

## **EFFECT OF PSYCHOLOGICAL CONTRACT ON EMPLOYEE ENGAGEMENT**

Mr. Devendra Lodha,

Assistant Professor, Gandhinagar Institute of Technology, Ahmedabad

Ms. Khushali Pathak

Assistant Professor – Indus University, Ahmedabad

### **ABSTRACT**

Harold Andrew Patrick has defined the term psychological contract as mutual unwritten expectations that exist between an employee and his/her employer regarding policies and practices. This descriptive study describes myriad characteristics pertaining to psychological contract especially by the working women and observing its impact on their engagement at the work place. Furthermore data collected from the 200 female academicians from the different colleges, Institutions and from the Schools. Out of which 190 responded to the primary survey and further analysis performed thereon, this revealed that psychological contract bearing an important impact on the working women. Moreover to that this study investigated the relationship between psychological contract and the Employee engagement by analyzing the several factors from both the variables.

**KEY WORDS:** - *Work Environment, Employee Engagement, Working Women, Stress, Strain.*

## PSYCHOLOGICAL CONTRACT CONCEPTUAL FRAMEWORK

Psychological contracts are dynamic, constantly evolving through organizational experiences. The strength of the psychological contract depends on how fair the individual believes the organization is in fulfilling its perceived obligations above and beyond the formal written contract of employment. They basically highlight individuals belief structures of what is expected to occur in the organization and what is expected of them. Argyris (1960) first referred to the psychological contract only in passing as the relationship between employer and employee. Levinson (1962) is the father of the concept and defined psychological contract as unwritten contract, the sum of the mutual expectations between the organization and employees. Psychological contracts are mental models or schemas that develop through an individual's interactions and experiences. The definition given by Rousseau (1990) highlights employees perception of the existence of mutual obligations deposited with the employer. Herriot and Pemberton (1995) defined it as "The perceptions of both parties to the employment relationship, organization and individual, of the obligations implied in the relationship". McLean Parks, Kidder and Gallagher (1998) have provided a conceptual overview in which they argue that progress in understanding the differences in the impact of flexible employment contracts can be explained more effectively by utilizing dimensions of psychological contracts. Heather Maguire has defined that the term psychological contract (Argyris 1960; Schein 1980; Rousseau 1989) refers to a commonly used exchange concept providing a framework for understanding the 'hidden' aspects of the relationship between organizations and their employees (Shore & Tetrick 1994). Psychological contracts differ from other types of contracts not only because of the innumerable elements they may contain but also because the employee (the contract taker) and the employer (the contract maker) may have differed expectations with respect to the employment relationship. Sims (1994) describes traditional psychological contracts as having existed in organizations characterized by stability, predictability and growth. The workforces of such organizations were seen as permanent, and employee loyalty was built on guarantees of long-term employment and investment in training. Actual change in individual employees' behavior is determined by interpreting their employers' HR practices. Such interpretation affects employee behavior by altering perceptions of the terms of the individually held psychological contract. Six psychological contract variables (relational contract, transactional contract, employer's commitment/obligation to employee, employee's commitment/obligation to employer, employer's relationship with employee, and employee's relationship with employer) were measured in the study by David guest.

## EMPLOYEE ENGAGEMENT

It refers to creating an environment where employees are motivated to want to connect with their work and really care about doing a good job. It is a concept that places flexibility, change and continuous improvement at the heart of what it means to be an employee and an employer in a twenty-first-century workplace.' (CIPD 2009). Kahn (1990:694) defines employee engagement as "the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances". The cognitive aspect of employee engagement concerns employees' beliefs about the organization, its leaders and working conditions. Most often employee engagement has been defined as emotional and intellectual commitment to the Organization (Baumruk 2004, Richman 2006 and Shaw 2005) or the amount of discretionary effort exhibited by employees in their job (Frank et al 2004). Although it is acknowledged and accepted that employee engagement is a multi-faceted construct, as previously suggested by Kahn (1990), Truss et al (2006) define employee engagement simply as 'passion for work', a psychological state which is seen to encompass the three dimensions of engagement discussed by Kahn (1990), and captures the common theme running through all these

