

An Empirical Study Need of Psychological Contract in Employee Retention: A Quantitative Approach

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Abstract:

Organizations are these days finding employee retention as a huge challenge. Attrition is looked by pretty much every industry. Also, with data innovation whittling down is seen to be the greatest. The gifted and experienced employees leave the association in light of the compensation or pay, however there are various reasons which power the talented representatives to leave the association. It is significant for research to be done so as to investigate the individual and hierarchical components that truly comprise positive business relations, particularly taking into account the genuine cost suggestions and harming outcomes brought about by abilities misfortune through turnover. The business can possibly attempt to hold its employees if the purposes behind or the reasons for their turnover inclination are known. At exactly that point can associations appropriately adjust authoritative needs, qualities and practices with those of its representatives. It is important for research to be carried out in order to explore the individual and organisational factors that really constitute positive employment relations, especially in view of the serious cost implications and damaging consequences caused by skills loss through turnover. The employer can only been endeavour to retain their employees if the reasons for or the causes of their turnover propensity are quite known. Only then organisations can properly align towards organisational needs, values & practices with those of its employees. The aim of the research was to “investigate the role of psychological contract in turnover intention in the industry and to determine the outcomes thereof”.

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Introduction

A worker is the most significant resource for any association. In this way, regardless of whether it is Private or Public association, each association needs representatives to get

by in the commercial centre. No association can make due at any expense without its submitted and steadfast representatives. Including representatives in taking basic and significant choices is one approach to instil the

inclination that they are a labourer for the association as well as a significant piece of the association. Each representative of an association is considered as a powerful asset that not just encourages the association to achieve their objectives yet in addition to thrive right now. Having Right People at the Right Place is a mantra to be trailed by each association. Holding the best workers ought to involve extraordinary worry for the organizations nowadays. From a trough's point of view, nothing feels better than having a gainful and upbeat workforce as the administrator is capable and centred around an association's prosperity.

All around serious businesses need to stay aware of the thorough specialized advancements to guarantee that they arrive at their objectives as far as consumer loyalty. So as to do this, organizations need to guarantee that they have the right aptitudes and abilities so as to fulfill their needs. Associations experience troubles as they continually need to

supplant lost abilities, and once these aptitudes have been supplanted, they have to go through extra cash to prepare and prepare new representatives enough to play out the occupations that they are utilized to do. Nowadays, numerous organizations wind up in monetary disturbance which rises up out of enormous turnover rates. There has been a serious departure of talented workers in the utility business. During the previous a year, this industry has lost gigantic basic abilities. Rare aptitudes are costly to hold and it is significant that worker prosperity take top need to stay aware of changing work socioeconomics. This upkeep identifies with immense accentuation being set on consumer loyalty. So as to keep clients upbeat, organizations first need to keep their representatives glad. Endeavors made by the association to improve situational conditions for its representatives, will advance positive individual and hierarchical results.

The Psychological Contract (Management Perspective)

Old Deal – 'Relational'	New Deal – 'Transactional'
<i>A fair day's work for a fair day's pay</i>	<i>A flexible, mutually beneficial partnership</i>
<p>If you:</p> <ul style="list-style-type: none"> ✓ are loyal ✓ work hard ✓ do as you are told 	<p>If you:</p> <ul style="list-style-type: none"> ✓ develop the competencies we need ✓ apply them in ways that help us to succeed ✓ behave consistently with our new values
<p>We'll provide:</p> <ul style="list-style-type: none"> ✓ a secure job ✓ steady pay increases ✓ financial security 	<p>We'll provide:</p> <ul style="list-style-type: none"> ✓ a challenging work environment ✓ development support ✓ employability ✓ rewards for your contribution
<p>And you'll be part of:</p> <ul style="list-style-type: none"> ✓ a dull but safe organisation 	<p>And you'll be part of:</p> <ul style="list-style-type: none"> ✓ a revitalised, dynamic organisation

Source :- Adapted from Denise Rousseau, 1995

The mental agreement, which alludes to workers' emotional translations and assessments of their business bargain (Rousseau, 1995) has throughout the years picked up conspicuousness as a develop of both logical and pragmatic significance for human asset administrators worried about the maintenance of their capable representatives. Hierarchical examinations contend that the business and worker trade indifferent assets, for example, cash, yet additionally socio-passionate assets, for example, trust, endorsement, regard, acknowledgment and backing (Eissenberger et al., 2001). At the point when the desires inside the psycho-coherent agreement are not met, the outcome is an inclination of mental agreement rupture and infringement leaving workers feeling baffled and demotivated. Representatives might be less dedicated to the association and some may stop out and out diminishing the association's ability pool.

