FACTS, RUMOURS & PERCEPTIONS: THE IMPACT OF THE MEDIA ON PSYCHOLOGICAL CONTRACTS IN ORGANISATIONS DURING ECONOMIC CRISIS

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Abstract

The research addresses the findings from an exploratory research conducted on the influence of mass media on the psychological contracts in organisations during global economic crisis. This study examines these issues using a qualitative research design comprising of semi-structured interviews. It samples employees and leaders in two Asian organisations impacted by global economic crisis, to draw out insights into how media reports were perceived by them and how it affected their thinking and actions. Content analysis is used to explore the impact of media in moderating the psychological contracts in the organisations. The findings signpost various effects that the media can have, the complexities associated along with other factors (trust, leadership, communication etc.) that may play a role in influencing the media's impact on employees' psychological contracts during economic crisis.

1. *Introduction*

The current calamitous economic issues had their roots in extreme reduction in credit, the complete impact of which was experienced in 2007 (ILO 2009). Since then it has grown into an epidemic and at present is arguablly the grimmest economic recession encountered by the world since 'The Great Depression' (ILO 2009). According to Coombs and Holladay (2004) crisis is "an event for which people seek causes and make attributions" (p. 97). Usually the public look for information regarding the crisis and assesses its impact through media reports. Research by Headrick and Lanoue (1991) shows that during economic recession people look for more information on economic conditions and media coverage also increases tremendously (Goidel and Langley, 1995). Currently considerable attention is given to the transmission of economic news through mass media with people actively awaiting tidings about recent and important events taking place in current business world. The multifaceted nature of the press (television, newspaper, radio, internet, etc.) and the information conveyed through them shapes people's beliefs, attitudes and perceptions (Entman, 1989). Hence it is vital to understand how the media portrays crisis.

According to the report by Tower Perrin (2009), crisis has invoked widespread concern among employees regarding their employment and financial stability, with organisations taking various measures to navigate through it. The current economic downturn has forced several organisations to reduce costs, lay off employees, restructure, innovate, and manage changing consumer expectations (Lowth *et al.,* 2010). According to Mclean Parks and Kidder (1994, p. 124), "a variety of events punctuate organisational life and can trigger a reassessment of the psychological contracts". These events (which are becoming quite prevalent today) include job cuts; downsizing, reorganising, compensation changes, transformation of workforce composition and these might cause the revaluation and perhaps a perception of breach of contracts (Mclean Parks and Kidder 1994). The way media presents these events is important as these might influence people's (leaders and employees) interpretations influencing their psychological contracts. In view of the current crisis, we believe that psychological contracts in the employment relationship might be altered by the media. Whether the existing psychological contracts can influence the way one interprets the news or whether the news one gets influences the psychological contracts is something that could be argued.

2. *Purpose of study*

The purpose of this study is to investigate the impact of the mass media on leaders' and employees' psychological contracts during the global economic crisis by looking at:

1. How media reports on recession are understood and received by organisational members.
2. How the media transmitted information develops and shapes organisational members' beliefs and the impact it has on their attitudes and behaviours.

3. The other factors that may play a role in influencing the media's impact on employee's psychological contracts during recession

3. Literature Review

3.1.0 Concept of the psychological contract

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

3.1.1. Psychological Contracts: Definition and Importance

The "Psychological Contract" is a concept that plays a vital role in understanding and interpreting the association between employees and employers. It is a set of employee's beliefs or perceptions regarding mutual exchange between him or her and his employer (Roehling, 1997). Psychological contracts unlike formal contracts help to understand the features of workplace relationships by evaluating employees' attitudes, perspectives and demeanours and their fit with the organisational objectives (Conway and Briner, 2005; Robinson, 1996). Managing psychological contracts in an efficient way is crucial for building competitive organisations in the global market (Rousseau and Schalk, 2000). This creates an environment which enables employees to have a constructive outlook towards their leaders, management and organisation as a whole and where they can align their personal goals with the organisational goals (Robinson and Rousseau, 1994).

A contract breach occurs whenever the organisation fails to reciprocate for employee inputs (Robinson *et al*., 1994). As the recession continues more employees may perceive that their employers haven't been able to fulfil the promised obligations adequately. Employees' attitudes and behaviours may be affected if they perceive a contract breach irrespective of whether the contract was actually breached. Perceived contract breach results in job dissatisfaction, employees distrust in management, decrease in in-role and extra-role behaviours and an increase in intentions to leave (Robinson *et al*., 1994; Robinson and Morrison, 1995; Robinson, 1996).

It should be noted that psychological contract breach develops from not only the organisation's actions, strategies or policies but also the employees' perception of these in a specific context (Morrison and Robinson, 1997). The mass media is one such source which may impact employees' perception of these and thus influence their contracts.

