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Psychological contract: universal or culturally-bound concept? An empirical study from India

Context and Research Problem Development

Psychological contract has emerged as a prominent explanatory framework for understanding the employment relationship. It is commonly defined as a reciprocal social exchange relationship between employees and their organization (Rousseau, 1995). Existing research on psychological contract has largely examined this concept tend to play little attention to the cultural nuances in which it is being studied (for exceptions, see Thomas, Au & Ravlin, 2003; Ravlin, Liao, Morrell, Au & Thomas, 2012). This is surprising as Rousseau and Schalk (2000) argued that the psychological contract is a subjective concept and thus could vary culturally. Further, a growing body of Organisational Behaviour (OB) and Human Resource Management (HRM) researchers adopting cultural perspective suggest that national cultural dimensions shape the behaviour of employees within an organization (Aycan, Al-Hamadi, Davis & Budhwar 2007).

Most extant psychological contract research has been conducted in the Western contexts which are mainly individualist cultures while the values of the Eastern cultures may differ from those of their Western counterparts, which could further influence the examination of social exchange and psychological contract (Aryee, Budhwar & Chen, 2002; Restubog, Bordia & Tang, 2007). To address this research gap, the proposed setting of this project is India. This country makes an interesting case as the building blocks of psychological contract parallel the philosophy of Indian society where a lot of importance is laid upon *upholding trust and fulfilment of promises* (Shah, 2000; Agarwal & Bhargava, 2014).

Based on Hofstede's culture dimensions, India is marked by high power distance, high uncertainty avoidance and high collectivism. However, India's culture is more complex than what Hofstede's indices suggest, in that people exhibit both collectivistic traits pertaining to family members, and individualistic traits concerning the fulfilment of personal interests and desires (Varma, Budhwar & Pichler, 2011; Gupta & Singh, 2015). This could be attributed to liberalisation of economic policies in the 1990s, wherein an influx of foreign organizations entered India in a short span of time. As a result, It is likely that psychological contract in India could be influenced by a combination of both 'Eastern' and 'Western' cultural factors. Thus, in order to conceptualize psychological contract with 'Indian' characteristics, the aim of this

research is to examine the cultural factors that affect psychological contract in the Indian context. The broad research question emanating from the aforementioned arguments is:

Is psychological contract a universal or a culturally-bound concept?

Relatedly, the project has two key research objectives:

1. To explore the cultural factors that influence psychological contract in private sector organizations in India.
2. To identify the implications these context-specific cultural factors may have on psychological contract. And how these findings could further develop the psychological contract theory, taking into account, culturally influenced attributes of a country.

Methodology

Considering the exploratory nature of this project, a qualitative research methodology is applied. This approach is deemed appropriate for two reasons. First, this inductive methodology is ideal to explore cultural nuances and their impact on the psychological contracts within organizations. This is also true given the literature pertinent to the theory of psychological contract in cultural contexts is scant. Second, qualitative research provides a comprehensive understanding of organizational processes.

Data were collected through open ended and semi-structured interviews from thirty employees both in the Indian and multinational organisations as guided by theoretical sampling (Strauss & Corbin, 1998). Interviews were recorded and transcribed –word by word- where possible and noted were taken. Thematic analysis was employed to analyse data and to develop conceptual themes at this stage. (Thite, Budhwar & Wilkinson, 2014).

Preliminary Findings

Having studied and analysed the responses provided by the interviewees during this study, it has become apparent that psychological contract in the Indian context is embedded. Data revealed the following three major themes- Community enactment- Trust; Culture-within-culture and Value-loss.

Community Enactment

It was found that the managers are more empathetic and willing to sacrifice their interests and support their employees. For instance an employee stated that:

*“Indian managers... they tend to be **more humane** as compared to you know, the rest of the cultures. And the reason for that is, you know there’s also some bit of understanding that everybody is not of the same capability, and we **try and stick to everyone in the organization**. So, in general, if it’s an Indian manager, you know, the manager of the organization will try to **take the hit on themselves, before firing the employees or taking some big actions on them.**” (R5)*

Culture-within-culture

Another theme which emerged from the data is that of culture- within-culture. It was noted that due to the diverse workforce within Indian organizations, there is no singular culture, however an amalgamation of various national cultures. This then implies that various cultural values and beliefs collide, which poses a unique set of challenges pertaining to psychological contract between employees and their managers. For examples, one of the participants expressed:

*“Most of my team which I work with right now has come from Kolkata. Some of the supervisors have also come from Kolkata and then they are working in Delhi and they are finding it a bit difficult to work with us. People in Delhi...are usually more independent. And they can **sometimes out rightly refuse to do certain things** but in general Indian workers are sensitive to be more you know, kind of **docile workforce**. They would try to do their best if you give them orders, even if that's not so suitable or difficult or does not make sense. So that kind of **questioning is not that much**. I won't say absent, because at some places especially if you see Delhi vs Chennai vs Kolkata, if you see... See Chennai, they would take your orders and they will try to do their best. Same is too for Kolkata also. But Delhi is **altogether different here; you also have to do some convincing.**” (R17)*

Value-Loss

From a relational psychological contract view point, it was found that the senior managers tend to undermine the opinion of their junior employees. Seniority was found to be strongly embedded in the Indian cultural context. One participant said:

*“If you speak in this strictly professional terms, I would say whenever there is a planning of something like that, people **should be properly consulted**. Here bigger problem is that manager, they do not think it is necessary to consult with the team members if you are **junior** to them, and **take their opinion into account**. So in the long run that creates issue sometimes. I've been doing this for very long time, whenever I'm working, I always take everybody's opinion. I have found to my **dismay or displeasure** that my superiors don't like that I consult my juniors before committing on yourself.”*

Conclusion

The findings of this study contribute to the extant literature by exploring the concept of psychological contract in a non-western cultural context, India (Restubog, Bordia & Tang, 2007). Going forward, we intend to further collect and analyse data to propose an empirically inspired model re-conceptualizing the psychological contract theory taking into account the multi-faceted constituents of “Indian” cultural characteristics.

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