal principle in the organisation, which assumes that leaders know what will work for the employees and so they will communicate perceptions as they feel is appropriate. This approach can lead to a lack of information amongst employees. Additionally, giving refined or false information can lead to credibility issues within the organisation (Harshman and Harshman 1999), which might increase the likelihood of perceiving a psychological contract breach. What was also apparent from the responses was that various emotion and problem-focused strategies (Folkman and Lazarus 1985) were used by the participants to manage difficult circumstances. Leaders spending time with employees and discussing

employees' problems or employees discussing their insecurity issues with managers are some examples. R3 spoke about leaders' support in terms of them being with him "*every time and everywhere*". When the recession started, R3 was working as a junior engineer, and according to him being at a junior level he could not communicate directly with the general manager. Any communication according to R3 had to go through a 'loop', i.e. first to the senior engineer, then to the project manager and then to the general manager. However, during the recession, direct support was provided to junior-level employees as all the seniors used to come on site every day, making it easier for the employees to convey work problems to them directly. "*No communication barrier*" was a kind of support that, according to R3, was given to employees during the recession. Likewise, R6 also talked about leaders coming to the sites and addressing employees' issues directly. According to him, during normal times, leaders used to call a meeting and give a presentation regarding what needed to be done, but during the recession they used to visit the sites to motivate employees, to address problems faced by the bottom line, supervisory level, managerial level, etc. regarding materials, extra workload etc. R7 appreciated his leaders for staying calm and making sure that all projects were completed within a set time period rather than just spreading negativity, i.e. "*we are in loss and we can't complete the projects*".

Category 3 – Job security

Speaking of his support as a leader to his employees during the recession, R3 stated that he used to assure employees in his team that their jobs were secure and that they just needed to work properly. This was also confirmed by R4, R5, R7 and R8, who also spoke about leaders' support in terms of increased communication between them and their leaders. For example, R4 remarked:

“They just gave us hope that we’ll get a good pay (a raise), it’s a matter of time, as soon as we get out of the recession, you’ll get good pay again and you’ll get a bonus and that every day is not a dark day.”

Likewise, R5 stated:

“They assured us that we would not be removed from our jobs, but we can’t assure high salaries or something like that.”

Praising his leaders, R5 added that they were quite good, even though they also feared for their own jobs at that time. He described it in this way, *“they were under pressure too and they did not put any sort of pressure on any employee. They were not harassing anyone or putting pressure on anyone.”*

Speaking about the importance of job security, R7 stressed that if an employee does not feel secure he or she will not be motivated. According to him, leaders made the employees, *“feel secure, they would say don’t worry about your jobs. More like a guarantee that one’s job is secure.”* He elaborated that if one has job security and his leaders are helping him out in every way, then that is a kind of motivation. According to him, the leaders boosted their morale. He talked further about the leaders being aware of the tough times employees were facing. He illustrated it in this way, *“They say ... you work with us, we know it’s hard time working with us, it’s hard for the organisation, it’s hard for the employees but it’s the faith that you build in the leaders.”*

Discussion

Respondents spoke specifically about leadership during the economic crisis. Their perceptions of organisational leadership were improved when they saw leaders

supporting them, giving them job security (survivors) and maintaining constant communication with them. Leadership support was critical to employees, as it gave them surety about their work functions; help to fulfil them; and a confirmation of the emotional state they were experiencing. Employees assess a possible contract breach (or negative consequences of the recession in this case) through the lens of the support (POS) they get from their leaders (Aselage and Eisenberger 2003). POS mitigates the stress that changing contracts might result in during change (Shore and Tetrick 1994). Communication, on the other hand, is important to mitigate uncertainty and update staff on anticipated organisational processes (Bordia et al. 2004). Communication, however, cannot completely eliminate uncertainty (DiFonza and Bordia 1998), as can be seen in this case. Despite constant assurances from their leaders, some employees were still worried and anxious about their job being secure –discussed in detail in the previous theme. This may be because the organisation had made some redundancies which made other employees (survivors) scared and sceptical.

6.5 Theme 4 – Expectations during the crisis

As in Case Studies I and II, there are two categories discussed under this theme: leaders' expectations and employees' expectations.

Category 1 – Leaders' expectations

Leaders' perspective and employees' perspective are the two sub-categories discussed under leaders' expectations.

Sub-category 1 – Leaders' perspective

When asked about leaders' expectations of employees, R1 stated that he expects them not to panic and to take definite steps. R2 stated that as a leader she expects her

employees to use resources very carefully to ensure there is no revenue leakage or additional costs to the organisation. She further emphasised that it was important to save on costs so that they can save more jobs. The same point was also highlighted by R4, who stated that leaders wanted them to be cost-conscious and that he expects the same from his subordinates.

Sub-category 2 – Employees' perspective

Most of the respondents spoke about leaders expecting more work from employees during the recession. For example, R4 stated, *“they expect us to give our 100% actually 200%”*. Similarly, R6 mentioned that his leaders expect him to do an office job along with a site job. He explained it this way, *“They are expecting us to execute construction activities on the site the whole day and then submit the overall daily progress or weekly progress report.”* Complaining about this, he said that there are other people in the organisation who can handle these kinds of work but that when he has to do it he gets exhausted. Speaking about leaders' expectations, R5 pointed out that leaders expected support from the employees during the recession. R7 spoke at length about leaders expecting him to hold on to the organisation's existing customers, to assure them that projects would be completed on schedule. R3 indicated that leaders expect them to offer a good product, which he believed was more important.

Describing this he said, *“It's not about how you are working, what kind of strategy you are using to get your work done. They expect good product from us. If you are giving them a good product they'll pamper you and keep giving you good incentives but if you don't work properly if you don't give them a good product, they'll kick you out.”*

The participants' comments indicated the increased pressure faced by the organisation to manage costs. Leaders at Org-Construction responded by expecting employees to work more and increase the quality of their work. Furthermore, R3's comment, "*if you don't give them a good product, they'll kick you out*", shows the criticality of power symmetry in an exchange relationship which becomes more prominent during a recession. As employees are less powerful in the exchange relationship, organisations can easily replace them; however, it might be difficult for employees to exit the organisation (McLean Parks and Kidder 1994), especially during a time of economic crisis.

Category 2 – Employees' expectations

Leaders' perspective and employees' perspective are the two sub-categories discussed under employees' expectations.

Sub-category 1 – Leaders' perspective

Speaking about employees' expectations from leaders during the recession, R1 stated that employees expected their leaders '*not to panic*' during the recession, to consult reality and '*not to live in fool's paradise*', be '*firm and assertive*' and do what is required. When asked whether job security was an expectation from employees during the recession, R1 made an interesting comment:

"If you are on a road crossing and you want to cross the road, the traffic signal says green and then you walk, does that green signal give you the security that you won't get hit by a car which is driven by a drunken guy? It's just the peace of mind that if you are doing something well, then it's alright. If tomorrow something happens and I have to shut the company down, no matter how well that guy has done we are all going to go back home. So there is no job security as such, it is all psychological."

He further added that if an individual is doing a good job and continues doing it, he or she will become indispensable to any organisation and that individual will always have security. R1's comments reflected the changing nature of psychological contracts in contemporary work settings, where the notion of lifelong employment does not exist (Hiltrop 1995; Smithson and Lewis 2000). Crisis-led change results in negative outcomes for employees, many of which can be beyond the control of leaders. An organisation might not be able to overpower crises but does that mean that leaders are totally helpless in their ability to provide employees with job security? That is something that could be argued.

R2 believed that employees expected their leaders to give them time or a “*grace period*” if they are being made redundant and not simply use a pink-slip protocol.

Sub-category 2 – Employees’ perspective

Most of the participants’ (employees) responses highlighted their expectations regarding job security. For example, R3 stated:

“I’ll say for us more than money, job security is more important. During the recession everyone was looking after their own job, that it should be safe and they were working hard for it. Everyone is tied either to EMI (equated monthly instalments) for home loans or EMIs for educational loans etc. Everyone is burdened in one or the other way. So everyone is trying to save their job.”

Along similar lines, R4 emphasised that employees should not be under the constant fear of losing their job as that might negatively affect their output. He further added, “*We expect leaders to assure us that we would not be removed from the company and that our salaries will not get hampered*”.

Conversely, R5, when asked about his expectations, said, *“We are not expecting anything from them because they are also in a position where they have to listen to their leaders i.e. (top management)”*. He further elaborated that though there is some sort of security, at the same time there is an equal possibility that they *“might dismiss us”* as the organisation was in recession. Likewise, R7 also discussed how the situation had changed, and with so much uncertainty, *“you really can’t say anything”*. He described it in this way, *“If your company is in loss they can’t feed you. We were prepared for this, that they might fire us but at the same time I expected my leaders not to fire me.”*

Org-Construction had some issues with overtime payments, which were discussed earlier. Speaking about the same issue, some respondents believed that there was a need for a proper scheme as far as working hours are concerned. According to R6, the HR department makes employees fill in employee-satisfaction forms every six months, but employees do not see any tangible results from these surveys. He suggested that employees expect *“monetary appreciation”* or some kind of compensation for working overtime. He further added that employees have asked their leaders time and again to implement their suggestions, but then *“they also get tired”*.

Discussion

Most of the participants talked in detail about their fears of losing their job. Job insecurity is a *“sense of powerlessness to maintain desired continuity in a threatened job situation”* (Greenhalgh and Rosenblatt 1984: 438) or *“a discrepancy between the level of security a person experiences and the level she or he might prefer”* (Hartley et al. 1991: 7). Job insecurity affects employees' well-being (Greenhalgh and Rosenblatt 1984; De Witte 1999; Sverke and Hellgren 2002), job satisfaction (Ashford et al.

1989) and can lead to burnout (Dekker and Schaufeli 1995), evident in my participants' responses. Some participants were explicit about their expectations of job security, which became more powerful during the recession. However, some of the responses suggested reduced expectations of employees concerning their job security. For example, comments like "*We are not expecting anything from them*" (R5) and "*if your company is in loss they can't feed you*" (R7) suggest that employees' expectations regarding jobs security are affected by crisis context. Additionally, respondents explained that their immediate leaders might be forced to make employees redundant, something not in their control as they have to follow top management's orders. This explanation shows that employees would not question their immediate leaders in case of future job losses, but would hold the top management responsible for the breach. Furthermore, expectations regarding proper organisational procedures, how the organisation handles redundancies as well as how it handles employees' compensation and benefits also surfaced in participants' responses. Additionally, R6's comments on leaders ignoring their requests indicated that employees tried to voice their concerns with no outcomes whatsoever. When this happens it is difficult to continue as if nothing has happened. At the very least, employees might perceive that leaders do not really care about them, which might affect the essence of the exchange relationship even though the relationship appears to continue as it was before, as could be seen in this case.

6.6 Theme 5 – Communication during the crisis

As in Case Study I, there are three categories, namely positive assessment, negative assessment and employees' responses to communication initiatives, discussed under this theme.

Category 1 – Positive assessment

According to the participants' responses, working at Org-construction involves both formal and informal communication. When discussing formal communication, R2 highlighted the 'review meetings' used by top management as an opportunity to ensure that HODs are on track and which are also held to discuss organisational plans and any future courses of action. R3 while discussing organisation's informal communication stated:

"If I want to implement any kind of design for work on site, I prepare a feasibility report for the same and I send it to the GM. He goes through it and signs it if he thinks it's feasible. Informally also I can give him a call and he can say yes informally too."

