

# **THE IMPACT OF TRUST ON THE PSYCHOLOGICAL CONTRACT**

*A qualitative investigation of trust and the psychological contract among  
permanent HR staff in an Irish healthcare provider*

IN PARTIAL FULFILLMENT OF A  
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Mayor Square,

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Student Name:

Serena Lamboglia

Student Number:

15042855

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## Abstract

**Background:** Rousseau (1995) theorised the existence of two main directions in the creation of the psychological contract. One is based on a mutual exchange where expectations and obligations are mediated by trust and employees' engagement; the other one, the transactional type, is moved by monetary motives (Rousseau, 1995). The CIPD (2017) underlined the importance of a positive psychological contract that encourages employees' job satisfaction and engagement as means of competitive advantage for companies.

**Aim:** The aim of this study is to investigate the impact of trust on the psychological contract among permanent HR staff working in an Irish healthcare provider. The importance of showing and perceiving trust can play a fundamental role in the foundation and maintenance of a positive psychological contract in the individual-organisation relationship.

**Methods and population:** A qualitative analysis of data collecting through semi-structured interviews has been applied. According to the research objective, a population of 6 permanently contracted employees within the Irish healthcare provider considered were studied.

**Findings:** Trust is present in the company examined in forms of two types: relational/affective and cognitive-based (Kramer, 1999; Tyler, 2003). Also, to high levels of employees' expectations towards the employer, corresponded a relational type of psychological contract, which is also closely related to a relational type of trust. By contrast, to low levels of expectations, corresponded a transactional psychological contract together with a cognitive-based trust invested in the employment relationship.

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## **List of Abbreviations**

<b>HRM</b>	Human Resource Management
<b>CIPD</b>	Chartered Institute of Personnel and Development
<b>PC</b>	Psychological Contract
<b>HSE</b>	Health Service Executive

# 1. Introduction

## 1.1 Topic Overview

Given the importance for a Human Resource (HR) professional of identifying the determinants of companies' management, the interest of this research poses foundation in the specific exploration of trust as the main element that influences the psychological contract within the workplace.

The research questions the author intend to answer are closely related to a wider interest in investigating the importance of employees' behaviours and beliefs towards the company as determinant factors for the firm's success, productivity and growth.

The role of trust, how trust is perceived from an employee's point of view and how this affects the psychological contract have extensively been recognised and investigated in the economic literature, due to the important implications at both corporate and operational level within an organisation and its business performance (CIPD, 2017). For this reason, the economic literature presents various spectra of investigations around the concept of trust and its causative relationship with the psychological contract. This specific thematic finds support in social exchange theories as the main frame of reference that claims that individuals relate to others in order to maximise their benefits and advantages (Blau, cited in Aselage and Eisenberger, 2003). In order to encourage a positive creation of the psychological contract, it is important to foster the sense of trust towards the organisation. Engendering trust has become thus a fundamental focus for many organisations as promoters of competitive advantage and as a strategy of increasing profitability (Connell, Ferres and Travaglione, 2003).

According to Canfarini (2016), fostering trust represents the opportunity to create an economic value. For this reason, Canfarini (2016) affirms that businesses should intentionally aim to build a working context and a culture trust-orientated in order to generate trust within and outside the company.

To conclude, trust towards the organisation represents a critical element that influences the overall firm's performance in achieving success due to the fact that it influences expectations in the psychological contract (Seok, Cosmas, Mutang and Hashmi, 2015).

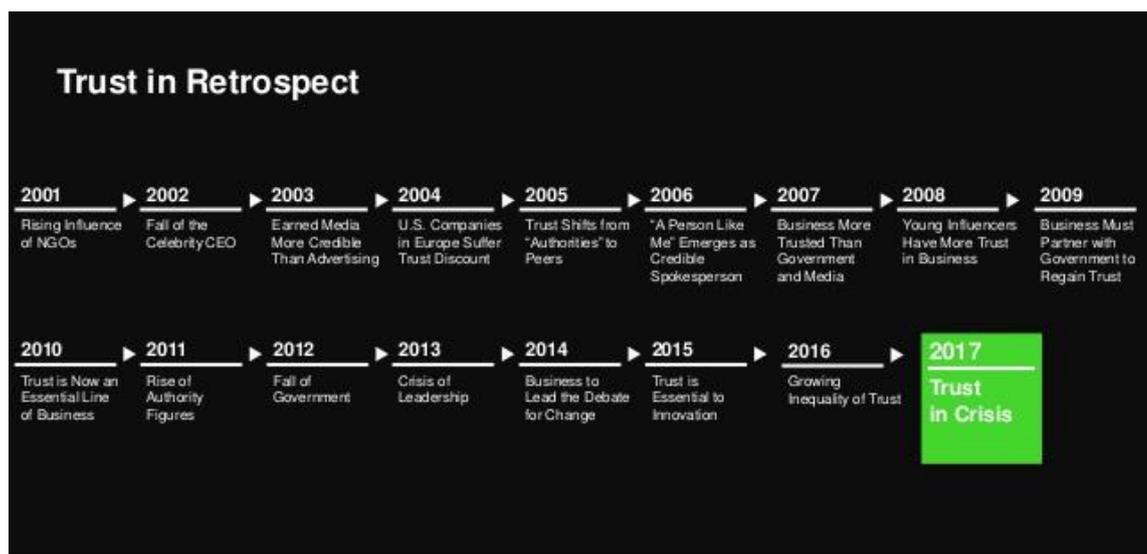
However, little focus is provided on a deeper understanding of the impact of trust on the psychological contract from health sector employees' point of view, which represents the central intent of investigation in this work. This study is interpretative and explorative in

nature and seeks to provide answers to the questions such as what is the perceived concept of trust among HR practitioners working within an Irish health organisation and why trust is so vital in relation to the psychological contract. It explores whether a deep understanding of trust in this context might help these practitioners to work as they do or to work more effectively.

The findings may have interesting implications for future suggestions for top management trying to manage people, getting the best out of the team and reducing turnover for permanently contracted staff (CIPD, 2017).

## 1.2 Context

Ireland is experiencing a moment of crisis of trust. The 2017 Edelman Trust Barometer highlight that in 2017 there is a crisis of trust as shown in the figure below.



**Figure 1:** Trust in retrospection  
**Source:** 2017 Edelman Trust Barometer

The Edelman Trust Barometer (2017) underlines also that Irish people’s trust towards businesses decreased from 43% to 41% in 2017.

According to Canfarini (2016), fostering trust within the company has a significant impact on the level of trust delivered externally.

As a consequence of the 2008 crash and subsequent recession in Ireland, the company under examination in this study has pursued budget cutbacks of 5% year on year. The budget cutbacks applied to training and development for the HR and training departments. In the following years from the budget reduction, there has been a noticeable increase in staff turnover. Between 2008 and 2016 the company noticed a pronounced increase in HR staff turnover (30% ~ in total).

The author believes that the company may experience an erosion of trust among HR employees due to continuous reductions on expenditure of training and development. Thus, the author's interest is to identify and examine the existing level of trust in this organisation in 2017. Trust in this study is analysed from employees' perception towards their employer.

### **1.3 Organisation and its background**

The organisation which will be focused upon for this research is a healthcare provider based in Dublin and in 19 other offices throughout Ireland. This organisation shall be referenced as company X for the purposes of privacy in order to guarantee its anonymity. The organisation manages approximately 500 employees in the specific site considered in this research (Dublin) and it operates HSE funded services supporting elderly and clients with intellectual and learning disability.

The HR department based in Dublin currently counts 13 HR professionals that have different roles: from HR Business Partner to HR coordinators and HR executives. The main focus of the HR department based in Dublin City centre is recruitment of carers due to the weekly KPI meetings where every HR executive has to meet specific deadline in terms of carers recruited and allocated to a significant number of clients. For access reasons, the author considered a population sample working in the HR department of the Dublin's office.

The mission of the company is to help clients to reach the best quality of life through the utilisation of the social and health orientated service provided by the company. According to Hitt, Black and Porter (2014), the mission of a company reflects the philosophy and the service provided that would identify and distinguish a specific organisation. Accordingly, the mission statement of the company X is based on four values: quality, caring, professionalism and continuous improvement.

The structure of the organisation is composed by 13 HR practitioners, 6 males and 7 females. These professional figures have different level of seniority and types of roles. Specifically, there is an HR director, a Head of HR Operations, an HR Employee Relations Manager, two HR team leaders, four HR Coordinators and four HR Executives. Moreover, a couple of HR Interns are often present to assist and support the HR Executives and Coordinators.

The HR department is composed by 11 people that have completed Bachelor degrees and Master degrees and 2 that are currently enrolled in Bachelor degree courses.

The decisional power reflects a position power (Hitt et al., 2014) and it is centralised. Decisions made on a daily base and of any kind have to be approved by a senior member of the staff.

The culture of the organisation promotes diversity and encourages effort and commitment. Every Friday, weekly meetings are attended by all the members of the staff in order to report the target met and to consequently evaluate the Key Performance Indicators (KPIs) around recruitment. Recruitment of carers represents the main focus of the company as previously described and therefore the KPIs' targets are basically orientated on tasks related to recruiting carers for the purpose of the business.

Deadlines and meeting targets around recruitment characterise a challenging expectation that the HR Coordinators and Executives perceive and for which there is a significant and constant pressure.

Three HR practitioners exited the job between December 2016 and March 2017 and have yet to be replaced.

Being cost-effective represents a crucial source of strength for companies since 2008 (Hitt et al., 2014) but for company X, working with a more and more tight budget emblematises a potential problem due to the fact that there have been cuts for different aspects: advertisement, training and promotions.

## **1.4 Purpose statement**

The purpose of this study is to describe and explore the impact of trust on the psychological contract among permanent HR staff working within an Irish healthcare organisation. The explorative aim of this study will enable the reader to understand what happens within the company examined and how. In this case, the author is interested in understanding the employees' point of view in relation to their understanding of trust

towards the employer, the existing level of it and how this impacts on the Psychological Contract in the employment relationship.

Interpretation and analysis of findings are then presented and helped the researcher to draw some recommendation for future studies and for the company examined.

## **1.5 Research question, objectives and sub-objectives**

The main aim of this study is focused on the impact of trust on the relationship between the individual (employee) and the organisation. Specifically, this piece of research analyses how trust towards the employer is understood and what is the meaning that employees attribute to it. Thus, this study examines employees' interpretation of trust in its manifestation within the company, taking into account both routine and non-routine relationships - such as meetings or performance appraisal - and interactions that appear during the course of the employment.

Trust is a crucial component in everyone's life and can affect different aspects of both personal and professional life. In this specific context of research, it is clear that the psychological contract, which represents the real deal between employee and employer, can be affected by both a low or a high level of trust in the employment relationship. Creating and maintaining an engaging culture of trust would benefit the entire organisation as "trust is an emotional glue" (Dittmar, Jennings and Stahl-Wert, 2007, p.8) that contributes to create engaged employees.

Here the link with culture is immediate. Hurley (2006) affirmed that companies that foster a trusting culture within a company present a significant advantage in terms of delivering high performance and retention. For example, when Hurley (2006) was teaching during seminars, he asked to participants to describe how they feel working in an environment characterised by a low level of trust and the most frequent answers included experience of stressful, tense and unproductive working environments.

The investigation of this study focused on the impact of trust on the psychological contract in terms of perceived expectations towards the employer. The researcher wonders:

- What do employees mean by trust?
- What is the existing level of trust towards the employer?
- What are the employees' perceived expectations and therefore obligations towards the employer in the unwritten psychological contract?

The research was conducted considering permanent HR staff working within a healthcare provider in Ireland as the central focus of interest.

The research interest is to investigate the meaning and the impact of trust on the psychological contract through a qualitative investigation of permanent staff working in a healthcare organisation in Ireland.

### **1.5.1 Objectives:**

1. To investigate the impact of trust on the psychological contract among permanent HR staff within a healthcare provider in Ireland.

Sub-objectives that will help to construct the answer will be:

the understanding of employees' meaning attributed to trust;

the understanding of perceived trust within the company;

the provision of insights about the concept of trust for employees and its impact on specific aspects of the psychological contract: employees' expectations towards the employer and employees' perception of their informal obligations in the employee-employer relationship.

2. To critically analyse theoretical concepts that underpin the relationship between trust and the psychological contract
3. To evaluate the resulting information gathered through participant observation and interviews. The interviews are conducted with six permanent contracted individuals working within a healthcare provider in Ireland.
4. To make recommendations for consideration by management.

## **1.6 Rationale and significance**

The importance of trust within the employment relationship has been underlined through the lens of the existing literature. Moreover, the CIPD (2017) observed that employees' attitudes and behaviour have changed after the 2008 recession in relation to job satisfaction. Therefore, it is necessary that employers restore and maintain a high level of employees' engagement and commitment which are supported by a positive psychological contract (CIPD, 2017).

Cook and Wall (1980) affirmed that trust is one of the most important ingredients that helps both the employee and the organisation to build and encourage a positive

psychological contract and a long-term culture that can ensure stability and efficiency for the company as well as the well-being of its members.

However, engendering trust within contemporary organisations is getting more and more difficult due to organisational priorities orientated mainly on profits and competitive advantage (Connell, Ferres and Travaglione, 2003).

Algan and Cahuc (2010) claimed instead that there is a close relationship between economic growth, company's performance and trust.

