

A Study on Impact of Generational Affiliation on Psychological Contract#

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Abstract

In recent years, human resource practitioners focused much on generational gap subsists among employees, which is creating considerable challenges to employers in effectually managing the diversified work force. The various mutual obligations that are unwritten exist between the employer and the employee in an organization is referred to as Psychological Contract. This obligation varies among generations. Various theories of psychological contract showed that because of the various unfolds of the process of the junctures of employment gives rise to different shapes to the psychological contract. (Rousseau and Parks 1993).

The modern organization in recent times struggling to have a productive workforce over their competitors in the market. In order to accomplish that it is crucial to understand the mutual implied obligations and fulfil the same. Employees revert by expressing high intention to leave because of low organizational commitment, unhappy with the job, low citizenship behavior if employer fails to fulfil these unwritten requests.

It is observed that limited research has been done, which explores the correlation among psychological contract and different generations. And also understanding the obligations of employer to different generation is becoming obligatory. Considering this as a research gap, the present paper is trying to bridge this gap by studying the influence of generations over psychological contract.

The objective in this paper is to understand the relationship among generation and its affiliation on psychological contract. The paper is both explorative and descriptive in nature. The sample comprises employees of IT industries. A survey is proposed to conduct on these employees using questionnaire method.

Keywords: Generational Affiliation, Obligations, Psychological Contract

“We always talk about how you have to build a brand from the inside out, not the outside in. Brands are not wrappers. Brands are based on the values of the founders, and then they spread to the people who work for the company, and then that psychological contract is spread to the customer”.

Dan Levitan

1. Introduction

In the contemporary business environment, firms need to perform their business activities in a very modest way. They need to be very productive in order to meet the challenges which they pose from their competitors. Such a situation demands proper understanding and fulfilment of the expectations of employees. This can only be achieved through proper psychological contract which exists in the organization.

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#This is the revised and modified version of the article, presented in the 7th International Conference on Managing Human Resources at the Workplace, SDMIMD, December 2018.

Since organization-employee relationship is gaining excessive importance in recent years, the researchers are also showing much interest in the field of Psychological Contract and the impact on behavioral outcome such as employee performance, employee citizen behavior, job satisfaction etc. (Dabos and Rousseau 2004).

2. The Concept of Psychological Contract

The individual who opines what he indebts to an organization and in turn what an institution owes back to him is defined by Rousseau (1989). It refers to the reciprocal of expectations which are unexpressed that present between the employer and an employee regarding practices and policies in an institution. When promises are fulfilled or anticipations met, individuals satisfy with their psychological contract (Rousseau, 1989). Failure to meet the anticipations of any one of these parties, results in psychological contract breach.

3. Generational Affiliation

The notion “older worker” had been discussed in various literatures in recent years. In the retirement articles, workers who have reached the retirement age or about to reach that phase were often identified as older worker (Beehr, 1986). But Feldman and Ng contend that employees who have attained the age of 40 or more are older workers.

Many psychological contract theory projects that during different stages of employment and also at different process the contract are molded gradually through vibrant process. (Rousseau and Parks 1993).

In the present paper, Generational affiliation refers to grouping of people according to the year of their birth. It has been identifying that there are six generations over the past 100 years. It shown in the following (Table 1).

Table 1. Grouping the different Generations

Generation	Associated Birth Years
~1995 - New Silent	Present
~1979 - Millennial	~ 1994
1965 - Generation X	~1978
1946 - Baby Boom	1964
1925 - Silent Generation	1945
1900 - G.I. Generation	1924

Source: Traron Moore

It has also been proved in various literatures that each of these generation’s characteristics, attitudes and expectations varies. The following (Table 2) by Steelcase (2008) highlights some of these characteristics and pros and cons and its impact on the workplace.

4. Purpose of the Study

One of the main features of the modern workforce is that there are employees from diverse generations working alongside and meticulously both with people who are as old as their parents and are as young as their offspring (Zemke, 1999). And the expectations of this diversified workforce diverge enormously. Without understanding this, whatever management does will be in vain. By accepting each cohort and by giving the personnel what they need to flourish, managers can do more to upsurge self-esteem, productivity, and can try to retain the talents (Kogan, 2011). The present paper tries to identify the relationship between different generations and impact of generations on the psychological contract.

Gaining a better knowledge of these factors is critical for the researchers as well as for managers of the organization in order to propose various theory formulation and practical interventions to prevent future negative effects.

