

*Full Length Research*

# Role of Demographics on Psychological Contract Breach/ Fulfillment

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Accepted 12 January 2016

Psychological contract fulfillment is one of the essential ingredients for organizations to prosper in today's competitive business environment. This study is focused on the role of demographics on psychological contract breach/fulfillment. The objective of the study is to assess the importance being attached to this vital aspect by the employees of Pakistan Television Corporation Limited. The study group has collected relevant information through questionnaires. This study investigates Psychological Contract as independent variables with the trust, job satisfaction, and turnover as dependent variable and demographics as moderators and breach /fulfillment as mediator. Hypotheses have been developed and measured through Questionnaire Methodology to study the association/relationship of Psychological contract (independent) and trust, job satisfaction and turnover (dependent variables). The statistical analysis was performed using correlation, regression mediation, moderation and descriptive analyses of the data obtained from respondents through questionnaire 300 sample. The results of the data collected indicate that if Psychological contract is fulfilled then trust, job satisfaction, will high excluding turnover but if there is breach then turnover is more , trust and job satisfaction is less. Psychological contract have significant impact on employees trust, job satisfaction and their turnover. The major implications from this research are that managers PTV needs to foster organizational commitment ensure Psychological contract fulfillment to reduce employee turnover.

**Keywords:** Psychological contract, job satisfaction, trust, Employees' turnover

**Cite This Article As:** Manzoor A (2016). Role of Demographics on Psychological Contract Breach/ Fulfillment. Inter. J. Acad. Res. Educ. Rev. 4(1): 19-28

## INTRODUCTION

### Background

The 21<sup>st</sup> century organizations are characterized by the constant and swift pace of change. Some of the challenges an organization faces include random free market economic environments, swiftly changing technologies, global competition, workforce variety, and new organizational structures.

Employee turnover is one of the most considered topics

in organizational psychology and is of interest to other professionals, including researchers, and managers of organizations.

### Purpose of Research

The primary aim of this research is to undertake study in Pakistan television corporation limited Islamabad center, to identify the role of demographics on psychological

contract breach/fulfillment. This study directly examines the relationships between the demographics and psychological contract fulfillment. In particular; this research explores the concept of psychological contract breach/fulfillment and their effect on the outcomes that are Trust, job satisfaction and turnover.

### Significance of Research

The significance of study is that psychological contract fulfillment plays a very important role in employee's job satisfaction on which leads to trust on organization and less turnover. This research into the most dominant variables is of considerable advantage to the empirical body of knowledge and of practical value to large employing organizations, specifically the PTV.

### Scope of Research

This study is focused on Impact of demographics on psychological contract breach/fulfillment. Sector organization PTV Islamabad center has been included in the study.

### Objectives of Research

There is three main objectives of the research are

- To investigate the relationship between independent variable and dependent variable.
- To analyze the effect of demographics on psychological contract in PTV.
- To assess the importance being attached to this vital aspect by the employees of Pakistan Television Corporation Limited.

## LITERATURE REVIEW

### The psychological contract

A psychological contract is on the whole what the employee expects from the organization and what the organization expects from the employees. It is the relationship between employees and employers or organization.

Psychological contract give organization the chance to handle day-to-day employee and employer proactively. When organization fulfilled the promise of employee or awarded with reward it is his/her psychological contract fulfillment, as employee is satisfied.

Sims described Psychological contracts in 1994 as the set of expectations held by the individual employee which specifies what the individual and the organization expect to give to and receive from each other in the course of their functioning bond (as cited in Maguire psychological

contracts: are they still relevant) Rousseau defined the psychological contract as:

“Individual beliefs, shaped by the organization, regarding terms of an Exchange agreement between individuals and their organization.”

A more straightforward way of saying this was formulated by Rousseau and Greller:

In simple terms, the psychological contract encompasses the actions employees believe are expected of them and what response they expect in return from the employer. (as cited in Michael Wellin Managing the Psychological Contract). The psychological contract can be defined by Rousseau in 1995, 2005 as: “an individual's belief, shaped by the organization, regarding reciprocal obligations”

Psychological contracts are shaped by the assumptions that people create about their dealings with every other at work. These often-untested assumptions have a strong control on their act and their behaviors towards each other.