Some of the respondents also spoke about the scheduled meetings that take place every couple of days between the leaders and their respective teams where expectations are set out, updates are provided and other work issues like deadlines and the availability of resources are discussed.

According to most of the respondents, communication at Org-Construction increased during the economic recession. R1 emphasised that during the recession communication at Org-Construction improved, with cross-departmental meetings being held every week to make sure that everyone was on the same page. Similarly, R3 asserted that during the recession employees did not face any communication barriers and could speak directly to their leaders without having to follow the loop. He added that before the economic recession they used to submit reports on a weekly basis, but during the recession they were supposed to do it on a daily basis. R4 mentioned that during the recession the communication with business heads increased. Further discussion with R4 revealed that, during the recession, the Chairman met

employees individually every week or every two weeks, to “*get the details of what’s going on and what’s not*”. R6 and R7 spoke about the clear and honest communication maintained by the leaders during the recession. According to R6, periodical meetings were held to let everyone know about possible redundancies. Elaborating on this, R7 stated that previously, in monthly meetings, only targets were discussed, but during the recession the focus shifted to discussing problems in those meetings. He also discussed the intranet – the communication link that was started during recession and which turned out to be very helpful for the leaders as well as the employees. He explained it in this way:

“Leaders had set the targets, and were of course more interested in saving costs. They wanted a report as to how much cost saving was done every month. To submit that report people used to work really hard, they used to perform as well save costs. The change that happened during recession was that initially we used to note everything down on a paper, you know the incurred costs and everything, and now what we’ve done is that management is connected to sites through intranet which helps us to provide them the reports on a daily basis, the progress and everything. So when leaders used to visit the sites on a weekly basis they used to communicate with the workers on the basis of those reports that were submitted to them ... you know any problems regarding work conditions or anything. So it used to be really helpful.”

Category 2 – Negative assessment

Some of the respondents indicated that communication in the organisation flows from top to bottom and vice versa, but only to a limited level. R4 mentioned that sometimes employees want to suggest some new ideas, but because of the loop (the chain) they cannot go directly to the Chairman. According to him, this results in communication

gaps which can hamper organisational working. Speaking on communication during the recession, R5 believed that leaders were not really open about everything during the recession. According to him, some employees were removed from their jobs during the recession, resulting in problems in the teams they were working in at that time, which was also hinted at by R3. This led to some sort of ‘miscommunication’ according to R5 as the intentions of the leaders became unclear.

Category 3 – Employees' responses to communication initiatives

In his interview, R1 discussed the complexity involved in the way one communicates with his or her employees. He emphasised the significance of understanding the nature of the work, the urgency, the criticality, the language one uses, whether face to face or in emails, especially during the recession. He explained it in this way:

“If I keep screaming from the top of my lungs all the time, it’s not going to be effective. Some people respond to sweeter words better than you getting angry at them, some people you need to show you are angry to get things done.”

R2 spoke about how transparency in communication during the recession helped in avoiding misunderstandings and confusion. R4 and R7 added that increased communication acts as a motivator for employees who feel they belong to the organisation. According to R4, increased communication led to increased employee output. Elaborating on this he said, *“Chairman was trying to get more output from people, so he was communicating with them on a daily basis.”*

Speaking about ‘miscommunication’ and the lack of proper communication (discussed earlier) R5 remarked, *“See if your colleague has been removed from his job, you obviously get disappointed, the person has been working with you every day, and is sitting beside you and if he gets removed from his job one fine day then it becomes*

difficult to digest right.” His frustration was apparent, as he commented, “*They should have properly communicated. They should have been more considerate.*”

Additionally, in spite of working well, these people were removed from their jobs, which made the survivors fear for their own job.

Discussion

During transitions, communication helps employees to make sense of shifting circumstances as they encounter increased anxiety and ambiguity (Isabella 1990). Petzall et al. (2000) argue that open conversations help in developing trust between employees and the organisation, thereby avoiding all the negatives that an economic crisis might result in. Advocating the significance of communication, they further emphasise that, “it is not necessarily what really happens but rather what workers perceive as happening that will dictate their reactions to management’s actions” (p. 601).

Communication about change increases perceptions of justice (Kickul et al. 2002; Schweiger and DeNisi 1991). As has already been discussed, updating employees on changes being implemented is crucial, as it can mitigate the psychological distance between leaders and employees (Morrison 1994) as well as the incongruence in their perceptions of obligations (Morrison and Robinson 1997). Leaders at Org-Construction tried hard to ensure that employees had sufficient knowledge, including information about their work roles as well as awareness of management’s expectations of them. This can also be seen as deliberate sense-making (Louis and Sutton 1991) initiated by Org-Construction regarding change so as to direct and shape people’s perceptions of change and decrease any negativity (Rousseau and Tijoriwala 1999). Additionally, employees were given sufficient autonomy and control to perform their

work, which is important in the uncertain situations that arise during an economic crisis.

R5's disappointment at his colleagues being removed reflects 'survivors' syndrome' (Appelbaum et al. 1997). Employees who survive redundancies are worried about their job security and also may not have attractive alternative jobs available if the jobs market is in recession. Additionally, with redundancies, they may lose their colleagues which is demotivating and depressing, as was evident in the case of R5. These employees might perceive their psychological contract as having been breached or violated. For example, R5's comments, "*They should have properly communicated. They should have been more considerate*", suggest that he believed that the organisation was obligated (use of the word 'should') to provide them with job security or at the least organisation should have communicated properly. As discussed in the first case, leaders who manage information might not see the situation through the same lens as employees; in other words, they might not see the issue of a need for information within the organisation (Harshman and Harshman 1999). It is also possible that they might believe that giving negative information is too risky or that it could be discouraging to other employees, as was discussed by R2. However, a lack of proper communication, especially in a sensitive situation like this, might lead to employees questioning their leaders' credibility.

6.7 Theme 6 – Importance of trust during the crisis

This theme will discuss employees' perceptions of their leaders' integrity and benevolence. Participants spoke about trustworthiness of leaders at various hierarchical levels, which produced some variations in their responses. R1 referred to

trust as a “*stock market index*” which according to him keeps going up and down based on how well one behaves with people.

As in Case Study I, there are two categories discussed under this theme: positive assessment and negative assessment.

Category 1 – Positive assessment

R2 spoke about trust in the sense that leaders have their followers who have been working in the organisation for more than 10 years. According to her, leaders have kept the workforce together, they have led their teams and kept them happy and at the same time they have maintained good communication. All these according to R2 build trust. Talking about recession in particular she commented that, “*leaders didn’t take recession as an opportunity to lay off employees, yes some employees were made redundant but they tried their best to maintain the workforce.*”

R3 when asked about his views stated that there was a climate of trust between him and his seniors, which he described in this way:

“Sometimes during recession if I needed to finish the work quickly I had to change the mix design of the concrete and use different chemicals. Usually I am supposed to take permission from the consultant, which is formal and takes a lot of time. But during the recession my seniors trusted me, they told me to do the changes and leave rest to them.”

Additionally, a number of the respondents spoke about ‘*assurances*’ from leaders regarding employees’ job security. For example, R4 said, “*They asked us to be patient. We believe them because we’ve been working with them for so many years*

and we know there are ups and downs so it's ok. It's a matter of time. We know them, we can trust them."

R7 felt that leaders boosted their morale. He also believed that leaders did not lose their focus during the recession and made sure projects were completed on schedule instead of just complaining about the situation. He stressed the relationship that he has built with his leaders during his tenure which according to him builds trust.

Category 2 – Negative assessment

Conversely, R6 and R7 spoke about employees not trusting their leaders during the economic recession. For example, R6 said, *"employees didn't really completely trust their leaders because at the end of the day it's a business and if the business is incurring losses they might have to reduce their workforce, their projects etc."* He further acknowledged that even though leaders used to motivate employees and to an extent they had a sense of security, *"it was not like 100% security"*. Further discussion with R6 revealed that other construction sites in the area where Org-Construction's construction site was located were being closed down and teams working on those sites at that time would be asked to go, which in a way made employees at Org-construction more anxious about their jobs, despite leaders assuring them that their jobs were secure.

Discussion

Trust is considered a significant antecedent for the effectiveness of change initiatives (Dirks and Ferrin 2002; Kirkman et al. 2000). Through their research, Morgan and Zeffane (2003) infer that, "any change negatively affects trust". Lester and Kickul (2001) in their study of psychological contracts found trust and respect to be amongst the most significant psychological contract items. Employees' perceptions of trust in

their leaders and the resulting cognitive, emotional and behavioural responses to the same are shaped by various elements that work concurrently (Smollan 2009). Some participants offered opposing and contradictory views of trust in their leaders. For example, R3 as previously discussed, believed that leaders had acted deceitfully to remove certain employees ('organisation initiated employee turnover') and at the same time highlighted trust in the exchange relationship through such comments as, "*during recession my seniors trusted me, they told me to do the changes and leave rest to them*". Trust in certain levels of the hierarchy and not in others will result in mixed reactions, as was evident in the case of R3. Theorists like Kotter and Schlesinger (1979) argue that during change, people assess management with regard to whether it can be trusted to take employees' best interests into consideration. Furthermore, individuals trust management partly because they feel that management will be concerned about their job security (Kanter 1983). The factor of job security came up frequently in participants' responses. Some of the participants' responses hinted at a lack of trust in management because of their perceived job insecurity. Org-Construction had implemented some redundancies which might be the reason for employees' lack of trust. Uncertainty and lack of trust can make employees more vigilant (Morrison and Robinson 1997) (in this case employees discussed other sites which had closed down which suggests that they were monitoring the situation outside the organisation too), which might increase the likelihood of perceiving a psychological contract breach.

6.8 Theme 7 – Organisational decision making during recession

Organisational decision-making is a crucial process in any organisation, especially in times of crisis. At Org-Construction both positive and negative assessments were reported.

Category 1 – Positive assessment

According to R2, every department has an expert team who have the autonomy or freedom to take decisions, but in consultation with the leaders. Limited delegation was also highlighted in the following comment by R2, *“it’s a family run business, and so business decisions are usually taken by the top management in consultation with the HODs and other important people in the organisation”*. Speaking about organisational decision-making during a recession, R1 emphasised the importance of having a participative approach to decision-making. He explained it in this way, *“you need all your people to be closer to you and take decisions that are interlinked and because one decision that I’ve taken in the engineering department might have an impact on the sales”*. Likewise, R4 discoursed at length about employees being included in various discussions. He remarked that it is important for the leaders to take feedback from people who work on site and that the head office cannot take some decisions on its own. Giving an example of this he stated:

“There was a meeting conducted in the head office regarding future projects. So we were asked what we think should be included, what should be neglected, what changes should be made, what new policies should be brought in, so all this was discussed and we all were included in that meeting.”

Along the same lines, R6 discussed how when the ‘target matrix system’ (a performance evaluation system introduced by the organisation during the recession which will be discussed in detail under the theme: Impact of the crisis on HR

practices) was implemented, employees were included. To discuss this, top management called for a meeting to inform people (who take decisions on sites or in offices) and to explain the new system to them.

Category 2 – Negative assessment

R3 was scathing in his comments about organisational decision-making which, according to him, was sometimes not even formally communicated and was more a question of “*throwing commands*”. He did however, point out that decision-making is different at different levels and that leaders do listen to employees. However, he highlighted that during the recession “*80% of the decisions were top to bottom decisions*”. He described it in this way:

“We didn’t have any say on decisions. We only had one option which was to follow; it was like Hitler’s strategy.”

