



# A STUDY ON UNDERSTANDING THE NATURE OF PSYCHOLOGICAL CONTRACT IN A MID-SCALE TECHNOLOGICAL FIRM: AN EMPLOYEE PERSPECTIVE

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*Abstract:* Psychological Contract is an unwritten set of agreements that exists between the employee and employer. These are the promises and expectation that are exchanged between both the parties in an employment relationship. Parties that are involved can include employers, managers, supervisors, individual employees and work colleagues. Nature of Psychological Contract can be broadly classified as Transactional and Relational. This paper focuses on Understanding the Nature of Psychological Contract of employees working in a Mid-Scale Technological Firm. Another objective of the study is to determine if there is any significant difference in Psychological contract based on demographic factors. The study makes use of descriptive statistics, ANOVA, Post-hoc and percentage analysis for determining the Nature of Psychological Contract. The data for the research has been collected through a questionnaire and a total of 64 responses have been collected. The study concludes that the employees in this mid-scale technological firm have Relational Psychological Contract.

*Index Terms* – Psychological Contract, Nature of Psychological Contract, Transactional Psychological Contract, Relational Psychological Contract, ANOVA, Demographic Factors.

## 1. INTRODUCTION

Psychological Contract is an unwritten set of agreements that exists between the employee and employer. These are the promises and expectation that are exchanged between both the parties in an employment relationship. Parties that are involved can include employers, managers, supervisors, individual employees and work colleagues. Unlike formal contracts of employment, Psychological contracts are often tacit or implicit (indirect). They tend to be invisible, assumed, unspoken, informal or at best only partially vocalised. Because of this generally an employer or HR manager has to make efforts to find out what they are.

Understanding and clearly spelling out Psychological Contract expectations is important because it keeps both employer and employee on the same page and both the parties are aware of what to and what not to expect from each other. This leads to greater job satisfaction and loyalty from employee's side and better career and skill development opportunities from employer's side.

In today's world many organizations find it difficult to retain or attract skilled and effective employees and not catering to the obligations or understanding the expectations of employees is one of the reasons. Breach of one's Psychological Contract can have a significant effect on job satisfaction, intention to remain and perceived organizational support. Hence, it becomes important to understand what employees want and expect besides what is mentioned in the contract signed by them. Also, knowing what type of Psychological Contract your employees have is needed in order to cater to their demands in an essential manner and promote Organization Citizenship Behaviour in employees.

Psychological Contract is mainly of two types; Transactional and Relational.

A. **Transactional Psychological Contract** is a type of short term contract in which employee is more inclined towards monetary benefits and stick to the obligation that are signed by him in the contract. An employee does not want to contribute anything extra from his/her own side and only believes in individual development. Employees having Transactional Psychological Contract are not willing to go extra miles to help the organization. Transactional Psychological is more related to Mc Gregor's X theory where employees are not assumed to be motivated enough to put in extra efforts to work in the interest of the organization. There is a need for them to be driven to perform the tasks otherwise they are happy with no work and take the money.

B. **Relational Psychological Contract** is a type of long term contract in which employee is more inclined towards trust and implicit emotional attachment towards the organization and his/her colleagues. An employee does not look for monetary benefits but better relationship with the manager, teammates and the company he/she is working for. Employees having Relational Psychological Contract are willing to sacrifice their personal time to help others and have high level of loyalty and Organization Citizenship Behaviour. Relational Psychological Contract is more related to Mc Gregor's theory Y where employees generally like to work and are self-motivated to take the responsibility and give better results. There is no need for them to be driven to perform the tasks.

The objective of this study is to find out what type of Psychological Contract do employees in this mid-scale technological firm have. Another objective of this study is to see if there is any significant difference in Psychological Contract based on demographic factors. The demographic factors considered for the study are experience level of employees in this current organization, overall work experience of employees in the industry, age and gender.

