

Careerism and Psychological Contract: A Study among Post Graduate Students

Janani Swaminathan, Research Scholar, Christ University, Bengaluru, India.

janani.swaminathan@res.christuniversity.in

Dr Kavita Mathad, Associate Professor, Christ University, Bengaluru, India.

kavita.mathad@christuniversity.in

Abstract: In the field of organisational psychology and behaviour the term psychological contract has gained considerable importance over the years. As the concept is based on managing work relationships it is well known among HR managers and research scholars. Understanding the theoretical aspects is important to understand its applications in real life work situations. Psychological Contract is an unsigned agreement between employer and employee fulfilling mutual promises and expectations. The present corporate set up consists of Gen Y and Gen Z who are climbing up the ladder in a fast pace and their work expectations is different from the previous generation. Therefore, psychological contract is an important tool in understanding employee and employer relationship. Psychological Contract is ongoing and continuous which begins even before an employee joins an organisation. This is termed as anticipatory psychological contract which is the future deal with mutual expectations between employee and employer. Understanding pre-employment expectations would prevent early departure of employees and job dissatisfaction. There are several factors which contribute to anticipatory psychological contract and this study talks about careerism/career strategy of students and its relationship with anticipatory psychological contract. This paper examines the pre-employment beliefs of students about their future employee and employer relationship. Career strategy plays an important role in shaping the expectations of students during their transition from university to workplace. The study is based upon collection of inputs from final year post graduate students who will be future employees of an organisation soon.

Keywords — Anticipatory, Career, Expectations, Gen Y, Psychological Contract, students.

I. INTRODUCTION

The new generation of employees known as Generation Y or Millennials are entering the workforce and leading organisations. There are many differences between Gen Y and previous generations. Some of the characteristics Millennials are technological savvy, flexible, multitasking, prefer for team work, and career oriented. So, to know their expectations, perception and behaviour at work, psychological contract acts as a tool in understanding employee employer relationship. Fulfillment of expectations ensures positive relationship. During the entry a traditional contract is signed agreeing to the terms and conditions of the relationship. Beyond this traditional contract lies an unwritten contract covering mutual expectations and promises. This contract evolves over time during the employee's stay in the organization. Job satisfaction from both sides ensures fulfillment of mutual obligations. In order to retain talent, organizations have started thinking about the concept of psychological contract. A well-known definition of psychological contract is 'individual's belief regarding the terms and conditions of a reciprocal exchange agreement between the focal party person and another party' (Rousseau (1989 ,p.123). A distinguishing feature of psychological contract from other organizational theories is that it does not focus on cause and effect relationships but on everyday

relationships at work.

II. FEATURES OF PSYCHOLOGICAL CONTRACT

1. Psychological contract is changeable in nature expands over time during employment
2. Psychological contract is based on principle of reciprocity. Gouldner (1960) defined reciprocity as 'a mutually contingent of benefits between two or more units'
3. Psychological contract is a continuous, ongoing and evolving process
4. Psychological contract is about understanding of commitments made to one another
5. Interpretation of psychological contract is designed by top management, immediate manager and other HR representatives
6. Psychological Contract is about managing failed commitments and fulfilling anticipated promises

Psychological contract is closely related to several other concepts often referred to by organisational behaviour experts and HRM practitioners, including:

A. Organisational Commitment:

Organisational commitment can be defined as ‘the degree to which an employee identifies with a particular organisation and its goals and wishes to maintain membership in the organisation’ (Robbins et al 2008: 80). A strong relational psychological contract indicates a high level of organisational commitment. Research shows a strong correlation between psychological contract breach and lower organisational commitment (eg: Lester et al 2007).

B. Employee Engagement:

Employee engagement is now a trending concept discussed by HR managers. It refers to ‘an individual’s involvement with, satisfaction with, and enthusiasm for the work they do’ (Robbins et al 2008: 81). Psychological contract fulfillment is positively related to employee engagement (Moore, 2014).

C. Perceived Organisational Support:

It is ‘the degree to which employees believe the organisation values their contribution and cares about their well-being’ (Robbins et al 2008: 80). It is based on how the organisation treats their employees and perception of employees on how the employer treats or values them. Suazo (2009) found a negative relationship between psychological contract breach and perceived organisational support.