definitions. Saks (2006) argues that organizational commitment also differs from engagement in that it refers to a person's attitude and attachment towards their organization, whilst it could be argued that engagement is not merely an attitude; it is the degree to which an individual is attentive to their work and absorbed in the performance of their role. John Purcell has defined that the first substantial paper on the topic was by Kahn in 1990. Interestingly, the topic of engagement in the early days was focused on disengagement and especially the study of work-based stress and associated problems of sickness absence and labor turnover. An employee to be fully engaged the person has to meet all of the requirements. Engaged individuals are described as being psychologically present, fully there, attentive, feeling, connected, integrated, and focused in their role performances. They are open to themselves and others, connected to work, and focused in their role performance. 'Job engagement is associated with a sustainable workload, feelings of choice and control, appropriate recognition. Gemma Robertson-Smith and Carl Markwick have defined that Engagement is consistently shown as something given by the employee that can benefit the organization through commitment and dedication, advocacy, discretionary effort, using talents to the fullest and being supportive of the organization's goals and values. Engaged employees feel a sense of attachment towards their organization, investing themselves not only in their role, but also in the organization as a whole

## RESEARCH METHODOLOGY

Concept of Work Environment and Employee engagement gaining the vital importance in terms of the development of the organization and enhancing the productivity of the organizational people. This research covers the vital aspects of the Physiological Contract like Six psychological contract variables (relational contract, transactional contract, employer's commitment/obligation to employee, employee's commitment/obligation to employer, employer's relationship with employee, and employee's relationship with employer) which were already measured in the study by David guest in their research., this research utilize the same variables to test the Women Employee engagement basically working in the academic profession like schools and colleges. So this research tends to be the descriptive in nature.

**Population:** - For this research purpose population have been considered as all women employee working in the Academic institutions. E.g. School and Colleges

**Sampling method:** - As study observed different group of academic institution like Schools, Colleges offering different levels of education, so Convenient and Cluster sampling have been used to draw the sample from the Population

**Sampling Area** : - Selected Academic institutions from the area of Ahmedabad which includes Schools and colleges.

**Sampling unit** : - Research mainly targets the women employee working in the academic institutions like schools and colleges.

**Sample size** : - 200 samples were targeted but out of that 190 respondents given the response to the data collection so finally research concluded on 190 samples.

**Data sources:** - For the purpose of the study both the Primary data and secondary data utilized to achieve the purpose of the study. Primary data collected directly from the respondents and secondary data collected through the various sources like. E.g. Previously Published Materials like Research Papers, Human Resource Reports and Websites.

**Research Approach** : - Survey method is used to collect the primary data from the respondents

**Research Instrument:** - Close Ended-Questionnaire utilized to collect the data

**Research Territory** : - Different Regions of Ahmedabad

## ANALYSIS AND DISCUSSIONS

**Table 1 Data Analysis of Respondents**

Particulars	Number of Respondents				Total
<b>Gender</b>	<b>Female</b>				190
<b>Respondent</b>	190				
<b>Age</b>	<b>20-30</b>	<b>31-40</b>	<b>41-50</b>	<b>51 and above</b>	190
<b>Respondent</b>	105	45	27	13	
<b>Highest Education</b>	<b>Graduate</b>	<b>Post Graduate</b>	<b>Professional Education</b>	<b>Doctoral Qualification</b>	190
<b>Respondent</b>	36	94	47	13	
<b>Type of Working Institute</b>	<b>School</b>	<b>Undergraduate</b>	<b>Post Graduate</b>	<b>Other Professional Institute</b>	190
<b>Respondent</b>	33	87	24	46	
<b>Income (Annual)</b>	<b>Below 2 Lac</b>	<b>2 Lac – 3 Lac</b>	<b>3 Lac – 4 Lac</b>	<b>More than 4 Lac</b>	190
<b>Respondent</b>	21	23	41	105	
<b>Nature of Job</b>	<b>Contractual</b>	<b>Ad-hoc/Visiting</b>	<b>On-Probation</b>	<b>Permanent</b>	190
<b>Respondents</b>	46	37	18	89	

(Source: Survey Data)

The above bifurcation of the respondents profile depicts that out of all female academicians observed highest fall in the category of 20-30 years age group which is considered to be a fresh entrants in the industry and might have an experience of few years. Besides that majority respondents done their P.G degree as a part of their educational qualification which is around 52%. Further discussion about the work place at which they used to work, most of the respondents working in the Undergrads institutions like those institutions which provides the bachelor degree. Moreover nature of employment in the majority of respondent is Permanent which is near to 45%.

