



Swiss Human Relations Barometer Autumn Newsletter 2019

The psychological contract as a means of promoting integration and employer attractiveness

The psychological contract between employees and employers – the implicit reciprocal expectations and the willingness to meet these expectations – is a key element of employee-employer relations. We illustrate this by means of two examples: the integration of foreign employees in Switzerland and the attractiveness of employers. While these appear to be two unrelated concepts at first glance, both issues are actually essential to overcoming the shortage of skilled labour in Switzerland.

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Foreword

The first article shows that foreign employees in Switzerland (defined as people not born in Switzerland and who do not hold Swiss nationality) perceive that the psychological contract with their employer is fulfilled to a lesser extent than Swiss employees. While the expectations of both groups are largely similar, foreign employees feel that their expectations are consistently less fulfilled. A key issue here are opportunities for professional development within the company. The expectations of foreign employees are somewhat higher in this respect while the perceived offer level is lower, giving rise to a particularly significant discrepancy. Providing opportunities for development is a key indication of appreciation and belonging within a company and are thus essential to employee integration.

The second article illustrates how data collected by the Swiss HR Barometers can be used by individual employers to reflect on employee-employer relations

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within their own organization and, where necessary, to identify measures designed to increase their attractiveness on the labour market. The specific example presented relates to the public administration sector where the psychological contract is fulfilled to a greater extent than on average in Switzerland with regard to job security but to a lesser extent with regard to development opportunities. This is also expressed in the fact that stabilised job satisfaction (everything should remain as it is) and resigned job satisfaction (it could be worse) is more pronounced in the public administration sector, while progressive job satisfaction (I am satisfied but my situation could improve further) is less pronounced. In light of this, there is still a need for action, in particular with regard to development opportunities.

The Swiss HR Barometer is a joint project run by ETH Zurich and the universities of Zurich and Lucerne. The project is funded by the Swiss National Science Foundation and has been gathering information since 2006 on how employees in Switzerland experience their work situation. A representative, differentiated survey of employees in Switzerland conducted at regular intervals is used to establish basic organizational/psychological principles for human resources policy. We would be happy if this newsletter were to enable us to help ensure that the findings of the Swiss HR barometer are incorporated into operational practices, thereby improving employer-employee relations.

Gudela Grote and Bruno Staffelbach, editors

Psychological contracts of foreign employees are fulfilled to a lesser extent

People from a number of countries live and work in Switzerland (Federal Statistical Office, 2017). Work is the main reason for foreigners moving to Switzerland. For employees to be motivated and satisfied at work, companies must ensure the best possible professional integration of both domestic and foreign employees. Part of this involves fulfilling the psychological contract. Using data from the Swiss HR Barometer 2018 (Grote & Staffelbach, 2018), we will explore here the question of whether differences in the psychological contract can be observed between employees who are Swiss nationals and those who come from abroad. To this end, a survey was conducted including 1,511 Swiss employees and an additional 1,290 employees who do not hold Swiss nationality and were not born in Switzerland.

Expectations versus offers

The psychological contract contrasts the expectations and offers of employees and employers. These reciprocal expectations and offers are, for the most part, implicit and may change over time (Raeder & Grote, 2001; Rousseau, 1995). The smaller the discrepancy between expectations and offers, the more balanced and fulfilled the psychological contract (see Figure 1).

The results show that, generally speaking, employee expectations – regardless of their place of origin – are more pronounced than company offers (see Figure 2). The difference between expectations and offers is nevertheless greater among foreign employees than among employees with Swiss nationality and their psychologi-