By exploring the impact of trust on the psychological contract among HR staff working in the selected company, the firm will have a deeper investigation on unwritten rules that permeate its working climate and whether they need to maintain this or else to modify and encourage different levels of perceived trust.

## **1.7 Limitations**

Limitations in this study regards the external validity due to the fact that results are limited to the population sample examined for the purpose of this piece of research. Therefore, the results of this study are not representative and generalisability cannot be applied across the health sector as a whole.

Moreover, a longitudinal study where the same people are observed over the study period is not applicable and this could represent a loss of important data that might have been helpful to understand if the relationship between the variables considered change overtime in any aspect.

## **1.8 Delimitations**

Delimitations are a set of boundaries that are under the control of the researcher (Quinlan, 2011). In this study, the author chose to develop an investigation in the geographical area of Dublin (Ireland) due to the physical presence of the researcher in this specific location. The research could have been developed considering other places in Ireland or anywhere else but for the purpose of the methodology chosen and to better identify the matter investigated in the objectives, the presence of the author is essential.

The researcher narrowed down and selected the company X due to access reasons to the population sample.

The population sample considered is selected within the HR department due to the personal interest of the researcher in understanding what is their perceived concept of trust and how this impacts on the psychological contract.

The researcher could have conducted the investigation on carers but chose the HR professionals due to the percentage of people that cease the job, respectively 12% and 30% ~ over the last 9 years.

## **1.9 Assumptions**

Organisations expect to utilise more and more human resources because it brings advantages in terms of rarity of knowledge and hardly replicable skills (Campbell, Coff and Kruscynski, 2012).

If this value is recognised, employees are less likely to leave companies (Campbell et al., 2012).

In this study, it will be assumed that the enhancement of a positive psychological contract together with trust in the workplace represent potential companies' investments in the human capital.

Also, it is assumed that trust represents a strategic factor for companies and that it is the founding element on which working relationships become productive (Cho and Park, 2011).

The concept of trust will be treated in relation to employees' expectations towards the employer and in relation to the type of psychological contract built in the employment relationship.

Throughout the work, it will be assumed that trust is a dynamic concept that can be subjectively interpreted and perceived in relation to the specific context.

Considering the specific context of the company taken into consideration in this study, the author assumes that the HR professionals comprise in the HR team is experiencing a significant amount of pressure due to work that have to be delivered now by less staff.

Methodologically speaking, throughout the present research process, the author will assume that all the information gathered via interviews is correctly reported and reflects honesty coming from the best knowledge of the participants.

Moreover, the data collected will be utilised solely and specifically for the purpose of this study and the author will analyse it in order to provide meaningful results.

It is also assumed that the results obtained and examined are relevant to the Irish organisation specifically studied.

### **1.10 Structure of the report**

The reader can find contents discussed in this work in the following order:

Chapter 1 – Introduction, in which it has been described the purpose of the research, the context of the company taken into examination, the research aims and objectives.

Chapter 2 – Literature Review, in which the researcher critically discussed existing contribution in the business and organisational psychology literature that were considered relevant for this study.

Chapter 3 – Methodology, where the researcher explained in detailed the research steps taken, justifying her methodological choices.

Chapter 4 – Findings, analysis and discussion, in which the author presents and discuss the results from the data gathered and analysed.

Chapter 5 – Conclusions, which summarises the results presented. Also, this chapter contains recommendations for the company along with a brief cost analysis.

## **2. Literature Review**

### **2.1 Introduction**

This section of the work intends to provide a frame of analysis of the chosen research objective from a theoretical point of view. In this section, the author's main aim is to review the existing literature in order to identify where this study is positioned, underlining the importance of the topic investigated through an illustration of the main contributions. Moreover, it provides the reader with an understanding of the theoretical lens through which the data gathered will be discussed and contextualised in.

In the working world, a series of economic, social and cultural events contributed to the redesign of the anatomy of the market and therefore the workplace, where the most evident factors are represented by flexibility, instability and continuous change (Hitt et al., 2014). Moreover, it is logical to expect that this process is not lacking in consequences, especially for those people who are required to manage these changes and to adapt to different situations in the organisational context. For this reason, more and more organisations expect to optimise the utilisation of human resources in order to reach business goals due to the fact that knowledge and skills can hardly be applied in other firms (Campbell, Coff and Kryscynski, 2012).

In this perspective, the authors Campbell, Coff and Kryscynski (2012) argue that being firm-specific human capital brings a variety of advantages in terms of rarity of knowledge and also that employees are less likely to leave the company because their individual value is recognised. Therefore, it is reasonable to assume that companies rely heavily on the managerial function in its ability to manage the human asset and bring competitive advantage.

From this viewpoint, a reflection on the psychological contract and on the exchange defined between the employee and the employer seems relevant. When discussing trust and the psychological contract, it is unavoidable to refer to the human capital. In fact, both the concepts of trust and the psychological contract are discussed in the existing literature as major correlated means for developing and enhancing a high level of quality human capital within a high performing company (Cho and Park, 2011).

Paraphrasing what was previously mentioned, high quality level of human capital is considered a precious resource and thus, from an HR perspective, trying to retain top

quality people while providing them with reasons to increase a positive characterisation of the psychological contract in the employee-organisation relationship represents a competitive advantage for the organisation itself.

Trust is argued to be a fundamental component of the psychological contract (Guest, 1998) although the existing literature considered it in a limited fashion (Simpson, 2007). In this section of the literature review, due to the fact that trust is considered in respect of the nature of the psychological contract, the psychological contract and its natures will be discussed first and trust will be explored after.

## **2.2 Definition, importance and theories behind the Psychological Contract**

### **2.2.1 Defining the Psychological Contract and understanding its value**

According to the CIPD (2005), the term Psychological Contract (PC) has become part of the vernacular of professional terminology shared by HR practitioners.

The psychological contract is a phenomenon mainly based on reciprocity between the employee and the company and it has the power to shape the future (Rousseau, 1995). Rousseau (1995) explained that when the two parties participating to the PC agree on terms and conditions, this should be perceived equally satisfactory from both parties' views. In this way, the resulting outcome as well as the commitment can become predictable and therefore they contribute to building the future of their relationship within the organisation (Rousseau, 1995).

This current definition evolved from an initial concept of the psychological contract as perceptions regarding promises and acceptance in the employee-employer relationship (Robinson and Rousseau, 1994). Furthermore, PC is considered a cognitive schema and therefore it represents a sort of guide for the individual in analysing and experiencing information, specifically in the relationship shaped between the employee and the organisation (Rousseau, 2001).

McGrath, Millward and Banks (2015) pointed out that it is necessary to understand who constitutes the "organisation" during this reciprocal relationship. It is often likely that the tangible entity which employees are engaging with is represented by "agents" and their role can vary from organisation to organisation, where they can be perceived in the figure of the supervisor or the line manager or the middle manager (McGrath, Millward and

Banks, 2015). Basically, anyone who conveys some form of future commitment to an employee can act as “contract maker” (Rousseau, 1994, p. 60).

However, Rousseau (1994) highlighted the principal role is particularly played by managers in making or breaking rules as well as in mitigating the effect of these actions. It is important thus that the perimeter of the psychological contract is drawn within a defined relationship, again characterised by reciprocity and mutuality in an optic where it is the PC that tells employees what to expect from their job, both in terms of what the company wants and needs from them and what it gives in return.

Mainly the PC can be seen with the fulfilment lens or with the violation one. Specifically, where one party fails to reach an objective agreed upon, a violation of the psychological contract occurs (Dabos and Rousseau, 2004).

However, circumscribing precise boundaries of the PC is anything but arduous due to the fact that psychological contracts are characterised by unwritten and individual perceptions (Sonnenberg, Koene and Paauwe, 2011). Paradoxically, this can have a greater influence than a formal written contract (CIPD, 2005).

This is to say, the psychological contract is characterised by subjective feelings and perceptions and it is this subjectivity that decides in what way and how much an employee should contribute as well as in what way and how much the company and the managers should return to him (Zhang, 2008).

The importance of investigating the implications of the psychological contracts perceived by employees poses foundation in the fact that promoting a positive perception of the PC can bring significant business advantages to a firm in terms of reducing turnover, increasing commitment as well as job satisfaction levels and therefore in terms of promoting a positive employer branding (CIPD, 2017).

Overall, in a business world heralded by uncertainty, anxiety and competition, both employees and employers need to find a common field where to build a solid relationship in an organisational culture that promotes the fulfilment of the psychological contract from both parties. In this way, the chances to reduce turnover costs decrease and the welfare of the business can be achieved through efficiency and high-quality performance (Hitt et al., 2014).

These are the main reasons why understanding the dynamics of the PC and its resulting implication is fundamental within the business and the human resource field.

### **2.2.2 Theoretical foundations of the Psychological Contract**

Major theoretical perspectives that represent the foundation of the development of the PC are discussed in this paragraph.

#### ***Social Exchange Theory***

Emerson (1976) affirmed that the Social Exchange Theory (SET) is not solely a theory. It sets goals for understanding behaviour in both a sociological and an economical frame of references (Emerson, 1976).

The crucial premise of this theory is that human relations are indispensable and that interactions among individuals guarantee the satisfaction of their needs (Blau, 1964, cited in Kingshott and Pecotich, 2007).

According to Cropanzo and Mitchell (2005), SET represents the most influential perspective for understanding behaviour in the workplace. The authors reviewed Blau's (1964, cited in Cropanzo and Mitchell, 2005) theorisation which describes that interactions between individuals are interdependent, contingent on the action of the other party and that these interactions generate obligations.

Another basic paradigm of SET is that the relationship can evolve over time towards mutual commitment but that, to do so, both parties have to follow certain rules of exchange (Emerson, 1976) and the most influential in this context is the principle of reciprocity.

Reciprocity can be classified as an interdependent exchange, as a belief or as a moral norm (Cropanzo and Mitchell, 2005). It is worth noting that the concept of reciprocity as interdependent exchange emphasises contingent interpersonal transactions and responses between two parties, whom actions depend on the other's behaviour (Cropanzo and Mitchell, 2005). The authors explain that this process becomes like a continuous cycle once the exchange initiates (Cropanzo and Mitchell, 2005).

According to Emerson (1976), parties can also negotiate rules in order to reach a mutual beneficial agreement, where duties and obligations are quite detailed and fully understood by both parties. For example, in relation to an employment relationship, one may accept a job offer and then negotiate with the agent representative of the company about pay. Thus, reciprocity (Cropanzo and Mitchell, 2005) and negotiated rules (Emerson, 1976) seem to pose the foundation of SET.

### *Agency Theory*

While the Social Exchange Theory sets the basis on which the relationship can be defined through a beneficial exchange between two parties, representing a starting focus of interest for sociologists and economists, the agency theory finds its root in economics and then has been utilised for other disciplines such as organisational behaviour, law, marketing, healthcare and accounting (Bendickson, Muldoon, Liguori and Davis, 2016). Agency Theory looks at conflicts of interest between people with different interests in the same assets (Shapiro, 2005). This perspective explains the relationship between a principal, such as shareholders and agents, such as company's executives and underlines the potential risk due to unaligned goals (Shapiro, 2005). Besides the roles held within the company by the two parties involved in the relationship, the agency theory occurs when one person – the agent – is able to make decisions on behalf of another person – the principal – and the problem arises when agents are motivated to act in their best interests that may not match the principal's (Shapiro, 2005).

The most relevant aspect to underline in this theoretical perspective is demonstrated by a laboratory experiment made by Charness and Kuhn (2010), which focused on the principal-agent relationship within the workplace. The experiment showed that the propensity to provide effort by both parties largely depends on the nature of social interaction at work and whether this interaction is perceived as fair and trustful (Charness and Kuhn, 2010).

A variety of problems may arise in the working relationship, however the classic issue that the agency theory aims to resolve regards the alignment of goals.

The solution to this problem is to incentivise the alignment of both principal's and agent's potentially conflicting interests through pay bonuses perhaps (Shapiro, 2005) or through monitoring or cooperation (Miller, 2005).

### ***Rousseau's Theory***

Having previously clarified that theories relating to the PC find foundation in social exchange theories (Blau, cited in Aselage and Eisenberger, 2003), it is fundamental to highlight the importance of the Psychological Contract Theory (Rousseau, 1995), where employees' motivation to perform activities within the mutual obligation between them and the organisation is the main focus (Aselage and Eisenberger, 2003).

In Rousseau's (1995) classification of psychological contracts, the author theorised four types of PC that can be utilised as a theoretical guide to understand the foundations of the dynamic underpinning the PC, which can vary depending on the relationship installed.

The interesting aspect of this theorisation is that the PC varies depending on the length of time of the relationship employee-organisation, the expectations of performance and also the emotional investment that shapes the quality of the relationship (Rousseau, 1995; Rousseau, 2001). In order to understand the various dimensions of the PC, it seems helpful to summarise Rousseau's (1995) categorisation of the PC, which can be relational, transactional, balanced or transitional. The changing variables that differ from a dimension to another can be numerous but the main aspects affecting each perception of the PC would refer to the elements of stability and loyalty towards the organisation (Rousseau, 1995; Jepsen and Rodwell, 2012).

In this theoretical framework, it is useful to underline two main directions that the relationship can take based on the four categorisations of the PC: one is "relational" and it is based on trust, investment of emotions and expectations; on the opposite way, there is the "transactional" where the employment relationship is based mainly on monetary value and tangible results (Rousseau, 1995; Jamil, Raja and Darr, 2013).