Likewise a number of respondents spoke about them not being included in decision-making during the recession. However, some of them spoke about the organisation communicating decisions to them and were also appreciative of decisions which they believed were good and enabled the organisation to survive at that time. When asked how employees felt about this approach to decision-making that the organisation takes, R5 said:

“That’s ok they take decisions, some people don’t quite agree with those decisions, but it’s not possible to include lower level employees for every decision. In our place it’s a practice that all decisions are taken by the top management. It may be unusual but that’s the fact. We can’t do anything about it.”

Discussion

When individuals participate in the decision-making process, they can exercise improved control over decisions (Thibaut and Walker 1975), which shapes their responses (Smollan 2009). Participation in decision-making increases fairness perceptions (e.g. Riolli and Savicki 2006) and results in increased acceptance of change (Daly and Geyer 1994; Kickul et al. 2002). From the participants' responses, it was clear that their inclusion in decision-making was not considered an obligation that leaders had to fulfil; however, it was still expected. There were mixed responses from the participants about their leaders providing them with ample backing and including them in decision-making. Some of the respondents indicated that participation in decision-making was limited to the top management during the recession, and some even pointed to the restriction on information about the decisions taken. For employees, exclusion from decision-making can be hard to digest, especially for employees at the higher levels of the hierarchy, as was evident from R3's comments. Some employees were unhappy with not being included in the decision-making process, while some were satisfied with management at least communicating decisions to them, even though they were not included in the process. Asking employees for suggestions during change or listening to their views can help organisations make good decisions, discern employees' responses as well as signal regard and concern for the employees, which Org-Construction managed in some instances.

6.9 Theme 8 – Impact of the mass media

Most of the respondents at Org-Construction discussed how, during the economic crisis, they monitored the media news more closely and also how news coverage increased from the media side as well, which is congruous with the research

conducted by Headrick and Lanoue (1991). For example, R5 stated that the recession was a time *“when nearly every construction company in the country was going down”*, so the media coverage increased tremendously. He further recalled that, *“during that time there were many such things in the newspapers regarding our organisation, you know how the projects have been affected and all”*.

As in Case Studies I and II, there are three categories that will be discussed under the impact of the mass media, namely: negative impact, positive impact and no impact.

Category 1 – Negative impact

The respondents at Org-Construction discussed at length on how the mass media impact on employees' psyche, especially during a recession. R1 labelled the media as a *“chatter”* that needs to be avoided during a recession. Speaking in particular about newspapers, he remarked that news is usually magnified in accordance with the interests of the publication and that the *“media is out there to make money”*. All the respondents spoke about the level of media hype related to the economic recession. For example, R2 noted that during the recession certain issues were *“hyped up”* by the media, which R2 believed could have been paid news or just the media's opinions. She further emphasised that if all the media channels were highlighting the same news, there must be *‘some truth to it’*. In addition to what the media publish or broadcast, there are other things that stimulate the media's impact on people. According to R2, *“overall, the way the industry is moving like organisations have stopped hiring and have asked people to leave ... These trends definitely have an indication that recession is going on. Yeah media hypes it but what the Government says, sets, makes changes, and gives statements ... we trust that too.”* Elaborating on

it she stated that trends in the market magnify the effects of the mass media. R3 was critical in his comment about the mass media as he said:

“There was no recession here, media turned it into recession. Media played a very bad role in the recession.”

The media presented different views on the economic recession. R3 spoke about the media highlighting an *“increase in number of suicide cases”* during the recession. According to him, *“when families watch this kind of news, they become concerned, they start thinking. Parents tell you that if you lose your job ... don’t worry, don’t take such steps.”* R3 further discussed that, in his organisation, people used to watch TV news at lunchtime and the news about lay-offs taking place in different organisations used to go around creating an indirect impact. The negativity and insecurity spread by the media during the recession were pointed out by most of the respondents. R3 described it in this way, *“In my organisation few people were terminated but media left negativity on everyone. Even people, who were very safe, also started searching for the jobs.”* R4 believed that the media made people more vigilant during the recession as they starting actively following the market. R5 remarked that the *“media created whirlpool out of nothing”*. He added that they gave too much weight to these issues rather than actual issues. Speaking on the media’s impact, R6 recalled reading an article that mentioned how flat prices had fallen drastically during the economic recession. With reports like these and with rumours making the rounds, people thought that it might affect their organisation and they feared for their jobs. R6 illustrated his fear in this way, *“even senior people who had 15 – 20 years of experience, were worried at that time. I was relatively more worried because I had joined the company recently and I didn’t have much experience”*. R7 talked about the media’s increased focus on the banking and IT sectors which were badly hit during the

recession. He further explained that as 50 per cent of their clients are from the IT sector, ones who invest in residences only, it indirectly impacted their organisation. He explained the insecurity created by the media through the following comment:

“When we hear news in the media that people are being laid off, at times it comes to our mind too ... because if things in your surroundings are not going well, how can you be feeling well? There were some kinds of thoughts that ... we might be laid off because we are indirectly associated with the IT industry. So sometimes we used to get the idea that maybe...”

Similarly, R2 commented, *“Media scares people too much definitely but we can’t say that media stories are completely untrue.”* Media coverage increases during recessions but at the same inquisitiveness also increases. People want to know what is happening and where the markets are heading. Additionally, some of the respondents pointed to the competition between different news channels which might distort the authenticity of news. For example, R6 mentioned that only some channels act professionally and provide a correct picture, the rest just exaggerate everything.

Category 2 – Positive impact

R2 in addition to highlighting the negative aspects of the media spoke about the positives in the sense that everybody follows the news, published or broadcast, which helps them to understand the criticality of the situation. R2 mentioned that the *“Media spreads a little bit of caution.”* According to her, the media helped employees realise that they needed to work hard to maintain their jobs, which she believed worked positively for Org-Construction.

Category 3 – No impact

R1 agreed that there was increased 'chit-A-chat' in the media about the recession. According to him, most of the information provided by the media "*didn't mean anything*" and was more sort of "*commercial gossip*". Though acknowledging the impact that the media created during the recession, R1 remarked that as an organisation they had, "*learnt to read between the lines, what actually the situation is and what it's going to be because it is important for the business to look ahead and not worry about today*". He added that as a leader, he has to worry about the organisation's future and he has people who were taking care of the actions that the organisation took during the recession, or the ones they are taking currently or will take in the future. Along similar lines, R4 highlighted that the Chairman (R1) of their organisation does not get affected by what the media says and that "*he knows what the scenario is and takes his decisions accordingly*". He also mentioned that the media did not affect him personally, which was evident in the following statement he made: "*News is hyped, it just shows one side of the story, and it doesn't show the other side of the story. Media is fake; we can't go according to what media says.*"

Discussion

The media can have a profound impact on employees' behaviours and attitudes. It was evident from the participants' responses that the mass media reports created increased insecurity and pessimism amongst employees, which is in line with the research conducted by Harrington (1989) and Stein (1975) regarding the negativity and cynicism spread by the media amongst people. Additionally, a number of respondents spoke about the media exaggerating or hyping news. As discussed in the literature review, negative news attracts a lot of media attention (Bagdikian 1987; Patterson 1997; Shoemaker et al. 1991), which might involve their own interests (Soroka 2006),

as was highlighted by R1 in his comments (e.g. “*media is out there to make money*” and “*news is usually magnified in accordance with the interests of the publication*”).

Additionally, the increased coverage of a crisis communicates its salience to employees which affects their perceptions (Carroll and McCombs 2003), as was reflected in the respondents’ comments, e.g. R7 said “*There was some kind of thoughts that we might be laid-off*”, R6’s comment was “*I was relatively more worried because I had joined the company recently and I didn’t have much experience*” while R3’s comment was “*Even people, who were very safe, also started searching for the job.*” Media reports may also directly or indirectly influence people’s decision-making, especially in current times. The way the media frame issues (e.g. suicides and lay-offs as highlighted by respondents) influences how people perceive them, as has been suggested by Tuchman (1978). In this case it affected the respondents emotionally as most of them became worried and anxious. The way the mass media impact employees’ current work (e.g. will they be more motivated, demotivated, more vigilant, etc.?) is something that needs to be considered. R4 in his comments acknowledged the increase in vigilance which was also highlighted by R2 in his comments on inquisitiveness. Moreover, how people process information is also crucial. As we know that people’s schemas which play an important role in the psychological contracts formation can influence their interpretation of the news they receive (Domke et al. 1998). If the organisation has maintained positive psychological contracts, there is a greater chance that organisational members may perceive news less negatively.

Furthermore, R2’s comments on media spreading “*a little bit of caution*” show the usefulness of news as it helps people make well-informed decisions about their work and future. This is in line with past research (Domke et al. 1998; Lau 1989;

Tourangeau and Rasinski 1988; Zaller 1992; Zaller and Feldman 1992) which demonstrates that for issues that are unclear, contextual information like media reports may stimulate schemas to shape people's information processing.

Additionally, what was also clear from the respondents' comments was that the impact of the media might vary from individual to individual, depending on how secure they feel about their job. The degree of job insecurity perceived by a worker differs from individual to individual. With the economy struggling, employees' feelings of insecurity related to their employment are enhanced (Keim and Wilkinson 2011) and the media might also play a role in exacerbating this. The organisation's internal communication is the key to maintaining psychological contracts and reinstating the balance that job insecurity and negative media might jeopardise.

6.10 Theme 9 – Impact of the recession on HR Practices

There are three categories that will be discussed under this theme: impact of the crisis on recruitment, impact of the crisis on training and development; and impact of the crisis on the performance and remuneration management system.

Category 1 – Impact of the crisis on recruitment

There was a hiring freeze implemented by Org-Construction during the recession which was highlighted by all participants. With employees being made redundant, a comment made by most respondents was that the organisation could not possibly think of bringing in new people. For example, R2 stated, *“People were asked to leave, and the next thing obviously while cutting costs would be not to hire any more people and you know ... increase costs.”*

Category 2 – Impact of the crisis on training and development

There are four sub-categories, namely: forms of training available at Org-Energy; changes in training and development; responses to changes in training and development; and is training an employee-driven demand? discussed under the impact of the crisis on training and development.

Sub-category 1 – Forms of training available at Org-Construction

R6 spoke at length about the various employee-training programs in place at Org-Construction. Employees are provided with three kinds of training, mostly relating to cost management: financials, time and quality. For example, workers or supervisors working on site are provided with training on quality every month. Plus a consultant is available on each site that guides them and shows them various working techniques. According to R6, Org-Construction tries to train, educate and update employees on different materials and technologies that they might not even be using. He further commented:

“Either they send us to the training institutes or consultants’ platforms and sometimes we are supposed to do some certification courses or you know they outsource some experienced trained professionals who give us onsite training and things like that.”

Likewise, R2 spoke positively about the organisation’s contribution to her professional development since she joined the organisation four years back. For example, she stated:

“Being a fresher with not too much exposure and the work I got to do is amazing and it has added so much to me and my knowledge.”

R7 who works in sales talked about the various training sessions conducted by the organisation on “*behaviour, attitudes and sales techniques*”. R5 discussed the training

provided on the 'safety measures' and 'rules to be followed on sites', which are compulsory for employees to attend.