3.2.0. Influence of Mass Media

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

The effects that the media have on people, has undergone a major shift in the past few decades (McQuail, 1994). During World War I strategic propaganda was used to change or influence people's attitudes. During 1960s the views on the effects of media were modified and reformed as it was found that the role of personal influence in changing attitudes was more than the influence of the mass media. In 1970s there was a major transition in the effects of mass media to cognition rather than attitude change (Scheufele, 1999; Entman, 1989). Additionally apparent in 1970s was the emergence of 'agenda-setting research in political communication' (Scheufele and Tewksburdy, 2007, p. 10). During 1980s political effects research surfaced, often regarded as "negation models" i.e. priming and framing (McQuail, 2005 as cited in Scheufele and Tewksburdy, 2007, p. 11). Since 1980s 'social constructivism' framework has helped in studying how media creates a picture of social reality and its impact on people's perceptions (Entman, 1989, p. 347-370; Scheufele, 1999, p. 103-122).

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

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

Constant emphasis on any news item communicates its salience which is employed by the people to arrange their personal agendas, to determine what 'matters', 'people' or 'things' are more prominent (Carroll and McCombs, 2003). This is how the agenda of the media transfers into agenda of people with time and results in crystallising public opinion. In addition to the salience of objects mentioned so far, salience of the features of the objects is important element of the agenda setting. The way media stresses more on certain aspects or features of these objects/news items is also important as the same is transferred to the audiences (Carroll and McCombs, 2003). Taking the example of current economic crisis, media reports on crisis in relation to the corporations are more focused on sectors hit strongly by the crisis, their financials, job markets in general (e.g. job cuts, increased level of unemployment), how employees are being treated i.e. employees' grievances, community involvement of the organisations (with some organisations closing businesses in certain countries) etc. The questions now becomes is: what news do people working in organisations share and talk about the most? What concerns and engages them more? Which issues do they think are more important? How do various media sources interact and do they have different agendas? And how does media's agenda fit their own?

According to Tuchman (1978, p. ix) media provides "frames of reference" to audiences in order to examine and debate various situations or scenarios (Scheufele 1999, p. 103-122). Framing is predicated on a premise that how an issue is framed by the media can impact on how it is perceived by the people (Scheufele and Tewksbury, 2007). Framing is usually believed to have originated in sociology and psychology with works in psychology by Kahneman and Tversky (1979, 1984) who studied how people's pick and their assessment of various alternatives given to them are affected by how differently fundamentally similar decision making situations are portrayed and in sociology by Goffman (1974) and other scholars who believe that it is difficult to comprehend the world entirely and therefore individuals continually strive to make meaning of the reality or to construe their experiences (Scheufele and Tewksbury, 2007). Goffman (1974) further suggests that to assess new information, individuals make use of cognitive frameworks to organise and understand information in a significant manner.

There are two constructs of framing that help in apprehending news and getting exact picture of the event (Scheufele, 1999). These are media frames i.e. features of the information conveyed which is somewhat similar to agenda-setting and individual frames i.e. schemas or cognitive frameworks of individuals that facilitate in interpreting and explaining information (Entman, 1991; Scheufele, 1999). It may also be noted that schemas or mental frameworks play a significant role in psychological contract formation (Rousseau, 2001) and can influence people's understanding or interpretation of the news they receive. A good deal of information processing studies show an entrenchment in schema theory according to which humans arrange their understanding of the surroundings into schemas or mental frameworks which, once instigated, alleviate and mould information processing and thus provide the basis for the individuals to assess and interpret their social world (Domke *et al*., 1998; Fiske and Taylor, 1991; Graber, 1988). This also indicates people do not

use all mental models to direct information processing however they are inclined to oversample available cognitive frameworks (Domke *et al*., 1998; Higgins and King, 1981, Higgins and Bargh, 1987). Research shows, for things that are unclear contextual information like media's presentation of the subject- may instigate relevant schemas to steer processing of information and attitude formation unlike for things that are well known where pertinent cognitive frameworks are very much available (Domke *et al.*, 1998; Lau, 1989; Tourangeau and Rasinski, 1988; Zaller 1992; Zaller and Feldman, 1992;).

Such schemas which are instigated by the contextual information are at the surface of one's cognition and hence easily available for a timeframe (Domke *et al*., 1998; Wyer and Srull, 1989). These schemas if viewed as relevant may change the grounds for assessing apparently not linked objects because the assessments usually are based more on the facets of individuals' knowledge that spring to mind and less on the total range of their knowledge (Domke *et al*., 1998; Iyengar and Kinder, 1987). A large amount of research on political communication shows that mass media's focus on certain political matters enhances the availability of certain knowledge for people which in turn mould the elements considered in assessing the candidates (Domke *et al*., 1998; Iyengar and Simon, 1994; Johnston *et al*., 1992; Krosnick and Kinder, 1990; Krosnick and Brannon, 1993; Mendelsohn, 1996). This is called the priming effect (Domke *et al*., 1998). In other words it happens when the media reports imply to the public that they have to employ certain issues as yardsticks to assess the functioning of political leaders and administration (McCombs & Shaw, 1972). What needs to be considered is: can this apply to business and economic news as well? Do people assess the economic news in the similar manner? For example lay-offs, cost-cutting measures like merit or hiring freezes etc are possibly more open to varying interpretations and for these matters the specific content accentuated in the media reports may probably play a crucial role in employees' assessments or information processing not just regarding their organisations but in general which may influence their behaviours or attitudes.