It is reasonable to observe that those who fall into the former categorisation, tend to feel more loyal and proud to work for a certain organisation and therefore they are more likely to have stronger negative reactions when the psychological contract is violated (Rousseau, 1995; Kickul and Lester, 2001) and the failure to remedy the situation can lead the employment relationship to a variety of erosive actions (Wangithi and Muceke, 2012).

Within this optic, Lambert, Edwards and Cable (2003) affirmed that the type of PC should be analysed in terms of deficiency and fulfilment as both imply consequences and implications that have an impact on the shape of employee-organisation relationship.

Thus, the importance of fulfilling obligations under the psychological contract in work settings are far more important than other obligations due to the fact that they generate

employees' responses that will have a significant impact on the overall organisation (Rousseau, 1998).

Overall, the psychological contract can help in explaining employees' behaviours and beliefs through the investment they make on the psychological contract in the employment relationship. Yet, the higher investment in terms of time, expectations and obligations, the more relational the PC becomes which fundamentally shapes the employee-organisations relationship.

## **2.3 Expectations and Obligations**

### **2.3.1 Expectations in the Psychological Contract**

Under the theoretical influence of Rousseau, the psychological contract has gained a much deeper attention due also to its distinctive theoretical antecedents that underlined the importance of its application among HR practitioners and employment relations field. In understanding how expectations fit into the context of the PC, it could be looked at Argyris' (1960, cited in Rowley and Jackson, 2011) definition should be considered, which comprises a strong influence exercised by a set of expectations for both parties in the employment relationship.

However, Levinson's (1962, cited in Paul, Niehoff and Turnley, 2000) contribution to the literature provides the additional observation that the two parties involved in the relationship have expectations towards each other but that they may not be fully aware of their influence. Therefore, it would be unavoidable to report Schein's (1978, cited in Rowley and Jackson, 2011) conceptualisation of expectations. Expectations between employer and employee include not only the amount of work to be delivered and to cover but it also comprises a set of obligations and rights, which cannot be fully understood until one party realises that they are not met (Schein, 1978, cited in Rowley and Jackson, 2011).

Thus, as previously discussed, the psychological contract tries to capture both subjective feelings (Zhang, 2008) and expectations (Schein, 1978), which result in intangible but important individuals' needs.

Having discussed the role of expectations in the psychological contract, it would be interesting to identify what is the literature's contribution in relation to employees and employers' expectations.

Rollinson and Dundon (2007, cited in Rowley and Jackson, 2011) drafted a list of both employees' and employers' expectations within the employment relationship and these are reported in the table in the following page.

Employee expectations	Employer expectations
Interesting job, with variety of tasks and satisfying rewarding;	Trustworthiness and diligence, demonstrating dedication to the job and the organisation;
Provide safe working conditions;	Acceptance of the organisations' values and vision;
Involvement in work-related decisions	Demonstration of a concern for the company's reputation;
Opportunities for career progression;	Acceptance of standards of behaviour;
Equality of opportunity.	Consideration for other employees, managers and customers.

**Table 1:** Expectations: employees vs. employers

**Source:** Adapted from Rollinson and Dundon (2007, in Rowley and Jackson, 2011, p.187)

### 2.3.2 Obligations in the Psychological Contract

Rousseau (1990) categorised a set of obligations that both the transactional and the relational type of the PC would present from both the employee and the employer's side. According to Atkinson (2007), Rousseau's view is not universally accepted as it is argued that her study that identified obligations was carried out considering a population sample of MBA students and that therefore it presents limitation in the ecological validity and in the generalisability across other samples.

However, Rousseau's categorisation of patterns of employee and employer obligations has a crucial relevance for this study and it is reported in the table on the following page.

Employee obligations		Employer obligations	
Transactional PC	Relational PC	Transactional PC	Relational PC
Notice	Overtime	Advancement	Training
No support for competitors	Loyalty	High pay	Job security
Proprietary protection	Extra role behaviour	Merit	Development
Minimum stay			Support

**Table 2:** Obligations: employees vs. employers

**Source:** Adapted from Rousseau (1990, in Atkins, 2007, p. 228)

What it is interesting to note is the differentiation between those obligations that, according to the author, fall under the two main different types of PC: transactional and relational.

In the previous paragraph (see Rousseau's theory in section 2.2.2), transactional contracts have been defined as monetary and materialistic-based while the relational ones present a higher amount of emotional investment and therefore aiming to build a stronger employee-employer relationship (Rousseau, 1995).

## 2.4 Trust and the Psychological Contract

In order to have a clear idea of how the concept of trust fits into the wide paradigm of the Psychological Contract, it appears clear to report how Denise Rousseau (1995, p.9) defines the basic concept of ‘individual contract within’ (Figure 2 quadrant 1), which is crucial for the context of this research:

		Level	
		Individual	Group
Perspective	Within	<b>Psychological</b> Beliefs that individuals hold regarding promises made, accepted, and relied on between themselves and another (employee, client, manager, organization)	<b>Normative</b> The <i>shared</i> psychological contract that emerges when members of a social group (e.g., church group), organization (e.g., U.S. Army, Xerox, United Way), or work unit (e.g., the trauma team at a community hospital) hold common beliefs
	Outside	<b>Implied</b> Interpretations that third parties (e.g., witnesses, jurists, potential employees) make regarding contractual terms	<b>Social</b> Broad beliefs in obligations associated with a society’s culture (e.g., reliance on handshakes)

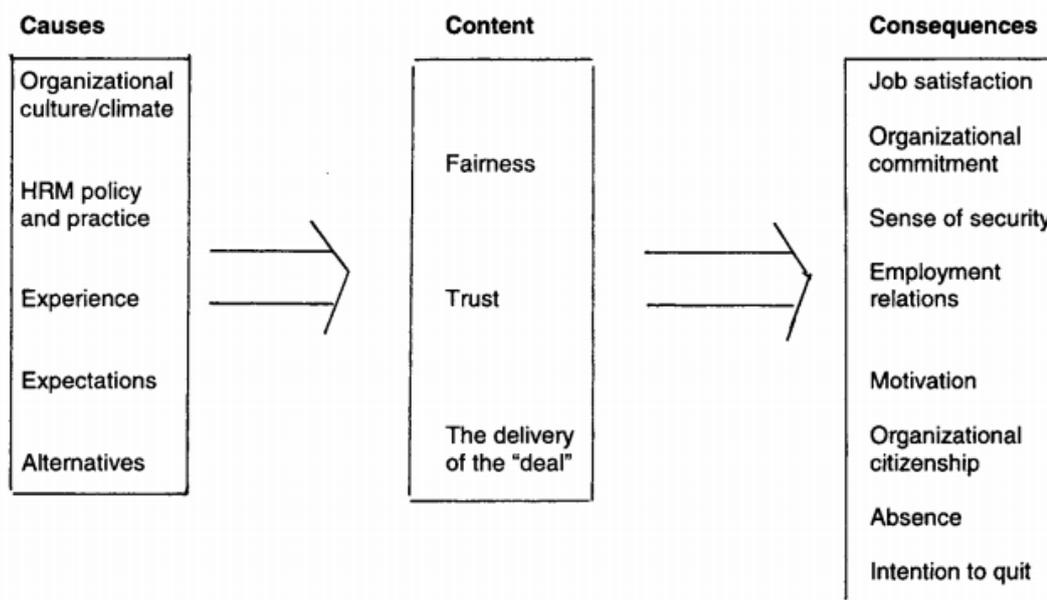
**Figure 2:** Contracts according to Rousseau (1995)

**Source:** Rousseau, D. (1995) *Psychological Contracts in Organizations. Understanding written and unwritten agreements*. London: SAGE Publications

It is worth noting how the author conceptualises the employment relationship as an interaction between two parties that, in this case, regards the employee as individual and the organisation represented by a conventional agent (the manager).

Going beyond on how the psychological contract emerges as highlighted by Rousseau, Guest (1998) treats the paradigm as a dynamic construct that is impacted by the organisational culture, social norms and individual expectations and provides a model of the PC that broadly explains also the contents and consequences of it.

According to the author, the state of the psychological contract has three components, trust, fairness and delivery of the deal and the following figure (Figure 3) portrays an employee’s perspective (Guest, 1998).



**Figure 3:** Guest's Psychological Contract Model

**Source:** Guest, D.E (1998) 'Is the Psychological Contract Worth Taking Seriously?'. *Journal of Organizational Behavior*, 19(1): pp. 649-664

The importance of this model resides in the fact that trust appears as a core element in the column of "content" of the PC and it is through this central element that the organisation's culture as well as HRM policies and practices are interpreted by the employees. Thus, for example, if HRM policies and practices represent an input, their coherence would be interpreted through employees' perception of fairness and trustworthiness that then would accordingly result in a specific level of organisational commitment.

This model has influenced recent theorisation of the psychological contract and it is highly considered by current scholars (see CIPD, 2005).

## 2.5 The current role of trust in organisations

The psychological contract represents an abstract conceptualisation. It has powerful practical implications within the workplace. The employee-organisation relationship reflects the organisational culture and therefore the climate in the work setting.

The CIPD (2005), when discussing about trust, reports that the promotion of a positive psychological contract is influenced by the three main aspects theorised by Guest (1998), which are again trust, fairness and deal delivery. Therefore, it is clear how trust can be

influenced not only by the company's culture and founders' basic assumptions but also by different levels of individual perceptions that are due to distinctive and individual characteristics (CIPD, 2005).

As a result, the conceptualisation of trust encouraged by managerial levels will have an impact on employees' behaviour and levels of commitment (CIPD, 2005).

Other contributions from Kurtulus, Kruse and Blasi (2011) argued that employees' trust towards the managerial function is correlated with the staff's demand to be rewarded in relation to the firm's business performance.

Extensive empirical findings were presented by Brown, Gray, McHardy and Taylor (2014) that discussed the positive relationship between employee trust and the overall workplace performance, underling the particular importance of pay and training.

Further theorisations observed that the organisational culture, the fulfilment of obligations from both parties and perception of favourable treatments are factors that lead employees to have an indication about how the organisation values their contributions (Aselage and Eisenberger, 2003). In this view, the trust element is gathered observing whether the employees perceive that the organisation values them and how much it cares about their work.

Following this, strategies regarding retention provide further information about the importance played by trust in the PC. In fact, the CIPD Employee Outlook survey carried out in 2011 showed that trust has an impact on the firm's reputation, enhancement of job satisfaction and designing career growth in order to reduce the number of leavers (CIPD, 2012). In this sense, trust is seen as an important moral dimension both for employees' engagement and motivation to stay within the company (CIPD, 2012).

Additionally, promoting a trustworthy organisational culture brings advantages in terms of reducing costs in different ways: encouraging a more efficient information-sharing type of cooperation within the company, investing in innovation and reducing time waste activities (CIPD, 2012).

Thus, trust represents a fundamental element that can bring emotional, relational and practical benefits to an organisation. Moreover, trust can gradually push the company to take more risks and therefore allow it be more innovative following the principle that the organisation can trust employees' decision making.

## 2.6 Defining and theorising trust

The study of trust among scholars aimed to better understand the dynamic of cooperation and competition as two opposite poles that are influenced by certain levels of trust among individuals working within the organisation (Deutsch, 1958, cited in Lewicki, Tomlinson and Gillespie, 2006).

Considering the importance that trust has in relationships throughout individuals' life span, one would expect that this topic had found more empirical attention. Surprisingly, there has been little focus on research about the impact of trust on the psychological contract in the workplace (Simpson, 2007).

According to Simpson (2007), this can be linked to the difficulties of conceptualising a complex and multidimensional construct such as trust.

Theories explaining psychological mechanisms related to trust have been guided by a dispositional or an interpersonal perspective.

The dispositional perspective comes from the interest of economists in measuring trust by studying people behaviour in laboratory experiments defined as games (Evans and Krueger, 2009). According to the authors, these games are designed to mirror real life situations (Evans and Krueger, 2009).

In this instance, it is important to observe that the origins of the dispositional perspective – founded in laboratory experiments – view trust as a resulting element from general beliefs and attitudes related to the degree to which other people are likely to cooperate, be helpful or reliable (Simpson, 2007).

The interpersonal perspective aims to explain that trust is a psychological state of an actor – the trust giver – towards a specific party – the trustee – and it involves three components: trust as function of properties of the self, of the party and of the goal to attain in a situation (Simpson, 2007).

The theorisation of interpersonal trust derives from Lewis' and Wiegert's (1985, cited in McAllister, 1995) studies, in which the authors affirmed that trust is cognition-based and affective-based. This conceptualisation entails that the trustor chooses who to trust based on available knowledge about the person or the role of the person in a specific professional setting as well as based on personal beliefs and relational bonds.

However, it is argued that trust as a psychological state does not only involve personal beliefs and perceptions about the trustee, but also a set of expectations towards the other party plays an important part in the decision to trust (Kramer and Carnevale, 2001).

Specifically, expectations develop from the individual belief that the other party's actions will be beneficial on a long-term basis (Kramer and Carnevale, 2001).

It is clear thus that there are different interpretations of and contributions to the trust literature.

There are also many varied definitions of trust (Atkinson, 2007) but the paramount of importance in this thesis is Mayer, Davis and Shoorman's incredible definition (1995, p. 712):

*[...] the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party.*

Returning to the trust literature considered thus far, one could affirm that two main waves of conceptualising trust are reported in this session: one considers trust as cognition-based and the other sees it with a relational lens. Empirical evidence from the social-psychological literature that investigates trust in relationships confirm this distinction between the two forms of trust mentioned (McAllister, 1995; Johnson-George and Swap, 1982, cited in McAllister, 1995). Thus:

*Cognitive-based trust* emerges from economic exchange relationships and it is defined as being rational and calculative, focusing on individualism and gaining of personal interests (Tyler and Kramer, 1996, cited in Tyler 2003).

