



**ORIGINAL RESEARCH PAPER**

**Management**

**“A STUDY ON PSYCHOLOGICAL CONTRACT BETWEEN EMPLOYEES AND ORGANIZATIONS WITH SPECIAL REFERENCE TO HOSPITALS OF DHARWAD”**

**KEY WORDS:**

**Dr. B.B. Biradar**

Asst. Professor Karnataka Arts & Commerce College, Karnatak University, Dharwad

**Dr. G.S. Hiremath**

Professor School of Management Studies and Research KLE Technological University,Hubballi

**Dr. R V Navalgi**

Lead – Organisation Learning & Development IRL, Mumbai

**ABSTRACT**

Hospitals in India are currently facing a lot of challenges like sky-high attrition among doctors and nurses, scarcity of doctors, nurses, and administrative staff, and a dearth of soft skills and patient interface training for critical roles in the hospitals. The shortage of nurses in hospitals is a concern because it will have an impact on the effectiveness and efficiency of the health care system. Also, the recruitment of new nurses attracts costs in terms of hiring, training, and productivity. To understand the reasons for high attrition among nurses and help hospitals devise effective and efficient measures to arrest the attrition for improved productivity and enhanced patient interface, the following study on the psychological contract of nursing staff has been undertaken. Employee behavior and attitudes like intention to quit or any internal conflicts can be explained, as identified in the literature, by looking at the fulfillment of the psychological contract the employees and organization hold with each other. As the study states job satisfaction has not had much effect on the fulfillment of the psychological contract but the benefits and the code of conduct and the internal politics make a major impact on the employee relationship where the hospital is not in proper order to meet their fulfillment of desired benefits. This affects the retention and engagement of employees. So this paper focused on the gaps there exist between what nurses regard as important desires and how these desires need to be fulfilled.

**1. INTRODUCTION:**

Nowadays health sectors are the largest and fast-growing sector in the world both in terms of earning revenues as well as providing employment opportunities. Health sectors include hospitals, clinics, telemedicine, medical tourism, health insurance, and medical equipment and devices. The Indian health sector has been categorized into 2 (two) i.e. 1. Private health care system, 2. Public health care system. Under the government, the public health care sectors are included and it compromises the limited secondary and tertiary care institutions, which majorly focus on providing basic healthcare facilities in the form of primary healthcare centers i.e. PHCs in Karnataka as well as rural areas. Under the Private sector, the health care provides secondary, tertiary, and quaternary care with a major focus on tier 1 and tier 2 cities.

Indian companies are entering into acquisitions and mergers with foreign and domestic companies in regard to driving growth in their sector and gaining new market segments in the healthcare sector. Reasons like rising income, lifestyle diseases and increasing access to health insurance among public has led to the growth in Health care industry in India, which is projected to reach US \$372 billion by 2022. Presently, healthcare sectors are widely staffed by professional physicians, nurses, consultants, health practitioners, and others.

**2. Review of literature:**

According to Rousseau “Psychological contract is an individual employee's belief in mutual obligations between that person and another party such as an employer.” According to Dr. Calvin Burns “Psychological contract is an employee expectation about work or perceived employer promises or obligations are fulfilled then the employee is said to have a psychological contract”.

Siti Sarah Baharuddin, Mohd NurRuzainyAlwi, Muhammad AfiqAsyraf Abu Hassan, NorEidayu Omar, NurAzira Ismail (2017). This research work is done in Malaysia in the telecommunication sector. The main objective of the paper was to identify the relationship between the psychological contract breach and psychological contract fulfillment. Also, to identify and understand what are the reasons for employees

to quit the job?As mentioned in the paper, the psychological contract is an informal and unwritten contract between the employer and employees. It reflects their mutual obligations and promises in the context of their employment relationship between them. The psychological contract is one of the critical elements which explains the relationship in workplace behavior and also identifies whether there is positive relation to quitting the job.

Mohamad Abdullah Hemdi (PhD), Abdul Rahman Abdul Rahim (2011). This research work is carried out in the hotel to know the effect of the psychological contract on turnover intentions. High employee turnover within the hotel industry, especially among managers, has become one of the major concerns in the industry. One of the major challenges of the hospitality industry is to retain highly skilled employees. The purpose of this study was to investigate the psychological contract approach to the employment relationship with regard to the hospitality industry. The results show that psychological contract measures, in particular, job content and promotion opportunities, and can explain why there is a substantial amount of variance in intention among hotel managers with regard to leaving the organization, especially when the mediating role of affective commitment is considered.

Jeske van Bostel (2011). The research paper describes the characteristics of the variables of interest and their expectations. The study concludes that there is no existence of a direct relationship between importance versus fulfillment of the employee expectations with regard to their psychological contract and job satisfaction.