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

Research shows that public is usually unaware when it comes to economic situation (Goidel and Langley, 1995). According to Holbrook and Garand (1992) how well public analyses, evaluates or interprets economic information is debatable. People usually get all the information on current and future economic conditions through media (MacKuen *et al*., 1992) and this affects their assumptions about business for example, how people view and interpret unemployment is affected by the extent to which the issue is reported by local media (Goidel and Langley, 1995; Mutz, 1992). Research by Stein (1975) and Harrington (1989) on relation between the economic picture presented by media and the real economic situation shows that media has a cynical attitude towards economic conditions and spreads the same attitude among people (Dua and Smith, 1993).

A good amount of research implies that news reports are usually inclined to be more negative than positive. The media exaggerates the occurrence of crime incidents (e.g. Altheide, 1997; Davie and Lee, 1995), and actions concerned with strife or crisis draws a good scale of media coverage (Bagdikian, 1987; Patterson, 1997; Shoemaker *et al*., 1991). Media, we believe around the world highlights bad economic news more than the good economic news especially in current times. Is it because journalists write reports that others find interesting, they believe negative information is more critical considering their own interests as well as the public's interests (Soroka, 2006) or is it just a way to make government responsible (Soroka, 2006) or is this what the real picture currently is? could be argued.

Whatsoever, media does warn people of the effects of crisis (Goidel and Langley, 1995).

It is important for the organisations to observe mass media during crisis as it can have a major impact on employees' behaviours and attitudes. Also important to note is that in the past, broadcast media was more appealing for instant news and print media for detailed dissection (Littlefield and Quenette, 2007) but the trend may be changing, with the increased use of blogs, social networking sites etc. Latest research shows that blogs are becoming increasingly popular amongst people for instant and detailed information may be because blogs put bloggers in direct contact with people (Procopio and Procopio, 2007). It is also an important factor that adds to the overall impact of media on employees' psychological contracts and can have more serious consequences as people usually trust traditional mass media to be reasonable and unbiased unlike blogs which is prejudiced with bloggers presenting or articulating their views (Drezner and Farrell, 2004; Xenos, 2008). Unlike journalists who are restricted by the time consuming editorial practices bloggers can publish really quicker (Liu, 2010).

4. *Significance of the research*

The empirical studies on psychological contract have evolved considerably in the past few decades demonstrating the changing and spontaneous nature of psychological contracts by analysing the impact of downsizing, outsourcing (Robinson *et al*., 1994), mergers and acquisition (Bellou, 2007; Robinson *et al*.,

1994), LMX (leader-member exchange) differentiation (Henderson *et al.*, 2008), employee agency (Seeck and Parzefall, 2008), personality (Raja *et al.*, 2004; Tallman and Bruning, 2008), gender (Tallman and Bruning, 2008), organisational change (Grunberg *et al.*, 2008), cultural values (Zhao and Chen, 2008), work ideologies (Bunderson, 2001), POS (Aselage and Eisenberger, 2003; Wayne *et al.*, 2002) and type of contract (DeCuyper and DeWitte, 2006) on variations in psychological contracts which influences attitudes and conduct of the workforce (Flood *et al.*, 2008). As we can see an enormous amount of research has been conducted on psychological contracts however more research is required to understand how psychological contracts change due to the changes in the organisation's business context (Flood *et al.*, 2008). This research aims to provide insights on the same by looking at the influence that media may have on the psychological contracts in organisations during recession, an area which has not been explored before.

5. *Research Design*

In assessing the research literature on psychological contracts, Conway and Briner (2005) observe that the vast majority of studies employed quantitative methods. Despite the fact that the initial and pivotal studies by Argyris (1960) and Levinson *et al.* (1962) on psychological contracts employed interviews to gather and examine information, the potential of qualitative research has been restrained with current works focusing more on quantitative surveys (Coyle-Shapiro and Parzefall, 2008). However the minimum qualitative research literature published along with significance of qualitative studies in presenting the complications and intricacies of the nature of the psychological contracts has been acknowledged (Conway and Briner 2005). According to Conway and Briner (2005), research conducted using different methodologies underscore, that the reciprocal exchange procedures and the psychological contracts in organisations are not simple enough to be apprehended using survey instruments. Agreeing with Taylor and Teklab (2004) due to the over- reliance on survey methods, 'psychological contract research has fallen into a methodological rut' (p. 279). Moreover, qualitative methods may be more appropriate to interpret and analyse the complexities of the employment relationships and they also emphasise the significance of context in these reciprocal work associations (Coyle-Shapiro and Parzefall, 2008). Taking up the call for qualitative research, this research employs a qualitative research design which gravitates towards employing a case study technique (involving 2 case studies) to explore, comprehend, gather and analyse data and to yield a rich descriptive account of the phenomenon (i.e. influence of media on psychological contracts during crisis) under study(Merriam, 2009). By choosing this approach, the research tends to perceive and comprehend the impact that media has on psychological contracts during global economic crisis from organisational leaders' and employees' perspectives.