Review Literature

Workers are a significant segment inside an association all things considered through their contribution and responsibility that associations become serious. Associations and individuals are reliant on one another (Kerego and Mthupha, 1997; McGuire, Palus, Pasmore, and Rhodes, 2009), affecting on one another's capacity to accomplish results. Mulling over all these previously mentioned perspectives, it is plainly clear that positive business relations convert into worker maintenance (Fatima, 2011; Kyndt, Dochy, Michielsen, and Moeyaert, 2009). It is critical to hold gifted individuals as it influences business intensity and decides achievement which could at last take the

business higher than ever. In a solid work relationship devotion, efficiency and duty are in question; characteristics which won't be upgraded by dismissal. Inability to hold talented individuals will bring about bungle of esteemed HR, which would prompt abilities misfortune which thus contrarily impacts turnover (Mrara, 2010). Turnover has generally negative impacts which gouge organizations monetarily (Armstrong, 2006). In this manner, deliberately it is savvy to decrease the impacts thereof. This should be possible by setting the reason for strong business relations, beginning among others with deciding the reasons why representatives leave the association. One such explanation could be a lopsidedness in correspondence in the mental agreement (Robinson and Rousseau, 1994); another might be disappointment with the distribution of remunerations in the association, including money related prizes (Bussin, 2002; Cheong and Feinberg, 2012).

Dark colored (2007), it is said to be equivalent treatment and getting indistinguishable advantages from others who are in a similar profession. People, who see movement inside an association to be reasonable, are bound to encounter work fulfillment (Iwu, 2013). Conviction frameworks are significant qualities that impact representatives' perspective, affecting the manner by which they carry on and play out their day by day errands (Spector, 2008). It is obvious from writing that representative turnover suggests aptitudes misfortune which is an exorbitant exercise for all partners in the business relationship. Cost suggestions are significant contemplations in drawing up

maintenance plans. Katcher and Snyder (2007), and Rader (2012) expressed that the money related expenses related with turnover incorporate lost profitability; while positions are left empty, new expenses are being produced as to selecting, enlisting and preparing new representatives. Poor administration additionally adds to high turnover expectation, which thusly can be ascribed to different reasons, for example, inadequate preparing, and next to zero duty appeared to representatives by the association. At that point there are likewise increasingly unobtrusive costs which incorporate decreased responsibility and loss of cooperation. Every one of these viewpoints will bring about high turnover aim.

Data analysis

Objective of the Study

1. To understand the atmosphere of the employee and their attitude towards work.
2. To illustrate the drawbacks that can lead to dissatisfaction in employees.
3. To scrutinize the effect of psychology that is involved in the employee retention process.

Methodology

The recent study is empirical in nature where the primary data was collected through survey methodology. The

response was collected from 219 people who work in an organization is taken into consideration. A close ended questionnaire was circulated to the participants in order to gain responses. The sampling method was random sampling. Mean score and T test were used as the analytical and statistical tool to get appropriate results.

Findings of the Study

Table 1 illustrates the demographic profile of the 219 people and contains questions regarding their gender, age, qualification, years of experience, job sector, etc. it was seen that 52.51% of the population are male and 47.49% of them are females. 24.66% of the employees belong to the age group of 23-30 years, 28.31% of them are from the age bracket of 31-40 years, 21% of them are between 41-50 years while 26.03% are 51-60 years of age. It was noted that 26.94% of the respondents did their intermediate, 41.10% have done their graduation and 31.96% of the participants are post graduated. 70.32% of the people work in private sectors and 29.68% of them are in public sector. Out of which 15.53% of the employees are employed for less than a year, 36.07% of them are there for 1-2 years, 22.37% of them are there for 2-3 years while 26.03% of them have a longer association of 3 and more years. On asking about psychological distress in work place, it was seen that 54.80% of them have faced it while 45.20% of them haven't been through it.