In spite of all this importance, very less has been researched in this area particularly in Indian scenario. Thus, the present study tries to answer to the questions such as

Table 2. Generational differences

	Influences	Characteristics	Pros	Cons	Workplace Style
Traditionals 1909 - 1945	WWs, Churchill, Roosevelt, DeGaulle, Military Service, Class system, train travel	Dedication, sacrifice, conformity, respect, hierarchy, patience, duty before pleasure	Stable, loyal, detail oriented, thorough, hard working	Resistance to change, reluctant to rock the boat, shy from conflict, unexpressive and reserved	Derive identity from place, space reflects accomplishment and position, hierarchy, boundaries
Boomers 1946 - 1964	JFK, contraception, television, Beatles, Swinging 60's	Optimistic, team oriented, personal gratification, health and well-being, personal growth, work involvement,	Driven, aggressive, aim to please, team players, relationship focused	Technologically challenged, reluctant to disagree with peers, process ahead of result, self-centered, not budget minded	Importance of corporate culture, and feeling part of the whole, private office, break away private enclaves, collaboration spaces, centralized knowledge center
Generation X 1965 - 1978	The Cold War, Thatcher, Mitterrand, Kohl, Star Wars, Rock music, European Union, car travel	Independent, diverse, global thinkers, technological, fun, informal, self-reliant, pragmatic, detached, entrepreneurial	Adaptable, techo literate, independent, unintimidated by authority, creative	Impatient, different manners, skeptical, perceived as lazy, quick to criticize, lack of assertiveness, emphasize result over process	Look and quality are important, support expression in individual space; personal, flexible mobile workstation; alternative officing; open accessible leadership, team areas
Millenials 1979 - 1994	Internet, mobile phones, texts, gaming, global warming, Facebook, cheap air travel	Optimism, civic duty, confident, easily bored, sociable, moral, streetwise, environmental, nurtured	Meaningful work, tenacious, multi-tasking, realistic, tech savvy, heroic spirit	Need for structure and supervision, inexperienced, job hoppers, work isn't everything Workplace Style	They can work anywhere, informal and fluid use of space, space for mentoring, fun open collaborative spaces, plug and play tech environment, no boundaries or hierarchy

Source: Steelcase, 2008

- What type of psychological contract the employees are having?
- Whether age has an impact on these psychological contract types?

As a result, the paper in hand identifies this as a research gap and seeks to light on these issues and in doing so, making contributions to the existing literatures. The present paper tries to focus on type of psychological contraction and the association between generational affiliation and the kind of psychological contract.

5. Objectives

1. To comprehend a degree to which transactional and relational contract exists.
2. To gauge the impact of age or generational affiliation on psychological contract.

6. Hypothesis

1. H_0 : There is no difference in degree of transactional and relational contract.
2. H_0 : There is no significant difference of generation of employees on psychological contract.

7. Literature Review

Harold Andrew Patrick (2008) observed that relational contract was dominated in selected IT industries. With the use of Rousseau's questionnaire of Relational and Transactional Contract and Rank correlation method, he observed here that employer's obligation to employees was lesser than employee's commitment to employer. Association of Employees' with employers was similarly stronger than association of employers with employees.

E. Holly Buttner, Kevin B. Lowe, Lenora Billings-Harris (2010), studied the association between psychological contract violations in relation to diversity climate and employee outcomes. Their sample size was 182 from Hispanics, Asians, and Native Americans and us-born African Americans. Correlation with hierarchical regression analyses were used to verify the study hypotheses. They found that the turnover intention increases with employee perception of breach of promise fulfilment and it also increases inferior organizational obligation. Mediating variables such as international justice mediated partially the relationship whereas procedural justice as well as DPF influences the OC.

Nichole Simone Ballou (2013) inspected that the organizational behavior, job satisfaction and intention to remain in the organization is much influenced by the psychological contract violation. The study also tried to light on the transactional and relational contract level of employees. The sample size was 89 - full-time and part-time employees. The study proved that there is a significant relation among the psychological contract breach and transactional and relational contract. Psychological contract influences the variation in Organizational citizenship behaviors and Organizational support.

Anna Rogozinska-Paweczyk (2014) discussed in the article that how specific individual aspects and organizational factors influence the employee to choose transactional or relational psychological contract. The article explores the relationship between type of PC and the features of the organization such as forms of

employment, kind of ownership, and the characteristics of the employees. The article also tried to focus on PC in private firms and state-owned organizations and found that the Transactional Psychological Contract was prevailing than the latter.