The details of the 2 organisations that participated in this study have been provided in Table1. In order to maintain confidentiality, the real names of the organisations have not been used.

Organisation	Industry	Employees	Location	Total number of interviews
Org-HR	HR Services	100-200	Asia	7
Org-Power	Energy	10,000-15,000	Asia	16

Table 1

5.1.0. Sampling

The participants were selected through purposeful sampling technique. Before starting purposeful sampling one has to set the criteria for selecting the organisations or people for the research. As a researcher one needs to know the features or characteristics necessary to one's research prepare a list and then find the unit accordingly (LeCompte and Preissle 1993). This helps in finding "information-rich" cases (Merriam, 2009).

Selection criteria that helped to identify the above organisations has been provided below

- Organisations (Public-sector or Private sector) across the world that have been affected due to economic crisis
- Agreed by signing a letter of consent describing the purpose of research and their involvement in addition to maintaining confidentiality and voluntary participation

Selection criteria for respondents has been provide below

- Organisational leaders and employees (men and women), in various roles
- Had been working for the organisation for at least the recession period (last 1-4 years)
- Leaders who were directly or indirectly involved in implementing changes in the organisation in terms of strategies or people management practices and employees who had been affected by these changes
- Didn't know the researcher at the time of study

In Org-HR, one of the HR managers was contacted and provided with the details of the study. After that telephonic conversation was arranged with the CEO of the organisation who was briefed on the research project. After gaining the consent, he directed the researchers to other members who were willing to participate and who could offer constructive and valuable knowledge to the research. Thus purposive sampling was employed which identified 7 candidates who were interviewed for the study. In Org-Power, one of the general managers was contacted who put the researchers in contact with the assistant HR manager who helped in arranging and scheduling interviews with the candidates who were willing to participate in the research and who met the criteria set by the researchers.

A total of twenty-three participants from Org-HR and Org-Power participated in this research. Semi-structured interviewing was used for investigation and data collection. The initial questions were designed to

affirm their suitableness for the study and their interest to be the part of it. Semi-structured interviews provided data about their understandings, knowledge, perceptions, and views and also helped to discern how organisational working was influenced by global recession and how media's portrayal of crisis influenced psychological contracts in the organisations. Most of the questions asked were formulated to get a deep understanding of the respondents' experiences. These were followed by the series of secondary questions for further elucidation. This method enabled participants to respond and helped researcher to examine and analyse organisational leadership and employee's psychological contracts at the time of crisis by providing "rich" description.

6. *Analysis*

Content analysis is used in this research to code textual data. The data analysis in this research is centred on how the meaningful pattern conforms within the research question that we aim to address: To investigate the impact of mass media on leaders' (Top management) and employees' (executives and junior managers) psychological contracts during global economic crisis?

Content analysis has many advantages–it is "context sensitive" approach (Krippendorff, 1980) as well as its "flexibility of research design" (Harwood & Garry 2003, p. 493). Content analysis has more to it than merely being a technique that provides a simplistic explanation (Cavanagh, 1997) or involves quantification or numeration (Downe-Wamboldt, 1992). It can be employed to comprehend and recognise "critical processes" (Lederman 1991, p. 169) (for example employees' cognitive processes such as insecurity and frustration can be recognised in the interviews with them; perceptions and interpretations of media reports and their approach in current context have also been recognised in these interviews). This approach relates more with interpretations, reasons, outcomes and context (Downe-Wamboldt, 1992).

The following stages were involved in analysing the data collected from the study.
Coding→Categorising→Horizontal scan→Clustering

7. *Participating organisation*

The degree of the impact of global economic recession varied from organisation to organisation. However quite a number of organisations handled it by following the retrenchment approach that involved reduction in costs such as job cuts, instituting hiring freezes, merit freezes, training budget cuts, R&D budget cuts etc. Org-HR and Org-Power were no different. The organisations introduced few changes with the onset of recession which will be discussed subsequently.

8. *Findings*

A total of 5 themes were identified which have been outlined below.