Dialoke, NwakammaChinwe.N(2016). The turnover intention is the suggestible and best predictor of getting to know the actual reason for leaving and therefore it can be used as a proxy for turnover too as if it is a major issue for employee retention. Moor Barak, Levin, Knisley, and Lane (2006) suggest that turnover intention is the very most significant problem and not only as a predictor of actual turnover but also as a specific pointer of the employee that somewhat does not contribute to the organization at their full potentials. But it can be served as an indicator of the degree of one's psychological attachment to the organization. This study proposes that when

the organization has included the employees with unrealized turnover intentions, there are high chances that such employees may resort to counterproductive activities such as absenteeism and it reflects employees leaving the organization with three components; psychological, cognitive, and behavioral in nature.

Salisu Umar, Kabiru J Ringim (2015). The study was on "Psychological Contract and Employee Turnover Intention among Nigerian Employees in Private Organizations". The study has established three main classifications of Psychological Contract, i.e., 1. Transactional, 2. Relational, 3. Balanced Contracts. Transactional contract is the kind of contract where employee expects some monetary benefits in exchange for their more than expected achievement. Relational contract is non-monetary and socio-emotional factors. Balanced contract is mutual concern of relational agreement with the performance demand.

**3. Problem Statement:**

It is to explore the psychological contract of working employees to develop a greater understanding of how employee-employer interaction impacts motivation levels.

**4. Research Methodology**

This research is descriptive in nature. Both Secondary and Primary data collections have been used in this study. The sample size considered is 100 nurses from various hospitals. The sampling method used is the convenient sampling method.

**4.1 Scope:**

- The scope is to study the contemporary issue of hospitals and to develop the employee and employer relationship
- This study only focuses on various Hospitals located in Dharwad.

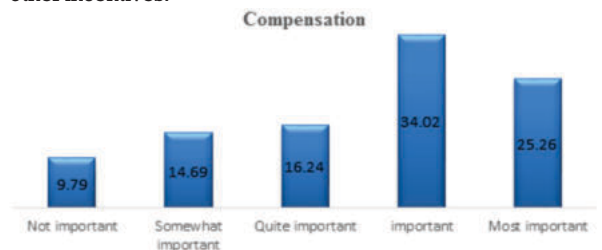
**4.2 Limitation:**

- The study concentrated only on nursing staff of various hospitals of Dharwad
- Only six factors are considered for the study based on the expert opinion.

**5. DATA ANALYSIS, RESULTS AND INTERPRETATION:**

**5.1. Compensation:**

Typically compensation refers to monetary payment given to an employee in return for their services/work. In the place of work, compensation is what is received by an employee, it includes salary or wages in addition to commission and any other incentives.



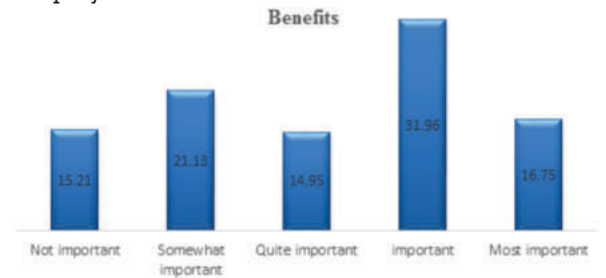
**Graph 1:** Depicting Compensation

**Source:** Author's own compilation

Above table shows that 59.28 % of the respondents are of the opinion that compensation is of great importance for them than the name or fame or brand image of the hospital. Whereas 9.79% of the respondents are of the opinion that compensation is not important and 14.69% of the respondents have said that compensation is somewhat important however for them it is the name or fame or brand image of the hospital is important and matters a lot for their career.

**5.2. Benefits:**

Employee benefits include perks or fringe benefits that are provided to employees over and above the salary. Benefits include health insurance, pension, financial benefits, flexible working hours and any other benefits provided by the company.



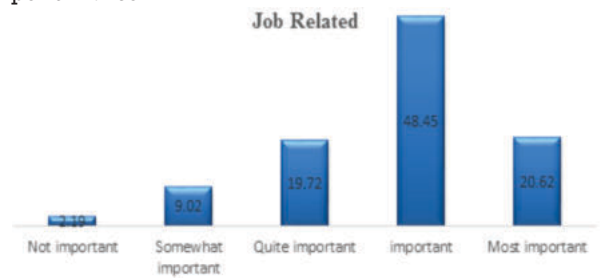
**Graph 2:** Depicting Benefits

**Source:** Author's own compilation

Above table shows that 48.71% of the respondents have expressed their opinion as benefits provided by the hospital are important (31.96%) and most important (16.75%) respectively and they said that benefits provided to them shows hospitals are interested in their happiness and helps them to be engaged in the work. They consider employee benefits are important for workplace morale to enhance employee productivity. 21.13% of the respondents said benefits are somewhat important whereas 15.21% of the respondents have said that benefits are not important.

**5.3. Job Related:**

Job related aspects like job satisfaction, recognition and rewards, job security etc. Type of work, responsibilities and accountabilities of the employee plays an important role in the employee satisfaction towards the job. Recognition and rewards for the best performance and the sense of job security leads to increased job satisfaction and improved performance.