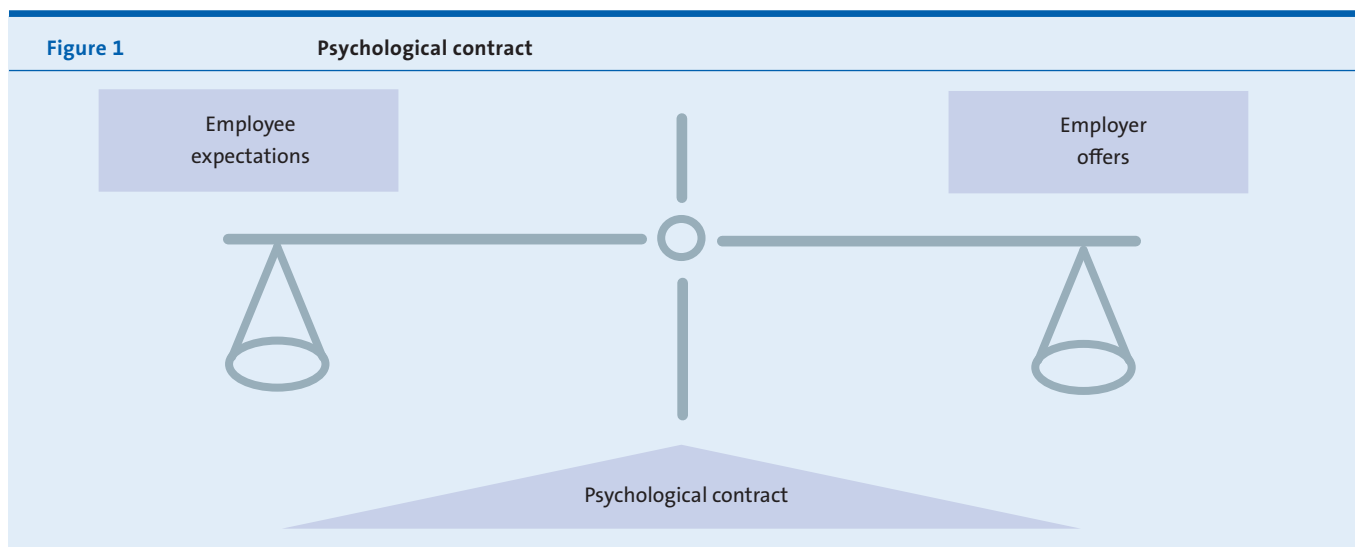
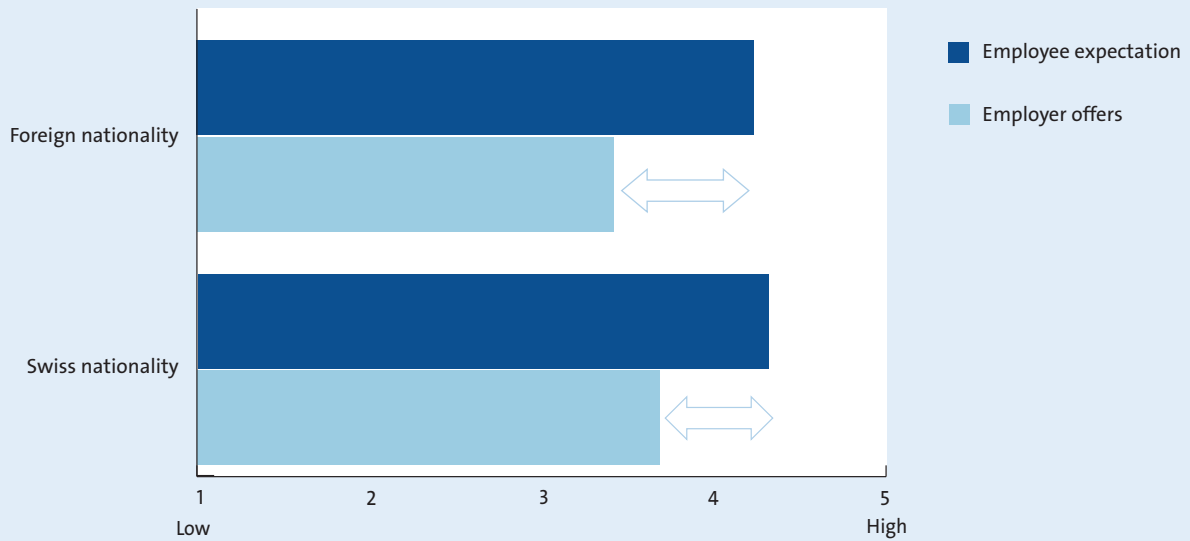


Figure 2

Difference between expectations and offers among foreign and Swiss employees
(length of arrow = magnitude of the difference between expectations and offers)



cal contracts are consequently fulfilled to a lesser extent. This difference is statistically significant and independent of the gender, age and level of education of the employees.