8.1.0. Theme 1- Impact of global economic crisis as perceived by leaders and employees

- *Org-HR*

Leaders at Org-HR spoke about the complexities faced by their organisation during economic crisis. It was further discussed that no employee was made redundant but the organisation had to be prepared in advance and take some tough measures to steer through. However leaders (CEO and senior managers) believed that it was not that simple task as they had to,

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

The other measures that Org-HR introduced, which leaders and employees discussed in the interviews included increase in work hours, no promotions and no salary improvements for a year and a half. While justifying these measures leaders mentioned an important point which was that,

"*people in jobs were in a better situation than people who didn't have jobs*"

We believe that this was a critical point made by the leaders as during tough times like these when lay-offs and other employee grievance are strongly highlighted by the media; employees' primary concern becomes their job security and therefore they may be more accommodative of other changes. Yet taking actions like these requires employees' support which we believe organisation managed efficiently.

- *Org-Power*

Global economic crisis 2008 impacted Org-Power in a variety of ways. One of the Business heads described the period as,

"*The first time the Org-Power ever in the history of 10 or 12 years time faced crisis in terms of reputation in term of stock market, in terms of profitability. So it was very serious psychological impact on everybody. Just couple of years before the crisis, we had hugely invested in globalisation and that fell of like a pack of cards. We saw stock prices crashing down to probably 1/5th of what it was few months before. We also had lot of competition smartly taking advantage of this situation and lot of negative media around us*"

Additionally, leaders (President and Business Heads) at Org-Power mentioned that the organisation had to reduce the employee headcount in US, Europe and to a small extent in Australia.

Some of the other participants (managers) confirmed the above statement and spoke of other organisational measures like,

"hiring freezes, salary hike freeze(mostly for seniors), training constraints, working long hours, cuts in travel expenditures, reviewing the product quality, manufacturing processes, cost controls, purchasing processes etc"

According to one of the managers, there was a time during recession when the product quality was challenged. Being a people intensive company it was assumed that people would stay but somehow during recession and post recession attrition increased. These things happened during crisis because of the initiatives that were taken. It was also discussed that, '*Attrition increased because people became insecure at some point in time"*

We believe that in times of uncertainty like these it is less difficult to get swayed and feel insecure and we believe employees at Org-Power were no different. Media may have a role to play here. There were so many issues that organisation was facing at that point in time and negative media was also one of those. Continuous coverage of crisis which may be misleading at times may make it less easy for people to comprehend, the decisions they make or the issues they face. Whether media spreads the rumours intentionally to misguide or do they not comprehend it themselves, is debatable. Nonetheless media may double the impact on people's psychology, share prices etc.

The next category to be discussed is the 'employees' reaction' to these changes.

8.2.0. Theme 2-Employees' Reaction to the changes made by the organisations

Org-HR

When asked about how employees perceived these changes, leaders (CEO and senior managers) at Org-HR mentioned that the decisions on changes introduced were taken by the senior executives although they made sure that employees were communicated on everything. The discussion highlighted communication as a crucial factor which may influence employees' reaction.

Employees when asked about their reaction to these changes spoke at length about them being quite acceptable of the change initiatives introduced by the organisation. They did not perceive these actions to be unfair may be because of the effective communication maintained by the organisation. It was also mentioned that they were much aware of the global economic crisis through media reports and could understand why organisation was coming up with such measures.

Org-Power

One of the participants at Org-Power when asked about how he perceived the changes that organisation introduced during crisis stated

"As any change happens....it was hard, it was hard to accept"

Further discussion revealed that various changes that the organisation introduced were unexpected and that these changes impacted employees' expectations.

Speaking on cost cutting measures one of the Heads (IT) discussed that the leaders of the organisation ensured to answer employees' queries, communicate the challenges they believed organisation may face ahead and how to respond to those challenges. These steps help in clearing up the misunderstandings and also decrease the perception of psychological contract breach.

When asked about employees' reaction to these initiatives, the head of CSR (corporate social responsibility) highlighted a crucial point,

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

It reflects a crucial aspect of the organisation which is the focus on selecting right people those who grow with the organisation and are committed. But in current era where no organisation can guarantee job security to employees, would employees want to work for the organisation which is not doing well? With media spreading so much negativity, employees are uncertain about their future, if they have better opportunities available they might leave, but if they don't they have to stay and therefore might perceive a breach in contract due to these changes. Also amidst such a situation it may be easy for employees to believe media stories which may or may not be right but may impact their decisions and also relations with their employers.

How media impacted their schemas and their approach towards their leaders or organisation is vital and will be discussed in the following theme.

8.3.0. Theme 3-Impact of media

Most of the respondents at Org-HR and Org-Power mentioned, how during recession they were giving more attention to economic news on TV as well as radio and also that there was much communication from media side too which is in line with the research conducted by (Headrick and Lanoue, 1991).

There are 3 categories that would be discussed under the impact of media namely: negative impact, positive impact and no impact.

8.3.1. Negative impact

- *Org-HR*

The CEO at Org-HR discussed how media affects employees' perceptions by portraying news about economic crisis in terms of its effects -globally, nationally, sector wise etc. Adding to this he said,

"When you see the newspapers, TV, internet etc-when everything is so negative there's very little positive that comes out. And in such cases employees become even more sceptic and scared. Media has had a very negative impact on the mind set of employees and it takes a lot of effort to get it right then."