D. Organisational Justice:

Organisational justice, the degree to which processes and outcomes at work are regarded as fair by employees. Research suggests various measures of either procedural or distributive justice had a strong relation with various behavioral and attitudinal outcomes in a similar way as that of measures of psychological contract do (Conway and Briner 2005: 76).

Thus, psychological contract has a close relationship to every concept in human resource management and defines employee attitude, behaviour and outcomes at the workplace.

III. LITERATURE REVIEW

A. History of psychological contract

The history of psychological contract can be traced back to the year 1958. In Karl Menninger’s book *Theory of psychoanalytic technique* (1958) there is a discussion of a psychological contract between psychotherapist and patient. He emphasized that in order for a contractual relationship to continue there must be satisfaction from both parties involved in the exchange. Some of the notable works include Menninger (1958) and Argyris (1960). Later emphasized by Levinson, Price, Munden, Mandl, and Solley (1962) and Schein (1965). Argyris (1960) uses the term psychological work contract which is an implicit understanding between foreman and his workers in a US factory. This explanation helped in defining psychological contract in later stage. His idea of psychological contract was based on passive leadership which dictates the employment relationship.

Levinson et al. (1962) wrote a book ‘Men, Management and mental health’ dedicated to psychological contract. The study is based on interviews of 874 employees of a large utility. The study indicates expectations from employees is obligatory in nature. The observation indicates a similarity in the study conducted by Meninger based on contractual relationships. Schein’s book of organisational psychology (1965) talks about matching of variety of expectations between employee and employer like Kotter (1973) where he emphasized matching of mutual expectations leads to job satisfaction, higher productivity and reduced turnover. Guest and Conway (2002) discussed on employer’s perspective of communicating psychological contract like the works of Schein (1965). Rousseau (1989) proposed the link of violation in psychological contract to work related behaviors and attitudes which was later redefined by Morrison and Robinson (1997) as psychological contract breach. Apart from psychological contract at work place there has been numerous studies which discuss student teacher relationship (Anderson, 1987), the role of psychological contract in faculty career and departure, psychological contract of final year graduate students (Robinson and Rousseau, 1994 & DeVos, 2003) which is termed as anticipatory psychological contract. De Hauw & DeVos (2010) conducted a longitudinal study comparing millennials graduating in 2006 and 2009 which is after the recession hit thereby proving expectations of millennials is more thereby leading to high level of careerism even during recession.

B. Anticipatory psychological contract

Psychological contract begins from pre-employment stage and continues to different stages of employment. Zhao, et al (2007) & Bal et al (2010) have addressed psychological contract breach after an individual join but there are limited number of studies pertaining to pre-employment stage. Understanding the changing work expectations of the new generation is important for managers to redefine work to meet their requirements. What exactly the current generation job seekers are anticipating needs to be answered. Anticipatory psychological contract is the future employment deal with the mutual expectations between the employee and employer (Anderson and Thomas 1996).

C. Formation of Anticipatory Psychological Contract

Previous research studies failed to provide a distinction between entitlement and expectations at the pre-entry level which creates anticipatory psychological contract. Entitlement refers to rights or benefits legally given to an individual. A new dimension is added in knowing graduates’ psychological contract by understanding the entitlement beliefs which shape the psychological contract. A mental schema is already developed matching expectations and reality after organisational entry. Werner Grant Gresse (2012) studied on the pre-entry psychological contract by exploring expectations and normative entitlements of

student groups. The study uses both quantitative and qualitative research method. Semi-structured interviews were conducted in South African University to identify the themes associated with psychological contract, expectations and normative entitlement. A quantitative study was conducted focusing on employer obligations, emotions and employee expectations. The findings suggest that employees expect high salary, employee assistance programmes and personal skill development opportunities. Another study in understanding the formation of psychological contract analyzed the importance of number of factors in newcomers' psychological contract (Tomprou and Nikolaou ,2011) It is a qualitative study involving development of a model for psychological contract creation. The study examines the sense making process that happens during psychological contract formation considering emotional and social factors. The model describes how to manage employment relationship from the beginning. The research suggests importance of longitudinal surveys to understand the importance of psychological contract creation.