Content-related differences

To obtain a better understanding of why the psychological contracts of foreign employees are fulfilled to a lesser extent, the individual components are examined in greater detail below. Across almost all seven aspects of the psychological contract, the expectations of foreign employees are less pronounced than among employees with Swiss nationality (see Figure 3). Regardless of their

place of origin, all employees have the highest expectations with regard to employer loyalty and adequate compensation. Expectations relating to development opportunities are the least pronounced. In this respect, foreign employees nevertheless demonstrate higher expectations than their Swiss counterparts. One explanation for this discrepancy could be that many immigrants arrive in Switzerland expecting to find particularly good career development opportunities.

Perceived offers (see Figure 4) are rated more poorly across all dimensions by foreign employees than by Swiss employees.

Figure 3

Employee expectations

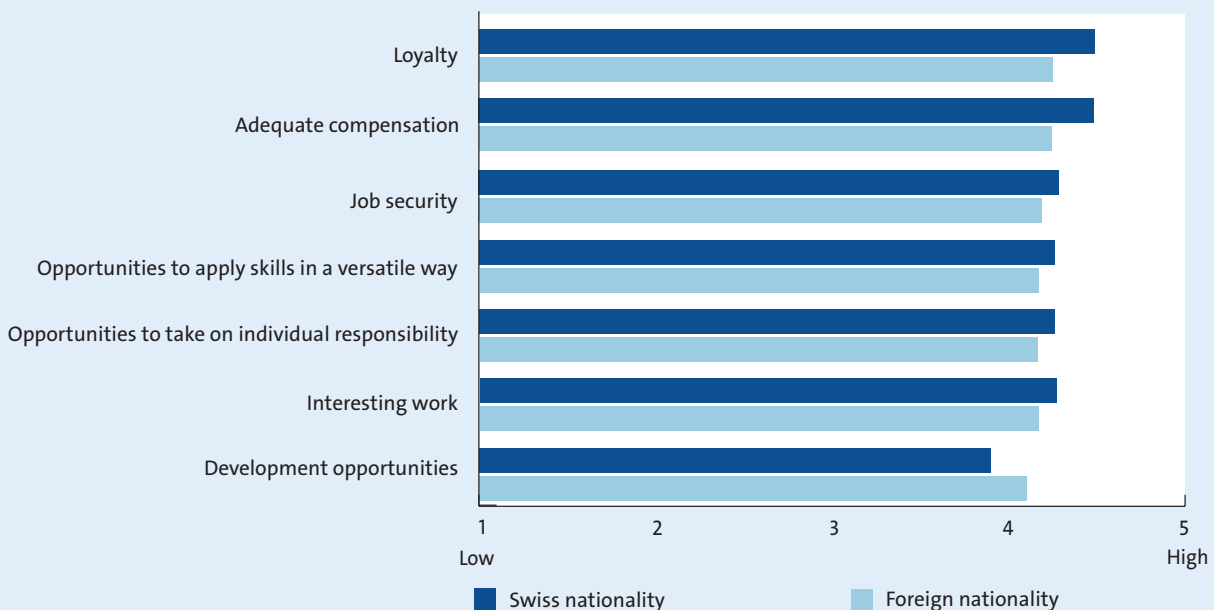
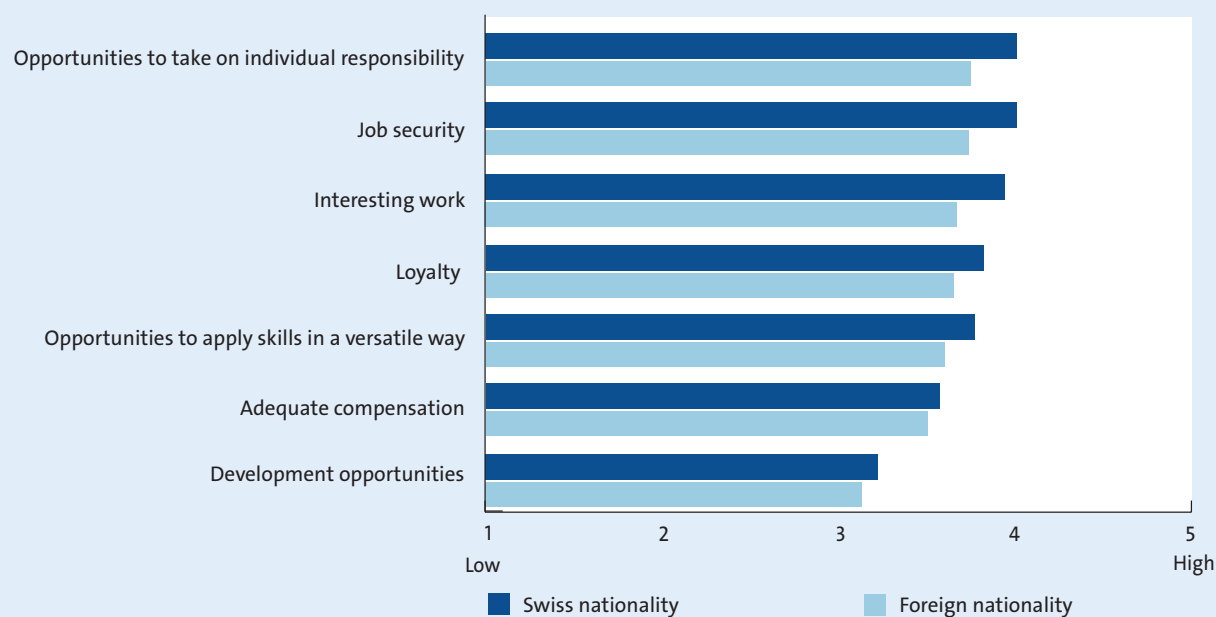