This statement indicates the increase in insecurity that media reports may create, in current times. We can see that the statement aligns with the views of Stein (1975) and Harrington (1989) regarding the negativities and cynicism spread by media amongst people (Dua and Smith, 1993; Goidel and Langley, 1995).

Furthermore some of the employees mentioned that media reports did have an impact with one of them referring to it as *"mental tension"*.

One of the managers spoke about the impact of media in the sense that everyday people read news or articles on organisations implementing salary freezes or laying-off employees. He elaborated on this by stating that,

"Even if a person is getting a good job offer from somewhere he will think hundred or thousand times before changing the job because with media everyday there was an article that this company has stopped salary of hundreds of employees or have sacked them. A person who has got a good offer from somewhere will not join that company…because there's a mind frame that I am currently working with this organisation at least I am getting my salary on time. By reading such articles and going with this again and again…like every day you have a new mail coming in—something or the other---that actually impacted a lot—personally to me.

This highlights a really important issue which is that even if people are getting opportunities in these times, they may not take it because of the wave of insecurity and uncertainty that media can create. Media reports may directly or indirectly influence people's decision- making especially in current times. The way media frames these issues influences how people perceive them as has been suggested by (Tuchman, 1979). Whether this will impact their current work (e.g. will they be more motivated, will they be demotivated, and will they be more vigilant etc) could be argued. Moreover, how people process information is also crucial. As we know that people's schemas which play an important role in psychological contracts formation can influence their interpretation of the news they receive (Domke *et al*., 1998). If psychological contracts in the organisations are in positive state, there are greater chances that organisational members may perceive the news less negatively.

- *Org-Power*

Speaking on the impact of media one of senior managers at Org-Power emphasised the negative impact that media creates. Further to this, he stated that,

"*Media presents its own picture...it did have a negative impact on the organisation. Now we have told our employees that this is what media has......it works on the perceptions not the reality. Initially it had a negative*

impact but we all have understood that we should not always depend on what media says.......it's again an external non validated perception"

This statement reflects that employees at Org-Power were affected by media reports which were to an extent untrue and after communication from the organisation stress caused by media was eased off. Furthermore top leaders discussed that currently people hear stories about global crisis through media. In Org-Power for example share prices plunged in the last one or two year which may have motivated people more to monitor media reports. These kinds of things make people speculate and according to the leaders at Org-Power can impact employees' morale.

For example one of the assistants at Org-Power mentioned that news about the stock prices was not communicated to them by the organisation but they got the news from the, "*people, newspapers, friends who keep themselves updated about such things"*

It might be because the organisation did not want employees to get worried and react to the news. However it was also mentioned that organisation at the same time has to be aware that if they don't provide people with updated information, "*They'll get updated by themselves through newspapers, entire media or other sources*"

Further discussions revealed that employees want the organisation to share the good as well as the bad news. "*It is always good to hear from the company itself than somebody else*" was mentioned by one of the employees who further stated that it is embarrassing when you get to know such things from others.

One of HR heads while expressing his rage towards media reports said,

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

During recession the product quality of Org-Power was challenged and media may have reported it with some exaggeration. The organisation acted immediately, did an analysis of the situation, debated the reports and provided the '*correct picture'* to the media and the people.

Based on their pre-existing schemas, different people react to media reports in different manner (Domke *et al.*, 1998), if employees are committed to the organisation they continue to add value to it, if employees are already insecure, they react to media reports and probably start to look for new jobs and there are those in between who become stressed and chaotic and as the head of CSR puts it, *"they go a little helter- skelter"* and start seeking information from other sources. This is where the organisation needs to make sure that the information is cascaded to the lowest levels because if the organisations remain silent about things, people tend to speculate which may increase the perception of psychological contract breach.

It was also mentioned that the organisation now addresses media queries with facts and figures on a daily basis. This shows that the organisation realises the influence that media can have and to avoid any further rumours about the company it communicates updated information to the media regularly.

8.3.2. Positive impact

- *Org-HR*

There's a greater possibility that media's presentation of the economic situation may influence psychological contracts positively thereby strengthening them. It can be argued that all the changes that organisation introduced during recession could have been perceived as the breach or violation by the employees, if media would not have presented the situation in the manner it has i.e. negatively.

- *Org-Power*

Media at times can be a blessing in disguise. One of the managers at Org-Power when asked about the media's impact on his perception about the organisation said that,

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

Further discussion revealed that employees were given clarification about the status of the industry and it also enabled them to connect to other organisations in terms of sharing technical knowhow. It all started with the false media reports and the outlook of the employees towards the organisation changed in a positive manner.