*Affective/Relational trust* comes instead from social theories and it regards the extent to which there is a relational bond between the two parties, which have mutual concerns and interest for the other's welfare (McAllister, 1995).

## **2.6.1 Theories**

### **2.6.1.1 Trust as a Psychological State**

Deutsch (1960, cited in Simpson, 2007) was mainly responsible for underlining the importance of trust and for launching interest in this topic due to its importance for organisations.

He reported evidence of the fact that the development of mutual trust between interacting parties contributes to build and maintain cooperation (Deutsch, 1960, cited in Simpson, 2007). Moreover, he conceptualised that trust is evident when there is ambiguity and uncertainty in the reality, within which one estimates that there is a higher probability of positive outcomes that would lead the person to experience “security” (Deutsch, 1960, cited in Simpson, 2007). This sense of security, according to the author, is provided by the engagement of the two parties in an open relationship, where speaking openly, asking support and showing interest towards the other are present elements in the interaction built over time (Deutsch, 1973, cited in Paliszkeskiewicz and Koohang, 2016).

Similarly, Robinson (1996, cited in Mayer and Davis, 1999) defined trust as a set of expectations and beliefs about the likelihood that the other person will not act detrimentally in order to reach personal objectives.

Other contributions see trust as a more general attitude that people have linked with expectations about other individuals based on the social system in which they are embedded (Luhmann, 1988, cited in Mayer et al., 1995).

Albeit acknowledging the importance of the mentioned conceptualisation, other researchers have argued that trust needs to be intended as more complex, multidimensional and dynamic (McAllister, 1995; Kramer, 1999; Tyler, 2003), as previously discussed in paragraph 2.5.

### **2.6.1.2. Trust through the Interdependency Theory**

The fundamental contribution brought by the aforementioned researchers derives from the knowledge of the interdependence theory (Kelley and Thibaut, 1978, cited in Rusbult and Van Lange, 2008). The authors Kelley and Thibaut (1978) affirmed that the development and reduction of trust within a relationship can be understood if we look at the social situation in which the relationship happens, variable known also as “trust

situation” (Kelly, Holmes, Kerr, Reis, Rusbult and Van Lange, 2003, cited in Simpson, 2007).

Trust situations imply that there is a high interdependence between the two parties and that there is a blend of rules that regulate the relationship and the degree of interdependence varies according to each party’s actions (Kelley et al., 2003). In their theorisation, interdependence means that the behaviour adopted by of each party will strongly impact the other.

In trust situations, the relationship results in what Kelley et al. defines “payoffs”, which consist in benefits and costs (Kelley et al., 2003, cited in Simpson, 2007, p. 265) and they are shown in figure 4 below.

		Partner A's Choices	
		A1	A2
Partner B's Choices	B1	+20 / +20	+10 / -10
	B2	-10 / +10	0 / 0

**Figure 4:** Payoffs of partners’ choices

**Source:** Simpson, J.A. (2007) ‘Psychological Foundation of Trust’. *Current Directions in Psychological Science*, 16(5): pp. 264-268

This model is important in the context of this research as it underlines various properties of trust situations as means of cooperation within the relationship. In fact, the author explains that there are different resulting scenarios that depend on whether both parties have mutual control over the situation and whether they trust the fact that the other person will not make an uncooperative choice. Superiorly positive outcomes result from a cooperative behaviour (a1/b1). Failure in cooperation can be seen if there is a1/b2 or b2/a1, while the worst outcome possible happens when one party decides to make an uncooperative choice (0). The added value, according to Kelley et al. (2003) comes from a joint cooperative decision where both partners do not take advantage of the situation but rather choose what can bring benefit for themselves and their relationship. The most interesting aspect of this theorisation is that, according to the author, the trust is strongly

generated by the a1/b1 choice and that both individuals will remain cooperative until one makes the first uncooperative move, after which will respond a similar one from the other party (Kelley et al., 2003). Moreover, due to the fact that the non-functional relationship leads the two individuals to a loss, they would revert back to cooperation (Kelley et al., 2003).

It can be argued that also asymmetrical relationship – where one person holds stronger power than the other - can be driven by trust. In relation to this, Kelley et al. (2003) affirmed that, in that case, the relationship could work only if the lower-power party perceives that the higher-power person makes decision that would benefit both. To conclude, Kelley (1979, cited in Gaines, 2016, p. 5) states: *we might define interdependence as mutual attitudinal influence [...], mutual behavioural effects, with each person's behaviour providing the stimulus for the other's response.*

### **2.6.1.3 Trust as a Cognitive-based choice**

From a cognition-based perspective, decisions about trusting someone constitute risky choices and therefore individuals are presumed to make rational and efficient choices, maximising profits and minimising loss (Kramer, 1999).

In cognitive-base decisions to trust, actions are taken after a detailed calculation of pros and cons and therefore the concept of trust within the relationship does not present emotional elements (Tyler, 2003).

In organisations, for example, the extent to which a manager is willing to trust peers may depend on the success of previous interactions with them (McAllister, 1995).

However, Kramer (1999) argued that many assumptions regarding trust as cognitive-based choice are empirically untenable and that this theoretical model overstates the decision maker's cognitive capacity to be fully rational, giving too little role to emotional influences on trust decisions.

### 2.6.1.4 Trust as an Affective/Relational choice

In response to the limitation of trust based on cognition, a number of scholars suggested that an extensive theory around trust should include social and relational dynamics (Mayer et al., 1995; McAllister, 1995). In this approach, trust has to be conceptualised not as a rational process that calculates risk but instead as a social orientation towards other people or another party involved in the relationship (Kramer, 1999).

This perspective aims to analyse the motives that drives trust behaviour, which is influenced by the social exchange that focuses on mutuality, reciprocity and beneficial agreement (Emerson, 1976; Kramer, 1999).

## 2.7 Benefits of trust in organisations: Empirical Evidence

CIPD (2012) underlined the importance of trust as general phenomenon, vital for organisations especially in current times where economic uncertainty represents a significant risk factor.

Dietz and Galliespie (2011, cited in CIPD 2012) summarised what are the main benefits that employers can achieve and maintain within organisations if a good level of trust is promoted or improved.



**Figure 5:** Empirical evidence of the benefits of trust in organisations

**Source:** Dietz and Galliespie (2011, in CIPD, 2012, p. 12)

Figure 5 highlights reasons for building and maintaining trust within the workplace and these elements, which mirror current evidence from existing research, are especially crucial for HR professionals (CIPD, 2012).

CIPD (2012) carried out a survey in 2011 where 285,000 employees in UK took part and 220 people were interviewed in order to gather in-depth qualitative data. The findings suggested that organisations varied according to the typology of trust that was promoted within the organisation (CIPD, 2012) and key trust relationships found were: trust in each other, in senior leaders, in the organisation as whole, in external relations and in line managers.

Moreover, it became apparent from the data that there is no ideal type of trust and that organisations tend to rely on one trust relationships in situations of difficulties (CIPD, 2012).

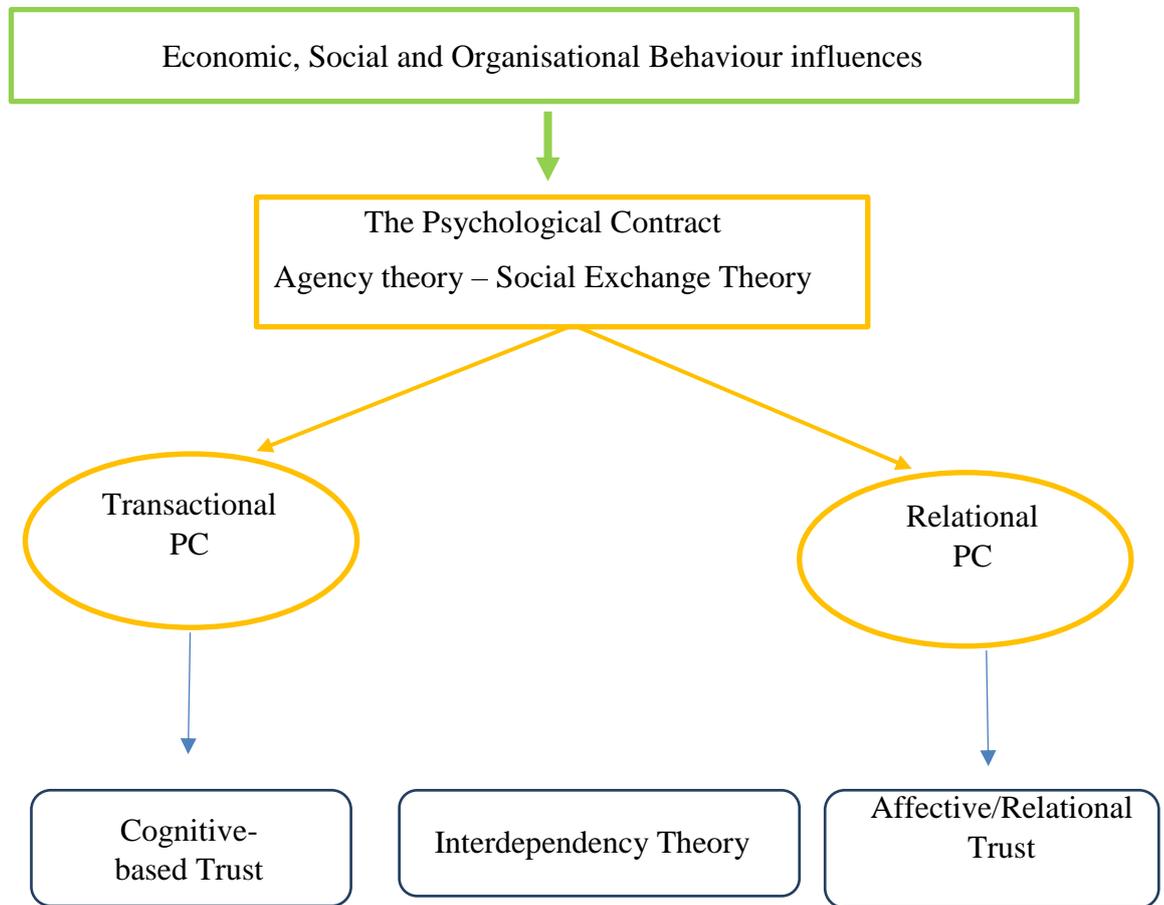
Other interesting findings presented in the trust literature come from Atkinson (2007) that conducted three case studies interviewing 41 individuals. The results concluded that trust is present in both type of the psychological contract (transactional and relational) and that both have different but important and practical implications for the employment relationship (Atkinson, 2007).

## **2.8 Conclusion**

In conclusion, the function of the psychological contract and the role played by trust are fundamental because they increase the significance of the relationship between the employee and the organisation, defining satisfying perspectives and roles and enhancing the employees' perception of the importance of their role within the company.

In this review of the literature, two main theoretical perspectives coming from economic and social theories were considered for defining both the concepts of the PC and trust.

Regarding the psychological contract, the transactional and the relational type were analysed due to their different and crucial implication on both short-term and long-term employment relationships. Trust was also defined and critically analysed through the lens two contrasting theorisations: cognitive-based trust and affective/relational trust.



**Figure 6:** Summary and links

## **3. Methodology**

### **3.1 Research aims**

The aim of the present study is the investigation of the impact of trust on the relationship between the individual (employee) and the organisation (employer).

The investigation examined the impact of trust on the psychological contract in terms of employees' perceived expectations towards the employer. Thus, the focus was on employees' perspectives through the following questions:

- What do employees mean by trust?
- What is the existing level of trust towards the employer?
- What are the employees' perceived expectations and therefore obligations towards the employer in the unwritten psychological contract?

The research interest is to investigate the meaning and the impact of trust on the psychological contract through a qualitative investigation of permanent staff working in a healthcare provider in Ireland.

#### **3.1.1 Research objectives**

The research objectives that the author aimed to answer are as follows:

1. To investigate the impact of trust on the psychological contract among permanent HR staff within a healthcare provider in Ireland.

Sub-objectives that will help to construct the answer will be:

the understanding of employees' meaning attributed to trust;

the understanding of perceived trust within the company;

the provision of insights about the concept of trust for employees and its impact on specific aspects of the psychological contract: employees' expectations towards the employer and employees' perception of their informal obligations in the employee-employer relationship.

2. To critically analyse theoretical concepts that underpin the relationship between trust and the psychological contract
3. To evaluate the resulting information gathered through participant observation and interviews. The interviews are conducted with six permanent contracted individuals working within a healthcare organisation in Ireland.
4. To make recommendation for management consideration.

### **3.1.2 Reflexivity**

According to Mason (2002), research design of any sort has to consider the researcher's bias or potential distortion to the accuracy and the objectivity of the research that can be due to both the researcher and the participants.

For this reason, reflexivity represents an important concept during the research process because it aims to underline possible threats to the research's outcome, especially when considering the data comes from interviews (Mason, 2002).

The practice of including the researcher's perspective in the interpretation of the data has gained significance especially when analysing case studies (Patnaik, 2013).