### TEST OF RELIABILITY

Here the Reliability Statistics shows the Calculated Cronbach's Alpha value 0.995., which depicts that data collected, is more reliable and which can alleviate the further uncertainty regarding the test static and proper result can be obtained by performing further analysis.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.995	30

### TEST OF INDEPENDENCE- CHI SQUARE TESTING

The following analysis shows the Analysis of the key collected data from the respondents and further testing the Employee engagement with the parameters of the Psychological Contract elements

### HYPOTHESIS

#### $H_1$ = Employee Engagement is not Independent to the Subordinate Behavior at Work Place

The above hypothesis aims to test the linkages between the employee engagement and subordinate behavior at a work place which can be seen from through the following analysis through the Chi square Statics

**Table 2 You are feeling comfortable in your organizational culture. \* Your supervisor handles your work related issue satisfactory**

Count		Your supervisor handles your work related issue satisfactory.					Total
		Highly Disagree	Disagree	Neutral	Agree	Highly Agree	
You are feeling comfortable in your organizational culture.	Highly Disagree	32	0	0	0	0	32
	Disagree	12	7	0	0	0	19
	Neutral	14	12	6	0	0	32
	Agree	0	0	0	24	0	24
	Highly Agree	0	0	0	0	83	83
<b>Total</b>		<b>58</b>	<b>19</b>	<b>6</b>	<b>24</b>	<b>83</b>	<b>190</b>

(Source: SPSS Software)

The following table shows the calculated value of the Chi-square stat, which further represents the value 0.000 which is lesser than the level of significance which is 0.05. So here Null Hypotheses

Table 3 Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	446.134 <sup>a</sup>	16	.000
Likelihood Ratio	411.611	16	.000
Linear-by-Linear Association	169.201	1	.000
N of Valid Cases	190		

(Source: SPSS Software)

a. 13 cells (52.0%) have expected count less than 5. The minimum expected count is .60.

can be rejected and proved that Employee engagement bearing some effect of the Behavior of Supervisors and subordinates at the work place

### **H<sub>2</sub> = Employee Engagement is not Independent to the treatment at the Work place (Entertaining personal issues and Queries)**

The above hypothesis shows the association between the Employee engagement and Treatment at the work place, the test further depicts the status of independence between the employee engagement and Treatment offered at a work place which can be seen from the following analysis through the Chi square Statics

		Treatment offered by Your supervisor, or someone at work,					Total
		Highly Disagree	Disagree	Neutral	Agree	Highly Agree	
You are feeling comfortable in your organizational culture.	Highly Disagree	25	7	0	0	0	32
	Disagree	4	15	0	0	0	19
	Neutral	0	25	0	6	1	32
	Agree	0	3	1	20	0	24
	Highly Agree	0	0	0	18	65	83
Total		29	50	1	44	66	190

(Source: SPSS Software)

The following table shows the calculated value of the Chi-square stat, which further represents the significance value 0.000 and Chi-square value 355.241., which is lesser than the level of significance which is 0.05. So here Null Hypotheses can be rejected and proved that,

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	355.241 <sup>a</sup>	16	.000
Likelihood Ratio	350.367	16	.000
Linear-by-Linear Association	150.235	1	.000
N of Valid Cases	190		

a. 8 cells (32.0%) have expected count less than 5. The minimum expected count is 1.40.

(Source: SPSS Software)

Employee engagement having the relationship with Treatment offered at work place by the other employees and colleagues at the work place.

### **H<sub>3</sub> = There is significant Relationship between the Feedback of Work and Employee Engagement**

This Hypotheses tend to identify the association between the Employee engagement and the feedback/Improvement given to the employee at the work place., because feedback and improvement in the performance is the predefined condition which leads to be a part of psychological contract.