Table 1 Demographic Profile of the Respondents

Variables	No. of Respondents	%age
Gender		

Men	115	52.51%
Women	104	47.49%
Total	219	100%
Age Groups		
23-30 years	54	24.66%
31-40 years	62	28.31%
41-50 years	46	21%
51-60 years	57	26.03%
Total	219	100%
Qualification		
Intermediate	59	26.94%
Graduation	90	41.10%
Post Graduation	70	31.96%
Total	219	100%
Job Sector		
Private Sector	154	70.32%
Public Sector	65	29.68%
Total	219	100%
Years of experience		
0-1 year	34	15.53%
1-2 years	79	36.07%
2-3 years	49	22.37%
3 years and above	57	26.03%
Total	219	100%
Victim of psychological distress		
Yes	120	54.80%
No	99	45.20%
Total	219	100%

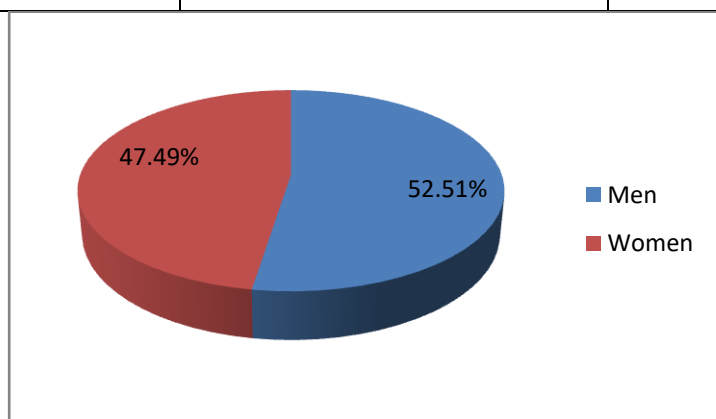


Figure 1: Gender- Demographic Profile of the Respondents

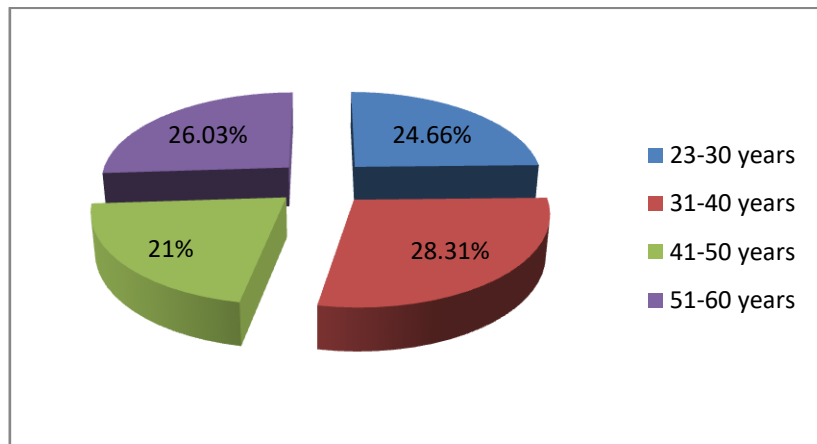


Figure 2: Age Group- Demographic Profile of the Respondents

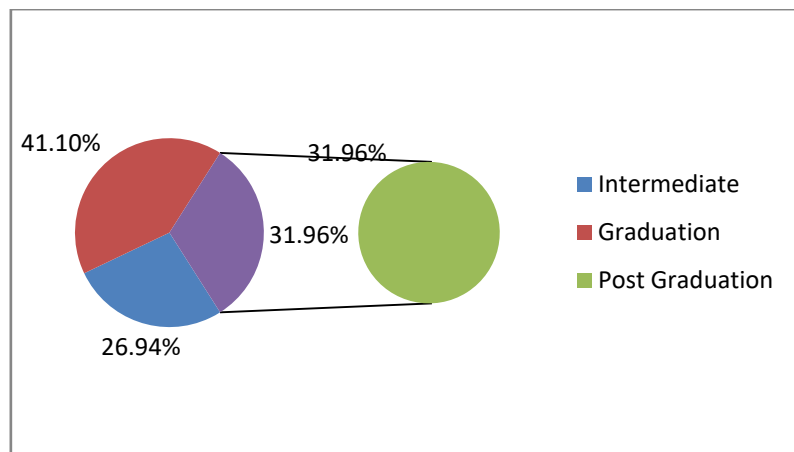


Figure 3: Qualification- Demographic Profile of the Respondents

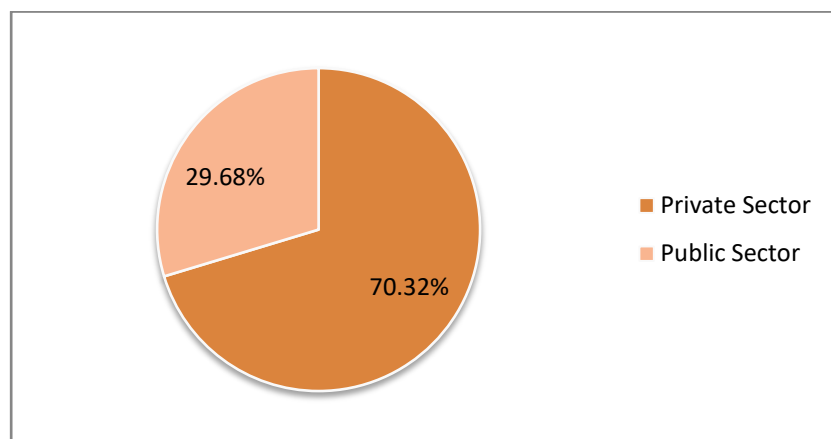


Figure 4: Job Sector- Demographic Profile of the Respondents

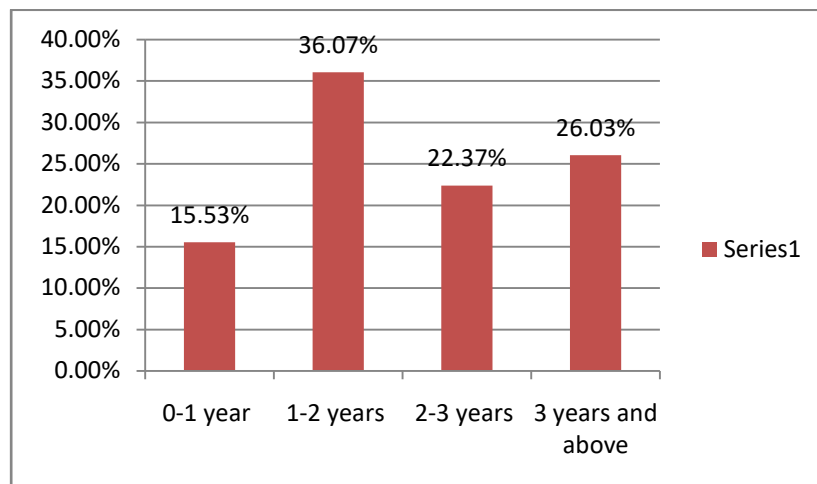


Figure 5: Years of Experience - Demographic Profile of the Respondents

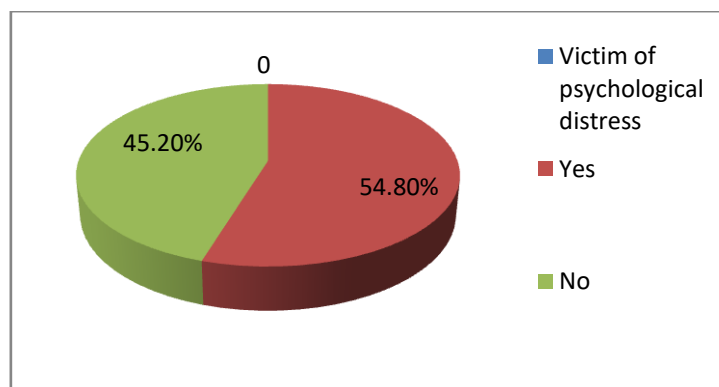


Figure 6: Victim of psychological distress - Demographic Profile of the Respondents