Media does what it is required to do but what matters most is how organisation handles the post media mess. In this case media enabled organisation to communicate, explain more, provide a broader picture to the people and clear up misunderstandings. Increase in communication helped in decreasing the chances of perceiving the contract breach.

One of the leaders at Org-Power spoke at length about how media reports helped in ratifying some assumptions about employees and other stakeholders and questioning their thinking. Moreover she also mentioned that media reports,

"*Added information so that I could make some informed choices*"

The statement shows that media reports helped the respondent assess information and accordingly steer her approach towards things. This aligns with the previous research (Domke *et al*., 1998; Lau, 1989; Tourangeau and Rasinski, 1988; Zaller, 1992; Zaller and Feldman, 1992) which shows that for things that are unclear

contextual information like how media perception- may prompt schemas to guide people's information processing.

Most of the respondents spoke about the forums that the organisation has started to engage employees to share information with them and give them an opportunity to ask questions and interactive discussions with the senior functional heads. These online forums at present enable the organisation to communicate clearly and at a quick pace with the employees and reduce misconceptions created by mass media.

8.3.3. No impact

- *Org-HR*

Some of the respondents (executives) mentioned that media did not affect them much, as they were confident that they will not lose their jobs and also because they trusted their leaders. For example one of them mentioned,

"I was not worried because I knew that there is a job security in Org-HR and where I am working it is absolutely safe...I don't have to worry about it....So I was just collecting news and I was just keeping it in mind"

Another respondent elaborated on this by stating,

"One gets a bit tensed but then if you believe or trust your organisation then you can sail out of that situation also."

From employees' and leaders' statements it is clear that media does influence peoples' schemas and their understanding, however there are other elements that may affect the extent of media's impact on employees' mental frameworks and therefore their perceptions for example; in this case employees have clearly mentioned trust as one of the factors.

- *Org-Power*

Few respondents (managers) believed that media does what it is required to do. It was also mentioned by one of the leaders (Business Head) that, "*there's nothing like good or bad impact, it can only be your bad judgement*". One of the points mentioned by the managers at Org-Power was that how people perceive information also depends on the sources they get the information from.

The next theme to be discussed is trust in leadership

8.4.0 Theme 4-Trust in Leadership

Employees' schemas that are an important factor in how they comprehend and perceive media reports may be influenced by the existing association between them and their leaders. Most of the respondents i.e. employees spoke at length regarding transparency that leaders maintain and how they take employees into confidence and communicate frequently with them.

- *Org-HR*

Some of the employees (executives) mentioned how media reports make people anxious. One respondent seem to speak for many as she said,

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

Furthermore it was also pointed out that if one believes in his/her leaders one can even handle this. Trust builds with time and can impact employees' schemas which can impact their analysis of media reports. Leaders (CEO and senior managers) at Org-HR spoke in detail on the importance of trust in current business context. It was also mentioned that leaders try to make sure that transparency is maintained and provide growth opportunities to employees to increase and maintain trust.

It is clear from the above discussions that if employees trust their leaders and if the leaders have maintained clear communication throughout crisis, then employees will be less vigilant in their approach with more positive psychological contracts and may therefore may not be much bothered by what media reports.

- *Org-Power*

According to discussions with leaders (Business Heads) at Org-Power it was found that if employees perceive their leaders as rock strong and if they trust them, they stand by their them and their organisation. For example one of the assistant managers mentioned that,

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

This statement reflects that one's perception lies in what one believes. For example if the leaders at Org-Power are showing employees the real picture or sharing information with them then the information that media provides would not really impact them. How leaders present the situation, what picture they are showing to employees and in what manner is also important.

One of the HR heads mentioned that it was important to restore faith in oneself and confidence by doing various campaigns around positive communication and by resolving employees' grievances. This was achieved by starting a program '*HELP EMPLOYEES, HELP ORG-POWER*. The objective of the program

was to make employees partners in crisis and ask for their suggestions. These kinds of activities really helped the Org-Power during crisis and maintained a climate of trust within the organisation. One of the leaders (Business Head) described the time when the organisation had some issues with finances during festival season and the seniors did not take the bonus. According to her these steps of insulating employees from financial difficulties make employees respect and trust their leaders. These employees probably may have positive psychological contracts and may not interpret media reports in the negative manner.

The last theme to be discussed is the role of communication

8.5.0. Theme 5-Communication

- Org-HR

When asked whether there were any changes in communication plan during crisis, one of the leaders said,

"There was no change during crisis or post crisis situation in terms of the medium of communication. The biggest change during crisis was in the frequency of communication."

Also one of the managers mentioned that their leaders maintain transparent communication within the organisation. Elaborating on this he stated that the leaders explain many things directly to the managers in terms of the current organisational problems, their expectations, upcoming numbers, expected profits etc.

Most of the employees spoke about the changes in communication in terms of leaders having more meetings, more interaction with employees as well as the clients. While discussing about communication one of the managers stated,

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

This implies that even if negative media reports would have created some doubts, leaders at Org-HR took all necessary steps to avoid confusion and misunderstandings during recession decreasing employee's perception of contract breach or violation.