Figure 4

Perceived employer offers



All employees rate employer offers the highest with regard to job security and the opportunity to take on personal responsibility. Also scoring relatively highly are the dimensions interesting work, opportunities to apply skills in a versatile way and employer loyalty. The criteria of adequate compensation and development opportunities scored least well among all those surveyed. This means that it is primarily the discrepancy in development opportunities which contributes to the generally weaker fulfilment of the psychological contract among foreign employees.

Strengthening psychological contracts

In short, the results show that the psychological contract is less satisfactorily fulfilled among foreign employees. On the one hand, foreign employees' expectations with regard to their employers are lower than those of their Swiss counterparts. On the other hand, foreign employees perceive also lower employer offers. Taken together, this results in a larger discrepancy between expectations and offers among foreign employees. Unfulfilled psychological contracts have a number of negative impacts, such as lower job satisfaction, lower commitment and an increased propensity to give notice. In light of the current "war for talents", it is important for a company to encourage both domestic and foreign talents to stay. This raises the question of how employers can strengthen the psychological contract, in particular with regard to foreign employees.

Among foreign employees, the discrepancy relating to development opportunities proves to be the key fac-

tor. Companies should therefore start here. Career and feedback discussions represent an important starting point. Regular dialogue between managers and employees serves to identify career aspirations and harmonise the reciprocal expectations. Furthermore, it is possible to support fulfilment of the psychological contracts of foreign employees through targeted integration measures such as training courses, meet-and-greet events and an open communication culture (Hajro, Zilinskaite & Stahl, 2017). The more clearly the reciprocal expectations and offers are expressed, the better the individual psychological contracts can be fulfilled, thereby motivating the employees.

Anja Feierabend, Julian Pfrombeck & Laura Schärner

Source: Feierabend, A., Pfrombeck, J. & Schärner, L. (2019). Comparison of psychological contracts – differences between Swiss and foreign employees. *Personal Schweiz*, 5, 40-42.