The current study is to understand the expectations of the employee before they join an organisation. This step would prevent psychological contract breach which occurs when employee expectations are not satisfied. Early departure of employee, lack of trust, job dissatisfaction can be avoided. Individual's career motives impact anticipatory psychological contract. Individual's career choices and attitudes contribute to the beliefs of future employment relationship. These career expectations have a considerable impact on employer obligations. There exists a relationship between career motives and anticipatory psychological contract (Rousseau ,1990 & De Vos,2010).

D. Career strategy

Careerism/Career strategy is defined as 'individuals' preference for changing their employers frequently during their careers'. Rousseau(1990) and Robinson & Rousseau(1994),Driver(1994) proposed four types of individuals based on their career concept namely steady state career concept which is about staying in the same role and making career choice early in their life ,linear career concept where individuals career choice is continuous as they move up their professional ladder, spiral concept is about development of new skills through a series of new occupations and transitory career concept is about choosing an organisation or a job temporarily and change in career choice throughout their life. Career strategy is also related to cosmopolitan and local career strategy (Gouldner,1957). Some individuals frequently change organisations which is termed as cosmopolitan career strategy whereas others tend to stay in an organisation for a long time. which is called local career strategy. Locals are low careerists who stay committed and loyal to their current organisation. Employees who view their first employer as a stepping stone for other opportunities in their future career are less willing

to make promises to their current employer. Cosmopolitans are committed to developing their skills according to their profession. So, employees with high level of careerism tend to expect career opportunities from their first employer. Lack of fulfillment of expectations will have negative impact on the attitude and behaviour of the employees.

E. Career strategy and anticipatory psychological contract

Denise Rousseau (1990) conducted a study among 284 graduating MBA graduates on psychological contract on new hire perception of their own and employer obligations. Transactional and relational obligations were examined. Results indicate relational obligations were associated with expected tenure of stay. Transactional obligation was associated with careerism. Commitment to stay is positively related to both transactional and relational obligations. This suggests a relationship between commitment to stay and career commitment which is examined by Cherniss (1991) finding a negative correlation between career commitment and career change (number of times employee change their occupation moving from one organisation to another). The study also proved a strong correlation between age and career commitment proving older employees stay in an organisation for a longer time than younger ones. This suggests Millennials seem to have different expectations in terms of career growth and other attributes which is related to another study by Ans De Vos, Katleen De Stobbeleir, Annelies Meganck (2009) in understanding the relationship between career related antecedents and graduates anticipatory psychological contract. A survey was conducted among graduates addressing questions related to career strategy, individual career management, work importance, and beliefs about employer and employee obligations. Graduates with high score on career strategy had higher level of employer obligations and employee obligations related to flexibility and employability. This shows higher levels of career expectations from Gen Y and employers face continuous challenges in making the first time employees stay committed and supervisory support plays an important role in retaining first time employees which is supported by a study on Gen Y's retail career expectations, perceptions of retail careers, future psychological contract/entitlement perceptions of retail careers, and career exploration of the US retailing industry(Hurst & Good ,2009).The survey among Gen Y college seniors analysed relationship between supervisory support ,employee obligations , employer obligations and career exploration. The results indicate pre-entry retail job expectations were significant predictors of career exploration.

Future career expectations can be positive and negative which is being optimistic or pessimistic respectively. De Hauw & De Vos (2010) found a positive association of optimism regarding career expectations to APC among students and Biljana Blaevska Stoilkovskaa, Zorica Markovi (2014) conducted a similar study on role of optimism and

pessimism on anticipatory psychological contract. The survey included studying relationship between transactional and relational employee obligations, transactional and relational employer obligations, and optimism and pessimism. The results indicated stronger beliefs by students on transactional obligations. Pessimism is positively associated with relational obligations.