In this context, it is appropriate to discuss and consider the concept of reflexivity due to the fact that it acknowledges that the researcher is not only a mere observer but he/she is also involved throughout the process of knowledge gathering (Patnaik, 2013).

During the interviews, minimising biases represented a challenge for the researcher. However, in order to keep the process as objective and distant from bias as possible, the researcher took observational notes not only about the answers to interview questions, but also about non-verbal communication expressed during the interview. The observational notes taken during the interviews were as detailed as possible in order to not contaminate and influence the interpretation of the answers. After that, the researcher reflected on whether the interview was conducted rigorously and systematically as suggested by Mason (2002).

### **3.2 Epistemology, Ontology, Axiology**

Epistemology and ontology are two philosophical aspects that concern what is referred to the researcher's view of the world and they certainly have an impact on how the reality is perceived and what would be considered relevant for the research (Quinlan, 2011).

Epistemology regards what represents relevant knowledge and the data are gathered accordingly to the field of interest (Quinlan, 2011).

Ontology relates to the consideration of social entities as subjective or objective (Quinlan, 2011).

Axiology concerns the researcher's value and his/her skills to show that judgements are being made according to those values (Quinlan, 2011).

### **3.2.1 Philosophies**

A research philosophy consists of the researcher's assumption through which he/she views, gathers and analyses data about a phenomenon and how this should be interpreted and utilised (Saunders, Lewis and Thornhill, 2009).

According to Gephart (1999, cited in Nudzor, 2009), there are two major categories in the tradition of science: positivism and interpretivism.

### **3.2.2 Positivism: research as science**

The positivist paradigm used to explore the reality is based on Comte's philosophy, which postulated that observation and reason represent two ideal means for understanding human behaviour and that true knowledge of phenomena can be obtained through observation and experiments (Nudzor, 2009).

Therefore, positivism asserts that only what is observable and objectively measured can be treated as credible data (Ritchie, Lewis, Nicholls and Ormston, 2013).

Because of its nature, this paradigm implies also that the research is undertaken in a value-free way (Saunders et al., 2009), which means that the researcher has to be totally external to the process and cannot influence the research with his/her thoughts, bias or feelings.

### **3.2.3 Interpretivism: research as investigation**

Interpretive researchers believe that reality is socially constructed and that it mainly consists of people's subjectivity (Ritchie et al., 2013).

It is thus fundamental to understand that the interpretivist philosophy underlines the need of putting analysis of phenomena into context due to the fact that reality is read through individual interpretation (Ritchie et al., 2013).

The main aim of interpretivism is not the formulation of new theories but more the evaluation of social and human complexity through existing theoretical concepts, which may enable the researcher to refine interpretivist theories (Saunders et al., 2009).

### **3.2.4 Why interpretivism**

When researching about a specific subject of interest, it is important to frame it within an epistemological position that guides the researcher to understand a phenomenon (Saunders et al., 2009).

In this work, the research philosophy will reflect an interpretivist approach. In the interpretivist approach, the researcher feels that the complexity of the phenomenon under examination needs a methodology that goes beyond a numerical and statistical analysis (Saunders et al., 2009).

Moreover, taking into consideration the investigation of the impact of trust on the psychological contract viewed through the philosophical lens of the interpretivism, it seems more pertinent to adopt an inductive approach. This is because the inductive approach starts from the collection of mainly qualitative data in order to understand the nature of a problem and then in formulating a theory (Saunders et al., 2009). Saunders et al. (2009) specify that one could end up formulating an already existing theory but the production of it would be achieved by adopting an inductive approach (Saunders et al., 2009).

### **3.3 The purpose of the research**

This study has the purpose of investigating and finding new insights about employees' perception of trust, its existing level and how this impacts on the psychological contract in the population sample considered. According to Creswell (2014), describing and explaining what happens in a social context, seeking new insights, asking questions to assess phenomena under the light of theoretical assumptions, falls under the label of an exploratory study. In fact, this approach is considered particularly helpful and adequate when the researcher wants to understand the nature of a precise concept.

Moreover, exploratory studies reflect a flexible way of investigating and understanding the complexity and uncertainty of a phenomenon, the perception of which may change from one participant to another. As a result, the interpretation of the data needs to be flexible, rich and adaptable to new insights. Due to the dynamism that characterises the understanding of trust among the participants of the study, this seemed to be the most suitable approach.

The researcher could have chosen to pursue an explanatory study in order to explain the relationship between variables. However, due to the dynamic and changeable nature of the perception of trust, this approach would have required a quantitative research design and therefore a larger number of participants in order to identify potential relevant and causative explanations about the relationship between trust and the psychological contract.

### **3.3.1 Research strategy**

What is most important when choosing the research strategy is whether that strategy will enable the researcher to answer the research questions (Saunders et al., 2009). Therefore, the choice of strategy is really guided by the objectives of the study as well as the amount of time and resources available. Moreover, it has to be considered that some strategies are more adequate for exploratory or explanatory studies.

In methodological literature, the most commonly accepted strategies are: experiment, survey, case study, action research, grounded theory, ethnography and archival research (Quinlan, 2011).

For the purpose of this study, in line with the objectives and the research questions and considering the adequacy of the strategy in relation to the topic investigated, the author will utilise the case study.

### **3.3.2 Case Study**

Gillham (2000) defined a case study as an investigation that enables the researcher to find answers to the research questions, which seek a range of different evidences from the case settings. Thus, a case study is a means through which a phenomenon can be deeply investigated within a real-life context.

The case study is also useful in situations where there are multiple sources of data found in the setting (Gillham, 2000). As a result, the researcher can be able to gain an understanding of the topic of interest in a specific context and why the instance happened as it did and what might become important for future studies for example (Saunders et al., 2009).

Case studies are particularly adequate in the investigation of a problem or a situation in great depth as they provide a variety of participants' perspectives, uses multiple data collection techniques and examines a rich environment that is source of a great amount of information (Yin, 2013). According to Yin (2013), the case study approach utilises multiple methods of data collection such as interviews, archival records, participant observation, descriptions and document reviews.

Thus, it is clear that the case study represents the best methodology strategy in the context of this study where the investigation of trust and its impact on the psychological contract are the focuses of analysis within the context of a healthcare provider in Ireland. Accordingly, participants observation and semi-structured interviews are the two sources of data.

Furthermore, case studies have the ability to capture in greater detail the reality of a context but, on the other hand, it has to be considered the bias of the researcher as well as the non-generalisability of findings (Saunders et al, 2009)

### **3.4 Research methodology: quantitative vs. qualitative design**

The research method represents a type of strategy that the author utilises to enquire and to collect data that then needs to be interpreted based on the underlying assumptions and the research design (Saunders et. al, 2009).

Although there are various types of research methods, the two most common classifications are qualitative and quantitative (Quinlan, 2011).

As previously mentioned, the quantitative methods were developed from the natural science and therefore based on scientific and objective evidences. It utilises questionnaires, surveys and experiments to revise data that allow a statistical analysis (Saunders et al., 2009).

Qualitative research attempts instead to investigate and study social phenomena and everyday life events, perceptions, emotions and behaviours (Saunders et al., 2009).

According to Tubey, Rotich and Bengat (2015), qualitative research's main aim is to explore issues that are characterised by uncertainty through the collection and interpretation of rich data. Thus, it is reasonable to assume that the qualitative research design is the preferred means to understand people's complexities and differences.

This brief description allows the reader to understand the major difference between the use of qualitative and quantitative designs. Another important difference though is that qualitative research follows an inductive process while the quantitative relies on deduction. It is important to know and identify what type of design represents the best fit for this study.

### **3.4.1 The choice of qualitative research**

Quinlan (2011) affirmed that subjective and unique perceptions and responses can hardly be reflected by quantitative data. Therefore, a qualitative method of gathering data is more appropriate for the purpose of this piece of research.

Moreover, in qualitative studies, the researcher is considered a primary tool for data collection and he/she is involved and engaged in the situation, making multiple interpretations.

Thus, an inductive method is then used to support theoretical assumptions that, in this case, are related to trust. Therefore, data are analysed and interpreted in light of the concepts of relevant theories discussed in the literature review.

The methodology chosen should support the research question to be answered, facilitating its completion (Quinlan, 2011). For this reason, in coherence with the philosophy and the research approach discussed, the data collection method utilised were semi-structured interviews.

The interviews tool provides a richness of primary data that cannot be reached with quantitative methods (Riley, Wood, Clark, Wilkie, Szivas, 2000). Specifically, interviews are appropriate when the researcher is seeking insight into individual constructions and interpretations of reality (Riley et al., 2000). That is why the author chose to adopt this approach. Particularly, semi structured interviews seem to represent the most suitable investigation tool as the main aim is to investigate specific themes such as trust and its impact on the psychological contract. The semi-structured interviews help in exploring and explaining the specific themes with the ability to gather more information than the structured interviews (Saunders et al., 2009).

Findings are then discussed in relation to the existing knowledge critically highlighted in the previous chapter with the aim to demonstrate that the present study has somehow contributed to the expansion of it.

However, some authors (Lincoln and Guba, 1981, cited in Morse, Barrett, Mayan, Olson and Spiers, 2002) advised to be cautious with the qualitative research design. This is mainly due to the subjectivity of the researcher that can potentially permeate the whole process of research. Minimising bias should also be a point to keep in mind while conducting the research.

To summarise, qualitative research design is a systematic tool to investigate the nature or qualities of complex social phenomena. According to the literature, it helps itself through narrative description of the complex reality of human beings and it is the most appropriate to achieve a deeper understanding of how people perceive and think about the topic of trust.

### **3.5 Data collection**

Data collection is the process by which the researcher collects information needed for the topic investigated (Kothari, 2004). The data collection method should be chosen based on the research strategy (Kothari, 2004) that, in this instance, is explorative, focused on a case study investigated through a qualitative methodology design.

The utilisation of an instrument for gathering data should also be considered according to its suitability for its specific function, to its effectiveness to its purpose and based on the theoretical framework selected for the study (Kothari, 2004).

In the methodology literature, there are various categories of tools that a researcher can utilise for the purpose of the research but, in this context, it makes more sense to focus solely on those tools that are conventionally used to gather data for a qualitative methodology (Kothari, 2004). These are: focus groups and interviews (Kothari, 2004).

The author of this study could have selected focus groups as method of data collection but due to the sensitivity of the topic investigated, the researcher believed that the interaction among participants would have been spoiled by the possibility that the members may have not expressed their honest and personal opinions (Saunders et al., 2009). Another justification for not choosing focus groups is related to the difficulties of gathering participants at the same time and in the same location.

Finally, following what is affirmed by Saunders et al. (2009), focus groups are not as efficient in covering maximum depth of a particular topic, which would be instead ideally required for this study.

The data collection methods selected for this study are semi-structured interviews. The reasons why the researcher considered the semi-structured interviews the most adequate tool for this study is explained in the following paragraph.

### **3.5.1 Interviews**

The literature proposes different types of interviews, such as structured, semi-structured and in-depth interview (Saunders et al., 2009). The researcher acknowledges the fact that both structured and in-depth interviews represent useful tools but she decided to utilise semi-structured interviews for various reasons.

First of all, the researcher identified specific themes that she wanted to cover through interview sessions but, at the same time, she aimed to have some flexibility in how those themes were discussed. According to Saunders et al. (2002), semi-structured interviews enable the researcher to investigate specific themes without forcing the flow of the conversation.

Furthermore, semi-structured interviews are often utilised in exploratory studies in order to investigate themes in-depth but also to understand particular relationships among themes (Saunders et al., 2009).

In terms of how semi-structured interviews were conducted, the researcher sent an invitation for the interview to the 6 participants selected as population sample (see Invitation to Interview in the Appendix) and agreed a time and a location with each of them.

The location agreed with every participant was the interview room based in the head office of the company. Once the researcher met each participant individually, two copies of a consent form (see Interview Consent Form in the Appendix II) were provided. One of those was signed and kept by the researcher and the other one was given to each participant. Moreover, the researcher provided relevant information to each interviewee, clarifying the purpose of the interviews, of the research and declaring that the researcher was open to provide any further clarification they may have needed at the end of the interview.

After having obtained permission, the researcher recorded each interview and then transcribed them at a later stage. Having the permission of recording interviews represent a great advantage for the researcher that has the opportunity to re-listen to the interviews, to provide direct quotes for the analysis of the data and to provide unbiased and accurate

information (Saunders et al., 2009). The overall mean of the time spent for each interview was approximately 25 min.

### **3.5.2 Sample and Population**

A non-probability sampling technique will be adopted due to population sample access reasons. Moreover, purposive sampling will be used as the author needs to gather information from permanent staff working within the company X. The choice of analysing permanent staff comes from the theoretical assertion that the longer time an employee has been working or will work within a company, the more relational the PC becomes in terms of type of contract (Rousseau, 1994). Therefore, counting that the aim of the research is the investigation of the impact of trust on the PC, it is important that the population analysed is permanently contracted and therefore have a long / or potentially long and well-established relationship with the organisation. Specifically, a sample of 6 people will be interviewed, with the respect of gender balance proportion. Thus, the researcher decided to interview 3 women and 3 men.

### **3.5.3 Data analysis strategies**

The interpretation of data is an exercise of both logic and creativity (Saunders et al., 2009). The strategy of data analysis must ensure an order, a structure and a meaning of the collection of data (Saunders et al., 2009).