## 2. LITERATURE REVIEW

Rousseau (2001) provided the constructs associated with the formation of psychological contract. She has mentioned about the mental models and schemas that people hold regarding employment, the promises employment conveys and the extent of agreement between the parties involved. The author defines schemas as cognitive organization or mental models of conceptually related elements. These are the concepts that gradually develop from past experience and subsequently guides the way new information is processed or organized

W.H.NG and Feldman (2009) investigated the ways in which age and work experience shape how individuals experience Psychological Contract Breach. The authors introduces two new terms in the article which are contract malleability and contract replicability. Contract malleability is the extent to which employees can tolerate deviations from expectations without reciprocating negatively in turn. It means the number of times an employee can bear with the PCB without actually considering it as a violation of contract. Contract replicability could be defined as how employees view their psychological contracts as replicable in the other organizations.

Raja, Johns and Ntalianis (2004) studied the relationship between employees' personality and the type of psychological contract (transactional or relational), employees perceptions of psychological contract breach and their feeling of violation. The results of the study proved that people who are high on Neurotics, equity sensitivity and external locus of control are most likely to form transactional contracts. However, it was nowhere found to be negatively related with psychological contract breach. Further findings were that people high on extraversion, conscientiousness and self-esteem are more likely to form relational psychological contract. However, there was no relation of these with psychological contract breach.

Grimmer and Oddy (2007) researched on the impacts of violation of psychological contract on organization behaviour. One of the objectives of the study was to evaluate the nature of Psychological Contract held by MBA students. The results of the study proved that students having higher relational contract had higher commitment to the hiring organization and higher trust in the employer. On the other hand, students having transactional contract were low on organizational commitment.

Kwon, Lee, Wang and Kim (2018) investigated the role of cultural factors that lead to the formation of psychological contract in a Chinese context, on the basis that psychological contract are different in different cultures. The main aspect that the authors studied was related to Confucianism, which they believe can govern the formation of psychological contract in Asian context. Confucianism can be defined as a set of moral values and beliefs which have been passed on in Chinese culture since ancient times. The results of the study were that Chinese employees who are extraverted or conscientious are likely to form relational psychological contract if they value the virtues of Confucianism. However, employees who are of neuroticism personality were not likely to form relational psychological contract.

Gorde (2019) studied the Psychological Contract between employer and employees. The author is of the view that employers always focus on organization's growth while employees are always focused in personal growth and job satisfaction. The objectives of the study were 1.To study the Nature of Psychological Contract, 2.To study the role of Psychological Contract in Organizational Development, 3.To study the relationship between Psychological Contract and Employee Satisfaction and 4.To study the contribution of satisfied employees in the organizational development. The results of the study were that near about 85% employees working in selected companies are getting job satisfaction. Most of the employees feel proud to work in their respective organization. Only 50% employees feel that their job is secured, where as many employees not sure about their job. In the private organization always, job security is main concern.

Tyagi and Agarwal (2010) studied the concept of psychological contract and the effects of its breach or violation. They examined the employment relationships in the organization and focused on discussing the issues that are related to psychological contract. The interpretation of results provided the point that relational psychological contract breach affects various important variables that are needed for an employee to perform better. Also, it stated that an organization cannot always fulfil the psychological contract of employees as they keep changing with time and vary individually.

Gupta, Agarwal, Samaria, Sarda and Bucha (2012) studied the effect of Organizational Commitment, Psychological Contract and Psychological Contract Breach on Knowledge Sharing Behaviour. In simple terms knowledge sharing is participating in the conversations and spreading the knowledge within the organization. The results of the study indicated that relational psychological contract is positively related to encouraging the knowledge sharing behaviour while other variables like organization commitment and transactional psychological contract do not encourage or are rarely related with encouraging knowledge sharing behaviour.

Braekkan (2012) demonstrates the extent to which High Performance Work Systems impact the perceptions of psychological contract. The authors states that one issue with organizational communication is that managers tend to exaggerate the benefits of Human Resource Management Practices which leads to employees setting high expectations from the employer and later on when these expectations are not met it becomes one of the reasons for. The results of the study were that the perceptions of high performance work systems were negatively related to the perceptions of psychological contract violations. Also, relational contract content was also negatively related with perceptions of contract.

Uen, Chien and Yen (2009) studied the mediating effects of psychological contract on the relationship between human resource systems and role behaviour. The authors claim that psychological contract are not only formed by HR systems but they also influence Employees

behaviour in the organization. The results of the study showed that commitment based HR systems are positively related to relational psychological contracts and are negatively related to transactional psychological contract. Further, it was proved that both transactional and relational psychological contract partially mediate the relationship between commitments based HR systems and in-role behaviours.