IV. OBJECTIVE OF THE STUDY

To understand the relationship between careerism and anticipatory psychological contract among PG students

V. HYPOTHESES

The hypotheses framed for research and analysis are

H₀: Career strategy does not influence anticipatory psychological contract

H₁: Career strategy influences anticipatory psychological contract

VI. RESEARCH METHODOLOGY

A. VARIABLES UNDER RESEARCH

The variables used in the study are Anticipatory psychological contract which includes expectations from first employer and Career strategy which includes factors such as First job is always a stepping stone to a better job, exploring many career opportunities, working in a dream company, working for specific role with the first employer and Working for different organisations in one’s career. The variables are derived based on review of literature

Factor 1: First job is always a stepping stone to a better job

Factor 2: One must explore many career opportunities after working with first employer

Factor 3: Getting a job with the dream company is very important

Factor 4: Working for specific role with the first employer is crucial

Factor 5: A good career constitutes of working for different organisations in one’s life

Table 2. APC Correlation analysis

	APC	Factor1	Factor2	Factor3	Factor4	Factor5
r	1	-0.038	.176**	-.129*	.201**	.405**
Sig		0.535	0.004	0.037	0.001	0.000
N	263	263	263	263	263	263

From the correlation table the r value is 0.405 and p value is 0.000 which is less than 0.05 shows a positive correlation between APC and working for different organisations in one’s career The finding is closely related to the concept of cosmopolitan career strategy which speaks about employees frequently changing jobs(Goulder,1960).Individuals with cosmopolitan career strategy show high degree of career commitment therefore have greater expectations from their organisations. When their expectations are not fulfilled there is a psychological contract breach.

B. Scales used in the study

1.Anticipatory psychological contract scale developed by De Vos et al.(2009)

2.Careerism /Career strategy scale developed by Rousseau (1990)

C. Profile of respondents and sampling technique

The questionnaire was distributed among 300 post graduate students and 263 filled in responses were received. The target population consists of final year post graduate students. The sample design used in the research is judgemental sampling

D.Reliability

The reliability of the two scales used to measure the variables is indicated through the value of Cronbach’s alpha. The values are shown in the table no 1

Table 1. Reliability analysis

Scale	Cronbach’s Alpha
Anticipatory psychological contract	.704
Career strategy scale	.87

VII. DATA ANALYSIS

Correlation analysis was carried to test the relationship between variables

The second highest correlation (r=0.201, p=0.001) is between working for a specific role is crucial and APC. As individuals show high degree career commitment they lookout for meaningful and specific roles with their first employer A positive correlation (r=0.176, p=0.004) exist between exploring many career opportunities and APC. Profession focused employees follow the spiral career concept which evolves through a series of opportunities built based on the past and develop new skills.

There is negative correlation (r=-.129, p=0.037) between getting a job in dream company and APC. The next generation employees are focused on their roles rather than

getting a job in dream company. A good role in the beginning of their career would always lead them to their dream company later in their career. There is no significant relationship between first job is a stepping stone to a better job and APC. These factors show a significant relationship between APC and career strategy. The findings of the current study supports the literature which also shows a positive relationship between career strategy and anticipatory psychological contract(De Vos , 2009;Rousseau 1990).The previous research findings supports the current findings.Perception of employee expectations are significant predictors of career exploration(Hurst&Good,1990).

VI. IMPLICATIONS

Depending on their career goals young graduates approach the future employment relationship with different beliefs on mutual expectations. These pre employment beliefs help organisations in designing recruitment strategies and employer branding initiatives(De Vos,2009).Organisations must focus on presenting career plan of employees which would ensure students in choosing their role. Provide realistic job previews and frequent communication regarding expectations at an earlier stage

VII. FUTURE RESEARCH

- A. A longitudinal study would be useful in understanding the expectations after an individual joins an organisation
- B. The research can be extended to other variables such as work values, optimism, pessimism, locus of control and exchange orientation

VIII. CONCLUSION

The goal of this research has been to focus on employee expectations of psychological contract and use the research findings to help organisations in their recruitment. The results indicate the millennials prefer exploring career opportunities and show high level of career commitment. Highly career committed individuals tend to leave organisations when growth opportunities are low. They choose their role earlier in their career and are focused on their career growth. They have greater expectations from the organisations which influences the psychological contract existing between the employee and employer. The study proves there is a significant relationship between the career expectations of students from their first employer and anticipatory psychological contract. The younger generation choosing their career path in the earlier stage has a significant impact in their expectations from the organisation