Sub-category 2 – Changes in training and development

During the recession, for some departments at Org-Construction training programs continued, while for some others training was stopped altogether. R3 and R4 discussed training cuts during the recession. For example, R4 said, *"before we used to have it but since the last 6 months, there's been no training provided"*. R2, R7 and R8 on the other hand commented on various training sessions arranged by the organisation during the recession. Along the same lines, R6 spoke about increased training during the recession. For example, he stated:

"It was not reduced because we were given targets at that time and to achieve those on time within specifications we had to use new technology and new materials and to use those on the sites, training was important whether provided by vendors or consultants."

Sub-category 3 – Responses to changes in training and development

When asked how employees viewed training cuts during the recession, R3 said, *"People were missing it; they wanted training sessions to be there."* According to R3, during these sessions, people got a chance to sit with other members of the organisation at various hierarchical levels and exchange ideas. He further discussed the importance of training during the recession. Training sessions he believes enable employees to think outside the box, which he explained in this way, *"generally what happens, you work in the same space, you work in that box, you don't think anything outside that box. You are coming in the morning; you are doing the same job, again you are coming the next morning, you are doing the same job and then you go back*

home. You don't have time for yourself or time to run your brain and think out of box, but during trainings you get the chance to think about other points which you might have ignored otherwise”.

R4, when asked about his reaction to training cuts, stated, *“I am not happy with the decision of training being stopped.”* He also mentioned that training is a boost for employees and the organisation should provide it at least once a year. However, he also blamed employees for the cuts as he said that leaders had declared that if employees attended training sessions they would be given some points which would lead to increased payments. This, according to him, made people attend training just *“for money”*, and they became less bothered about the learning process.

Sub-category 4 – Is training an employee-driven demand?

R2, when asked whether training is demanded by employees, mentioned that the leaders in their organisation are farsighted and think in terms of the future. According to her, they know that if they need a skilled workforce, certain expertise in the next couple of years or in five years' time, they will have to put all the systems in place, and that training is an important component. She also mentioned that it is demanded by employees too. Along the same lines, R3 also stated that employees give some input from their side on the training they believe should be carried out and that the leaders try to arrange it. R4 and R7 commented that it is the organisation that provides training to employees rather than employees demanding it. Elaborating on this, R7 said, *“We don't demand training, it's company's policy to regularly train the employees regarding the sales or new projects, how we can improve, what more can be done, what new things can be added, how we can foster projects and how can we help out our customers?”*

R2 however emphasised that training employees to make them employable is not a substitute for job security. Likewise, R3 also conceded that it cannot be a substitute for job security which he believed is more important to employees.

Discussion

Org-Construction pays substantial attention to the training and development of its employees which was clear from most participants' responses. Some of the respondents spoke about the training cuts while others mentioned that the training programs continued during the recession, while some even highlighted an increase in training programs. Furthermore, as R4 mentioned, the essence of the learning process was lost. It is possible that leaders might have stopped some training programs, perceiving them to be ineffective and not really adding value. Participants who spoke of training cuts, perceived them negatively. During a crisis, the organisations try to maintain cash reserves and cut costs, so training and development tend to suffer cuts (Rao 2009). On the other hand, providing training and development opportunities can act as security for employees as well as secure employees' loyalty to the organisation (Rao 2009). These measures, that make employees feel valued, can lead to positive psychological contracts. Lester and Kickul (2001) in their study of psychological contracts found opportunities for promotion and advancement, for personal growth and to develop new skills as significant psychological contract items. The notion of training being perceived as a "gift" by employees has been highlighted in the literature (Barrett and O'Connell, 2001). The result of this is greater commitment from employees and a greater sense of obligation towards their organisation. Furthermore, it relates to the reciprocity norm which is based on the notion that employees will reciprocate the organisation's contribution to them. However, during a recession, employees are aware of the budget restrictions and might be more concerned about

their job security than training and development, which might not be given a high priority, as was highlighted by R3.

Category 3 – Impact of the crisis on the performance and remuneration management system

There are two sub-categories, namely: changes in performance and remuneration management system; and responses to changes in the performance and remuneration management, discussed under the impact of crisis on the performance and remuneration management system.

Sub-category 1 – Changes in the performance and remuneration management system

Respondents spoke at length about the new performance management system that was implemented by the organisation during the recession. The system, referred to as the “*target matrix system*”, was custom made for the organisation. Discussions with R2 and R6 revealed that the top management at Org-Construction hired consultants, who worked with their team, studied the organisational structure and processes, as well as the employees, to come up with the system. The top management at Org-Construction conducted an employee satisfaction survey and to ensure that the workload did not increase, even during the recession, they tried to help employees by setting easy targets. All this was evaluated by the consultants who formulated the target matrix system. According to R6, this system considers work priorities versus job levels and HR assesses every employee on that. R1 explained it in this way, “*During recession everyone’s performance was being monitored, calculated and then given a score and then people above a certain score were given benefits and perks and people below a certain score had to let go.*”

Furthermore, some respondents spoke about the increase in incentives while some mentioned the temporary freezing of incentives implemented by the organisation. R6 commented about the organisation providing incentives to employees, especially when employees completed projects before the scheduled date of completion. This was confirmed by R3 and R8 who spoke about the organisation continuing with incentives and bonuses for employees during the recession. On the other hand, R2, R4 and R7 talked about the cuts in incentives during the recession. For example, R4 said:

“Last year they had declared that suppose if you achieve this much target you’ll get the bonus but because of recession we didn’t get the bonuses.”

R3 referred to the incentives as *“a carrot to fight for”*. Furthermore, R3 pointed to the curtailment of *“complementary”* benefits provided by the organisation, such as gifts and cakes to employees on their birthday, transportation costs, organised trips, etc.

According to him, *“It’s somewhat like McDonald’s; if they are giving anything complementary they can take it out at any time.”* R2 and R5 spoke about the salary cuts during the recession, especially for employees in higher salary brackets. For example, R5 said, *“There was minor reduction in salaries, not much, round about Rs 4000 – 5000”*. R2 tried to justify these cuts as she said, *“We didn’t remove many people from their jobs. Some people had to go through pay cuts so that we don’t have to let go more people.”*

A number of employees spoke about the changes in overtime payments during the recession, with some reporting payments to be completely abolished and some reporting changes in the overtime payment design.

Sub-category 2 – Responses to the changes in the performance and remuneration management

When discussing employees' reactions to the new performance management system, R1 stated, "*Well the weak ones obviously were nervous because it was easier for them earlier and now they would be termed as average, so the weak ones were nervous but the strong ones were ecstatic.*" R2 believed that employees were optimistic about the new performance management system. She added that implementing the performance management system has helped their organisation get more out of employees and '*get an extra revenue generation during the recession*'. As this system was only recently implemented in the organisation, most of the employees did not comment on it as they were waiting for their first appraisal to check its reliability.

Commenting on the overtime payment cuts R4 said, "*There was dissatisfaction at that time because payment was not increased. It's the human tendency, if you don't pay employees more and if you just tell them to work more, no one will be satisfied.*"

Along the same lines, R6 stated, "*suppose my salary is 10,000, if I do overtime I'll get a total of 14–15,000 at the end of the month, my basic salary is 10,000 – my overtime payment is 4 to 5,000 extra, so if suddenly overtime payment stops employees feel bad. Personally, it demotivated me.*" At the same time he asserted that the general attitude in the organisation was '*positive*' as people were aware of the situation in other organisations. He added that it '*doesn't matter*' that employees were not getting overtime payments, which he believed might start once the recession was over, but at least their '*positions are safe*'.

R3 discussed how the introduction of the new performance management system and the incentives led to increases in employees' work efficiency as employees started working hard to save their jobs. When asked whether he was satisfied with the new performance management system and the incentives given, he stated, "*No I am not.*" He explained it in this way, "*If anyone is dying you give them a cup of water. For him*

it's a big deal. During crisis it was like that. But everyday a person would not be contented with just a cup of water."

When asked about the employees' reaction to salary cuts, R2 stated that with the tight jobs market during the recession they had no alternative. R5 mentioned that there was an '*unusual reaction*' from the employees to the pay cuts and that nobody was reacting in the same way. He reluctantly admitted that, "*it might be in everyone's mind that leaders broke their promises*" but "*our organisation is relatively better*" in comparison to other organisations. Likewise, R6 also believed that Org-Construction was better than other construction organisations which made employees work really hard and gave them no incentives whatsoever, even if they finished projects before the scheduled date of completion.

Most of the other participants complained about the incentive cuts. R4 saw the cuts in incentives as '*dissatisfying*'. According to him, "*Last year they declared if you achieve this much target you'll get this much bonus but because of recession we didn't get it and many people were not happy with that.*" His disappointment was also evident in the following statement;

"It would have been better if bonuses were given. Bonuses would hardly cost 300,000 –400,000 bucks and for such owners who are running such a huge company it's not a huge thing. If they would have given the bonuses at that time, employees' view of the company, their thinking would have been even better, they would have given more output."

Bonuses might have encouraged and motivated employees to work harder for their organisation. At the same time he believed that employees had to '*accept*' it, because of the market scenario, as fewer jobs were available at that time, which was also

highlighted by R5, R6 and R7. R4 further commented that, *“it was not like that you’ll leave and you’ll get a job. No one will take such a risk, that he has running income; he’ll stop that by leaving and look for a new job”*. R7 commented, *“you could observe the things that were going outside. We have good and bad days in the organisation and you can’t really blame the organisation for all this.”* He however did express concerns over the incentives cuts, which he saw as *“demotivating”*, but at the same time he reflected that if one has a job and is getting a regular salary during the recession, *“it is fine”*.

Discussion

Research by Lester and Kickul (2001) shows that inconsistencies between employees’ expectations and the outcomes they actually receive are not received well by employees when it comes to extrinsic rewards like pay or compensation. The transactional elements of contracts focus on the short-term economic exchange, have well-defined performance standards (Rousseau and Wade-Benzoni, 1994) and are more noticeable than relational elements (Morrison and Robinson 1997). Therefore, any deficiency in the fulfilment of these is more likely to rock the psychological contract and invoke explanations (Parzefall and Coyle-Shapiro 2011), as was evident in this case.

Additionally, employees comparing benefits to a *“McDonald’s meal deal”* (R3) or such comments as *“it was not like that you’ll leave and you’ll get a job”* (R4) reflect their feelings of uncertainty and lack of control, both of which can lead to stress (Bordia et al. 2004; Nelson et al. 1995), as already discussed under Theme 2: The Global Economic Crisis 2008. Participants’ responses mostly reflected resistance generally realised and constructed in various ways. Employees disagreed with the

various changes in the performance and remuneration management scheme, and the motives: “*get an extra revenue generation during recession*” (R2), “*it might be in everyone’s mind that leaders broke their promises*” (R5); the outcomes: “*It was like, let the recession be over, we’ll show the company*” (R3); the lack of fairness: “*Last year they declared if you achieve this much target you’ll get this much bonus but because of recession we didn’t get it and many people were not happy with that*” (R4).