Jyoti Joshi Pant & Vijaya. V (2016), tried to point out that when organizations make an honest attempt to understand the expectations of women employees, employees with physical impairment and diverse workforce, overall employees will have a favorable psychological contract towards their organization. They also highlighted the existence of multiple psychological contracts since organization in VUCA (volatility, uncertainty, complexity and ambiguity) times will be having diversified set of employees.

Generational Affiliation

U. Deepthi and Dr. Rupashree Baral (2011) in their study address the relationship among employee's job attitude such as organizational commitment, job satisfaction and purpose to quit with PC fulfilment and by considering the moderating effect of generations. Sample size was 356 full-time employees. They used multiple regression analysis to analyze the data. Their result showed that there is a relationship between job attitude and PC fulfilment however failed to prove substantial moderating influence of generations.

Traron Moore (2014) studied the relationship of psychological contract and employee engagement. In this study factors such as supervisory status, tenure and gender were controlled. To test the two hypotheses, Hierarchical regression was used and to evaluate whether millennial generational association moderated the relationship. Their results showed that PC fulfillment relates to employee engagement and it also suggested that millennial generational affiliation moderate this association.

8. Research Methodology

The present paper is empirical in nature. The data is collected through survey. Focus group study was done by making WhatsApp group of 14 members to know the

perceived obligations of employees of IT employees. Later questionnaire was posted and requested them to post among their colleagues and friends who are IT employees. Snowball sampling method was used. Response received was 80.

8.1 The Sample and Respondent Profile

Table 3. Demographic profile of the respondents

Demographic factors	Category	No. of Respondents	Percentage
Gender	Male	56	70.0
	Female	24	30.0
	Total	80	100.0
Age	21–30	24	30.0
	31–40	44	55.0
	41–50	12	15.0
	Total	80	100.0
Marital Status	Single	22	27.5
	Married	54	67.5
	Divorced	4	5.0
	Total	80	100.0
Education	Technical Degree	34	42.5
	Management Degree	12	15.0
	Master Degree	30	37.5
	Ph.D.	4	5.0
	Total	80	100.0
Income	Below 3 lakh	10	12.5
	3 to 6 lakh	28	35.0
	7 to 9 lakh	6	7.5
	9 to 12 lakh	10	12.5
	Above 12 lakh	26	32.5
	Total	80	100.0
Experience	Below 3 years	18	22.5
	3 to 5 years	10	12.5
	5 to 10 years	26	32.5
	10 to 15 years	24	30.0
	Above 15 years	2	2.5
	Total	80	100.0

Table 3 indicates

- (i) 30% of the respondents are female and the male.
- (ii) Most of the respondents belong to 31–40 age group i.e. 55%, 30% fall under 21–30 age group, 15% belong to 41–50 age group.

- (iii) 27.5% are single, 67.5% are married and 5% are divorced.
- (iv) Nearly 42.5% have done their Technical Degree, 15.0% are having management degrees, and 37.5% have master's degrees and the rest Ph.D. holders.
- (v) Nearly 35% are falling under the category of 3-6 lakh income, 32.5% under above 12 lakhs, 12.5% belongs to below 3 lakh category and 12.5% will come under 9 to 12 lakh groups.
- (vi) Among the respondents, 22.5% are having below 3 years of experience, 12.5% have 3 to 5 years of experience, 32.5% have 5 to 10 years, and 30.0% have 10 to 15 years and the rest Above 15 years.

8.2 The Instrument

The present study was conducted through structured modified version of questionnaire adopted from by Rousseau (1995). It is used to measure employee's commitment to employer and employer's obligation to employees and also to measure Transactional and Relational contract.

The questionnaire consists of three sections. Section 1 intended to collect demographic details of the respondents, Section 2 dealt with Employee Obligation consisting 16 statements, Section 3 includes Employer Obligation which also includes 16 statements. 5-point scale measuring Not at all = 1, Slightly = 2, Somewhat = 3, Moderately = 4, To a great extent = 5 was used for the purpose. The Cronbach's alpha for the 32 items of the sample is 0.857 which reveals that the reliability is acceptable.

9. Data Analysis and Interpretation

Table 4 furnishes the means and Standard Deviations of Psychological Contract variables such as Employee Transactional, Employee Relational, Employer Transactional and Employer Relational.

1. H_0 : There is no difference in degree of transactional and relational contract.
 H_1 : There is difference in degree of transactional and relational Contract.