Proper definitions of the Psychological Contract first emerged in the 1960s, especially in the work of organizational and behavioral theorists Chris Argyris and Edgar Schein. Many other experts have contributed thoughts to the subject since then, and carry on doing so, either entirely focusing on the Psychological Contract, or approaching it from a particular outlook, of which there are many. The Psychological Contract is a deep and diverse concept and is open to a wide range of interpretations and theoretical studies.

The psychological contract was also discussed in the 1960s and 1970s with to some extent different conceptualizations, where it was used as joint expectations that govern the relationship between the employee and the organization.

Kotter in 1973 talks about an 'implicit contract between an individual and his organization which specifies what each expects to give and receive.

Many researchers have adopted the definitional framework given by Rousseau (1989) who defined the psychological contract as:

An individual's belief in the terms and conditions of a reciprocal exchange agreement between the focal person and another party. A psychological contract emerges when one party believes that a promise of future returns has been made, a contribution has been given, and thus an obligation has been created to provide future benefits.

According to Shore and Tetrick, 1994 that psychological contract is a in the sense that it refers to an individual's trust in the existence of an exchange agreement. Second, the psychological contract is mutual, in the sense that it refers to an individual's trust regarding the mutual obligations of both parties to the relationship.

Rousseau, also gives a more specific and narrow definition of the psychological contract as 'an individual's beliefs regarding reciprocal obligations', which arise in the context of the relationship between the organization and the employee.

### **Psychological Contract Breach/ fulfillment**

Psychological contract breach occurs when an employee's belief or view that the Organization has failed to fulfill one or more of its obligations.

According to Robinson 1996 Psychological contract breach can occur in the absence of actual breach.

In short any individual when believes that their organization failed to fulfill its obligations and promises psychological contract breach is said to have occurred. Such breaches may occur across many areas of organizational life including turn over, when breach occurred then in any organization the rate of turnover is more.

### **Job satisfaction:**

The process of social contrast (Festinger, 1954) constitutes a major factor of job satisfaction in compensation studies. One of the better-known theories was developed by Herzberg. (1959) in this theory Herzberg said that job satisfaction is not a one-dimensional concept. essential variables that are related to personal growth and development (satisfiers) and which contribute to job satisfaction, are separate and distinct from those extrinsic factors, which are associated with the security of the work environment and which account for job dissatisfaction or its reduction. Extrinsic factors are not therefore directly related to increasing job satisfaction; rather they can Locke (1976) defined job satisfaction as "... a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience." That is, it is the discrepancy between what an employee perceives and what the situation provides. Churchill, Fordand Walker (1976) in their study has considered experience to be a moderating variable to the relationship between organizational climate and job satisfaction.

### **Employees' Turnover**

Employees' turnover is the dependent variable in this research. There are four cognitive parts of turnover: 1) thinking of quitting; 2) planning to stay or leave; 3) searching for alternative employment; and 4) a desire to leave current job. Turnover is the cognitive process of thinking, planning, and desiring to leave a job. It is easier to measure turnover of employees because administrative records may be unavailable, incomplete, or inaccurate (Mobley, et.al, 1979).

Turnover may be voluntary or involuntary. Regardless of the type of organization, voluntary turnover is disruptive and harmful to the organization. It is also costly, both directly and indirectly (Cascio, 1987). Voluntary turnover is initiated at the choice of the employee whereas employees have no choice in their involuntary turnover i.e., termination (such as long term sickness, death, moving overseas or employer-initiated termination). Voluntary turnover can be predicted (and in turn, controlled) by the construct of turnover intent (Dougherty, Bluedorn & Keon, 1985).

### **Trust**

Organizational trust has been studied by many researchers from decades. From the viewpoint of an organization trust is very important tool for efficient communication and successful team building among employees as well as between employees and managers. Is also lessen the risks involved in operating costs, on the same hand increases employee commitment and productivity (Pucetaite and Lamsa, 2009). Trust plays a vital role in building relationship between employee and employer that will be focus of our study.

Trust appears on importance by many economists, psychologists, sociologists, and management theorists to deal in the conduct of human affairs.

### **Role of demographics on psychological contract:**

In this research paper we see the role of demographics on psychological contract fulfillment and breach demographics is age, gender, qualification their work experience area of specialization all demographics effect as moderator in this research we see the relationship of psychological contract and demographics and with all other variables.

