

IMPLICATIONS OF PSYCHOLOGICAL CONTRACT ON WORK–FAMILY ENRICHMENT: AN EXPLORATORY STUDY

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Abstract

Constant changes in world economies have presented unprecedented challenges to individuals and organizations. Amidst cut-throat competition, as employees juggle between work and family the question of life contentment looms large. It is time that the corporate tzars focus on psychological contract and use it as a tool for creating work-family enrichment. Highly enriched employees have a clear line of sight and strive to enhance organizational performance. This paves way for the creation of a happier working generation.

Keywords: Psychological Contract (PC), Work–family Enrichment WFE), Organizational Performance (OP)

“The essence of competitiveness is liberated when we make people believe that what they think and do is important - and then get out of their way while they do it.” - Jack Welch

Theoretical Background

In an era characterized by diverse workforce, the ongoing re-definition of roles and activities, limitless job opportunities, individualization of the employment relationship and constantly changing workplace sentiments; the typical employer/employee relationship has been reminisced as a thing of the past. A study done by PwC Saratoga India on human capital effectiveness revealed that Indian organizations trail behind their global counterparts when it comes to retaining talent. According to the survey, 35 per cent of the workforce in India has tenure of less than two years. It is being seen that organizations are unable maintain a psychological connect with its employees end up losing their key personnel to competition.

The future of today’s organizations rests in an information savvy generation, who are young, highly educated seeking huge benefits and monetary rewards, who researches the company they intend to work for; whose organisational commitment and loyalty will be as long as the organisation can keep satisfying their needs. Changes in the demographic make-up of the workforce have also added to the list. With more number of women in workplace, there are more couples juggling between work and family resulting in increased focus on work and family issues (Perrewe, Treadway & Hall, 2003, Aminah & Zoharah, 2008, Baral & Bhargava, 2010, Zoharah & Aminah, 2010). According to Henson (2007) Generation Y employees seek flexibility in their work hours so they can spend time with their children. The HR managers will have to build a tool which would help connect and align the employees, their working relationships and personal life in a standard organizational framework that allow the management of different workforce options.

In this study an effort is made to explore the implications of employee psychological contract on work–family enrichment, with the hope that the outcome of the study help more number of change agents to seriously examine the issue and find viable ways to enhance work-family interface by fulfilling the perceived obligations of the organization towards its employees, thereby rekindling and sustaining the passion with which they had joined the organization without having to compromise their personal life.

OBJECTIVES

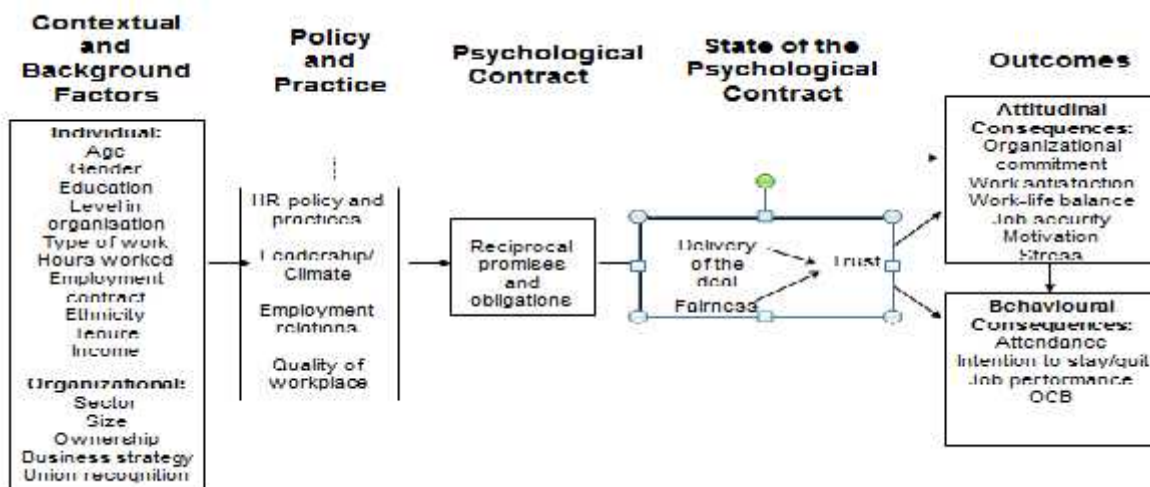
1. To study the concept and significance of Psychological Contract.
2. To explore the importance of Work–family Enrichment.
3. To find the implications of Psychological Contract on Work–family Enrichment.