Some respondents indicated emotional resistance to these changes. Overall violations resulted in intense emotional responses. Demotivation, anger, unhappiness and disgust were revealed in responses to different questions and most of the time these surfaced directly in the respondents’ comments. Some respondents viewed the organisational outcomes as positive (because the efficiency of people increased) but personal outcomes as negative. Additionally, increased intentions to leave (Raja et al. 2004; Robinson 1996; Turnley and Feldman 2000) once the crisis was over and the jobs market returned back to normal and decreased job satisfaction (Tekleab et al. 2005; Zhao et al. 2007) due to the perceptions of the psychological contract breach were evident in participants’ responses. Additionally, it appeared that the recession to some extent normalised employees’ perceptions of breach. By explaining that most organisations were facing the same situation, employees freed their leaders from the responsibility. Moreover, this also externalised and in a way justified such breaches. Additionally, some respondents tried to reframe breach events (Dulac et al. 2008) with regard to pay and compensation, which helped them to evaluate the organisation less negatively (e.g. R7’s comment “*you could observe the things that were going outside. We have good and bad days in the organisation and you can’t really blame the organisation for all this*”, R6’s comment “*at least their positions are safe*” or R5’s

comment “*our organisation is relatively better*”). Thus the saliency of a breach was to an extent mitigated by viewing it in the context of crisis and other related events.

6.11 Summary of findings

The findings from this case study can be organised into two sets. The first set (i.e. Theme 2) relates to the influence of the global economic crisis 2008 on Org-Construction, the subsequent changes and people’s perceptions and reactions to those changes, thereby addressing the first two research objectives. The second set (Themes 3-9) is about the role and interdependence of different factors in altering psychological contracts and addresses the third and fourth research questions.

Respondents at Org-Construction spoke about the impact of the global economic crisis 2008 in terms of how it influenced the organisation, while some spoke about the impact on them personally and others on their colleagues. Respondents discussed how, during the economic crisis, the purchasing power of the public went down, which impacted organisation’s flat bookings. Additionally, changes in consumer demands, downsizing which was seen as rightsizing by the leaders, ‘organisation-initiated voluntary turnover’ which added insecurity to employees, cost-cutting measures, changes in people management strategies and changes in sales and marketing strategies were also highlighted by the respondents. Events such as payment cuts, lay-offs and increased workload were perceived as broken promises. Respondents reported a range of cognitive, emotional and behavioural states in response to the aforementioned changes. When discussing lay-offs, leaders at Org-Construction mentioned how they spoke to employees personally and did not use a pink-slip protocol. They did acknowledge a sense of insecurity amongst employees and expressed their helplessness over it, but at the same time they believed that

employees were fine with it. Employees spoke about their job security fears, about being angry and dissatisfied with the increased workload, payment cuts and the deceptive tactics used by the leaders to make some employees redundant. Additionally, some employees spoke about their intention to leave the organisation (Raja et al. 2004; Robinson 1996; Turnley and Feldman 2000) once the economic crisis was over, while others spoke about increasing their efforts so as to avoid getting into a position where the organisation would have an excuse to make them redundant. In this case, it was seen that employees increased their efforts even after perceiving a breach, which contradicts previous research (e.g. Bunderson 2001; Lester and Kickul 2001) which shows that employees decrease their efforts when they perceive a breach. Some of the respondents spoke about them being accepting of changes such as increased workload which they believed were to be expected at that time. Comments from the participants further reflected a calculative accommodation of breach (Hallier and James 1997), irrespective of them being accepting of the changes.

Additionally, participants had mixed perceptions of the leaders; however, they appreciated leadership support and the communication of information. When asked about their expectations during the crisis, respondents mainly highlighted job security as an expectation which became more powerful during the crisis, whereas some responses indicated reduced expectations regarding job security. Leaders at Org-Construction tried to provide adequate information regarding their expectations as well as work functions in order for work to be carried out properly. Additionally, respondents reported instances where leaders assumed that negative information might not be well taken by the employees, which resulted in miscommunication within the organisation. Furthermore, respondents reported ambivalent perceptions regarding the trustworthiness of leaders. Lack of trust in top management due to perceived job

insecurity surfaced in the participant's responses. When asked about organisational decision-making in light of the crisis, respondents reported mixed perceptions with some appreciating participative decision-making while some criticised it as they believed it was limited to the top management.

The main finding of this case study was the confirmation of the impact of the mass media in terms of affecting people's perceptions, as is evident in the first two case studies. The impact of the media was also discussed in detail by the respondents in terms of how they affect people's behaviours and attitudes. The negativity (Harrington 1989; Stein 1975) and insecurity spread by the media surfaced in participants' responses. Some respondents spoke about the media in terms of how they hyperbolise news while some highlighted the way the media frame issues (Tuchman 1978), especially suicides and lay-offs which impact employees emotionally. Other things that came up during the interviews were the media spreading caution and warning people about the crisis (Domke et al. 1998; Lau 1989; Tourangeau and Rasinski 1988; Zaller 1992; Zaller and Feldman 1992) as well as how the impact of the media differs from person to person.

Lastly, respondents spoke about the changes in HR practices introduced during the crisis and their perceptions of those. Regarding hiring, most respondents spoke about the hiring freeze implemented by the organisation during the economic crisis. Some respondents further mentioned training cuts while others talked about the increase in training programs. Those who spoke about training cuts were not unhappy with them but at the same time they blamed the employees for making top management perceive training programs as ineffective. Additionally, payment cuts and bonus cuts rocked the psychological contracts in this case. The employees' responses reflected their

feelings of uncertainty and lack of control (Bordia et al. 2004; Nelson et al. 1995). Additionally, breaches resulted in intense emotional and behavioural responses. Some respondents however evaluated the events in light of the crisis which relatively reduced the negativity that change resulted in.

All the factors found in this case study either directly or indirectly contributed to influencing people's perceptions of change and subsequently their psychological contracts. The relationships between various factors are briefly discussed across the three case studies in the next chapter.

CHAPTER 7: CONCLUSION

7.1 Introduction

The overall research aim was to look into the organisational change process during the recent global economic crisis through the lens of micro-level analysis. The specific research objective was to further the understanding of how psychological contracts were altered during the economic crisis, by looking at people's perceptions of the changes implemented by their organisations during the crisis; by identifying aspects of change that altered the psychological contracts; and by evaluating the interplay of different factors in influencing psychological contracts and exploring the relationships between them. This chapter is divided into several sections, with the first section summarising the findings from the three case studies in an integrated way and thereby addressing the research objectives. The second section offers a brief summary of the main contributions to knowledge. After that, the implications for future research and limitations are discussed. Finally, a conclusion is drawn and reflections are detailed.

7.2 Brief discussion of findings

A brief overview of the findings from the three case studies is provided in Table 6, below.

		CASE I	CASE II	CASE III
Global economic crisis 2008				
Impact of the global economic crisis 2008				
	Stock Price Plunges	✓		
	Increased Competition	✓		

	Overcapacity and problems with backwards integration	✓		
	Cost-cutting and changes in people management strategies	✓	✓	✓
	Positives of crisis	✓	✓	
	Communicating and Engaging (Case II)			
	New approach to business (Case II)			
	Business Consolidation		✓	
	Impact on bookings and change in consumer demand			✓
	Downsizing	✓ (Not in India)		✓
	Organisation-initiated voluntary turnover			✓
	Changes in sales and marketing strategies			✓
Employees' responses to change				
	Emotional and cognitive responses			
	Uncertainty and lack of control	✓	✓	✓
	Attribution of responsibility	✓		
	Disappointment	✓		
	Frustration	✓		
	Behavioural responses			
	Exit	✓		
	Politicking	✓		
	Loyalty	✓		
	Voice	✓		
	Blame games		✓	
	Increase in effort			✓
	Increased intentions to leave			✓
	Selfish behaviour			✓
	Demotivation	✓	✓	✓
	Externalising and rationalising a breach	✓	✓	✓

		Calculative1 accommodation of breach			✓
Leadership during the crisis					
		Credibility issues	✓		✓
		Different forms of leadership emerging during the crisis	✓		
		Ambivalent perceptions			✓
		Deliberate sense-making	✓	✓	✓
		Engaging, connecting and communicating Participative leadership style: Case II Communication and leaders' personal presence: Case-III	✓	✓	✓
		Walking the talk	✓	✓	✓
		Job security	✓	✓	✓
Expectations during the economic crisis					
		Leaders' expectations			
		Employee loyalty	✓	✓	✓
		More work and increased focus	✓	✓	✓
		Cost consciousness	✓		✓
		Employees' expectations			
		Communication and transparency	✓	✓	✓
		Forecasting and vision	✓		
		Job security	✓	✓	✓
		Proper organisational procedures to handle redundancies and employees' compensation and benefits			✓
Communication during the economic crisis					
		Positive assessment			
		Increased interaction	✓	✓	✓
		Open and honest communication	✓	✓	✓
		Negative assessment			
		Lack of information	✓		✓

	Sharing only good points	✓		
	Miscommunication			✓
	Employees responses to communication initiatives			
	Positive responses	✓	✓	✓
	Negative responses	✓		✓
Importance of trust during the economic crisis				
	Positive assessment			
	Meeting targets	✓		✓
	Walking the talk	✓		
	Communication and transparency	✓	✓	✓
	Empowering activities	✓		✓
	Honesty and integrity		✓	
	Providing growth opportunities to employees		✓	
	Providing job security to employees	✓		✓
	Negative assessment			
	Communication issues affecting trust	✓		
	Lay-offs affecting trust			✓
Organisational decision-making during the economic crisis				
	Positive assessment	✓	✓	✓
	Negative assessment	✓		✓
Impact of the mass media during the economic crisis				
	Increased media coverage	✓	✓	✓
	Negative impact			
	Negativity and cynicism	✓	✓	✓
	Hype and exaggeration	✓	✓	✓
	Negative influence on decision-making	✓	✓	✓
	Increased inquisitiveness of people	✓	✓	✓

	Positive impact			
	Enabled clarification	✓		
	Helped in making informed decisions	✓		
	Helped in perceiving organisational changes less negatively		✓	
	Spreading caution			✓
	Helped in understanding the criticality of the situation			✓
	No impact	✓	✓	✓
Impact of the crisis on HR practices				
	Impact of the economic crisis on recruitment			
	Controlled hiring/hiring slowdown	✓	✓	
	Hiring freeze			✓
	Impact of the economic crisis on training and development			
	Leadership programs put on hold	✓		
	Training budget cuts	✓	✓	✓
	External training programs converted to in-house training programs	✓	✓	
	Continuation of essential training programs		✓	✓
	Responses to changes in training and development			
	No issues	✓	✓	
	State of concern	✓		
	Not happy with the changes			✓
	Impact of the crisis on performance and the remuneration management system			
	Performance management system became more defined	✓		
	Introduction of a new performance management system			✓
	Bonus/ incentives/ increments cut for some employees	✓	✓	✓
	Elimination of non-performers	✓		
	No appraisals		✓	

	No salary raise for some employees		✓	
	Complementary benefits freeze	✓		✓
	Salary reductions for some employees			✓
	Responses to changes in performance and remuneration system			
	Emotional responses	✓		✓
	Behavioural responses	✓		✓
	Externalising and rationalising a breach	✓	✓	✓

Table 6 Overview of the findings from the three case studies

During the recent global economic crisis, even if organisations have not undergone downsizing the psychological contracts between employees and leaders have changed significantly. The findings here reinforce and add to previous studies by providing a more holistic but complex picture of the psychological contracts in the organisations during the global economic crisis. Similar to the study by Parzefall and Coyle-Shapiro (2011), this study also highlights various ways of looking at a breach, ranging from the breaking of promises to acting in unexpected ways. The study focuses not just on a particular change event but a repertoire of changes within organisations during the global economic crisis. Of particular interest is the realisation of how people made sense of change events, what their responses were and how these impacted their behaviour. Similar to the study by Parzefall and Coyle-Shapiro (2011), this study shows that a contract breach is not essentially an isolated event as most of the research presents it to be and backs the notion that promises can be broken in a variety of ways (Conway and Briner 2005) as they do not just involve inducement-contribution exchange. Employees may view a breach differently and through various change events. According to Chaudhry et al. (2009), change events are considered to be

“triggers” (Griffith, 1999) or “shocks” (Weick 1995: 83), a state which requires deliberate consideration of the context and how it shapes the psychological contract (Conway and Briner 2005). This form of sense-making involves engaging in active thinking, making attributions and looking for reasons. Such a process stretches over time and underscores how schemas or sense-making models help in construing change. The evidence from all three cases confirms this claim. Changes in people management strategies, especially in Case I and Case III, were perceived as unfulfilled expectations or promises which triggered a sense-making process, leading employees to ask such questions as ‘what did I expect?’ or ‘what’s the story here?’ (Weick et al. 2005).