## **THEORETICAL FRAMEWORK**

### **Conceptual framework (Figure 1)**

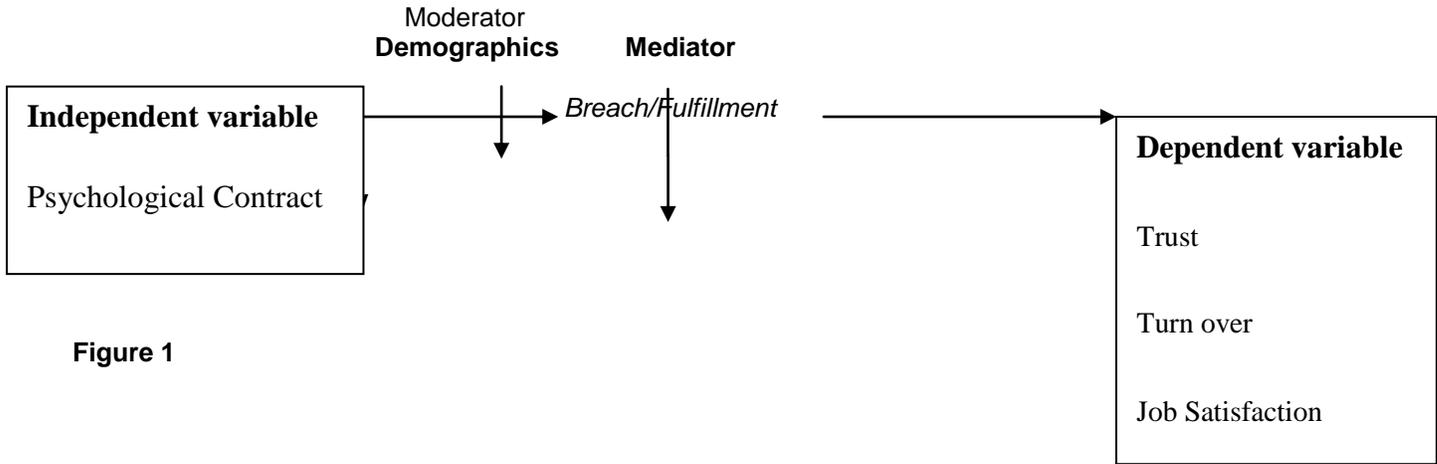


Figure 1

According to social exchange theory the exchange associates will strive for stability in the relationship, and if inequality occurs, attempts will be made to repair the inequality.

In this research social exchange theory set and related to Psychological contract s that reflects the expectations that the employee and the organization have regarding the particular resources each other.

In this study social exchange theory set in a sense that psychological contract is the mutual obligation or it is the relationship between employees and their employer or their organization according to this theory it is exchange relationship between two parties.

Many researchers also suggest that psychological contracts help to define the terms of the social exchange that exist between employees and their organizations.

Social exchange theory has also been commonly used as a means of explaining how employees might respond to psychological contract fulfillment or breach (Lester, 2002; Tumley, 2003).

Social Exchange theory explains how we feel about a relationship with another person as depending on our perceptions of:

- The balance between what we put into the relationship and what we get out of it.
- The kind of relationship we deserve.
- The chances of having a better relationship with someone else.

Social exchange theory proposes that *“Social behavior is the result of an exchange process. Hypothesis*

The current endeavor investigated the given hypotheses.

**Hypothesis 1:** Psychological Contract is positively related to trust.

**Hypothesis 2:** Psychological Contract positively related to Job Satisfaction.

**Hypothesis 3:** Psychological Contract negatively related to turnover.

**Hypothesis 4:** Psychological Contract breach will mediate the relationship between psychological contract and trust.

**Hypothesis 5:** Psychological Contract breach will mediate the relationship between psychological contract and job satisfaction.

**Hypothesis 6:** Psychological Contract breach will mediate the relationship between psychological contract and turnover.

**Hypothesis 7:** Demographics (Gender) will moderate the effect of psychological contract and perceived breach.

**Hypothesis 8:** (Qualification) will moderate the effect of psychological contract and perceived breach.

## RESEARCH METHODOLOGY

### Type of Study

This is a descriptive study because it focuses on testing of hypothesis and finding the relationship explored in the theoretical framework. The research was quantitative in nature. In this study the relationship between Psychological Contract and its outcomes (trust, job satisfaction, and turnover) was investigated along with impact of demographics.

### Description of Variables

Independent Variables:

- Psychological Contract
- Dependent Variable:

- Trust
- Job Satisfaction
- Turnover

### Sample

Data is collected through survey method from Pakistan Television Corporation Limited, Islamabad center. The questionnaire was self administered and given out to the middle and upper managerial levels. The sample contains individuals from PTV Islamabad center.