The secondary data is collected from annual reports, research journals, government publications, books and web sites and the findings are populated below:

Objective 1: To study the concept and significance of Psychological Contract

The psychological contract is individual beliefs or perceptions regarding the terms of exchange between the individual and organization. The psychological contract looks at the workplace relationship as perceived by employer and employee. It is the psychological contract that effectively tells employees what they can expect from their job and what they are required to do in order to meet their side of the bargain. The employer's expectation could be of above average performance, a reasonably longer tenure, reporting on time, uphold companies reputation, be courteous to clients and colleagues, be honest and show loyalty to the organization, etc. and employee's expectation could be of opportunities for training and development, opportunities for promotions, recognition for innovation, feedback, interesting tasks, work-life balance, respectful treatment, reasonable job security and a reasonably pleasant and safe environment. The state of the psychological contract is concerned with whether the promises and obligations have been met, whether they are fair and trustworthy. Where the obligations under the employment contract are formal, precise and physically signed, the obligations under the psychological contract are informal, imprecise and unsigned. The psychological contract comes into action as soon as the employment contract is signed.

Psychological Contract first emerged in the 1960s, notably in the work of organizational and behavioural theorists Chris Argyris and Edgar Schein. Argyris referred to the psychological contract only in passing as the relationship between employer and employee. Over the next five years the new concept gained much attention from various researches; thereafter until the 1990's it received little attention. The Psychological Contract is a deep and varied concept and is open to a wide range of interpretations and theoretical studies. Rousseau (1995) defined PC as, "Individual beliefs, shaped by the organisation, regarding terms of an exchange agreement between individuals and their organization". In the words of Guest and Conway (2000), "The perceptions of both parties to the employment relationship, organisation and individual of the reciprocal promises and obligations implied in the relationship". Professor David Guest (Guest and Conway 2004) of Kings College London has put forward a model of the psychological contract defining the application of PC to employment relationship.



A model of the psychological contract (Guest and Conway 2004)

Psychological contracts are dynamic, constantly evolving through organizational experiences. The perceptual and dynamic nature of the contract makes it common that a violation will occur, which is termed as psychological contract breach. Psychological contract breach accordingly is defined as the employee's perceptions regarding the extent to which the organisation has failed to fulfill its promises or obligations (Zhao et al., 2007).

Studies in this field demonstrate beyond doubt that improving psychological contract correlates with improving overall organizational success. The evidence of a positive correlation between psychological contract and improving job satisfaction and performance are highlighted below:

- Practical researches indicate that the psychological contract relates to high level appreciation, organizational supports, work satisfaction, occupation expectation and sensible promise and low level turnover intention (Wang, 2007, p.41-46 & Turnley, 2003, p.187-206).

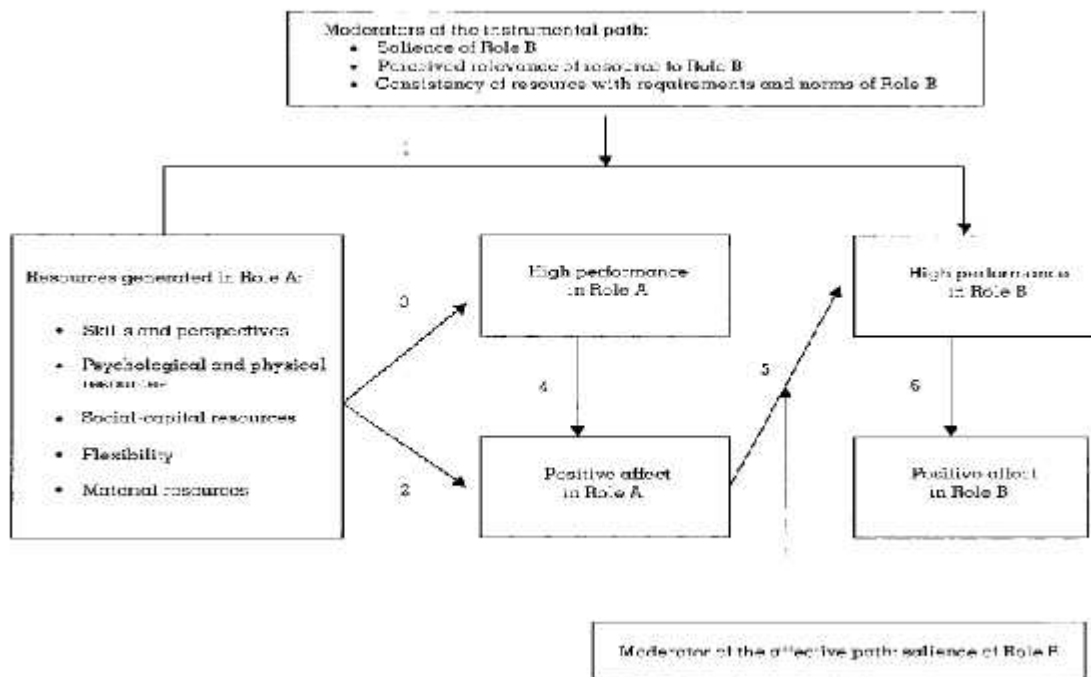
- Psychological contract breach is negatively related to changes in job performance over time, and this relationship is mediated by job satisfaction (Bal et al., 2012, Zhao et al., 2007.).