- Null Hypothesis- Attitude and effect of employees towards psychological contract in employee retention is not significant
- Alternate Hypothesis -Attitude and effect of employee towards psychological contract in employee retention is significant

Table 2 Attitude and effect of employee towards psychological contract in employee retention

SL. No.	Respondents	Mean Value	t Value	Sig
1.	The lack of adequate teamwork among co-workers demotivates me.	3.9	16.824	0.000
2.	I seek for the inspiration from managers for a healthy work environment.	4.1	21.231	0.000
3.	The job isn't enough flexible for me to keep a balance between work and home.	3.7	17.467	0.000

4.	Trust has been disrupted in some manner during my work tenure.	3.2	16.301	0.000
5.	There is less personal and organizational stability provided by job.	4.2	16.799	0.000
6.	Promises done in the agreement has not been upheld.	3.6	21.456	0.000

Table 2 reflects the attitudes and effect of psychological contract in employee retention. It is noted that the participants believes that adequate team work among co-workers is essential for their psychological upliftment as people with mean value of 3.9 has the similar thought. Another important aspect with mean score of 4.1 is enough inspiration from managers to have a healthy working environment. Respondents with mean value of 3.7 believe that work and home balance is a quintessential part of their job. However, mean value of 3.2 thinks that trust once disrupted can adversely affect the

efficiency of workers. The most important thing in an employment is the personal and organizational stability as mentioned by participants with mean score of 4.2 whereas mean value of 3.6 believes that promises done to them during recruitment have not been fulfilled and yet it affects their psychological behavior.

As per the results of t-test It was found in all the cases the significance value is below .05 hence null hypothesis is rejected and alternate hypothesis is accepted that Attitude and effect of employee towards psychological contract in employee retention is significant.

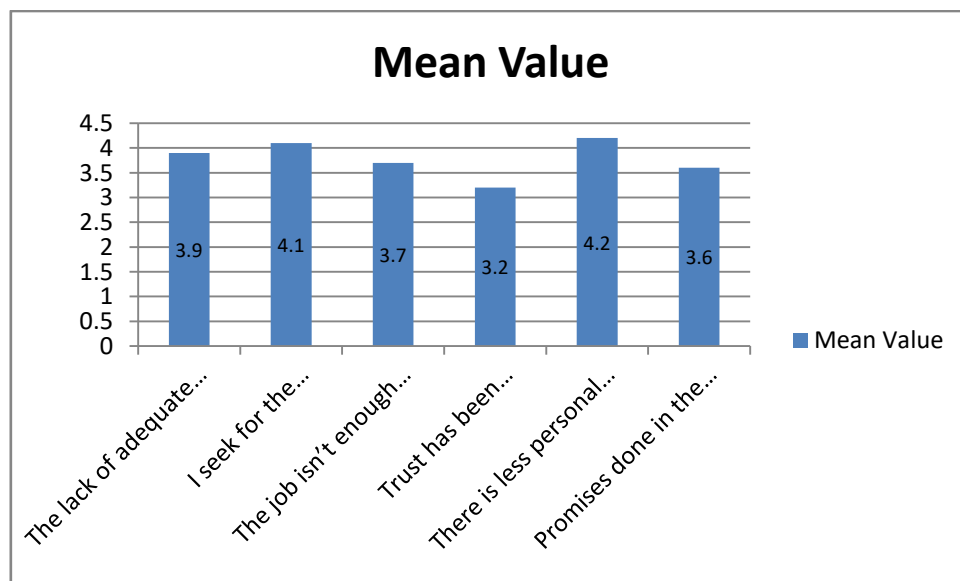


Figure 7:- Showing Mean values of Attitude and effect of employee towards psychological contract in employee retention

Determinants of employee retention for the organizational benefit

Hypothesis:

- Null Hypothesis- The Determinants of employee retention for the

organizational benefit are not significant

- Alternate Hypothesis - Determinants of employee retention for the organizational benefit are significant