### Sampling Technique and Data Collection

Convenient non-probability sampling technique will be adopted because of constraints of resources and time duration and lack of resources.

### Sample Description

The sample of 300 employees of PTV was taken for research purpose. Questionnaires were distributed after the permission granted by the management of PTV. Employees of managerial and non-managerial level (including system officers, managers and executives etc.) were targeted.

### Description of instrument

The questionnaire was adapted for the research purpose containing 31 closed ended questions on a likert scale of 1 to 5 with options of strongly disagree, disagree, neutral, agree and strongly agree in that very order.

### Measures:

#### *Psychological contract*

Psychological contract will be measured by scale consisting 13-item Psychological Contract (PC) developed and validated by Millward & Hopkins (1998) the co-efficient alpha values for this scale range from 0.71 & 0.82. The response range for the allocated likert scale is 1 strongly disagree to 5 strongly agree.

#### **Psychological contract breach**

Psychological contract breach will be measured by scale consisting 5-item Psychological Contract breach (PCB) developed and validated by Robinson, S. L., & Morrison, E. W. (2000) The co-efficient alpha values for this scale

range from 0.92. The response range for the allocated likert scale is 1 strongly disagree to 5 strongly agree.

### Outcomes

#### **Trust**

Trust will be measured by scale consisting of 4-item scale developed and validated by Cook & Wall's (1980) The response range for the allocated likert scale is 1 strongly disagree to 5 strongly agree.

#### **Job satisfaction**

Job satisfaction will be measured by scale consisting of 6-items developed and validated by Millward & Hopkins (1998) will measure focusing on the internal job satisfaction of the employee, The items cover a broad array of job satisfaction indicators including pay satisfaction. The co-efficient alpha value for this scale range from 0.84. The response range for the allocated likert scale is 1 strongly disagree to 5 strongly agree.

#### **Turnover**

3-item scale for the study is developed and validated by Moorman & Miner (1999) will measure turnover of the employees. The response range for the allocated likert scale is 1 strongly disagree to 5 strongly agree.

#### **Measurement of concept**

Correlation method was used to measure the relationship between the variables. This method was considered appropriate to find the strength and presence of relationship between the variables. Since our basic purpose was to find the relationship so we used correlation.

#### **Data Collection Procedure**

Before the initiation of research a formal written permission was taken from the management of PTV. When the permission was granted questionnaires were distributed among the employees of all department. These questionnaires were collected back from the organization after two days.

There were two stages in this research. The first stage was a pilot research to examine reliability and validity instrument. The second stage was the actual research. The questionnaire containing 31 close ended questions was distributed among the 50 employees of the

organization first for pilot study and the reliability gathered was 0.863. Then the original research was conducted in organization containing a sample of 260 employees of PTV.

## DATA ANALYSIS

Data analysis was done by using SPSS software to validate the results. Following tests was applied on the data.

1. Correlation Analysis to find out inter-correlation among variables.
2. Stepwise linear Regression Analysis will be conducted to test the hypotheses.
3. Moderation analysis was used to test the hypotheses 7,8,9,10,11 and 12. According to Barron and Kenny (1986) moderator influences the path and/or strength of the association in independent and dependent variable. Barron and Kenny (1986) proposed that following conditions should be fulfilled for occurrence of moderation: a) Independent variable leads to dependent variable, b) moderator variable leads to dependent variables and c) interaction term when entered in third step of regression analysis is significant."
4. Mediation analysis was used to test the hypothesis 4, 5 and 6. According to Barron and Kenny (1986) mediator influences the effect of Independent variable on dependent variable.

## Reliability Analysis

As the likert scale was used in the study that's why Cronbach's alpha for the variables as a whole has been computed instead of computing alpha for all the variables individually. N stands for the number of questions used in the questionnaire of the variable .In Psychological contract the number of variable is 13 and the value of cronbach's Apha is .718 which is reliable and in the variable of Psychological contract breach the number of items is 5 and the cronbach's Alpha is .767 which is also reliable and in the variable of Trust ,the number of item is 4 and the cronbach's Alpha is .828 and in job satisfaction total number of item is 6 and the value of cronbach's Alpha .838 which is reliable and turnover the number of item is 3 and the value of cronbach's Alpha assess the internal consistency of the measures used in this study reliability analysis was conducted, using Cronbach's Alpha in SPSS 13.