By referring to a context of crisis (situational constraint) and understanding the reasons for the discrepancies between employees’ expectations or employer obligations and what was delivered, the respondents tried to create a plausible story. Participants’ responses to events included a range of behavioural, emotional and cognitive responses as well as rationalising and externalising events and breaches. Emotional responses mostly reflected respondents’ uncertainty and lack of control (Bordia et al. 2004; Nelson et al. 1995), visible across all three cases. Previous studies show that people look for details in order to attribute responsibility, especially when they face unfavourable outcomes as a part of sense-making (Morrison and Robinson 1997). This was evident in Case I, as respondents attributed negative outcomes to the leaders. The three cases also provide insights into different behaviours (exit, voice, loyalty) that individuals engaged in, and the role of situational constraints (Robinson 1996; Rousseau 1995). Particularly evident in Case I was politicking behaviour which confirms previous research which suggests that politicking influences perceptions of the exchange relationship (Kiewitz et al. 2009). In Case II, blame games (Blaine and

Crockner 1993) as a behaviour surfaced which can become more pronounced during a recession. In Case III what was evident was that employees increased their efforts, even after perceiving a breach, which contradicts previous research (e.g. Bunderson 2001; Lester and Kickul 2001) which shows that employees decrease their efforts after perceiving a breach. The three cases also provide evidence of respondents reframing and rationalising change events (Dulac et al. 2008) or externalising breaches (Parzefall and Coyle-Shapiro 2011). Furthermore, in Case III, participants' responses reflected calculative accommodation of a breach (Hallier and James 1997) which further showed their vigilance regarding balance in their psychological contracts.

This research also evaluates the interplay between different factors (leadership, trust, communication, justice, POS, decision-making, media and HR practices) in changing psychological contracts. Research shows that leaders' actions enhance people's perceptions of justice (Morrison and Robinson 1997; Rousseau 1995). In all three cases several intersecting issues regarding leadership surfaced. In Case I and Case II, 'walking the talk' and participative leadership styles increased people's perceptions of fairness in addition to leadership support which was evident in all three cases. Also evident in all three cases was deliberate sense-making (Louis and Sutton 1991), initiated by leaders, to reduce unfavourable outcomes that change might result in.

Previous research (Bordia et al. 2004) shows that communication when not managed properly can lead to rumours which can be deleterious to the organisation, which was evident in Case I. Studies further show that when employees get information from outside sources (Larkin and Larkin 1994) rather than organisational sources, it results in disappointment, as was evident in Case I. In Case I it was also perceived as impairing the exchange relationship. Furthermore, studies show that communicating the significant facets of change mitigates uncertainty and increases trust (Klein 1996;

Kotter and Schlesinger 1979; Kramer et al. 2004; Nelissen and van Selm 2008; Schweiger and DeNisi 1991). The evidence from Case II confirms this claim. In Case II, communication was related to positive behaviour amongst employees. What could also be seen in Case II was that leaders might not be vulnerable to perceived breaches because of the effective communication maintained during the recession. Research (e.g. Harshman and Harshman 1999) shows that leaders who manage information might not perceive the circumstances in the same way as employees, and therefore might not see the urgency to communicate information. The evidence from Case I and Case III confirms this claim. In Case III however this approach by leaders reflects the paternal principle which assumes that leaders know what works well for employees.

Lester and Kickul (2001) in their study of psychological contracts found trust and respect to be significant psychological contract items. The evidence from all three cases confirms this claim. Previous research shows that perceived untrustworthiness can lead to uncertainty perceptions (Schweiger and DeNisi 1991), making employees more vigilant (Morrison and Robinson 1997). This was hinted at in the participants' responses in Case I, especially through the communication issues that were highlighted. In Case II however communication and clarification increased trust amongst employees and eliminated negative reactions. Previous research (Kanter 1983) shows that individuals trust management, as they believe that will be concerned about their job security. In Case III, some respondents hinted at a lack of trust in management because of perceived job insecurity.

With regard to decision-making and input, previous research (Spector 1986) shows that the extent to which a person thinks he or she can influence the environment influences his/ her perceptions and the way he/ she responds to them. In all three

cases, mixed responses were reported regarding employees' participation in decision-making.

The most significant finding of this research is the role of the mass media in influencing people's perceptions and psychological contracts. The findings from all three cases reinforce earlier findings, e.g. by Headrick and Lanoue (1991) about increased media coverage during recession, by Harrington (1989) and Stein (1975) on the cynicism spread by the media, by Tuchman (1978) about the framing of issues by the media which influences people's perceptions, by Domke et al. (1998) on schemas and their role in perceiving news, and by Lau (1989), Tourangeau and Rasinski (1988), Zaller (1992) and Zaller and Feldman (1992) about media reports guiding people's information processing.

Lastly, the research looks into the role of HR practices in influencing psychological contracts. Previous research suggests that providing training and development opportunities is an important aspect of the contemporary exchange relationship (Roehling et al. 2000). The evidence from all three cases to an extent indicates that employees' concerns for job security overshadowed any negativity that training cuts might have resulted in. Research (e.g. Lester and Kickul 2001) shows that when it comes to extrinsic rewards, employees are not tolerant of the differences between what they expect and what they get. The evidence from Case I and Case III confirms this claim. Changes in the performance and remuneration management were met with a range of responses, both emotional and behavioural. Some respondents from all three organisations rationalised (Dulac et al. 2008; Rousseau 1995) and externalised breaches. In Case II in particular, organisational communication helped employees to see fairness (Kickul et al. 2002; Schweiger and DeNisi 1991) and reduced resistance

(Klein 1996; Kotter and Schlesinger 1979) amongst employees with regard to changes in the performance and remuneration management.

Overall this research shows how employees' responses emerged as components of sense-making (Parzefall and Coyle-Shapiro 2011). The responses whether behavioural or emotional are intertwined and are a vital part of sense-making. Additionally, employees constantly looked for explanations, an approach that aligns with sense-making research (Weick 1995) which suggests that cognitive, emotional and behavioural aspects are convoluted. More prominent in this research were the frequent references to the crisis context, which to an extent justified leaders' actions and made employees not always reciprocate. Additionally, the messiness of the change process was evident from the intricacy of individual responses to organisational change, i.e. how conflicting and ambiguous most of the responses were.

7.3 Main Contributions

This study fills a gap in our current understanding of how people's perspectives of psychological contracts might be influenced by contextual factors. There is very little information on how psychological are affected during an economic crisis. This study is the one of the rare purely qualitative studies being carried out on the psychological contracts held by individuals in the employment relationship during the global economic crisis 2008. This study examines the shifts in psychological contract during recession, from the perspectives of both the parties in the employment relationship, which has rarely been explored before. Therefore it makes a unique contribution to our knowledge of the psychological contract. Additionally, the notion that psychological contract is an inherently subjective, reciprocal process which is ever-changing and continuous, suggests that certain element of psychological contract can

only be examined effectively by employing intensive and in-depth method as employed in this research. Furthermore, this study looks into the psychological contract state and the processual nature of respondents' experiences through a sense-making lens which is rarely used in psychological contract studies. For example, this research increases our understanding of the way people understand their responses and those of others towards the change process, and how they handle both, which play a significant role in their roles as change leaders or change recipients or employees.

This study adds to the previous psychological contract studies by providing evidence that the perceptions of breach involves more than simple inducement-contribution exchange as employees might view breach through different change events. Another contribution of this study is that it investigates the complexity and the shifts in the psychological contracts during recession by looking into the 'interplay' of different factors such as leadership, trust, communication, justice, POS, job security, HR practices and other related elements. This interplay of different factors has not been considered in the previous studies on psychological contract. This study suggests that all these factors influence employee reciprocity which is integral to sense-making. Although all these factors have been widely studied through quantitative methods, comments on studying these and the interrelation between them through qualitative methods in this research will increase our knowledge of their practical aspects as well as their philosophical and methodological roots. A final contribution to the psychological contract research is the role of mass media in influencing psychological contracts during economic crisis. Till date there has been no empirical research on the impact of mass media on the psychological contracts in organisations. This study provides the evidence that the increase in media coverage (Headrick and Lanoue 1991); negativity spread by the media (Harrington 1989; Stein 1975) and the role of

media reports in guiding people's information processing (Lau 1989; Tourangeau and Rasinski 1988; Zaller 1992; Zaller and Feldman 1992), influence people's sense-making; cognitive functions, emotions and actions.

7.4 Implications for future research

In spite of the findings summarised above, more research is needed to enhance knowledge of the phenomenon. This section therefore puts forth recommendations for future research.

Although purposeful sampling served the purposes of this research in reaching different individuals at different levels of organisational hierarchy, in different industries, future research could pitch a larger net employing a representative sample to assess the influence of recession on psychological contracts. Furthermore this research was carried out in India, during times of economic crisis. Although, elements of national culture hardly came up in the interviews, future research might look into the influence of culture on people's perceptions and their psychological contracts. Previous research has shown how these factors might impact the way individuals adjust to change (Oreg et al. 2008), handle the emotional implication of power dynamics (Mondillon et al. 2005), perceive the feelings of injustice (Mikula et al. 1998) and show their responses (Bagozzi et al. 2003).

Although the issues of gender seldom came up in the interviews, however this is a factor that needs to be investigated in future studies. Tough economic conditions might give leaders ample justifications to favour men over women, although less blatantly. Leaders might believe that men tend to be more committed in terms of working more and have higher financial needs than women (Pfeffer and Ross 1982) which might influence their understanding of the exchange agreement (Ekehammar et

al. 2000). This could result in behaviours which are biased towards men (Metz et al. 2012), which might increase the perceptions of breach and violation amongst women. Additionally, examining whether there exists a difference between the responses to same change elements and psychological contracts shifts, of men and women also need to be considered. Previous research of gender has explored psychological contracts or change (Metz et al. 2012) or sense-making (Hamel et al. 2009), but the link between gender, change, sense-making and psychological contracts has received less attention. Future studies that look into difference in responses to psychological contracts shifts during recession, across genders could also do it across occupations.