For analysis of the interviews' data, it is important to remember that the researcher adopts interpretivism as philosophy through the inductive approach. This means that the researcher is interested in meaningful data that will explain how trust impacts on the psychological contract, through the investigation of people's subjective perceptions and behaviour in order to possibly seek for new insights (Saunders et al., 2009). The process of data analysis for the interviews was therefore characterised by four phases explained below:

*Transcribing and Checking:* All audio recordings should be transcribed verbatim, regardless of how difficult the transcript may appear when the researcher reads through it (Saunders et al., 2009). Once the researcher terminated the transcription, she read through it while listening to the related interview in order to check if there were errors.

*Reading between the lines:* While transcribing and reading through the interviews, the researcher found important also what the interviewees did not say. For example, a particularly long pause meant that the participant is finding the question difficult or he/she was simply deciding what to say? Thus, notes of pauses, laughs, voice tone were taken into consideration in the interpretation of the data.

*Coding:* the researcher started the analysis of the narratives with the utilisation of open coding in order to aggregate same or similar units of data (key words or expressions) under the same label, starting from a multitude of labels considering small group of data to the aggregation of bigger groups of units under less labels through specific relationships among similar groups. This is in order to understand whether there were relationships between categories of data and also to reduce the amount of narrative information.

*Theming:* Finally, principal and relevant categories were identified and the researcher's aim was to recognise and develop relationships between core categories that emerged from the narratives.

### **3.5.4 Notes for the Interpretation**

The interpretive analysis of this study resulted from the analysis of trust, the psychological contract, expectations and obligations through interview questions that represent primary data.

In the interpretation of the data gathered through semi-structured interviews, the key focus is represented by the analysis of the concept of trust from employees' perspectives, its existing level within the company in the participant's point of view towards the employer and the analysis of their expectations and how those get translated into obligations.

These objectives of the study were then analysed using Rousseau's theorisation of transactional and relational type of the psychological contract, which will reflect – as discussed in the literature review – a cognitive-based trust or, in contrast, an affective/relational trust.

The nature of the psychological contract – transactional or relational – and the existing level of trust among the participants was analysed through interviews. The data gathered from the interviews looked also at how employees' expectations towards management are translated into obligations towards them and the organisation and whether this relationship is permeated by relational or cognitive based trust.

The author believes that a previous description (see paragraph 1.3) of the company could help in a first understanding of how the organisation works. Thus, having a previous knowledge of the company, the researcher is aware of possible bias and she tried to minimise it as much as possible with a rigorous data collection.

### **3.5.5 Trustworthiness of the study**

The traditional criteria for ensuring the credibility of research data are often utilised on standardised instruments due to the fact that they can be assessed objectively. In contrast, it is not as straightforward to guarantee and assess trustworthiness of qualitative research because of the dynamic nature of the phenomena analysed as well as the subjectivity of participants' perception of the reality investigated.

However, the researcher should utilise any possible strategy to ensure trustworthiness of qualitative research findings by using four strategies: validity, reliability, credibility and generalisability (Guba and Lincoln, 1981, cited in Morse et al., 2002)

### **3.5.6 Validity and reliability**

Guba and Lincoln (1981, cited in Morse et al., 2002) affirmed that in qualitative research the main concern is around credibility and transferability. Thus, the researcher should verify whether the focus of study is truthful, authentic and reflecting the experiences of research participants (Quinlan, 2011).

Validity in qualitative research regards the appropriateness of the tools, process, data collection and analysis. Validity of quantitative research depends on the case study selected and it is very specific to the test to which it is applied (Patton, 2001).

The researcher is aware that there are threats affecting validity of this study, mainly associated with the researcher's bias.

Reliability is referred instead to the "dependability" (Quinlan, 2011) of the research which is focused on establishing the rigour of the research. One response to the problem of reliability in qualitative research is that findings derive from non-standardised procedures and therefore these methods do not necessarily aim to be repeatable (Saunders et al., 2009). To circumscribe the issue of reliability, the researcher retained the interviews'

notes, providing also as much clarity as possible of the researcher's process of data collection.

### **3.5.7 Credibility**

Credibility is analogous to measuring internal validity, which corresponds to the degree to which the analysis of data is credible and trustworthy (Shenton, 2004). The researcher adopted meticulous record keeping of the interviews, in order to ensure as much as possible consistency, coherence and transparency in the interpretation of the data. Moreover, the researcher reflected on personal bias which may have influenced data collection and interpretation, acknowledging biases in ongoing critical reflection of methods and interpretation of the data.

### **3.5.8 Generalisability**

Generalisability regards transferability of findings and it is related to the external validity of a study (Shenton, 2004). Thus, this aspect of trustworthiness concerns the degree to which the results of the work can be applied to a wider population (Shenton, 2004). Due to the research design, methodology and sampling that considers a small population of a specific case study, the author is aware of the lack of external validity of this study. The results of this study have to be understood within the particular characteristics of the context of the organisation and, perhaps, geographical area and sector of the company in which the work was carried out. However, provision of background data and detailed description of the phenomenon investigated could allow comparisons with other researches (Shenton, 2004).

### **3.5.9 Bias**

Bias can occur in different phases of the research process: planning, data collection, analysis and interpretation. It is critical thus that the researcher recognises and acknowledges them in order to minimise and control as much as possible their influence on findings.

### **3.5.10 Ethical Considerations**

When carrying out this piece of research, the author considered ethical implications and concerns such as, the participants' right to informed consent, to withdraw and the right to confidentiality (Saunders et al., 2007).

Moreover, the participants were informed in advance about the aim of the research, providing them with a brief summary of what the topic of the research is before each interview.

Participants were informed that their names will be changed in order to ensure confidentiality as well as encouraging more authentic responses.

Participants were also ensured about the recordings and the notes taken. Specifically, they were also informed that, under the Data Protection Act 1988 and 2003, notes and recordings were always store in a secure space and access was permitted solely to the researcher and her supervisor. Participants were provided with contact details of both the researcher and the supervisor in the hypothesis of desire to withdraw themselves from the research or in the eventuality that they requested a copy of their individual data.

Under the Act, data were kept for the purpose of the research only and they were destroyed appropriately and safeguarding the success of the deletion process.

Finally, the author affirms that the study was carried out on a non-sensitive population sample.

## 4. Findings, Analysis and Discussion

In this chapter, the author presents the results of the investigation of trust and its impact on the psychological contract within a healthcare provider in Ireland. The findings were gathered through six semi-structured interviews.

The researcher believes that the most efficient way of presenting findings is to report what emerged from the relevant interviews' results.

Therefore, the core part of this chapter is represented by the findings gathered through the interviews.

### 4.1 Analysis and discussion of interviews' data

The interview investigation tool enabled the researcher to collect a great amount of data. Some of it were directly focused on the investigation of trust and the psychological contract while some other data were not exactly focused on the topic of trust but still helpful to gather information related to it.

The template of the interview can be found in Appendix III although it has to be considered a certain extent of flexibility in the order and the wording of the questions due to the nature of semi-structured interviews.

The table below shows a general summary that includes: the number attributed to each participant, the date and the duration of each interview, the gender and the length of service of each respondent.

Participant	Date	Duration	Gender	Years of service
1	12/04/2017	00:35:53	F	3
2	13/04/2017	00:25:52	F	1
3	13/04/2017	00:18:17	M	3
4	13/04/2017	00:17:52	M	2
5	13/04/2017	00:21:48	M	3
6	14/04/2017	00:23:12	F	2
6		02:22:54		2.33
Count		Total		Average

**Table 3:** Summary - Interviews

The researcher advises that findings can be better understood if presented in three core categories of analysis: Employee expectations, Employee Obligations and Type of Psychological Contract (which together constitute one category) and Trust.

The researcher then proceeds to individually classify each participant in each of the previously mentioned categories based on key words and particularly relevant/evocative expressions emerged from the interviews. As a result, each participant was collocated in a profile constructed for each category, which enables the researcher to identify the participants according to High, Medium and Low profiles.

#### **4.1.1 Employee Expectations**

The researcher utilised Rollinson and Dundon's (2007) list of employees' expectations that were discussed in the Literature Review chapter (See Section 2.3). This enables the researcher to confront the theoretical model with what emerged from the findings and to add new insights resulting from the participants' answers.

In terms of employee expectation, the data shows that different types of expectations emerged in relation to what employees expect from their employer. Through an analysis of incidences of words/expressions, the resulting expectations are shown in the table on the following page. To each participant was attributed a score which reflects the number of key words or expressions present in the answer and relevant for each item. Each participant obtained a score for each item and this enabled the researcher to allocate each participant in a type of profile, based on the majority of times they were falling under Low, Medium or High score.

High profile → 3 or more incidents; Medium profile → 1 to 2 incidents; Low profile → 0 to 1 incident
--

ITEMS	P1	P2	P3	P4	P5	P6
<b>Interesting job, with variety of tasks and satisfying rewarding</b>	<p><i>"I would expect to get more responsibilities and autonomy";</i></p> <p><i>"variety of tasks" mentioned two times</i></p>	<p><i>"I am satisfied with my job and the duties I have"</i></p>	<p>No relevant key words or expressions related to this item</p>	<p><i>"What we do is really interesting"</i></p>	<p>No relevant key words or expressions related to this item</p>	<p><i>"My main source of motivation comes from recognition and the fact that I get many duties"</i></p> <p><i>"For me recognition is the best rewarding and I would expect more than a thank you";</i></p>
	<b>High (3)</b>	<b>Low (1)</b>	<b>Low (0)</b>	<b>Low (1)</b>	<b>Low (0)</b>	<b>High (3)</b>
<b>Provide safe working conditions</b>	<p><i>"I expect that I have a comfortable place to work";</i></p> <p><i>"Ensuring equipment";</i></p> <p><i>"I expect that I have the right resources"</i></p>	<p><i>"I think they should guarantee good working conditions";</i></p> <p><i>"Health and Safety"</i></p>	<p><i>"Accommodating";</i></p> <p><i>"safety"</i></p>	<p><i>"ensuring safe conditions"</i></p>	<p>Mentioned <i>"Health and Safety"</i> twice</p>	<p><i>"Of course, I also expect that policies are putting in place, for harassment and bullying for example";</i></p> <p><i>"guarantee safety";</i></p> <p><i>"Provide resources"</i></p>
	<b>High (3)</b>	<b>Medium (2)</b>	<b>Medium (2)</b>	<b>Medium (2)</b>	<b>Medium (2)</b>	<b>High (3)</b>
<b>Involvement in work-related decisions</b>	<p><i>"I would expect to have access to the budget and I don't";</i></p> <p><i>"I have to get everything approved when I think for some decisions I don't have to"</i></p> <p><i>"Of course, I'd rather have more decision making"</i></p>	<p><i>"I am happy that I don't have the responsibility of taking decisions"</i></p>	<p><i>"Who doesn't want to have more decision making?";</i></p> <p><i>"I would expect that when I make a decision and I need the approval, that it's provided"</i></p>	<p><i>"We have huge decision making, on ourselves, our clients, the references to check [...]"</i></p> <p><i>"Involvement" and "decision making" mentioned once</i></p>	<p><i>"I would like to have more power over my processes and more autonomy in decisions"</i></p>	<p><i>"I think I would be able to have more influence and taking more relevant decisions";</i></p> <p><i>"Decision, decision making, involvement" mentioned once</i></p>
	<b>High (3)</b>	<b>Low (1)</b>	<b>Medium (2)</b>	<b>Medium (2)</b>	<b>Medium (2)</b>	<b>High (3)</b>

<b>Opportunities for career progression</b>	<i>“Career progression”; “Promotion”; “Opportunities of progression”</i>	<i>“Opportunities of promotion”; “Progression”</i>	<i>“Progression in the career should be considered”</i>	<i>“I think in this place there are opportunities for career progression but, at the same stage, once you reach a higher level, you can’t really go further”</i>	<i>“Opportunities of promotion”; “Progression”</i>	<i>“A big point of expectations for me is promotion and career progression. I think that should be absolutely guaranteed if you do a good job and you are highly qualified”; “Career Progression”; “Opportunities of promotion”.</i>
	<b>High (3)</b>	<b>Medium (2)</b>	<b>Low (1)</b>	<b>Low (1)</b>	<b>Medium (2)</b>	<b>High (3)</b>
<b>Equality of opportunity</b>	N/A	N/A	N/A	N/A	N/A	N/A
	<b>Low (0)</b>	<b>Low (0)</b>	<b>Low (0)</b>	<b>Low (0)</b>	<b>Low (0)</b>	<b>Low (0)</b>

**Table 4:** Employee expectations

As a result, the participants can be classified as following:

<b>Participant no.</b>	<b>Profile</b>
1	High
2	Low
3	Low
4	Low
5	Medium
6	High

From the interviews, other employee expectations emerged as relevant data and are related to training provision of feedback and support from the employer.

- Training: Three participants (1, 5 and 6) declared that they expect to be trained properly.

Participant 2: *“I would expect my manager to support me through training, that enables me to work properly and improve and not only to tell me what is wrong”*

Participant 5: *“When I started, I was promised to receive an intensive training and I was relieved as when you start working in a company, it takes time to settle and training gives you a huge help. However, I had to learn on the job when I thought I would have received a specific training instead”*

Participant 6: *“From my managers I expect support, resources, training [...] all thing that allow me to get the job done in the way they want”*

- Feedback:

Participant 1 and 6 mentioned the word “feedback” respectively seven times and four times, underlining the need of more expected feedback.