Table 3 Determinants of employee retention for the organizational benefit

Sl. No.	Respondents	Mean Value	t Value	Sig.
1.	Employee Retention is done to hold back the best talent in the organization.	4.2	20.054	0.000
2.	It helps the employees to reach their full potential.	3.9	24.657	0.000
3.	Congenial environment and better organizational policies increase the effectiveness of employees.	4.4	27.043	0.000
4.	Increases the chance of getting deserved recognition.	4.0	23.168	0.000
5.	It encourages interpersonal relationships thereby increasing individual productivity.	4.5	27.908	0.000
6.	Gives mental satisfaction to employees and motivates them for a longer association.	4.7	29.834	0.000

Table 3 portrays the aspects of employee retention for the organizational benefit. It is seen that respondents with mean value of 4.2 believes and is also true that employee retention is the best way for the organization to hold back the best talent. Mean value of 3.9 thinks and is even neutral to say that the process helps the employees to reach their full potential. However, congenial environment and better organizational policies can anytime increase the effectiveness of employees and is also supported by a mean score of 4.4. Employees get better recognition as believed by people with mean value of 4.0

and are even neutrally significant. Mean value of 4.5 thinks that the process encourages interpersonal relationships thereby increasing individual productivity which is noteworthy. Atlast, mean value of 4.7 believes that the most important thing is the mental satisfaction of employees that motivates them for a longer association thereby leading to a successful process.

As per the results of t-test It was found in all the cases the significance value is below .05 hence null hypothesis is rejected and alternate hypothesis is accepted that Determinants of employee retention for the organizational benefit are significant.

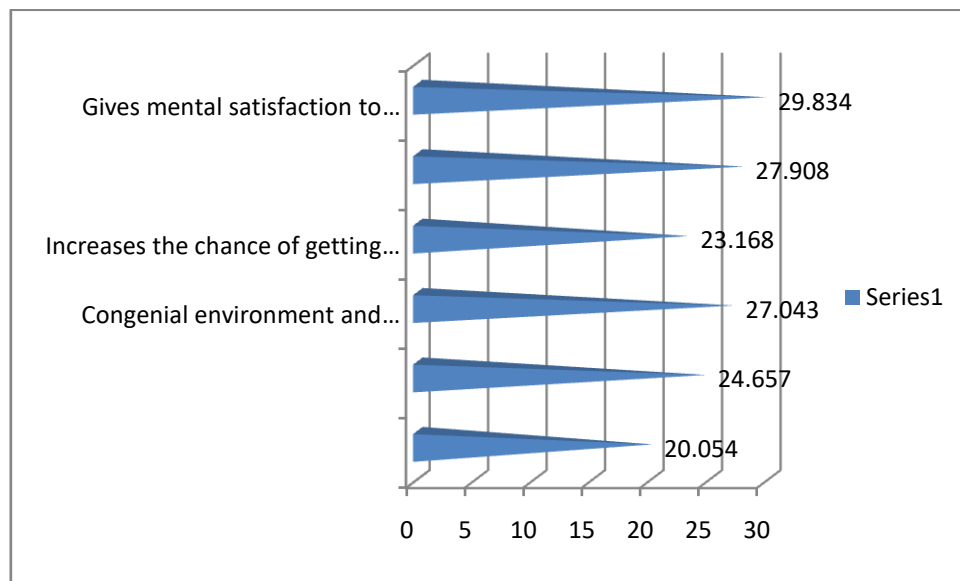


Figure 8: Showing T-Value of Determinants of employee retention for the organizational benefit

Conclusion

Recruitment is a costly and time-taking process if done frequently can affect the finances of an organization. Also, repeated change in manpower also results in increasing expenses of training and probation that involves a lot of time and hampers the smooth functioning of a business. Hence, retaining old employees can save time, money and can be more effective. Therefore, employers sought to employee retention process that helps in implementing certain strategies that might benefit the employees and will help the organization to hold back its best talents.

However, there are certain situations where the psychological contentment of employees can help in employee retention. The employees ask for adequate teamwork, inspirational managers, and flexibility in job, proper trust, organizational and personal stability and promises that can be fulfilled as a definition of a perfect job. However it is

seen that employee retention has assisted in extracting the full potential of employees, providing congenial atmosphere and better organizational policies, increased the chance of better recognition, encourages interpersonal relationships and individual productivity but most importantly provided mental satisfaction to employees and motivated them for a longer association.

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