The Swiss HR Barometer as a practical benchmarking instrument: an example of employer attractiveness with the City of Winterthur

Many companies compete to attract and retain employees on the labour market and are interested in learning how they compare to their rivals. To this end, for example, companies can use data from the Swiss HR Barometer to compare results of in-house employee surveys with representative nationwide data, as well as demonstrating sector-specific differences.

One company that provides such benchmarking analyses using Swiss HR Barometer data is HR ConScience GmbH. HR ConScience is a University of Zurich startup created with the aim of building bridges between theory and practice. By generating, analysing and processing research findings and figures, HR ConScience develops evidence-based decision-making criteria for human resource issues (www.hrconscience.ch).

The Swiss HR Barometer team worked with HR ConScience on a keynote presentation on the issue of “Employer attractiveness of the City of Winterthur”. The aim was to provide the management staff of the City of Winterthur with a scientific basis relating to the issue of employer attractiveness while comparing the survey results of public administration employees with the figures for the general population of Swiss employees.

Employee benchmarking in the field of public administration

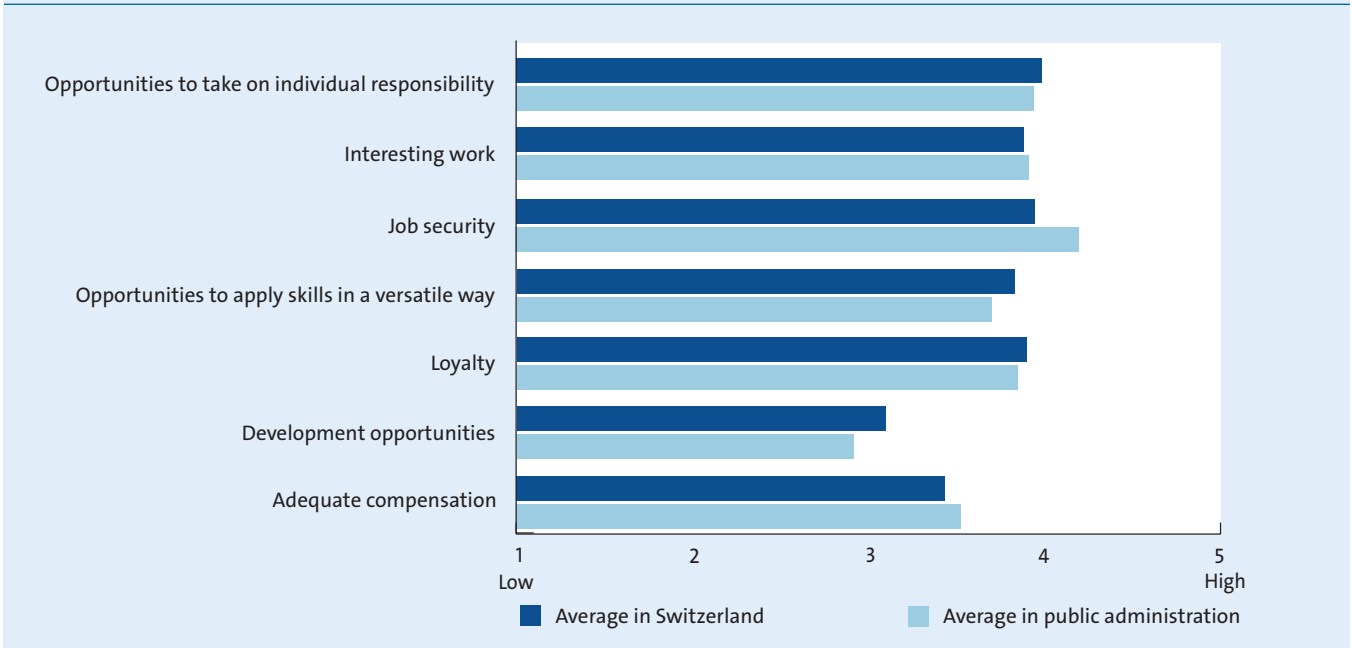
Employee perceptions of their employers’ attractiveness are affected by a number of different factors. One such factor is the convergence of employee expectations and the actual performance of the company, also referred to in the literature as the psychological contract (Rousseau, 1989). The fulfilment of expectations leads indirectly, through job satisfaction, to employees perceiving their employers to be attractive.