*“I don’t think I get much feedback at all. It would be great for the company if, you know, gives you an overall evaluation not only of what you are doing wrong (pause) but also of what you can improve. This is what I would expect from my manager”.*

On the other hand, participant 2, 3, 4 and 5 affirmed that they get feedback when they ask for it. For example, participant 3 declares *“We do get feedback if we ask”*, while participant 4 *“ah sure you would always get feedback...sometimes we don’t because they don’t have time”*.

- Support:

All the participants mentioned that they expect support from their employer/manager.

Participant 2, 3 and 4 affirmed that they expect support in terms of assistance and approval in tasks, jobs and processes to get signed off by their managers.

Participant 1, 5 and 6 declared to expect support in terms of both resources, open dialogue and flexibility.

*“For me the support is the main thing, the psychological support but also the work related...not physical, but ensuring resources. That’s what I would expect from my manager, that I have my resources, my equipment, that I have comfortable place to work, that you treat me fairly, also in terms of if I need to leave the office earlier, being flexible”;*

From the confrontation of what is discussed in the literature review and this study’s findings emerged in relation to employees’ expectations, it can be affirmed that Rollinson and Dundon’s (2007, cited in Rowley and Jackson, 2011) categorisation does not capture some set of expectations within the employment relationship that seem to be important instead in the present case study.

For example, there were no relevant findings in relation to “Equality of Opportunity” (Rollinson and Dundon, 2007, cited in Rowley and Jackson, 2011) and this could mean that either this expectation is met within the organisation or that this element is not considered a priority for the employee of company X or else it is perceived as an implied term in their employment contract.

Instead, it is underlined again the expectation and the importance of receiving support:

*“It actually came to my head something now...and it’s a negative thing in terms of expectations from my managers. The only thing I don’t like here and happens quite often is that there are days that no one is here, no managers at all. You come in and you don’t know where they are, they don’t answer the phone, you don’t know where they work from. You email them and you have to wait days for a reply but you expect that. Sometime you really need to have someone here for any issue, something urgent you need assistance with and there is no one and everything just takes time. But on the other side, if you don’t come back to some of them then you get an email saying ‘can you come back to me and say why you didn’t email me and the reason why’.”*

This quotation can be related to Schein’s (1978, cited in Rowley and Jackson, 2011) observation, which underlined the fact that expectations towards the employer tend to be fully understood when they are unmet.

#### **4.1.2 Employee Obligations and Type of Psychological Contract**

According to Rousseau (1990), employees’ perceptions of their obligations towards their employers can be seen as proper of a relational or a transactional type of psychological contract. A monetary or materialistic-based motive would fall under the transactional psychological contract while the relational type would be characterised by an emotional intent to build a long-term and strong employee-employer relationship (Rousseau, 1995). In this part of the findings, the author analysed how each respondent believes to fulfil his/her obligations towards the employer with a relational or a transactional psychological contract through Rousseau’s model discussed in paragraph 2.3.2 (1990, cited in Atkins, 2007).

Obligations	P1	T/R	P2	T/R	P3	T/R
	showing a professional behaviour;	R	Whether they recognise you or not, you have to get the job done	T	Need to get approval	T
	Talking to my managers if I am struggling or if I feel overwhelmed	R	You have to have a certain average of people recruited and ready to go in order to get the bonus	T	I don't expect to get recognised for the work I do	T
	Staying within budget restrictions	T	Meeting deadlines	T	Getting the job done	T
	Meeting deadlines although I feel that sometimes they are impossible	T	Getting approval	T	Meeting deadlines	T
	Documenting, reporting to managers	T	Advising the managers in case you want to leave	T	Justifying and backing up to managers if I want to do something beyond my duties	R
	Seeking advice from managers	R				
	Trying to manage your own internal resources, behaviour and emotions	R				

P4	T/R	P5	T/R	P6	T/R
Seeking advice and support	R	Completing tasks	T	Justifying to managers your decisions in terms of how you complete your tasks	T
Providing the work in a timely manner	T	Seeking for guidance and support	R	Working well in team	R
Seeking approval and tasks signed off	T	Following the company's policies and procedures	T	Meeting deadlines	T
Hitting targets	T	Meeting deadlines	T	Asking for feedback as I think it's crucial	R
				Guaranteeing loyalty to the company you work for	R

**Table 5:** Employee obligations and types of PC

Based on the number of words or key expressions related to the two different types of contract, the author obtained a percentage for each participant in relation to how much they feel that their psychological contract is relational or transactional.

<b>Participant</b>	<b>Profile based on employee expectations</b>	<b>Transactional Psychological Contract %</b>	<b>Relational Psychological Contract %</b>
1	High	43 %	57 %
2	Low	100 %	0 %
3	Low	80 %	20 %
4	Low	80 %	20 %
5	Medium	80 %	20 %
6	High	40%	60 %

**Table 6:** Confrontation of expectations and obligations/PC

It can be observed that high employee's expectations towards the employer are related to higher percentages of a relational type of the psychological contract. The same can be affirmed for low and medium participant's profiles in relation to their expectations, which result in higher percentages of transactional psychological contract.

These findings reflect Rousseau's (1990) study about the relationship between types of obligations and the two types of psychological contract. The author's (Rousseau, 1990) categorisation of transactional or relational obligation is not universally accepted according to Atkinson (2007). However, the findings seem to reflect Rousseau's (1990) theorisation.

#### **4.1.3 Employee definition of Trust and existing level**

In this first part of the present section, the author analyses relevant key expressions of what trust means to the participants in relation to their individual employment relationships. The author considered the patterns of incidents to illustrate whether the interviewees' definition of trust could be categorised as cognitive based or relational type of trust, as discussed in the literature review.

TRUST	Cognitive/ Relational	P1	P2
Expressions		<i>You know you can rely on the other person; you don't question their actions or decisions; you know, feel comfortable by giving them something that you know it's your responsibility; managers don't question what you do because they trust you.</i>	<i>You kind of believe that whatever you say it's going to be done.</i>

**Key words**

Reciprocity	R	3	0
Relying on managers/colleagues	R	2	2
	<b>Total</b>	<b>5</b>	<b>2</b>
Getting results	C	0	2
Getting paid	C	0	2
	<b>Total</b>	<b>0</b>	<b>4</b>

P3	P4	P5	P6
<i>You trust the fact that you'll be trusted to do something they think you would do. I trust that I will get paid for the work I do.</i>	<i>It's about dependability, getting things done and getting results.</i>	<i>Having faith in the managers doing the right thing. And this goes of course in both ways.</i>	<i>Being vulnerable and asking for support; being confident that the others will not take advantage of your vulnerability.</i>

0	0	0	2
0	2	3	3
0	2	3	5
2	2	2	0
3	1	1	1
5	3	3	1

**Table 7:** Trust's results

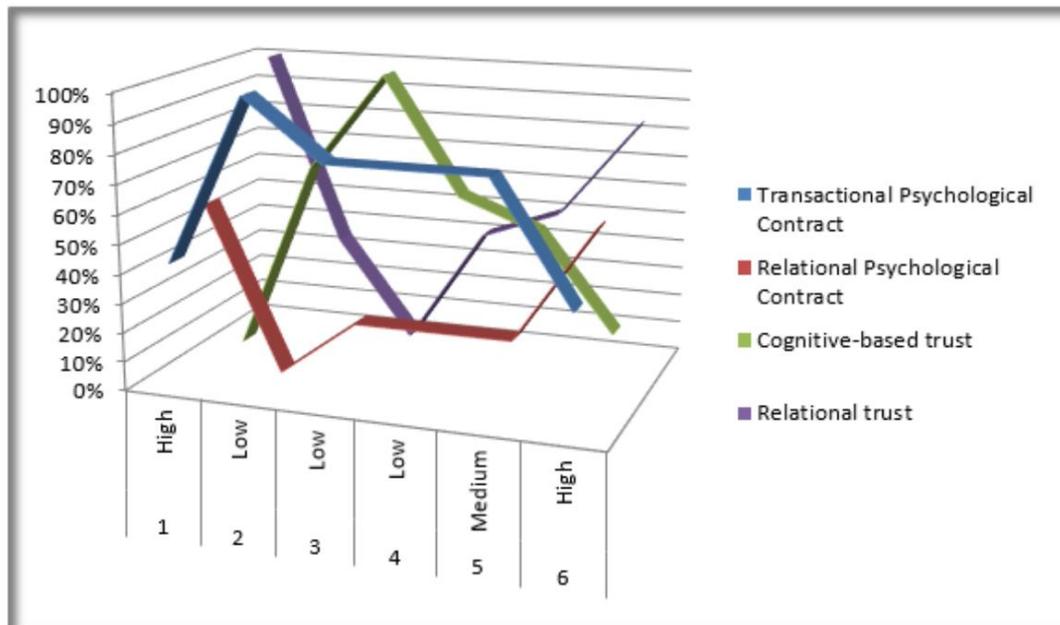
From the table, it is clear whether the definition of trust for each participant can be collocated into a cognitive-based or relational/affective conceptualisation of trust. These findings can be looked in comparison with what emerged from the previous tables in order to identify relevant trends. For example, the two participants with high profile in terms of expectations, seem to present a more relational type of psychological contract and, coherently, their definition of trust is relational rather than cognitive-based.

In relation to the other participants with low and medium level of expectations - which represent the majority of the population sample – seem to present a transactional type of psychological contract as well as a cognitive-based perception of trust towards their employer.

Participant	Profile based on employee expectations	Transactional Psychological Contract %	Relational Psychological Contract %	Cognitive-based trust %	Relational trust %
1	High	43 %	57 %	0%	100 %
2	Low	100 %	0 %	66 %	34 %
3	Low	80 %	20 %	100 %	0 %
4	Low	80 %	20 %	60 %	40 %
5	Medium	80 %	20 %	50 %	50 %
6	High	40%	60 %	17 %	83 %

**Table 8:** Summary and confrontation of the resulting data

These results are summarised in the graph below that shows the overall trend of the resulting data. It is clear that both cognitive-base trust and transactional PC increase in correspondence to low profiles (related to employees' expectations). By contrast, the graph shows how relational/affective trust decreases together with a relational PC again in correspondence to those employees that were labelled with a low profile.



**Figure 7:** Results and trends

As discussed in the literature review in relation to the Social Exchange Theory (Emerson, 1976), it can be affirmed that reciprocity represents a crucial aspect for the relationship

in those participants (1 and 6) that are also interested in building a relational type of psychological contract characterised by the generation of expectations and obligations like a continuous cycle.

In relation to the existing level of trust within the company, participant 1 and 6 underlined that trust is not fully present within the company.

The following quotations by the two employees demonstrate some issues in respect of the trust perceived within the organisation:

*“Trust it’s not 100% there but I think it’s never going to be. However, you have to trust your employees otherwise you wouldn’t be able as manager to do your own things but you’d constantly going after people. It’s that sometimes you get a feeling that, in the culture itself, we should be more focused on people rather than on tasks”;*

*“If I have to say that I trust everyone here...to be honest no. I believe that trust could be promoted more if there was more openness and confrontation that seems to be quite avoided”.*

Thus, although participants 1 and 6 seem to have high expectations and their obligations reflect a relational type of psychological contract, the level of trust that they perceived is low or non-existent.

This is in line with what Rousseau theorisation of those who present a relational type of PC, which would be more likely to have strong negative reactions when the psychological contract is violated (Rousseau, 1995; Kickul and Lester, 2001).

In turning to consider the results, four participants out of six (66%), declared that trust is present within the organisation and this is related with completion of tasks and results achievement. For example:

*“The company would be based on trust. Trust that you follow the right procedure and that we would do the right things”;*

*“There is no manager if there isn’t us and vice versa. There is no employer if it wasn’t for us. This means that if they don’t trust us to do the right thing, we can’t trust them to give us the right directions and therefore there is no job done”.*

However, a participant noted that trust is a concept that is generally present within the company but that some breaches may occur:

*“Trust...I’d say for the most part is present here but there are some times that it might come down to communication issues and maybe I am not sure that trust is the right word here anymore...but maybe some trust issues might arise when policies and procedures*

*are not followed correctly. And then we have to go back and fix it later. This is when trust probably creeps into it”.*

While the findings coming from participant 1 and 6 tend to reflect the Social Exchange Theory in the sense that the relationship with their employer is seen as a mutual and beneficial exchange (Emerson, 1976), for the rest of the population analysed it can be observed the importance of the alignment of employees’ and employers’ goals. This alignment is provided by the fact that the company’s policies and procedures will be followed accurately by everyone in the organisation. In this sense, it can be noted that, for the majority of the participants, the Agency Theory (Charness and Kuhn, 2010) characterises the employee-employer relationship, considering the employees the agents that are delegated by the employer.

In relation to the existing level of trust, it appears clear that the majority (66%) of participants perceive that there is trust within the organisation. Their concept of trust is cognitive-based and reflect a transactional type of PC. It is worth noting that within this 66%, 70 % of the participants are males and 25 % is represented by a female that has been working within the company for 1 year.

However, after the analysis of relevant expressions and key words, it is clear that the presence of perceived trust within company X is highly based on what is discussed in the framework of the Interdependence Theory (Kelley et al., 2003), which describes the relationship as regulated by rules (policies and procedures) and payoffs.

Thus, the fact that there is a higher degree of low-medium expectations, that the employees’ obligations reflect a transactional type of PC and that the perceived trust is cognitive-based may be a symptom of a low perception of beneficial mutuality and therefore the employees are less likely to develop a strong, loyal and long-lasting employment relationship.