### 3. STATEMENT OF PROBLEM

Psychological Contract is one of the most important concepts that an HR department has to deal with. It is not just about providing employees with salary and promotion. Psychological contract is very implicit in nature and hard to interpret. If it is not fulfilled, it can end up affecting employees' job satisfaction, commitment towards the organization and will invoke a rebellious behaviour in them.

It is vital for any organization to be considerably aware of what its employees want and expect from them as when these expectations are met, a long term relationship with the employees can be formed. Also, in a way loyalty can be developed leading to less attrition and more engagement.

This research would help the concerned company in identifying the nature of psychological contract that the employees in the company have. This way the company will be able to provide the benefits according to the contract that employees have and focus more on communicating with them so that both the parties stay on the same page.

#### 3.1 RESEARCH OBJECTIVES

- To Understand the Nature of Psychological Contract.
- To determine if there is any significant difference in PC based on Demographic factors.
- To suggest the company on how to build a positive psychological contract with employees.

#### 3.2 RESEARCH METHODOLOGY

- **Research Type-** a descriptive research will be conducted wherein the focus would be on describing the nature of psychological contract and not why or how it is formed. Primary data will be collected with minimum of 64 responses from company's employees belonging to different segments.
- **Sources-** Employees of the company would be the respondents where the data will be collected in the company itself.
- **Methods-** for collecting data a google form questionnaire will be circulated to the respondents. Google form questionnaire is being used because the data directly gets transferred to excel and makes it easy to keep the data and perform analysis.
- **Measuring Tools-** a questionnaire is being used to measure the data.
- **Analysis tools-** ANOVA (analysis of variance) will be done after the collection of data. It is a collection of statistical models and their associated estimation procedures (such as the "variation" among and between groups) used to analyse the differences among group means in a sample.

#### 3.3 SAMPLE SIZE AND POPULATION

A sample of 64 employees is being considered for the survey.

#### 3.4 OPERATIONAL DEFINITIONS

- **Psychological Contract:** Psychological Contract is the undefined relationship or an unwritten set of agreements that exists between the employee and employer. These are the promises and expectation that are exchanged between both the parties in an employment relationship. Parties can include employers, managers, supervisors, individual employees and work colleagues. Unlike formal contracts of employment, they are often tacit or implicit. They tend to be invisible, assumed, unspoken, informal or at best only partially vocalised.
- **Transactional Psychological Contract:** Transactional Psychological Contract is a type of short term contract in which employee is more inclined towards monetary benefits and stick to the obligation that are signed by him in the contract. An employee does not want to contribute anything extra from his/her own side and only believes in individual development. Employees having Transactional Psychological Contract are not willing to go extra miles to help the organization.
- **Relational Psychological Contract:** Relational Psychological Contract is a type of long term contract in which employee is more inclined towards trust and implicit emotional attachment towards the organization and his/her colleagues. An employee does not look for monetary benefits but better relationship with the manager, teammates and the company he/she is working for. Employees having Relational Psychological Contract are willing to sacrifice their personal time to help others and have high level of loyalty and Organization Citizenship Behaviour.

#### 3.5 HYPOTHESIS

H1: There is a significant difference between the Nature of psychological contract based on demographic factors.

#### 3.6 LIMITATIONS OF THE STUDY

- The sample size can prove to be insignificant when the results of the study are generalized and applied to a greater population.
- The unwillingness of people and lack of interest in filling questionnaire may act as hurdles.
- The study is being undertaken at only one company which is limited to the scenario in India and no other country.