- *Org-Power*

Leaders and employees at Org-Power spoke about how organisation stepped up communication during crisis. It was also mentioned that the communication was more focused, reality based and market based to keep people updated.

According to the senior manager (HR), when media reported news about Org-Power being acquired,

"within half an hour of it an internal communication was sent out from the CMD to everybody saying that this news is not correct and they had no such plans to sell off the business as they were doing well"

This communication cleared off the speculations immediately. It was very critical at that point as media stories may create panic and during these times people want to hear facts from the horse's mouth and if it's not coming from the horse's mouth they tend to believe the stories they hear from the media or the other sources.

One of the leaders (IT Head) while empathising with the employees stated,

"Employees are the stakeholders in the organisation and they react to the rumours they get through media, you know in a stronger way and if the management in a structured way communicates the realities...... This is a sure way to win the trust of the employees because they know that the information they receive is based on the facts"

This shows that the top management was very much aware of the rumours spread by the media or other sources and knew that this may impact employees' behaviours. They knew that communicating the facts is very important to maintain the climate of trust in the organisation and effective organisational working.

Speaking about communication and the role of newsletters (which were doubled during crisis) one of the respondents mentioned that,

"Newsletters....a lot of feedback was taken from the people and discussed, published in the newsletters and people go through it...It was given to the people who were in far off locations who are not able to get connected to these kind of things"

More interviews indicated that newsletters have a significant effect as employees like to remain updated as then

"everybody knows where the company stands today and what the company is doing"

This theme shows that providing updated information to employees during crisis is crucial and organisations should choose a proper medium to do so. Insufficient information or no information can lead to increase in false conjectures and misconception about organisation among employees and which may be stimulated by media. This may increase employees' perception of contract breach or violation irrespective of whether contract was actually breached or not.

9. *Discussion and concluding comments*

Building on the empirical evidence from the interviews conducted, this research revealed how media reports impacted psychological contracts of the organisational members within Org-HR and Org-Power during

economic recession. These interviews identified that pre-existing schemas, leadership, trust and communication play an important role in the way media reports are received by people, and in the moderation of psychological contracts. Content analysis was used to look into leaders' and employees' perception of psychological contracts in light of media reports during economic recession. With regards to employees' psychological contracts, the analysis identified following key themes: 'impact of global economic crisis', 'employees' reaction', 'impact of media' (negative impact, positive impact and no impact), 'trust in leadership' and 'communication'.

These reinforced the findings from some earlier studies on the media, by Headrick and Lanoue (1991) that identified that during recession media coverage increases and people look for more news; by Stein (1975) and Harrington (1989) that suggested that media has a cynical attitude and spreads the same among people; by (Tuchman, 1979), that indicated that media provides frames of references that enable people to examine situations and thereby affect their perceptions; by (Domke *et al.*, 1998) who believe that people's schemas can influence the understanding of the news they receive; and by (Lau, 1989; Tourangeau and Rasinski, 1988; Zaller, 1992; Zaller and Feldman, 1992) which shows that for things that are unclear contextual information such as media reports- may prompt schemas to guide people's information processing. In addition to reinforcing these findings the research pointed to the influence that media had on psychological contracts in these organisations and the importance of trust, leadership and communication in the organisation. Most of the respondents admit and believe that media does have an effect. More was mentioned on the negative impact of the media in terms of spreading negativity and insecurity amongst employees and creating fear psychosis etc. Some of the respondents indicated that media impacted their decisions in a positive manner as well as in a negative sense. In terms of positive impact some of the respondents (especially in Org-Power) pointed out that the reports by media gave them a chance to provide more explanations and clarifications and this can decrease the chances of perceiving a contract breach. It was also mentioned that the online forums started by the organisation (Org-Power) helped in communication with the employees and reduce misconception that media often creates. Few respondents at both the organisation believed that media does not really affect people's perception.

Furthermore it is implied that the pre-existing relationship between the employees and the leaders, the element of trust and organisational communication may enable employees to perceive media reports less negatively. The importance of monitoring mass media during crisis is also highlighted. It is further argued that organisation needs to update employees constantly and through proper medium. No communication or less communication can result in increase in misconceptions amongst employees which may impact their psychological contracts and thus their attitudes. The first thing they would be concerned about is their job security which if not assured could demotivate them. However if the organisation has maintained clear communication with its employees these rumours may not really influence their perceptions.

The research was based on respondents from two organisations and used twenty-three semi-structured interviews to assess the psychological contracts in the organisations. As all the data was collected over 8-9 months, the research was not able to provide insights on how psychological contracts could change as the recession continues. Also the sample size is very small as the research involved detailed study of small number of people (depth rather than breadth) but the descriptions can enable readers in making opinions about possible comparing or transferring findings to other settings.

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