What emerged in the interviews reflects an overall environment permeated where employees have low-medium expectations towards the employer. This factor is then associated with types of obligations that reflect a transactional type of psychological contract. According to Rousseau (1998), the type of PC built can explain employees’ behaviours and whether they actually invest in the employment relationship or not. A transactional type reflects a materialistic and short-term type of relationship while the relational PC involves the investment of emotions, expectations and trust (Rousseau,

1995; Jamil, Raja and Darr, 2003). Furthermore, the type of obligations that emerged seem to be related to the meaning of trust that employees attribute to the employment relationship. What resulted is that the majority of employees build a relationship on cognitive-based trust and they believe trust is present within the organisation. For example, the silence observed during the meeting, even though the non-verbal communication of employees would say otherwise, and key expressions focused on “getting the job done” and therefore getting paid for it, fall under a type of employment relationship permeated by rationality, individualism and gaining of personal interest (Tyler and Kramer, 1996; cited in Tyler, 2003).

## 5. Conclusions and Recommendations

### 5.1 Conclusions

The concept of trust has received little attention so far in the business literature and it is worth noting that the CIPD (2015) outlined the concept of trust being undermined in employment.

However, trust – together with fairness and deal delivery – is conceptualised as an influencing factor in the promotion of a positive psychological contract (CIPD, 2005).

Trust is defined according to two theoretical perspectives, which are cognitive based and relational based. Thus, while relational trust is related with a relational psychological contract, cognitive-based trust is closely linked with a transactional type of PC.

Moreover, following Mayer's et al. (1995) definition of trust, it appears clear that expectations and therefore obligations play a crucial part in the employment relationship. In this study, the author analysed data from semi-structured interviews conducted with six permanent contracted HR professionals employed by a healthcare provider in Ireland. From the data collected via interviews, it emerged that trust is defined by four main key concepts: reciprocity, relying on managers and colleagues, achieving results by getting the job done and getting paid.

The author then proceeded to divide the above key concepts into two main categories of analysis: relational-based trust and cognitive-based trust according to the literature (Kramer, 1999; Tyler, 2003).

As a result, 33% of the population sample defined trust with a relational orientation, influenced by social exchange focused on reciprocity.

67% of the participants decisions regarding trusting someone in the workplace are based on making rational choices that are focused on delivering results and therefore ultimately getting paid.

The findings from the interviews demonstrate also that trust is a value that is present within the organisation although this is perceived in forms of cognitive-based trust (focused on a materialistic aspect of the employment relationship) or in forms of relational trust (focused on reciprocity in the employment relationship).

Moreover, it emerged that those with high expectations towards the employer (33%), present a more relational type of psychological contract, which is also closely related to a relational/affective type of trust.

By contrast, those who have less expectations towards the employer (50%), seem to present a more transactional type of PC and that they tend to invest on a cognitive-based trust in the employment relationship.

17% of the total population reflected a medium level of expectations, linked with a higher degree of transactional PC, resulted in scoring equally cognitive-based and relational type of trust.

To conclude, these results are important for company X. It is also fundamental to read these findings under the light of what was discussed in relation to those employees that fall into the “relational” categorisation, which tend also to feel more loyal and proud to work for their organisation (Rousseau, 1995; Kickul and Lester, 2001). Based on the fact that those people who invest in a relational type of trust and PC towards the employer and therefore tend to be more loyal and engaged, it is the author’s recommendation that Company X invests in fostering and encouraging a culture based on relational/affective trust.

## **5.2 Future research directions**

In the methodology chapter, the author underlined the limitations of the current study. Although the author believes that great attention was given to the topic of trust within an organisation, the external validity can represent an obstacle to the generalisability of the study.

Therefore, future research should consider this aspect and perhaps try to design a quantitative piece of research around the topic of trust and its importance within the workplace, considering its weight in terms of organisations’ performance.

Moreover, future research around the topic of trust could investigate whether there are changes overtime in terms of trust in the employment relationship through a longitudinal study.

Furthermore, this piece of research offers the opportunity to investigate the phenomenon in terms of genders’ perspectives. Therefore, it would be interesting to investigate the relationship between trust and gender within the workplace.

Finally, this study focuses on employees’ perspective. Thus, an investigation focused on employers’ perspective of trust could offer interesting outcomes.

### **5.3 Recommendations and implementation timelines**

In relation to the company considered in this case study, a few recommendations can be drawn.

In the author's point of view, the company should firstly carry out an internal diagnosis of its current status in terms of trust. This preliminary diagnosis could include all the employees working in the HR department and could be afforded through a short anonymous questionnaire in order to collect objective data in a non-time-consuming manner. This survey can be carried out once per year. The survey should contain items that investigate the existing level of trust from the employees towards the employer and the managerial function, including also the clarification of concepts such as autonomy, decision making, job satisfaction and engagement.

Considering solely the outcomes resulting by the present study, it is clear that the majority of participants, representing almost half of the actual workforce in the HR department, invested on a cognitive-based trust that also enhances a transactional type of psychological contract. It can be concluded that this factor could represent one of the reasons for the company's high turnover.

Thus, the company should propose the implementation of a training focused on the benefits of relational trust, which will influence the formation of a long-lasting and mutually beneficial employee-employer relationship. The training can be both provided externally or in-house, depending mainly on the company's resources.

#### **5.3.1 External training**

As a suggestion, an organisational psychologist, who is an expert in trust building within the workplace, provides a practical training to all the HR professionals. It would be ideal if the training involves all the HR employees and managers at the same time in order for them to have the opportunity to receive the same training and to organise a group reflection/feedback session afterwards. The training should take place over one intensive day every six months in order to guarantee persistency.

#### **5.3.2 In-house training**

An HR manager should be appointed as a facilitator of this training. A collection of employees' expectations prior to the training session could be a potential starting point

for the training, where the focus is on what employees expect from the employer and vice versa whether those expectations are met or not. Then, the training session can take place and trust games can be carried out in order to deliver the message that the company cares about building a trustworthy and long-lasting relationship as well as encouraging relational trust throughout the workplace. In fact, it is important that corporate values are not only expressed in the mission statement but that they are actually put in practice. This could represent a cost-saving solution. Again, this type of training can be planned over a day and twice per year.

However, it has to be underlined the risk of appointing an HR manager as facilitator due to the fact that, as resulted by the observation conducted in the study, employees may not feel totally free to express themselves.

### **5.3.3 Costs**

Considering the external training, the costs of its implementation are estimated to be €800 circa per session running from 10am to 4pm with a break of an hour for lunch and refreshments.

In relation to the in-house training, a bonus of €200 can be paid to the facilitator, excluding the potential and little cost of supplementary material.

Total cost €2.000~ per year.

## **5.4 Reflections**

Throughout the research process, the author can declare that there was a significant feeling of engagement and personal interest in completing this study. Moreover, the author's interest in developing a methodologically accurate piece of research had an impact on the analysis and presentation of the data.

The author understood that the best way to investigate the phenomena considered was via semi-structured interviews. However, the researcher believed that some quantitative analysis could be provided when presenting findings.

The research process presented a few challenges: the broad scope of the literature review and paradoxically the difficulties in finding other pieces of research around trust within the workplace had an impact on the time spent in the literature review part.

However, the author considered the literature review a fundamental part that enabled the researcher to narrow down the focus of analysis.

Another challenge was represented by the collection, transcription and analysis of interviews data which was extremely time consuming having a really tight length of time available for the conduction of the study.

Finally, the researcher believed that the justification of each methodological step was crucial in order to present a coherent and relevant piece of work.

# APPENDIX I

## Information Letter

10/04/2017

Address

Dear \_\_\_\_\_,

This letter is an invitation to consider participating in a piece of research I am conducting as part of my Master in Human Resource Management in the School of Business at National College of Ireland.

I also would like to provide you with more information about the dissertation I am working on and what your involvement would imply if you kindly decide to participate.

Given the importance for a Human Resource professional of identifying the determinants of companies' management, the interest of this research poses foundation in the specific exploration of trust as the main element that influences the psychological contract within the workplace.

This study will focus on the impact of trust on the psychological contract. Specifically, the intention is to investigate this topic among HR permanent staff working within a health organisation in Ireland.

The topic to investigate is thus closely related to a wider interest in investigating the importance of employees' behaviours and beliefs towards the company as determinant factors for the firm's success, productivity and growth.

The role of trust, how trust is perceived from an employee's point of view and how this affects the psychological contract have extensively been recognised and investigated in the economic literature, due to the important implications at both corporate and operational level within an organisation and its business performance (CIPD, 2017).

Therefore, the investigation of this subject recognises the importance of showing and perceiving trust which can play a fundamental role in the foundation and maintenance of a positive psychological contract in the individual-organisation relationship.

I chose your organisation due to your significant presence within the Irish health sector and therefore I would like to include your company in the study I am pursuing.

Participation to this study is voluntary and it will involve an interview of approximately 30 min in length to take place in a mutually agreed location and time.

You may decline to answer any of the interview questions if you so wish. Moreover, you may decide to withdraw from this study at any time without any negative consequences by advising the researcher. With your permission, the interview will be tape-recorded to facilitate collection of information and the researcher might take notes during the interview. All information you provide is considered completely confidential. Your name will NOT appear in any thesis or report resulting from this study. With your permission,

anonymous quotations may be used. Data collected during this study will be retained for the duration of the dissertation - from present till the 30<sup>th</sup> of August 2017 - in locked office in my supervisor's lab. Under the Data Protection Act, data will be kept safe and locked until the end of the study and only the researcher and the supervisor will have access to the data gathered. No one else will have access to it. There are no known or anticipated risks to you as a participant in this study.

If you have any questions regarding this study, or would like additional information to assist you in reaching a decision about participation, please contact me at 0852283227 or by e-mail at [serena.lamboglia@gmail.com](mailto:serena.lamboglia@gmail.com). You can also contact my supervisor, Desmond Gargan at his email address [desmond.gargan@ncirl.ie](mailto:desmond.gargan@ncirl.ie).

I would like to assure you that this study has been reviewed and received ethics clearance through the Research Ethics Review Board at National College of Ireland. However, the final decision about participation is yours.

I hope that the results of my study will be of benefit to your organization as directly involved in the study, other voluntary recreation organizations not directly involved in the study, as well as to the broader research community.

I very much look forward to speaking with you and thank you in advance for your assistance in this project.

Sincerely,

Serena Lamboglia

## APPENDIX II

### Consent Form

I \_\_\_\_\_ (Name and Surname) agree to participate in a research project conducted by Serena Lamboglia from National College of Ireland.

The purpose of this document is to specify the terms of my participation in this academic project.

1. I have been provided with sufficient information about this research project. The purpose of my participation as interviewee in this study has been explained to me and it is clear.
2. My participation as interviewee is voluntary and there is no explicit or implicit coercion of any kind to participate.
3. My participation involves being interviewed by Serena Lamboglia as student/researcher of the final year of the Master in HR Management in National College of Ireland. I allow Serena Lamboglia to take notes and to audio-record the interview. It is clear to me that in case I do not want the interview to be recorded, I am fully entitled to withdraw my participation to the study at any time.
4. I agree to giving my permission to record the interview and that some notes may be taken by the interviewer Serena Lamboglia.
5. I have the right not to answer any of the questions and I am entitled also, for any reasons, to withdraw my participation to the interview.
6. I have been given the explicit guarantee that the researcher will not identify me by name or age or any other factor that enable the recognition of my person in any reports using the information obtained in this interview. I have also been provided the guarantee that all the information gathered will be treated with total confidentiality and that it will be kept secure under the Data Protection Act, 1988.
7. I have been given the guarantee that this academic work has been approved by the Ethics Review Commission at National College of Ireland.
8. I have read and understood the statements of this form and I received all the clarifications I needed. Thus, I voluntary agree to participate to this study.
9. I have been provided with a copy of this consent form signed by the interviewer Serena Lamboglia.

Date \_\_\_\_\_

Participant's Signature \_\_\_\_\_

Interviewer's Signature \_\_\_\_\_

# APPENDIX III

## Interview Questions

### Definition and Existing Level of trust

- Could you describe what is your understanding of trust? What is your personal definition of it? What does trust mean to you?
- Could you give me an example of when you trusted your manager/s and/or colleagues?
- Could you give me an example of when you had exhibited being trusted by your manager/s? And by your colleagues?

### Expectations, Obligations, Engagement and Decision Making

- What do you expect from your employer?
- What do you think your employer expects from you?
- At what level of decision making are you involved? Could you give me an example of when you exercised any form of decision making within your company?
- What type of decisions can you make?
- Could you give me an example of when you exhibit any form of influence on within your company?
- Would you like to have more of a voice when there are decisions to take within the company?
- If you take a decision about a specific situation, would you say that your manager/s understands your point of view?

### Culture

- How would you define the culture promoted by your organisation?
- Is trust a value promoted by your company? If yes, could you tell me how? If no, do you think trust should be encouraged? Why?

### Working relationships

- How would you define your relationship with the manager/s?
- How would you define your relationship with colleagues?
- Does the manager give indications about what needs to be done and what to do or does he promote autonomy?
- Do you feel comfortable in working with your colleagues and/or your manager/s?
- Do you feel comfortable in expressing your opinion about a work-related matters with your colleagues or/and manager/s?
- How many times you receive feedback from your manager/s? Would you like to receive it more/less?
- Does the leadership of your organisation recognise employees' work, efforts and results?

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