IX. REFERENCES

- [1] Rousseau, D. M. (1989). Psychological and Implies Contracts in Organizations. *Employee Responsibilities and Rights Journal*, 2(2), 121-139.
- [2] Rousseau, D. M. (1990). New Hire Perceptions of Their Own and Their Employer's Obligations:A study of Psychological Contracts. *Journal of Organisational Behaviour*, 11(5), 389-400.
- [3] Robinson, S. L., Kraatz, M. S., & Rousseau, D. M. (1994). Changing Obligations and The Psychological Contract: A longitudinal Study. *Academy of Management Journal*, 37(1), 137-152.
- [4] Gresse, W. G. (2012). The pre entry psychological contract:Exploring expectations and normative entitlements of student groups.
- [5] Hauw, S. D., & Vos, A. D. (2010). Millennials' Career Perspective and Psychological Contract Expectations: Does the Recession Lead To Lowered Expectations. *Journal of Business and Psychology*, 25, 293-302.
- [6] Hurst, J. L., & K.Good, L. (2009). Generation Y and career choice. *Career Development International*, 14(6), 570-593.
- [7] Moore, T. (2014). The Impact of Psychological Contract Fulfillment on Employee Engagement in the Millennial Generation : The Moderating Effects of Generational Affiliation. Georgia.
- [8] Vos, A. D., Stobbeleir, K. D., & Meganck, A. (2009). The Relationship between Career - Related Antecedents and Graduates' Anticipatory Psychological Contract. *Journal of Business and Psychology*, 24(3), 289-298.
- [9] Gouldner, A. W. (1960). The norm of reciprocity: A preliminary statement. *American Sociological Review*, 25,161-178.
- [10] Argyris, C. (1960). Understanding organisational behaviour. Homewood : Dorsey Press.
- [11] Lester, S. W., R.Kickul, J., & Bergmann, T. J. (2007). Managing Employee Perceptions of the Psychological Contract over time: The role of Employer Social Accounts and Contract Fulfillment. *Journal of Organizational Behaviour*, 28(2), 191-208.
- [12] Conway,N, & Briner, R. B. (2009). Fifty years of psychological contract research : what do we know and what are the main challenges. *International Review of Industrial and Organisational Psychology*, 24, 71-130.
- [13] Menninger, K., (1958). *Theory of Psychoanalytic Technique*, New York, NY: Basic Books
- [14] Levinson, H., Price, C., Munden, K., Mandl, H., & Solley, C. (1962). *Men, Management, and Mental Health*, Cambridge, MA: Harvard University Press

- [15] Morrison, E., & Robinson, S. L. (1997). When employees feel betrayed: A model of how psychological contract violation develops. *Academy of Management Review*, 22(1), 226-256.
- [16] Schein, E. H. (1965). *Organizational Psychology*. Englewood Cliffs, NJ: Prentice-Hall
- [17] Kotter, J. P. (1973). The psychological contract: Managing the joining-up process. *California Management Review*, 5(3), 91-99.
- [18] Tomprou, M., & Nikolaou, I. (2011). A model of Psychological contract creation upon organizational entry. *Career Development International*, 16(4), 342-363.
- [19] Stoilkovska, B. B., & Markovic, Z. (2015). The Role Of Optimism - Pessimism In Anticipatory Psychological Contract Formation . *Procedia-Social and Behavioral Sciences*, 145-152.
- [20] Suazo, M. M. (2009). The mediating role of psychological contract violation on the relations between psychological contract breach and work-related attitudes and behaviors. *Journal of Managerial Psychology*, 24(2), 136-160
- [21] Anderson, N., & Thomas, H. D. C. (1996). Work group socialization. In M. A. West (Ed.), *Handbook of Work Groups* (423-450). Chichester: John Wiley & Sons.
- [22] Zhao, H., Wayne, S. J., Glibkowski, B. C., & Bravo, J. (2007). The impact of psychological contract breach on work-related outcomes: A meta-analysis. *Personnel Psychology*, 60(3), 647-680. doi:10.1111/j.1744-6570.2007.00087.x
- [23] Robbins, S.P., Judge, T.A., Millett, B. and Waters-Marsh, T. (2008) *Organisational Behaviour*, 5th Edition. Frenchs Forest: Pearson Education Australia.
- [24] Coyle-Shapiro, J; Shore, L; Taylor, M; and Tetrick, L (2004). *The employment relationship: examining psychological and contextual perspectives*, Oxford: Oxford University Press.
- [25] Bal, P. M., Chiaburu, D. S., & G.W.Jansen, P. (2010). Psychological contract breach and work performance. *Journal of Managerial Psychology*, 25(3), 252-273.