Objective 2: To explore the importance of Work–family Enrichment

During the latter part of the 20th century significant changes in work and family life occurred. The most striking changes have been women’s entry in large numbers into the workforce, and the consequent emergence of the dual-earner couple as the most prominent family form. In this context, work and family life can no longer be treated as ‘separate spheres’ because work and family lives intersect and interact with one another (Moen and Yu, 2000). According to Many researchers have increasingly examined positive relationships between work and family lives(Kirchmeyer, 1992a; Rothbard, 2001, Grzywacz,2002). Henessey provided support to this claim, indicating that work–family enrichment has a positive relationship with both work and family satisfaction. Grzywacz (2002) proposed that work and family enrichment may help to strengthen social relationships, thereby providing a buffer against negative events and leading to improved health outcomes. Several researchers have also suggested that increased levels of work and family positive spillover may be related to both greater job satisfaction and greater family satisfaction.

Work–family enrichment has been defined as ‘the extent to which experiences in one role improve the quality of life in the other role’ (Greenhaus and Powell, 2006, p. 73).Work-to-family enrichment occurs when work experiences improve the quality of family life. Several studies explored antecedents of work-family enrichment, such as organization support, psychological involvement in work, and personality or interpersonal style (Cohen & Kirchmeyer, 1995; Grzywacz et al., 2002; Grzywacz & Marks, 2000b; Kirchmeyer, 1992b, 1993, 1995; Stephens et al., 1997; Sumer & Knight, 2001; Tiedje et al., 1990; Wayne et al., 2004). Greenhaus and Powell (2006) developed a theoretical framework suggesting how work and family domains might be positively linked. This framework suggests that skills and perspectives, psychological and physical resources, social-capital resources, flexibility and material resources generated in one role improve performance directly, to the extent that these resources are directly transferable to another role. Greenhaus and Powell (2006) also suggest that there might be an indirect cross-domain effect to the extent that skills and perspectives, psychological and physical resources, social-capital resources, flexibility and material resources derived from participation in one domain create a positive affect (or emotional response) that improves performance in the second domain (i.e. the affective path).