## 4. RESULTS AND DISCUSSIONS

## Descriptive Statistics

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
TPC 1	64	1.81	1.082	1.241	.299	.830	.590
TPC 2	64	2.25	1.469	.883	.299	-.624	.590
TPC 3	64	2.48	1.168	.378	.299	-.550	.590
TPC 4	64	2.16	1.288	.851	.299	-.344	.590
TPC 5	64	4.06	1.022	-1.050	.299	.852	.590
TPC 6	64	1.61	1.002	1.840	.299	3.057	.590
TPC 7	64	2.44	1.402	.418	.299	-1.191	.590
TPC 8	64	2.20	1.324	1.055	.299	.063	.590
TPC 9	64	2.05	1.315	1.037	.299	-.151	.590
RPC 1	64	4.59	.706	-1.738	.299	2.486	.590
RPC 2	64	4.75	.535	-2.092	.299	3.589	.590
RPC 3	64	4.70	.494	-1.313	.299	.649	.590
RPC 4	64	3.94	1.006	-.838	.299	.560	.590
RPC 5	64	4.38	.807	-1.170	.299	.743	.590
RPC 6	64	3.77	1.137	-.790	.299	.144	.590
RPC 7	64	3.30	1.079	-.157	.299	-.290	.590
RPC 8	64	4.50	.690	-1.346	.299	1.702	.590
RPC 9	64	4.64	.574	-1.360	.299	.935	.590
RPC 10	64	4.64	.675	-1.971	.299	3.600	.590
RPC 11	64	4.53	.666	-1.449	.299	2.277	.590
Valid N (listwise)	64						

Table 4.1

In the above table, TPC stands for Transactional Psychological Contract and represents the questions that measure Transactional Psychological Contract of Employees. Similarly, RPC stands for Relational Psychological Contract and represents the questions that measure Relational Psychological Contract of employees.

Now, based on the data it can be interpreted that the average score of TPC is not more than 2.5 except TPC 5 which has a score of 4.06. TPC 5 represents the strong agreeableness of employees on their expectation of receiving fair wages and salaries for their services and rest defines that employees disagree with the fact that they only work for monetary benefits. Similarly, the average score of RPC is not less than 3.3 in any of the cases which in a nutshell could mean that employees strongly agree on the fact that their relationship with the organization is good.

## Nature of Psychological Contract

The main objective of the study was to identify the Nature of Psychological Contract of employees in this mid-scale technological firm. To identify this, a sum total of all the questions measuring transactional and relational psychological contract of all the responses was done separately and then the average value was calculated. The results were as follows:

Descriptive Statistics		
	N	value
Average RPC score	64	47.73
Average TPC score	64	21.06
Valid N (list wise)	64	

Table 4.2

From the above data it can be seen that the average score of RPC is 47.73 which is more than the average score of TPC i.e. 21.06. So, from the data it can be interpreted that the Nature of Psychological Contract of employees in this Mid-level Technological firm is more Relational in nature which means employees share a good relationship with the organization and do not work for the sole purpose of earning money. They are motivated to contribute positively for the company and are willing to go extra mile to help the company achieve its goals.

#### ANOVA- ANALYSIS OF VARIANCE

##### One-way ANOVA

**Dependent variable** – Transactional Psychological Contract

**Demographic variable** – Experience of employees in current organization

##### Hypothesis

**Ho:** There is no significant difference in Transactional Psychological Contract based on Experience of employees in current organization.

ANOVA					
Total TPC score					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	144.025	4	36.006	.757	.558
Within Groups	2807.725	59	47.589		
Total	2951.750	63			

**Table 4.3**

The above analysis of variance (ANOVA) table looks at the difference between Transactional Psychological Contract based on the experience level of employees in the current organization. The significant value on an average in the table is 0.558 which is much higher than 0.05. It means that the chances of error are high and therefore null hypothesis will be accepted. This goes to show that there is no significant difference in Transactional Psychological Contract based on experience level of employees in the current organization or it can be interpreted that the experience level of employees does not define or does not matter when it comes to having a transactional psychological contract.

##### One-way ANOVA

**Dependent variable** – Relational Psychological Contract

**Demographic variable** – experience of employees in current organization

##### Hypothesis

**Ho:** There is no significant difference in Relational Psychological Contract based on Experience of employees in current organization.

ANOVA					
Total RPC score					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	268.143	4	67.036	4.215	.005
Within Groups	938.342	59	15.904		
Total	1206.484	63			

**Table 4.4**

The above analysis of variance (ANOVA) table looks at the difference between Relational Psychological Contract based on the experience level of employees in the current organization. The significant value on an average in the table is 0.005 which is lower than 0.05. It means that the chances of error are low and therefore null hypothesis will be rejected and alternate hypothesis will be accepted. This goes to show that there is a significant difference in Relational Psychological Contract based on experience level of employees in current organization or it can be interpreted that the experience level of employees defines or matters when it comes to having a relational psychological contract.

