

Psychological impact of austerity revealed

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The UK Government's austerity measures have led to a reduced commitment on the part of public sector workers towards their organisation, new research has found.

Increased disappointment and frustration over broken promises negatively affected public service employees' loyalty and commitment towards their organisations.

However, [public sector](#) staff did not allow their frustrations to spill out to their peers or the public using the service, according to Tina Kiefer, Professor of Organisational Behaviour at Warwick Business School.

Professor Kiefer said: "Our research shows clearly that when the content of the organisational changes reflect cost-cutting measures it results in a [psychological contract](#) breach.

"As public sector cuts were implemented, employees reported an increase in promises broken. Those promises related to promotion or training opportunities, benefits or pay packages, job security or fair treatment at work.

"Such implicit or explicit broken promises constitute a psychological contract breach and individuals take measures to compensate.

"Employees react against the perceived agent of the breach by withdrawing organisational citizenship behaviour, that is to say they feel less obliged to work to an optimum level."

The research conducted by Professor Kiefer and her colleagues Neil Conway, of the University of London, Jean Hartley, of the Open University Business School, and Rob Briner, of the University of Bath School of Management, looked at the consequences of the UK Government's 2010 Comprehensive Spending Review (CSR).

The Office for Budget Responsibility predicted this would lead to the loss of 490,000 public sector jobs by 2015, representing about 10 per cent of public sector employment.

For the paper *Doing More with Less? Employee Reactions to Psychological Contract Breach via Target Similarity or Spillover during Public Sector Organizational Change*, published in the *British Journal of Management*, 744 public sector workers were surveyed in October 2010 and again six months later.

The sample consisted of 23 per cent senior managers, 33 per cent middle managers, 18 per cent first-line managers and 26 per cent non-managers. In all, 56 per cent of the sample were female; 24 per cent between the ages of 21 and 30, 45 per cent were between 31 and 50, and 31 per cent were aged 51 years or older.

Although public sector workers reduced their commitment to their organisations it did not mean providing poorer service to the public.

Professor Kiefer said: "Our findings differ somewhat from research done in the private sector, where previous research has established spillover and negative effects of psychological contract breach on customer service.

"Professional ethos and commitment towards serving the public combined with 'customers' of public servants often consisting of the young, old, sick and vulnerable, may make retaliation against those

groups less likely. However, we also found that when a breach occurred, people with high public sector commitment before the cuts did reduce their service to the public more than participants reporting lower commitment.

"This could be because people highly committed towards working in the public sector may be more disappointed and hurt when promises are broken and therefore feel more of a need to adjust their contributions."

Also those who reported high job insecurity in the aftermath of the cuts increased their efforts in serving the public, compared to participants who felt more secure in their jobs.

"Our research suggests that anxiety due to layoffs can increase performance in the short term," said Professor Kiefer. "So it is likely that individuals may put in more effort, with the hope of decreasing the possibility of redundancy and increase service efforts to demonstrate their value through their service more generally."

"In the short term, our findings suggest that employees' reactions to widespread organisational change following austerity measures are affecting contributions towards the organisation, but are not spilling over to affect customers beyond the perceived initiator of the breach, although it remains an open question as to whether and under what conditions this will be the case in the longer term, as further cuts to the public sector are being imposed."

More information: Conway, N., Kiefer, T., Hartley, J. and Briner, R. B. (2014), Doing More with Less? "Employee Reactions to Psychological Contract Breach via Target Similarity or Spillover during Public Sector Organizational Change." *British Journal of Management*, 25: 737–754. doi: 10.1111/1467-8551.12041

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