**Table 6 the association between the Employee engagement and the feedback/Improvement given to the employee at the work place**

		Feedback/ Suggested Improvement					Total
		Highly Disagree	Disagree	Neutral	Agree	Highly Agree	
Level of Engagement at Organization	Highly Disagree	32	0	0	0	0	32
	Disagree	14	5	0	0	0	19
	Neutral	0	25	6	1	0	32
	Agree	0	3	1	20	0	24
	Highly Agree	0	0	12	24	47	83
Total		46	33	19	45	47	190

(Source: SPSS Software)

The following table shows the calculated chi-square value which is 343.380 which is good to be considered the association between the two variable and furthermore

Table 7 Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	343.380 <sup>a</sup>	16	.000
Likelihood Ratio	347.645	16	.000
Linear-by-Linear Association	156.818	1	.000
N of Valid Cases	190		

a. 9 cells (36.0%) have expected count less than 5. The minimum expected count is 1.90.

(Source: SPSS Software)

The significance value is 0.000 which is less than 0.05 so, here alternate hypotheses can be accepted, which indicates that, there is significant relationship exist between these two variables.

#### **H<sub>4</sub> = Sharing of Information Leads to creates more familiarity towards the Organization**

Information sharing and communication of Ideas are there in the organization without any written contract because it enhances the organization productivity and carry it towards the success, here this hypotheses test that, familiarity towards the organization depends upon the information and idea sharing environment of the organization,. Focusing on the calculations of the test statistics, which further shows that,

**Table 8 Count**

		Information/Idea Sharing					Total
		Highly Disagree	Disagree	Neutral	Agree	Highly Agree	
Familiarity towards the Organization	Highly Disagree	32	0	0	0	0	32
	Disagree	12	2	3	2	0	19
	Neutral	0	1	24	7	0	32
	Agree	0	0	0	24	0	24
	Highly Agree	0	0	0	1	82	83
Total		44	3	27	34	82	190

(Source: SPSS Software)

the calculated value of the Chi-square is 457.851. and in addition to that significance value is 0.000 which represent the lower value then the level of significance which is 0.05, so here it can be clearly

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	457.851 <sup>a</sup>	16	.000
Likelihood Ratio	420.842	16	.000
Linear-by-Linear Association	176.427	1	.000
N of Valid Cases	190		

a. 12 cells (48.0%) have expected count less than 5. The minimum expected count is .30.

(Source: SPSS Software)

Observed that alternate hypothesis can be accepted and further which implicit that, Sharing of Information Leads to create more familiarity towards the Organization.

### **H<sub>5</sub> = Degree of Employee engagement Depends upon the Response to their Quarries/Problems faced in the Organization**

It has been observed fact that level of engagement also can be determined by the Problem and Queries entertained by the organization. Here in the following table it shows the weight for the both given by the employees.

**Table 10 Count**

		Problem Solution/Query Entertainment					Total
		Highly Disagree	Disagree	Neutral	Agree	Highly Agree	
Level of Employee Engagement	Highly Disagree	32	0	0	0	0	32
	Disagree	5	14	0	0	0	19
	Neutral	0	25	0	7	0	32
	Agree	0	3	0	21	0	24
	Highly Agree	0	0	14	22	47	83
Total		37	42	14	50	47	190

(Source: SPSS Software)

Further the test Stastics shows the chi square vale which is 355.241 and on the other hand there is a significance value which is lesser than 0.05, which proves that alternate hypotheses would be accepted

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	355.241a	16	0
Likelihood Ratio	350.367	16	0
Linear-by-Linear Association	150.235	1	0
N of Valid Cases	190		

a 8 cells (32.0%) have expected count less than 5. The minimum expected count is 1.40.

(Source: SPSS Software)

And further it indicates that, Degree of Employee engagement depends upon the Response to their Quarries/Problems faced in the Organization. So one can conclude that employee engagement also dependent on the problem and Queries addressed by the organization.

**$H_6$  = There is significant correlation between the Respect and Trust worthiness of the co-employees and the Employee engagement**

This preposition tends to prove the association between two variables for an instance, respect and Trust worthiness offered by the Co-Employees and the Employee engagement.