Multiple Comparisons						
Dependent Variable: Total RPC score						
LSD						
(I) Work experience in the current organization	(J) Work experience in the current organization	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
6 - 12 months	Below 6 months	4.72527*	1.32201	.001	2.0799	7.3706
	1 - 2 years	.64286	1.84608	.729	-3.0511	4.3369
	2 - 5 years	1.77143	1.65119	.288	-1.5326	5.0754
	Above 5 years	.64286	1.84608	.729	-3.0511	4.3369

\*. The mean difference is significant at the 0.05 level.

**Table 4.5**

Since, the results of ANOVA showed us that there is a significant difference between Relational Psychological Contract based on Experience level of employees in the current organization; So, to see if this result exists between all the groups a Post-hoc test was also run to see the extent of significant difference level between the group and from the above table it can be seen that Group 1 represented by (I) and Group 2 represented by (J) have a significant difference only between employees who have 6 – 12 months of experience in current organization when compared to the other experience groups. This means that the nature of PC when compared between these two groups, does not show any significant difference between Relational PC based on experience level of employees. However, the results differ in all the other cases. From the table it can be seen that when all the other groups other than 6 – 12 are compared it shows that there is no significant difference Relational Psychological Contract and experience level of employees in the current organization.

#### One-way ANOVA

**Dependent variable** – Transactional Psychological Contract.

**Demographic variable** – Total experience of employees in the industry.

#### Hypothesis

**Ho:** There is no significant difference between Transactional Psychological Contract based on Total industrial experience of employees

ANOVA					
Total TPC score					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	326.650	5	65.330	1.443	.223
Within Groups	2625.100	58	45.260		
Total	2951.750	63			

**Table 4.6**

The above analysis of variance (ANOVA) table looks at the difference between Transactional Psychological Contract based on the total industrial experience of employees. The significant value on an average in the table is 0.223 which is much higher than 0.05. It means that the chances of error are high and therefore null hypothesis will be accepted. This goes to show that there is no significant difference in Transactional Psychological Contract based on the total industrial experience of employees or it can be interpreted that the experience level of employees does not define or does not matter when it comes to having a transactional psychological contract.

#### One-way ANOVA

**Dependent variable** – Relational Psychological Contract

**Demographic variable** – Total experience of employees in the Industry

#### Hypothesis

**Ho:** There is no significant difference between Relational Psychological Contract based on Total industrial experience of employees

ANOVA					
Total RPC score					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	199.109	5	39.822	2.293	.057
Within Groups	1007.375	58	17.369		
Total	1206.484	63			

**Table 4.7**

The above analysis of variance (ANOVA) table looks at the difference between Relational Psychological Contract based on the total industrial experience of employees. The significant value on an average in the table is 0.057 which is almost equal to 0.05. Since the value is very close and it has already been proven above that relational PC has a significant difference based on experience level; over here also it can be understood the same. However, since the sample data is low a better clarity cannot be achieved. Therefore, it is assumed that the chances of error are there and hence null hypothesis will be accepted. This goes to show that there is no significant difference between Relational Psychological Contract based on the total industrial experience of employees or it can be interpreted that the experience level of employees does not define or does not matter when it comes to having a relational psychological contract.

#### One-way ANOVA

**Dependent variable** – Transactional Psychological Contract.

**Demographic variable** – Age

#### Hypothesis

**Ho:** There is no significant difference between Transactional Psychological Contract based on Age of employees.

ANOVA					
Total TPC score					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	268.738	3	89.579	2.003	.123
Within Groups	2683.012	60	44.717		
Total	2951.750	63			

Table 4.8

The above analysis of variance (ANOVA) table looks at difference between Transactional Psychological Contract based on Age. The significant value on an average in the table is 0.123 which is higher than 0.05. It means that the chances of error are high and therefore null hypothesis will be accepted. This goes to show that there is no significant difference in Transactional Psychological Contract based on Age or it can be interpreted that age does not define or does not matter when it comes to having a transactional psychological contract.