FIGURE 1
Model of Work-Family Enrichment

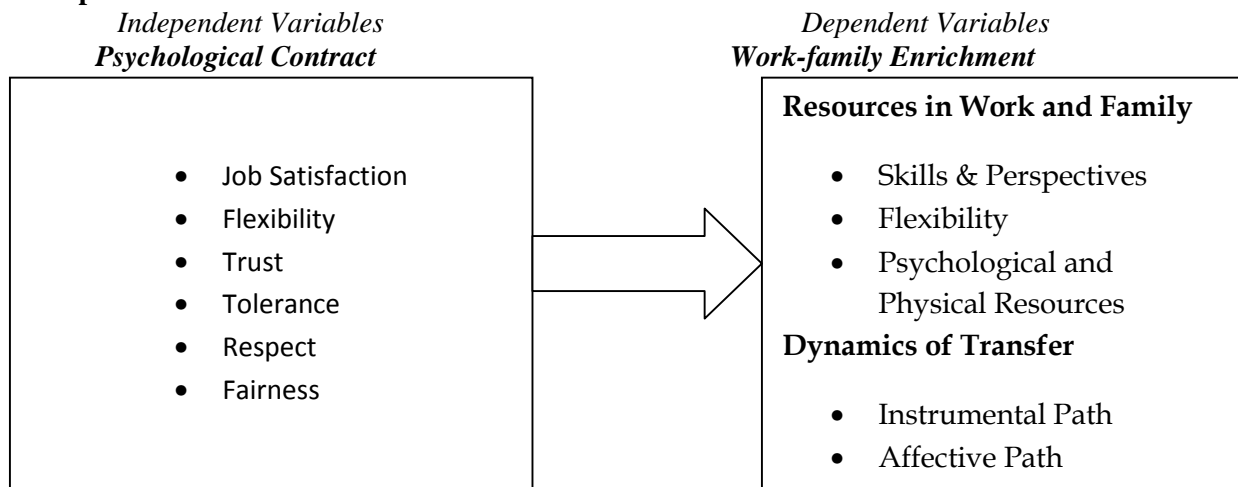


Objective 3: To find the implications of Psychological Contract on Work–family Enrichment

There is growing empirical evidence which supports the mutually beneficial effects of work and family roles. Positive interaction between work and family has been conceptualized as ‘a developmental phenomenon enabled by resources made available in one domain of life that can be applied in another (Butler et al., 2005). Studies on the effects of work-family enrichment show that the phenomenon is negatively related to turnover intentions (Russo and Buonocore, 2011, Wayne et al., 2006) and positively related to the perception of psychological contract fairness (Taylor, et al., 2009). A number of different resources have been linked to positive work – family interaction, including support, autonomy, control and flexibility (Hill et al., 2007). Furthermore, work-family enrichment mediates the relationship between work-life policies and practices (i.e. supervisor support, flexible work arrangements) and work outcomes (i.e. job satisfaction, affective commitment, organizational citizenship behaviors) (Baral and Bhargava, 2010, Macnall et al., 2010). The WRDI (workplace relationship development indicator) model of psychological contract suggests that two major predictors for intention to stay are job satisfaction and affective commitment. The model suggests that delivery of employee expectations, trust and fairness lead to affective commitment and job satisfaction. Berman, E.M. and West, J.P (2003) suggested that workload, work schedules, responsibility and authority, quality of work, working relationship with immediate supervisors, interpersonal relations, specific behaviour of employees and managers, individually preferred working styles, job security, rewards, promotion, career development, and loyalty could be part of psychological contract involving employees and employers. P Davidson (2001) suggested employee expectations involve reward for work/effort, safe and comfortable working conditions, opportunities for personal development and career progression, and equitable personnel policies. If one examines the content of psychological contract, it would be easy for one to see that the content of psychological contract and the factors leading to work family enrichment overlap in many cases.

In short, when an employee has a positive psychological contract, the employee not only aligns himself to the organization but also derives psychological pleasure and satisfaction from the process, which is transferred to the employee’s family scenario leading to enhanced family relationships and overall life contentment.

Conceptual Model



Conceptual Model showing the relationship between Employee Psychological Contract and Work–family enrichment

Implications

It is pertinent that organizations realize the importance of developing a positive psychological contract. The researcher enumerates that if an employee is psychologically contented in terms of job, work environment, flexibility, trust, respect and fairness, the same gets directly transferred to his or her family environment. Hence organizations have a vital role to play in terms of shaping a committed workforce who not only enjoys the work and workplace but also identifies with it through their actions irrespective of the environment they are in.

The fundamental state of the psychological contract is concerned with whether the promises and obligations have been met and whether they are fair and trust worthy. Employers need to offer pay and conditions that will attract and retain good people. They need to offer flexible benefits which give employees more choice, for example, the opportunity to trade some pay for more holidays. Career advancement and opportunity for personal development is another area for building a psychological connects with the employees. Employees need substantial and adequate information, hence communication has a major role to play. According to Woodruffe (1999), achievement, a sense of direction, respect and recognition, autonomy, balance and a sense of fun are the prime factors affecting job satisfaction. In particular, there is an important link between employees feeling that they have a satisfactory balance between their work and personal lives and having a psychological contract. Employers need to think through how employees can be helped to achieve such a balance.

Corporates should focus on creating a harmony between self-development, career development and family development. In an era wherein people feel that they are not able to spend quality time with their family, the traits they amassed from their work environment cemented by psychological contract would come handy. Prioritizing activities, building trust in relationships, respecting individuals, tolerance for individual differences without compromising on quality, flexibility and fairness automatically becomes the order of the day. All the boring monotonous work at home suddenly finds a charm in itself! Developing a positive psychological contract is not instantaneous – it is a journey that requires support from all levels. As managers, if through our actions we could reinforce and strengthen the psychological contract in our subordinates it would manifest itself as work life enrichment which in turn would contribute towards life satisfaction.

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