## Bivariate Correlation

The correlation is computed to measures the strength and direction of a relationship between two variables. Its value range between -1 and +1 and which is identified by r. Correlation determines whether values of 1 variable are related to another. Table 1

Through the statistical method applied over data collected the variables were studied for correlation. The correlation coefficient measure the strength of linear relationship between two variables. The correlation coefficient range between +1 and -1. The closer the relation is to + 1 and -1 the closer to a perfect linear relation Psychological contract has strong but negative relationship with Psychological contract breach ( $r = -.220^{**}$ ,  $p < .01$ ) While Psychological contract has insignificant negative relationship with trust ( $r = -.110$ ,  $p > 0.5$ ) and has negative but significant relationship with job satisfaction ( $r = -.274^{**}$ ,  $p < .01$ ). But Psychological contract has negative and insignificant relationship with turnover. Psychological contract breach has strong but negative relationship with trust ( $r = -.213^{**}$ ,  $p < .01$ ) and job satisfaction ( $r = -.871^{**}$ ,  $p < .01$ ) but it has negative insignificant relationship with turnover ( $r = -.096$ ).

## Regression Analysis

Regression analysis was conducted in order to analyze the impact of Psychological contract (independent variables) on trust, job satisfaction, and turnover (dependent variable). Linear regression was applied as there was three dependent variable. Effect of independent variables on the variable of interest is quantified through the application of regression analysis. Hypotheses 1, 2, and 3 were assessed through hierarchical multiple regression analyses. Enter all control variables in first step of the model and independent variables in step two.

**H1:** Psychological Contract is positively related to trust. Regression analysis showing the relation between Psychological contract and trust. (Table 2)

a Predictors: (Constant), work with present organization, Marital Status of respondent, Gender of respondent

b Predictors: (Constant), work with present organization, Marital Status of respondent, Gender of respondent, MPC

The factor R square shows that how much impact or effect does one variable have on the other variable. In the above table model revealed that R square=.038 this means there is 3.8% impact Psychological contract (IV) on job satisfaction (DV) The result of the analysis disclosed that IV posses a very strong relationship with

**Table 1. Correlations**

		Gen QUA	MS	AGE	EXP	WORK	MPC	MPC B	MT	MJS MTO	MT	MJS	MTO
Gender of respondent	Pearson Correlation	1											
	Sig. (2-tailed)												
	N	300											
Marital Status of respondent	Pearson Correlation	.278(**)	1										
	Sig. (2-tailed)	.000											
	N	300	300										
Age of respondent	Pearson Correlation	-.012	.066	1									
	Sig. (2-tailed)	.839	.256										
	N	300	300	300									
Qualification of Respondent	Pearson Correlation	.209(**)	-.039	.309(**)	1								
	Sig. (2-tailed)	.000	.500	.000									
	N	300	300	300	300								
Experiences of respondent	Pearson Correlation	-.234(**)	-.200(**)	.721(**)	.245(**)	1							
	Sig. (2-tailed)	.000	.000	.000	.000								
	N	300	300	300	300	300							
work with present organization	Pearson Correlation	-.234(**)	-.200(**)	.721(**)	.245(**)	1.000(**)	1						
	Sig. (2-tailed)	.000	.000	.000	.000	.000							
	N	300	300	300	300	300	300						

Table 1. Continuation

MPC	Pearson Correlation	-.144(*)	.010	.159(**)	-.093	.119(*)	.119(*)	1				
	Sig. (2-tailed)	.013	.860	.006	.108	.039	.039					
	N	300	300	300	300	300	300	300	300			
MPCB	Pearson Correlation	.345(**)	.197(**)	.055	.187(**)	-.019	-.019	-.220(**)	1			
	Sig. (2-tailed)	.000	.001	.347	.001	.738	.738	.000				
	N	300	300	300	300	300	300	300	300	300		
MT	Pearson Correlation	-.174(**)	-.165(**)	.207(**)	-.043	.520(**)	.520(**)	-.110	-.213(**)	1		
	Sig. (2-tailed)	.003	.004	.000	.454	.000	.000	.056	.000			
	N	300	300	300	300	300	300	300	300	300	300	
MJS	Pearson Correlation	.360(**)	.147(*)	-.152(**)	.088	-.089	-.089	-.2748(*)	.871(**)	-.031	1	
	Sig. (2-tailed)	.000	.011	.009	.128	.125	.125	.000	.000	.590		
	N	300	300	300	300	300	300	300	300	300	300	300
MTO	Pearson Correlation	-.003	.060	-.173(**)	-.191(**)	-.166(**)	-.166(**)	-.063	-.096	.035	-.010	1
	Sig. (2-tailed)	.956	.300	.003	.001	.004	.004	.277	.097	.546	.860	
	N	300	300	300	300	300	300	300	300	300	300	300