Multiple Comparisons						
Dependent Variable: Total TPC score						
LSD						
(I) Age	(J) Age	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
25 - 30 years	Below 25 years	1.31283	2.31956	.574	-3.3270	5.9527
	31 - 35 years	4.83032*	2.18059	.031	.4685	9.1921
	Above 35 years	4.34314	2.96108	.148	-1.5799	10.2662

Table 4.9

Since, the results of ANOVA showed us that there is no significant difference between Transactional Psychological Contract based on Age of employees. So, to see if this result exists between all the groups a Post-hoc test was also run to see the extent of significant difference level between the group and from the above table it can be seen that Group 1 represented by (I) and Group 2 represented by (J) have a significant difference (contrary to ANOVA results) only between employees who fall in the age category of 25 – 30 years when compared to the employees who fall in the age group of 31-35 years. This However, the results are same (in line with ANOVA) in all the other cases.

### One-way ANOVA

**Dependent variable** – Relational Psychological Contract

**Demographic variable** – Age

### Hypothesis

**Ho:** There is no significant relationship between Relational Psychological Contract based on Age of employees.

ANOVA					
Total RPC score					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	38.264	3	12.755	.655	.583
Within Groups	1168.220	60	19.470		
Total	1206.484	63			

Table 4.10

The above analysis of variance (ANOVA) table looks at the difference between Relational Psychological Contract based on Age. The significant value on an average in the table is 0.583 which is higher than 0.05. It means that the chances of error are high and therefore null hypothesis will be accepted. This goes to show that there is no significant between Relational Psychological Contract based on Age or it can be interpreted that age does not define or does not matter when it comes to having a relational psychological contract.

### One-way ANOVA

**Dependent variable** – Transactional Psychological Contract.

**Demographic variable** – Gender

### Hypothesis

**Ho:** There is no significant difference between Transactional Psychological Contract based on Gender.

ANOVA					
Gender					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.851	22	.221	.812	.694
Within Groups	11.133	41	.272		
Total	15.984	63			

Table 4.11

The above analysis of variance (ANOVA) table looks at the difference between Transactional Psychological Contract based on Gender. The significant value on an average in the table is 0.694 which is higher than 0.05. It means that the chances of error are high and therefore null hypothesis will be accepted. This goes to show that there is no significant difference in Transactional Psychological Contract based on Gender or it can be interpreted that gender does not define or does not matter when it comes to having a transactional psychological contract.

### One-way ANOVA

**Dependent variable** – Relational Psychological Contract.

**Demographic variable** – Gender

### Hypothesis

**Ho:** There is no significant difference between Relational Psychological Contract based on Gender.

ANOVA					
Gender					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.472	16	.280	1.141	.348
Within Groups	11.512	47	.245		
Total	15.984	63			

**Table 4.12**

The above analysis of variance (ANOVA) table looks at the difference in Relational Psychological Contract based on Gender. The significant value on an average in the table is 0.348 which is higher than 0.05. It means that the chances of error are high and therefore null hypothesis will be accepted. This goes to show that there is no significant difference in Relational Psychological Contract based on gender or it can be interpreted that gender does not define or does not matter when it comes to having a relational psychological contract.

### Percentage Analysis

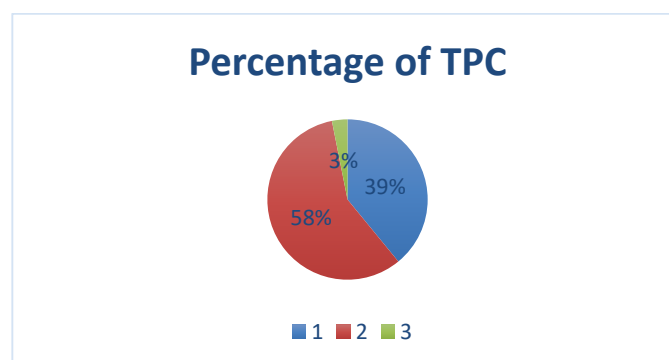
Percentage analysis is run to see how much percentage of the responses belong to lower, average and higher level of Psychological Contract.