Future research could also look into different mass media elements in greater depth as well as their impact on organisational communication. As was mentioned in the literature review, blogs are becoming quite popular with public, for quick and in-depth news (Procopio and Procopio 2007), probably because blogs and social networking sites put people in direct touch with others, are more interactive and quick (Schultz et al. 2011). This can influence the overall impact of media on people's perceptions. Future research could, therefore, also look into the impact of social media and other individual communication channels such as forums or blogs in influencing people's perceptions and their psychological contracts. Furthermore, informal communication channels such as grapevines could also be studied in-depth to understand their influence and interaction with the formal communication channels and the subsequent impact on people's sense-making during recession.

Future research could study different variables that could impact the individual's responses to change and to the breach and violation of contracts during recession. For example future research could look into the impact of emotional intelligence in adapting to change (Smollan 2009) during recession. Research suggests that

emotional intelligence and personality are different yet similar concepts (Law et al. 2004; Vakola et al. 2004) and impact individuals' responses to organisational change. Individuals with high emotional intelligence feel less negative affective responses to job insecurity (Jordan et al. 2002), are better able to adapt to stress (Slaski and Cartwright 2002) and with more positive coping strategies (Jordan et al. 2002) in comparison to ones with low levels. Likewise, a study by Paterson and Hartel (2002) suggests that employees with increased level of emotional intelligence can understand and shape the sentiments they experience during change. These employees tend to be more mindful of the influence of their behaviours on people around them as well as are more mentally aware of the responses of others to change and therefore they tend to moderate their responses accordingly. Mental processes are central to sense-making and influence people's behaviours to change (Smollan 2009). Till date only few qualitative studies have examined the impact of emotional intelligence on change (for e.g. by Smollan 2009) and that too not in the context of crisis. Therefore more research is required to generate rich information on the same.

Similarly the impact of personality on sense-making during organisational change events can also be looked at in future studies. As has been already mentioned in the literature review chapter, Lau and Woodman (1995) believe that individuals have change schemas or 'sense-making' models that shape their attitude towards change. They further argue that these schemas are considerably influenced by personality. A study by Vakola et al. (2004) has explored the relationship of "big five" personality traits and individual's attitude towards change. Similarly, a research by Judge et al. (1999) has suggested the influence of personality traits in forecasting responses to change events. However it should be emphasised that emotional intelligence and personality might influence responses to change, however other factors may be more

impactful during recession for some people, for example, perceptions of justice, perceived organisational support etc., discussed in this research.

Future research could examine the role of individuals' competing commitments in influencing their perceptions and attitude towards the organisational change process during economic crises. The concept of competing commitment is based on the notion that employees working in organisations impacted by change fail to accomplish the results they genuinely want, because their deeply held internal beliefs act in opposition to their conscious desires (Kegan and Lahey 2009). According to Banerjee (2003, p.74) competing commitment can also be referred to as "self-defeating behaviour", which is implicit and acts against change. Further studies could therefore look at the impact of individual, organisational and other factors in influencing people's responses in different change events during the period of economic crisis in order to understand their competing commitments which might further provide insight into their sense-making.

It would also be interesting to see how life outside of workplace or intra-personal interactions with, family, friends, etc. influence psychological contracts during times of crisis. Research suggests that an individual stressed due to non- work related reasons, may perceive change negatively because of the exhaustion of the coping resources (Lawrence 2006), thus increasing the likelihood of perceiving a contract breach. These individuals may employ distance rather than control strategies in order to handle the situation (Latack 1986). Future research could therefore look at how work aspect of an individual's life is influenced by his or her other different life aspects during organisational change. Future research could also look into the different forms of leadership that emerge during an economic crisis (if any) and their effectiveness in influencing people's responses to incongruous events.

7.5 Practical Implications

The findings of this research have considerable practical implications. Each factor discussed, prescribes a practical direction for leaders to adopt to minimise perceptions of breach amongst employees during recession. It is important to understand that in uncertain times, it is not just that people want to cling to what they have but they also want to know how change might impact them. Looking for explanation and clarification is the simple manifestation of the sense-making and framing, which people engage in when exposed to negative outcomes. If leaders accept this view, what becomes more essential is not just dealing with these outcomes, but recognising that such frames are present, will change and are core to cognitive activity. The findings from this research suggest that leaders perceived different changes in relatively positively light in comparison to employees, which suggest that they might not be giving enough thought to the perspectives of employees. They need to understand employees' viewpoints and at the same time make sure that they are clear about the consequences of the changes for the employees.

It is crucial for leaders to monitor media reports especially for organisations which are more popular with the mass media. It is important for leaders to focus on handling rumours and providing authentic information to individuals. This enhances the probability that employees will fit the rational pieces of the puzzle together. The process of communication or the way the information is being conveyed rather than what is being communicated creates a 'communication climate' which increases employees' attachment to the organisation (Smidts et al. 2001) and can help employees to see the organisation in a more positive light. Furthermore the impact of communication on employees' responses to change might also depend on the extent to which employees see themselves as controlling the outcomes. It is therefore vital for

organisations to actively involve employees to avoid breach that accompanies the change process. Involving employees and communicating with them ensures a just process which can mitigate negative responses as well as decrease resistance. Providing systematic and authentic information via different communication programs will prepare staff with the essential details in addition to giving them a sense of control.

The consistent findings regarding the connection between organisational trust, leadership and POS indicate the importance of trust in uncertain times. It is important for leaders to invest in developing a supportive and trusting work environment if they want to minimise negative employee responses during uncertain times. To develop such an environment consumes a lot of time, and requires the espousal of change process which is participatory and supportive. It is also important for the leaders to make every effort to explain what steps the organisation might be taking during recession and how the threats will be dealt with in addition to highlighting the reasons for change. By providing justifications for instances of breaches, leaders may help employees to see the event in a manner that does not impair employment relationship (Harris 1994). As, some of the employees in the study (Case-I) left the organisation due to bonus cuts, it might be useful for the organisations to create avenues for the use of voice where people could have open discussions and meetings with the top management, which might encourage them to stay rather than leave the organisation.

I also caution leaders against perverting intentional renegeing by misleading employees by convincing them that it was due to recession. This behaviour might be considered deceptive, erode trust and lead to stronger negative responses.

With economic crisis the need for organisation's HR leaders to be well informed and familiar with the trends has increased. HR leaders can provide training and counselling to employees who find it difficult to deal with the change. Successful leaders know that organisational performance can be increased by properly training employees and these leaders take all the actions needed to provide their employees with the required training. Human capital should be given more attention during crisis because when the situation stabilises company's human resources will help it to progress (Longenecker, 2007). Training during global recession will help organisations to gain employees' commitment, build trust and establish strong work groups. Training and educating employees will give them a clear perception of the situation so that they can understand and conform to the changing organisational policies thereby contributing positively to lessen the effects of crisis (Longenecker, 2007). It is also more important in crisis times to have a performance management system that is explicit and fully apprehended by the organisational members to minimise the perceptions of breaches. Organisational leaders as well as employees need to know not just the procedure of performance management but also what can be attained through it and why it is there in the first place. Moreover they should realise how the results will be utilised and the advantages it has for them as well as the organisation.

7.6 Limitations

One of the limitations of this study is that it was conducted in India, which was not badly impacted by the Global Economic Crisis 2008, so the findings might not reflect the full impact of the crisis on psychological contracts. Another limitation of this study is the number of interviews, which were just 31 in number and lasted for 30-70

minutes, making it difficult to drill down and explore the complexities of psychological contracts and responses to change in greater depth. However, I believe that sufficient data were generated to show how psychological contracts were influenced during the economic crisis. Additionally, employing a more narrative approach (Boje 2001) might have brought up aspects that participants would have related more to, but which did not emerge through a semi-structured design. Furthermore, conducting more interviews with each participant (Clark 2006; Seidman 2006) could have produced data which were more precise. However, I believe this approach would not have been practical and would have overstretched this research. I believe interviewing respondents just once generated ample information. All the interviewees shared their experiences and interpretations of change and subsequent analysis reveals their different views on leadership, communication, trust and so on.

Furthermore depending on respondents' recollections of events (in this case recession-led organisational change) can ridicule the interviewing process and other approaches to gathering data (Gomm, 2004). However, as the interviews were conducted during the crisis, many of my respondents had clear memories of what had happened and were able to recall the events and their experiences of them. I was unsure whether respondents would be truthful about various issues, how they perceived them and what they felt, as highlighted by Hollway and Jefferson (2000) as the issue of whether “participants are telling it as it is” (p. 2), or the “transparent self problem” or the “transparent self-account”. However, all the participants were provided with detailed information about the study and participation was voluntary. I therefore believe that they did not have issues from talking about how they saw various events and what their responses were. However, as mentioned in the methodology chapter, caution was observed in probing in depth, on issues that participants felt uncomfortable about. I do

admit to being unsure about whether participants were being transparent in their comments, but as anonymity was promised to them I naively believe that they might not have intentionally misled me. As Hollway and Jefferson (2000) say, “One of the good reasons for believing what people tell us, as researchers, is a democratic one: who are we to know any better than the participants when it is, after all, their lives? If we are prepared to disagree, modify, select and interpret what they tell us, is this not an example of the kind of power that we, as researchers, have that should be kept in check by being faithful to the voices of those who we are researching?” (p. 3).

Additionally, as this research adopts a critical realism paradigm, a researcher’s individual conceptions risk the quality of the research outcomes. However, this also implies that it is the role of a researcher to understand and interpret reality. Therefore, there is a difference between viewing subjectivity as a threat to reproducing or transforming the reality, and developing knowledge and viewing subjectivity as the main approach to gain knowledge (Sverdrup 2012). The research outcomes in this research should thus be considered in relation to the interpretative route to knowledge.

Alvesson and Skjoldberg (1994) believe that a researcher’s subjective perceptions strengthen the propensity to analyse the data in specific ways. This is where the “researcher’s bias” (Johnson 1997) comes in which can influence the credibility of the research outcomes. To deal with this bias, Alvesson (2011) recommends employing reflexivity which implies that one should continuously deliberate on the content from different viewpoints, at the same time, thus recognising the fallibility of knowledge claims. In other words, reflexivity offers a robust and flexible approach to deal with data. As far as this research is concerned, I tried to exercise reflexivity and to deal with researcher’s bias in the following manner. First, I applied a very structured approach to coding and kept a diary, as discussed in Chapter 4. In addition to that, I

created a data set so that the components of the study could be discussed with other researchers. Second I used a show-and-tell technique (Golden-Biddle and Locke, 2007) to help readers decide on the appropriateness of data analysis as well as the conceptualisations derived from it.

7.7 Conclusion

One reason for conducting this study was the lack of in-depth discussions in the literature on psychological contracts in the context of economic crisis.

The recent global economic crisis led to uncertainty, making it hard for organisations to fulfil their promises to employees. Organisations worldwide faced problems due to poor communication, mediocre strategies, quality-deficient execution, reduced task behaviour of employees, etc. Crisis forced organisations to reduce costs, lay off employees, restructure, innovate and manage changing consumer expectations. All these changes impacted employees' psychological contracts, thus affecting employees' behaviours and attitudes.

To prove their credibility, especially in uncertain times, it is important for leaders to address employees' issues and decrease the likelihood of perceiving contract breaches or violations. In order to achieve and maintain success in a crisis, leaders need to get more out of their employees, for which they need to understand what employees expect from them and from the organisation as a whole. Employees are influenced by the decisions taken or strategies proposed by top management and should be treated fairly. Organisations need to consider employees' expectations regarding their work, career advancement, work-life balance, rewards and remuneration, job security etc. and design people management practices that will support and strengthen a positive

psychological contract during an economic recession and help in engaging employees, which is a major issue that organisations face.