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

**Table 2. Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. Change
1	.525(a)	.276	.269	.23795	.276	37.592	3	296	.000
2	.555(b)	.308	.298	.23305	.032	13.573	1	295	.000

a Predictors: (Constant), work with present organization, Marital Status of respondent, Gender of respondent

b Predictors: (Constant), work with present organization, Marital Status of respondent, Gender of respondent, MP

It has been shown by the table that model is significant as the P-value is 0.000.

#### ANOVA(c)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.385	3	2.128	37.592	.000(a)
	Residual	16.760	296	.057		
	Total	23.145	299			
2	Regression	7.123	4	1.781	32.785	.000(b)
	Residual	16.022	295	.054		
	Total	23.145	299			

Job satisfaction because it is significant and ( $\beta = -.254$ ) Thus this hypothesis result suggest that Psychological Contract has a positive relationship with Job satisfaction.

#### Moderation Regression Analysis

According to Barron and Kenny (1986) moderator influences the path and/or strength of the association in independent and dependent variable. Barron and Kenny (1986) proposed that

following conditions should be fulfilled for occurrence of moderation: a) independent variable leads to dependent variable, b) moderator variable leads to dependent variables and c) interaction term when entered in third step of regression analysis is significant.

**Demographics (Gender, Qualification) will moderate the effect of psychological contract and perceived breach.**

The hypothesis 7, 8 indicate the relationship

between demographics (Gender and Qualification) Psychological contract and perceived breach which shows that Demographics (Gender and Qualification) has strongly significant and negative relationship.

Barron and Kenny's proposed conditions for determining moderation are fulfilled for demographics. So, to verify for the moderation I regressed demographics with psychological contract, by entering interaction term of psychological contract and (moderator and independent variable) in second step of analysis.

The results of this analysis for moderation of Demographics (gender and qualification) in Psychological contract are depicted in table below.

## CONCLUSION

### Major Findings and Discussion

The result of this study shows that there is significant relationship between Psychological contract and trust and job satisfaction. This illustrates that increase in Psychological contract fulfillment will increase the outcomes (trust, Job satisfaction). Also the moderation variable (gender, Qualification) has impact on Psychological contract and perceived breach.

Psychological contract creates a strong bond between the relationship between trust and job satisfaction. If psychological contract fulfilled then trust is more if it is not then trust is less.

### LIMITATIONS

- There is not much literature work available for the study of demographics impact and no published book was available in the university related to the topic.
- The topic is wide but unfortunately not much of the business researchers seem to be aware of it.

### RECOMMENDATIONS

- Companies with a long term focus on psychological contract fulfillment as they have to fulfill their promises provide their compensation packages and awarded rewards so that they build trust and have job satisfaction.
- PTV should be given empowerment to instantly decide to take quick actions to wipe employees' complaints.
- To create the trust and job satisfaction of the employees the organization should fulfill their promises to keep them loyal and faithful with the organization.
- This study was investigated only on Public sector organization PTV, it could be checked in the other sectors for the future. This could be generalized at different organizations of Pakistan and other countries to see that what the impact of demographics (Gender, Qualification) on psychological contract fulfillment to see the

psychological contract relationship with trust, job satisfaction and turnover.

- The other outcomes such as job commitment, employees' satisfaction can also be taken in to account for examining the relationship with psychological contract.
- Sample for the future study shall be private and public both sector from all over the country to investigate the impact of other demographics.

### Conclusion

On the basis of the findings and analysis it can be concluded that PTV is implementing Psychological contract fulfillment in the organization. It has been intentionally or unintentionally involved in these tactics of fulfilling the employees' promises, facilitate them fair reward system and healthy work environment. These categories have been a source of job satisfaction for the organization.

From the research it is conducted that in PTV Impact of demographics on Psychological contract breach. In demographics we have specifically taken Qualification and Gender. On the other hand the psychological contract has significant relationship with trust and job satisfaction.

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