#### For transactional psychological contract

- In order to perform the percentage analysis an IF analysis was run in excel to code the data of transactional psychological contract. Since there were only 9 questions measuring TPC with the scale 1 and 2 stating highly disagree and disagree, 3 stating neutral and 4, 5 stating agree and highly agree. Accordingly the values were multiplied by 9 and the coding was done as follows:
- Value less than 19 were coded as 1 defining Low TPC.
- Values in between 19 – 35 were coded 2 defining average TPC.
- Values more than 35 were coded as 3 defining High TPC.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 (blue)	25	38.5	39.1	39.1
	2 (red)	37	56.9	57.8	96.9
	3 (grey)	2	3.1	3.1	100.0
	Total	64	98.5	100.0	
Missing	System	1	1.5		
Total		65	100.0		

**Table 4.13**



**Figure 4.1**



Now, from the above table it can be seen that 39% of the responses account for low transactional psychological contract, 58% account for average transactional psychological contract and only 3% of the responses account for high transactional psychological contract. This should mean that responses should be high in relational psychological contract. It can be seen in the next analysis.

#### For relational psychological contract

- In order to perform the percentage analysis an IF analysis was run in excel to code the data of transactional psychological contract. Since there were only 11 questions measuring RPC with the scale 1 and 2 stating highly disagree and disagree, 3 stating neutral and 4, 5 stating agree and highly agree. Accordingly the values were multiplied by 11 and the coding was done as follows:
- Value less than 23 were coded as 1 defining Low RPC.
- Values in between 23 – 43 were coded 2 defining average RPC.
- Values more than 43 were coded as 3 defining High RPC.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2 (blue)	11	16.9	17.2	17.2
	3 (red)	53	81.5	82.8	100.0
	Total	64	98.5	100.0	
Missing	System	1	1.5		
Total		65	100.0		

Table 4.14

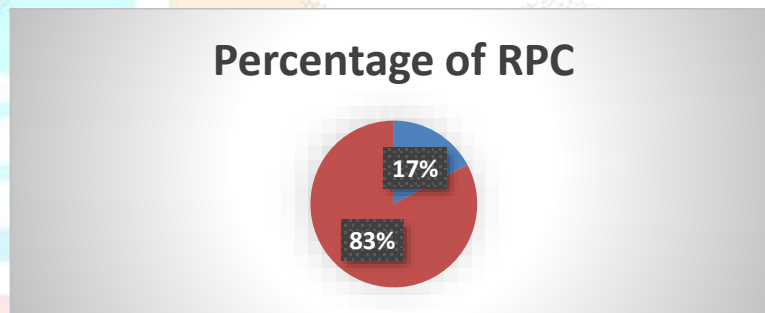


Figure 4.2

Now, from the above table it can be seen that 0% of the responses account for low relational psychological contract, 17% account for average relational psychological contract and 83% of the responses account for high relational psychological contract. This proves that employees in this mid-scale technological firm have high relational psychological contract.

#### 5. RECOMMENDATIONS AND CONCLUSION

The following points of suggestions and recommendations can be arrived at from the study.

- The Nature of Psychological Contract that the employees have in this mid-level technological firm is Relational Psychological Contract which means company should frame their policies and practices keeping this nature in mind.
- It should pay more attention and make conscious choices towards Relational Psychological Contract as it is found to be significantly affected by the experience of employees in the company.
- In order to avoid any breach in Psychological Contract, continuous and clear communication should be encouraged between the employee and the employer.
- Based on the results of the research, there were not any significant difference in the Psychological Contract based on demographic factors except one. This does not confirm that demographic factors do not matter. A different sample size may prove these results wrong. Therefore, company should also focus on Transactional Psychological Contract and other demographic factors.
- A further research can be conducted on finding out the factors that affect the formation of psychological contract of employees. This research can give a better clarity of what things matter to employees more as compared to other and then only the ones that have high effect could be considered and rest can be screened out.

#### Conclusion -

From the study it can be concluded that demographic factors like Age, Total Industry Experience, and Gender do not define or do not have a significant difference between Transactional and Relational Psychological Contract. It means that these factors do not matter when it comes to forming a Psychological contract. There are other things that affect the psychological contract of employees. However, the experience of employees in the company had a significant difference between relational psychological contracts which could mean that employees do form their relational psychological contract based on the amount of time they have spent in it.

All these results were contrary to the ones that have been mentioned in the studies done before by other researchers. The results in this study could vary in case the sample size, the industry and the company were different. The legitimacy of the responses given by employees could also be one of the reasons why results differ from the researches that have already been done.

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