Table 4. Variables of psychological contract - means and standard deviations

Variables	Mean	Std. Deviation
Employee Transactional	20.95	6.954
Employee Relational	23.05	7.384
Employer Transactional	18.37	6.916
employer Relational	25.35	8.330
Transaction contract Total	39.32	11.395
Relational Contract Total	48.40	14.039

From the (Table 4) it can be inferred that Employee Relational Contract's mean is 23.05 and Standard Deviation is 7.384 which is higher than Employee Transactional Contract's mean 20.95 and Standard Deviation 6.954. Employer Relational Contract's mean is 25.35 and Standard Deviation is 8.330 which are greater than Employer Transactional Contract's mean 18.37 and Standard Deviation 6.916.

And also, the total of both Relational Contracts are higher than Transactional Contracts. From this it can be depicted that employees are having Relational contract with long-term or open-ended employment arrangements based upon mutual trust and loyalty.

Hypothesis 1 was supported with the (Table 4). Therefore, Null Hypothesis is rejected and H_1 is accepted.

Only rewards are lightly accustomed in relation to performance; derive from membership and participation in the organization (Rousseau, 2000). Employees value involvement and enduring membership in the organizations. In most of the Indian companies this type of contract is very common where 'loyal and trustworthy' employees accomplish maximum work of the senior manager's or supervisor's work in the organization in contrast to transactional contract where-in which employment relationship is for short-term which mainly focuses on exchange of work.

2. H_0 : There is no significant difference of generation of employees with respect to psychological contract.

H_1 : There is significant difference of generation of employees with respect to psychological Contract.

Table 5 furnishes the Generational affiliation of employees towards Transactional and Relational Psychological Contract.

Table 5. Showing significant difference among Age Group with respect to Psychological Contract through ANOVA

Psychological Contract Factors	Age Groups in years			F Value	P value
	21-30	31-40	41-50		
Employee Transactional	17.92 ^a (7.336)	23.27 ^b (6.529)	18.50 ^a (4.462)	6.206	.003**
Employee Relational	19.75 ^a (7.005)	23.86 ^{ab} (7.633)	26.67 ^b (4.539)	4.463	.015*
Employer Transactional	17.42 (6.331)	18.77 (6.941)	18.83 (8.277)	.324	.724
Employer Relational	26.75 (8.578)	23.73 (8.042)	28.50 (8.130)	2.088	.131
Overall Transactional PC	35.33 (11.499)	42.05 (11.393)	37.33 (8.937)	3.062	.053
Overall Relational PC	46.50 (13.374)	47.59 (14.543)	55.17 (12.423)	1.717	.186

Note:

1. The value within bracket represents Standard Deviation
2. ** signifies significant at 1% level
3. * represents significant at 5% level
4. Diverse alphabet among Age Group in years denotes significant at 5% level using Duncan Multiple Range Test (DMRT)

Since $p < 0.01$ for Employee Transactional PC, the null hypothesis is rejected at 1% with respect to PC. Therefore, there is a highly significant difference among age groups with respect to employee Transactional PC. Based on DMRT, in Employee Transactional PC, Age Groups 21-30 and 41-50 are significantly different from 31-40. But there is no significant difference between 21-30 and 41-50.

In Employee Relational PC, age group 21-30 is significantly different from 41-50 and 31-40 is not significantly differ with any other group.

Employer Transactional and Relational PC shows that there are no significant differences among different age groups of 21-30, 31-40 and 41-50. In the same way

overall Transactional and Relational PC also not at all showing any significant difference. So, overall rejecting alternate Hypothesis and accepting Null Hypothesis.

10. Findings and Discussions

Managing and developing employees is crucial with new ways and with new generation of employees impending into the workplace (U. Deepthi, 2014). The existing study was conducted to shed light on these generational affiliations to Psychological Contract. With regard to the first objective, to comprehend the degree to which transactional and relational contract exists, Relational Contracts are higher than Transactional Contracts. So, the null hypothesis was rejected. It was proved that there exists different types of psychological contract and relational contract is higher than transactional contract.

With reference to the second objective, the impact of age or generational affiliation on psychological contract, rejecting alternate Hypothesis and accepting Null Hypothesis that is no significant difference among generation with respect to psychological contract.

11. Limitations of the Study

Similarly, like any other study, this paper is not deprived of any limitations. Results of this study could not offer sturdy empirical evidence as the size of the sample is small. Moreover, the psychological contract itself is very vibrant. So, the present result may vary when it's done through longitudinal study. So future study can be done by using longitudinal method.

12. Conclusion

Prior pragmatic and theoretical research propose that engaged employees are highly productive and because of this those companies are more successful (Moore, 2014). Also, we can say that psychological contract mainly constructed on the insight of both the employer and employee and are constructed differently for the transactional and Relational. So, organizations need to give proper importance to fulfil the implied obligation in order to have a good conducive and healthy working environment.

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