For the keynote presentation on the employer attractiveness of the City of Winterthur, the data from the Swiss HR Barometer relating to the psychological contract and job satisfaction of public administration employees (comparable data for the City of Winterthur were not available) were compared with the figures relating to the general population of Swiss employees. The results show that employees’ expectations of their employers in the field of public administration are very similar to those of the average Swiss employee (see Figure 5a). With regards to the offers received by employees from their company, the results nevertheless show that the criteria of job security and adequate compensation scored better among public administration employees than the Swiss national average. Public administration employees nevertheless score development opportunities and the opportunity to apply skills in a versatile way lower (see Figure 5b). In both these dimensions of the psychological contract, there appears to be potential for improvement in the public administration sector. The wide range of public administration organizations operate in a constantly-changing envi-



Figure 5b

Psychological contract - offers



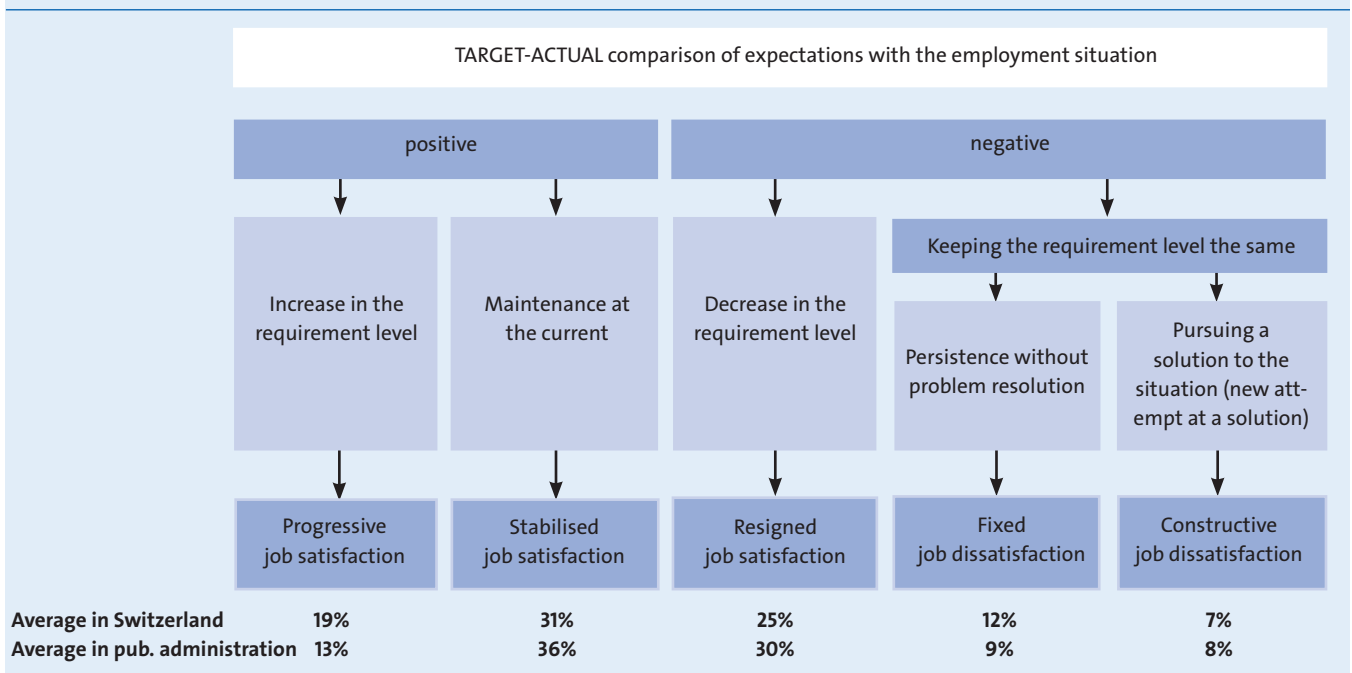
ronment characterised by political influences. They could put this characteristic to better use as an attractive public service employer.