**Table 12 Count**

		Respect and Trustworthiness offered by the Co-employees					Total
		Highly Disagree	Disagree	Neutral	Agree	Highly Agree	
Employee Engagement	Highly Disagree	32	0	0	0	0	32
	Disagree	10	9	0	0	0	19
	Neutral	17	8	2	5	0	32
	Agree	3	0	0	21	0	24
	Highly Agree	0	0	0	36	47	83
Total		62	17	2	62	47	190

(Source: SPSS Software)

Here the following table shows the calculated value of the chi square statistics which is 249.040 and moreover to that, significance value of the test is 0.00, which is lesser than the significance level 0.05, so here also alternate hypotheses would be accepted and

Table 13 Chi-Square Test			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	249.040a	16	0.000
Likelihood Ratio	278.012	16	0.000
Linear-by-Linear Association	149.045	1	0.000
N of Valid Cases	190		
a 10 cells (40.0%) have expected count less than 5. The minimum expected count is .20.			

(Source: SPSS Software)

Proved that there is a close association between these two variables and there must be an effect of Trust worthiness and respect offered by the co-employees and the employee engagement.

### LIMITATION OF THE STUDY

- As this research targeted the female Teachers and Professor for which the population is unknown, On the basis of the past observation of the studies and literature this research targeted the sample of 200 and out of which 190 have responded to the survey. Result of the Research might be differ if more sample targeted

- This research is done in the Area of Ahmedabad (female respondents) so the result might be contrast if the same research done in the other territory or region with the different gender sample
- Research variable is taken is subject to the understanding and knowledge of the researcher

### **PROSPECT AND FUTURE SCOPE OF THE STUDY**

- This Research could be carried on the Government Academic institution to improve the quality of education and Women employee Development
- Result of the research will be beneficial to the private institute for the Preparation of the working policies of the female Teachers
- Further Research on the large scale can be carried on the national level to improve the structure of the academic sector, which will dominates to development of the education system of the nation and further for the Women Empowerment.

### **CONCLUSION**

Employee engagement considered to be a vital aspect behind the efficiency of the employees and thereby productivity of the organization. Here in this paper several vital aspects revealed related to psychological contract like Trust worthiness amongst the employee of the organization, support in the problem solving and query resolution, apart from that information and exchange of ideas and feedback to the employee, which bearing the effect on the employee engagement. In the above study observed respondents were the working women from the academic institution, among which majority from the age group of 20-30 years and majority working with the graduate institution. Further the Statistical analysis of the mentioned variables of the Physiological contract with the employee engagement revealed that the Psychological contract bearing the significant impact on the employee engagement.

### **REFERENCES**

- Argyris, C. (1960). Understanding organizational behavior. Homewood, IL: The Dorsey Press.
- Argyris, C. (1962) Understanding organizational behavior. Homewood, IL: Dorsey.
- CIPD (2003) Managing the psychological contract, revised January 2007. <http://www.cipd.co.uk/subjects/empreltns/psycntrct/psycontr.htm?IsSrchRes=1>
- CIPD, (2005a) Reflections on employee well-being and the psychological contract, June. <http://www.cipd.co.uk/NR/rdonlyres/529EB140-833C-4849-85E70BC321170240/0/refempwbpsycon0605.pdf>
- CIPD (2005b) Managing change: the role of the psychological contract, November. <http://www.cipd.co.uk/NR/rdonlyres/06B92739-19F8-4BB4-AE47-79EA5F5CB15/0/manachang1105.pdf>
- Coyle-Shapiro, Jacqueline A-M. and Parzefall, M. (2008) Psychological contracts. In: Cooper, Cary L. and Barling, Julian, (eds.) The SAGE handbook of organizational behavior. SAGE Publications, London, UK, pp. 17-34.
- Denise M. Rousseau(1990)Psychological Contract Inventory Technical Report
- Frank, M. J. (2006). Hold your horses: A dynamic computational role for the subthalamic nucleus in decision making. *Neural Networks*, 19, 1120 –1136
- Herriot, P. and Pemberton, C. (1995) ‘A new deal for middle managers’, *People Management*, 15 June, pp. 32-34.