Even if they propose job cuts, they need to make sure that the process is transparent and there are fewer issues, e.g. feelings of unfairness or procedural injustice.

Explaining to employees why it has been essential for the organisation to make redundancies, communicating with employees and making sure that the organisation helps them find a job elsewhere are important. Overall, this thesis presents a complex picture of the psychological contracts in organisations during the global economic crisis, how individuals interpreted the changes during the crisis, made sense of them, and how these affected their responses.

7.8 Reflections

In addition to increasing my knowledge and command of the field of psychological contract and change, I have also learned a lot about the process of carrying out meticulous research. The first step to pursuing a PhD is to find a topic which one is passionate about. Details of how I became interested in my research topic are provided below.

Why did I select this topic for research

Lehman Brothers' collapse in 2008 signalled the start of a difficult time for the American economy, with its financial system being severely jolted. After that, a domino effect started and it was official that the world was in recession. I remember that, at that time, I was working on a Master's project in Australia. I was speaking to one of the academics after a lecture and we were talking about my potential PhD plan when she recommended that I consider researching the effects of the economic

recession on employees, as lay-offs had become quite prominent at that time. I started looking at the literature and continuously followed the news to remain updated on the situation. At that time I recall many interviews and debates on CNN, CNBC and the BBC, where leaders in particular spoke about the crisis, what instigated it, what leaders should have done, what the next course of action should be, etc. This convinced me to study the leadership effects on employees during the economic crisis for my PhD.

Actually, what struck me was that most of the employees at that time were in a heightened situation of unease, including my colleagues. The uncertainty surrounding the whole economic situation and all the rumours created a negative atmosphere everywhere. From what I was hearing it seemed that the organisations affected were not communicating the extent of the impact, which left many employees anxious about their future.

The psychological contract element

As I applied for PhD study at Lancaster University, my supervisor, Professor John Burgoyne, suggested that I explore the literature more, to stimulate my thinking. While still working at my job I spoke to some of my colleagues about my potential research plans and one of them asked me to speak to one of his acquaintances who was made redundant by his organisation some months earlier. I contacted that person directly, explained the background to my study and asked him whether he would be willing to share his experiences with me. He replied positively:

“I am glad to hear that people really want to hear experiences of employees, what they faced during that time ... I was working as a training manager at AAA (consumer electronics). One day what happens is that, I am asked by my

superordinate/ senior manager to come to his office to have a discussion. I was quite anxious, as I had some idea what was going on in the company. They asked me to take a seat and then they said, 'We are letting you go, as we can't afford you at this time, we don't have resources, we are really sorry about it and that we are giving you a 10-day notice period' ... I came out of office thinking to myself, 'Now what, what do I do now?' This meant that I would have to leave my flat ... that was given to me by the company in 10 days and look for a new place and a new job. This was the most difficult time I faced ... I went to my apartment ... After a few days when I couldn't think of anything ... things were not working ... I called my parents (living at a different place) and said, 'I lost my job ... Can I stay with you for some time till I find another job?' They were of course very welcoming and encouraging. During that period I realised the real value of employment ... real value of having a job. After nearly 2 months I was employed by BBB (pharmaceutical company) as an HR manager.

He further mentioned how this experience changed his approach in terms of his thinking. For example, he said:

"I think people who lost their jobs including me are more cautious now ... With the new job I am more alert. I think now, we are more prepared to face such situations ... we were not before the crisis hit."

After this conversation I came across stories of laid-off employees who were conveying their experiences through the media. I realised how the entire situation had changed people's thinking. It was at that point that I added the psychological contract element to my research.

I submitted a revised research proposal to my supervisors and enrolled as a PhD student at Lancaster University. The emphasis on making an original contribution to academic knowledge and to explore a topic in greater depth helped me to narrow down my research topic. Once I had finished the first phase of my literature review, I started working on the data collection and negotiating access to the organisations. Numerous experiences could be expected during the period of data collection. I have reported the critical ones in Chapter 3.

As the quality and richness of my data depended on whether my participants were willing to share their experiences, it was important that I paid attention to the different factors involved. I did recognise that some of my respondents were very emotional about their experiences, while others just wanted to present their views. All these issues had to be acknowledged and considered while analysing and interpreting the data in the later stages.

The essence of a PhD is that it is the work of an individual, and hence the nature of my research and its outcomes, have been shaped by my interests, choices and understanding. I have exercised my judgement in the choices of research methods, data collection and data analysis. Overall, the findings presented reflect my understanding of the data collected and their connection to pre-existing notions.

After finishing the three cases studies, more case studies could have been considered. However, given the resources and time available, as well as the difficulties in securing access, three case studies were considered to be sufficient. However, extra time and effort was invested in analysing the data collected from the three case studies. Now, as I am nearly done with the process, I admit that the process has not been too daunting. I have put together what I believe is a good PhD thesis and one that I think can submit.

7.9 Final thoughts

This entire PhD process has been a learning experience that has familiarised me more with the context of change (economic crisis), organisational dynamics, academic thinking ... and me. The process that started with me reviewing the literature, understanding philosophical and methodological issues, facing data-collection issues, interviewing 31 interviewees, presenting my work at conferences and discussing my work with my supervisors, examiners and my colleagues has made me a better-informed researcher than I was when I started.

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APPENDICES

Appendix 1: Participant Information



Participant Information Sheet

Version 1.1

Study Title: Analysing psychological contracts during the global economic recession

Dear Sir/Madam,

Subject: Application for participation in research

My name is Samah Shaffakat and I am studying for a Doctorate (PhD) at Lancaster University Management School. My research explores how well psychological contracts hold up during the global economic crisis. I would invite you to take part in this research. Before you decide you need to understand what this research involves for you. Please take time to read the following information carefully. Talk to others about the study if you wish.

Part 1 tells you the purpose of the study and what will happen to you if you take part.

Part 2 gives you the detailed information about the conduct of the study.

Please do not hesitate to ask me anything that is not clear or if you would like more information. Take time to decide whether or not you wish to take part.

Part 1

Purpose of study:

The purpose of this study is to enhance the understanding of changes in the psychological contracts of individuals during the economic crisis.

Criteria for potential participant candidates (leaders)

- Change leaders and employees (men and women), in executive, senior or other important roles who were willing to participate;
- Had been working for the organisation at least during the recession period (since 2008);

- Changes leaders who had direct responsibility for introducing and executing changes in the organisation in terms of strategies or people management practices and change recipients who were affected by these changes;
- Did not know the researcher at the time of the study.

Voluntary nature of involvement

The participation is totally voluntary. It is upto you to decide. I will describe the study and request you to go through this information sheet. I will then ask you to sign the consent form to show you have agreed to take part. You'll be given a copy of participant information sheet and the consent form. You are free to withdraw at any time, without giving a reason.

What will happen if you take part?

You will be interviewed only once. The interviews will not last for more than 90 minutes.

Interviews will be semi-structured. Most of the questions asked will be formulated to get a good understanding of the experiences. These will be followed by the series of secondary questions for further elucidation. This method will enable you to respond and help me to examine and analyse organisational leadership and employee's expectations at the time of crisis by providing "rich" description.

As mentioned above the methods used will just include interviews. Please note that all interviews will be audio recorded using a digital audio recorder. The recordings will be transcribed by the researcher only and stored in the portable devices. The information obtained through these interviews will be strictly confidential. All data stored in the portable devices will be strongly encrypted. Only I can access the encrypted data. I can also guarantee full anonymity for all participants that take part in the research. Your name will not be used in the reporting of information in publications or conference presentations.

Disadvantages of the study and risks of taking part:

None

Advantages or benefits of the study:

None

What if there is a problem?

Any complaints about the way you have been dealt with during the study will be addressed. The detailed information on this is given in part 2.

Confidentiality:

I will follow ethical and legal practice and all information about you will be handled in confidence. The details are included in part 2.

Part 2

If the information in Part 1 has interested you and you are considering participation, please read the additional information in Part 2 before making a decision.

If you want to withdraw from the study

All Participants can withdraw at any stage without giving a reason. Data already collected with consent would be retained and used in the study.

Complaints:

If you have a concern about any aspect of this study, you can speak to

Professor John Burgoyne

Dept. of Management Learning and Leadership

Lancaster University Management School

Email id: j.burgoyne@lancaster.ac.uk

Confidentiality:

All information which is collected about you during the course of the research will be kept strictly confidential. All data stored in the portable devices will be strongly encrypted. Only I can access the encrypted data. I can also guarantee full anonymity for all participants that take part in the research. Your name will not be used in the reporting of information in publications or conference presentations.

What will happen to results of the research study?

Results will be used in publishing however I assure you that you will not be identified in any report/publication.

Who has reviewed the study?

This study has been reviewed and given favourable opinion by the Lancaster University Ethics Committee.

Thank you in anticipation.

Kindest Regards,

Samah Shaffakat

Dept. of Management Learning and Leadership

Lancaster University Management School

Lancaster LA1 4YZ, United Kingdom

Tel: 07938197202

Email ID: s.shaffakat@lancaster.ac.uk

Appendix 2: Consent Form



Lancaster University
MANAGEMENT SCHOOL

Department of Management Learning

RESEARCH PARTICIPANT CONSENT FORM

Research topic: Analysing psychological contract during the global economic recession

Name of the Researcher: Samah Shaffakat

Lancaster University Management School

(Department of Management learning and Leadership)

1. I confirm that I have read and understand the nature of the research from the Information Sheet dated (Version 1.1.)

I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily.

2. I understand that the interviews will be recorded in tape, and that information obtained, for example, quotations, may be used in final thesis. I have been assured that pseudonyms will be utilized so as to anonymise participants.

3. I understand that my participation is voluntary and that I am free to withdraw at any time without giving any reason.

4. I agree to take part in the above study.

Name of Participant

Date

Signature

Name of Person

Date

Signature

taking consent

Appendix 3: Interview Questions (Initial Template)

1. Can u please tell me about your job? Who do you deal with in this role? Are you responsible for a team? Who are you reporting to?
2. How would you describe your organisation's culture, work environment and leadership in general?
3. Please describe the impact of global economic crisis 2008 on your organisation?
4. What changes did your organisation undergo due to recession?
5. How did these impact your job? How did these affect others? Was the process stressful?
6. What were the consequences? How favourable were the outcomes? Were there any issues of breach or unfairness or injustice? How fair do you think these changes were?
7. How did you make sense of the situation? What triggered the process? What was your reaction to these changes? Did these impact you emotionally?
8. What was the reaction of others?
9. What were your expectations at that time from your leaders? How did they handle them? What were the actions expected of you? Did you resist change? What about others? If yes how?
10. How would you describe leadership in your organisation during recession? How did leaders handle the situation? What did you think of it? Were leaders aware of employees' feelings and their reactions?
11. What can you tell me about your trust in organisational leadership/ immediate leaders during recession? How was it affected?
12. What can you tell me about the information flow in your organisation during recession? How fair was it? Were there any changes made in the communication plans? What was your response to it?
13. What can you tell me about the interaction between leaders and employees during recession?
14. Do you believe that media coverage increased during recession? Would you say media had an impact on employees during recession? If yes, how would you say media impacted you perception about your work and organisation in general during recession? How did media impact your responses to changes implemented during recession?
15. Were there any other factors you believe that played a role in influencing your responses to the change process during recession?