Other interesting differences can be observed between public administration employees and the Swiss average with regard to job satisfaction. The Zurich model of job satisfaction (Bruggemann et al., 1975) was used, which implements a target-actual comparison of expectations with the actual employment situation to distinguish between different types of job satisfaction

and dissatisfaction (see Figure 6). The comparison showed that fewer public administration employees (13%) demonstrate progressive job satisfaction as the Swiss average (19%). Both stabilised job satisfaction and resigned job satisfaction are more frequent among public administration employees (36% vs. 31% and 30% vs. 25%), which means that they either remain at the current requirement level or reduce it. Fixed job dissatisfaction is lower in the public administration sector than the Swiss average (9% vs. 12%), while constructive job dissa-

Figure 6

Zurich model of job satisfaction



tisfaction – whereby employees endeavour to overcome the unsatisfactory employment situation – is relatively similar (8% vs. 7%). It should be the employer's aim to keep resigned job satisfaction and fixed job dissatisfaction – whereby employees accept the current situation out of necessity – as low as possible. Progressive and stabilised job satisfaction is desirable, while constructive job dissatisfaction demonstrates an optimistic attitude to the employment situation. These types of satisfaction are primarily possible if there are development opportunities within a company. Considerable potential for improved employer attractiveness can therefore be observed, in particular in the public administration sector where employees feel that these opportunities do not entirely meet expectations.

Conclusions

Benchmarking the public administration sector with the Swiss population shows areas where the City of Winterthur can take action with regard to employer attractiveness. Based on further data collected in-house, areas can be identified by means of benchmarking which could support the development employer attractiveness. The key to being an attractive employer is checking and analysing expectations and performances as well as employee job satisfaction on a regular basis in order to take appropriate action.

HR decisions are, for the most part, still based on personal experience and the knowledge of individuals from within one's own work environment and the Internet. HR managers who incorporate scientific sources into their decision-making process nevertheless achieve a stronger financial performance (Rynes et al., 2007; Sanders et al., 2008). Calling on scientific fundamentals for in-house decision-making is therefore worthwhile, for example by means of benchmarking based on data from the Swiss HR Barometer.

Lea Rutishauser (HR ConScience GmbH) & Laura Schärner

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News

- On 26.02.2019, Laura Schärner and Dr. Lea Rutishauser held a keynote presentation for the City of Winterthur on the topic of employer attractiveness, based on data from the Swiss HR Barometer 2018.
- In the March 2019 issue of the professional magazine HR Today, Laura Schärner published an article entitled "Integration of and Discrimination against foreign employees in Switzerland" based on data from the Swiss HR Barometer 2018.
- On 22.05.2019, Laura Schärner presented her paper entitled "How does organizational climate for inclusion and psychological contract fulfilment influence turnover intention?" at the international Workshop on "Research Advances in Organizational Behaviour and Human Resources Management" at the Université Dauphine in Paris.
- On 13.08.2019, Julian Pfrombeck presented his paper "How cultural and economic differences influence career orientations: a comparative study across France, Germany, Italy, and Switzerland" at the 79th Annual Meeting of the Academy of Management (AOM) in Boston, USA.
- The Swiss HR Barometer 2020 will be focusing on the topic of "Digitisation at the workplace". The specific thematic areas are still to be determined. Ideas from practitioners are welcome (contact: hr-barometer@ethz.ch).

Imprint

The newsletter of the Swiss Human Resources Barometer is published every six months in 2019. It provides information on current research projects based on the data of the HR Barometer. You can subscribe to the newsletter free of charge or download it from the website www.hrbarometer.ch.

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