**Graph 3:** Depicting Job related

**Source:** Author's own compilation

Above table shows that 60.07% of the respondents have said that the Job related aspects like job satisfaction, recognition and rewards, job security etc. are important. They are of the opinion that type of work, job responsibilities and accountabilities plays an important role in the employee satisfaction towards the job. Recognition and rewards for the best performance motivates to perform better and the sense of job security leads to increased job satisfaction and improved performance. 9.02% of the respondents have stated Job related factors as somewhat important and 2.19% of the respondents have said that job related factors are not important.

**5.4. Organization environment:**

Organization environment includes both internal and external environment. Elements of internal environment includes owners, colleagues, organizational culture, resources of the organization and organization image. External environment includes political, economic factors, sociocultural factors and legal factors.



**Graph 4:** Depicting Organization Environment

**Source:** Author's own compilation

Above table shows that the organizational environment factors like owners of the hospital, colleagues, physical resources like buildings, materials, equipment and machinery, etc, hospital image, and to some extent external factors like sociocultural and changes in the technology have major influence on the work performed by the nurses, hence 41.41% of the respondents consider as important and 13.40% of the respondents consider as most important. They believe and perceive that both internal and external factors are important and will have impact on the job satisfaction. 16.49% of the respondents have said that factors are somewhat important whereas 8.42% of the respondents have expressed that either internal or external factors as not important in creating expectations of the job.

**5.5. Organization Behavior**

Organizational behavior includes organizational culture, organizational structure, inter-organizational cooperation and conflict, change, cultural diversity, technology, and external environmental forces.



**Graph 5:** Depicting organization Behavior

**Source:** Author's own compilation

Above table shows that 16.24% of the respondents have expressed as most important and 35.57% of the respondents have said that organizational behavior factors are important and influence their satisfaction and morale to work and grow within the hospital. However, 13.66% of the respondents have a contradictory view of the organization behavior. Work culture, decision making hierarchy, work colleagues and team coordination among different departments have major influence on the motivation level of the employees.



**Graph 6:** Depicting Code of conduct

**Source:** Author's own compilation

Above table shows that 21.03% of the respondents have

expressed as most important and 46.60% of the respondents have expressed as a code of conduct of the hospital are important because these set rules and responsibilities of an individual, department and the hospital are definitive guide on how they should behave while performing their job. However, 9.28% of the respondents have a different opinion regarding the code of conduct, who are of the opinion that a code of conduct of the hospitals have no influence on the motivation level of the employees.

**5.6. Code of conduct**

A Code of conduct is a set of rules and responsibilities of an individual, department and, the organization. A code of conduct of an organization generally includes Confidentiality, Privacy, Intellectual, property policies, Customer communication requirements, and Conflict of interests

**6. Major Findings:**

Majority of the respondents are of the opinion that compensation is of very important for them than the name or fame or brand image of the hospital.

Respondents consider employee benefits are important for workplace morale to enhance employee productivity.

Majority of the respondents are of the opinion that type of work, job responsibilities and accountabilities plays an important role in the employee satisfaction towards the job. Recognition and rewards for the best performance motivates to perform better and the sense of job security leads to increased job satisfaction and improved performance.

Organizational environment factors like owners of the hospital, colleagues, physical resources like buildings, materials, equipment and machinery, etc, hospital image, and to some extent external factors like sociocultural and changes in the technology have major influence on the work performed by the nurses, hence majority of the respondents consider these factors important for the employee motivation level.

Organizational behavior factors are important and influence their satisfaction and morale to work and grow within the hospital.

A code of conduct of the hospital are important because these set rules and responsibilities of an individual, department and the hospital are definitive guide on how they should behave while performing their job.

**7. Suggestions:**

- Compensation of the nursing staffs is important for the better performance hence compensation has to be as per their experience and performance.
- Flexibility working hours should be set for nursing staff. It will help in the reduction of time and work pressure for staffs.
- Feedback from employees should be collected every month for enhancement of the hospital working process as well as it leads for good exposure of the organization.
- Employee retention should be taken care. As it might be reduced by knowing the employee personally as well as officially so that it leads to build good relationship between management team and employees. Good environment and good relation results in less employee attrition.
- Every month top management have to consider only one factor-based problem and try to solve it by taking feedbacks and suggestions from employees.

**8. CONCLUSION**

“Psychological contract is an individual employee's belief in mutual obligations between that person and another party such as an employer.” Employee behavior and attitudes like

intention to quit or any internal conflicts can be explained, as identified in the literature, by looking at the fulfillment of the psychological contract the employees and organization hold with each other. As the study states job satisfaction has not had much effect on the fulfillment of the psychological contract but the benefits and the code of conduct and the internal politics make a major impact on the employee relationship where the hospital is not in proper order to meet their fulfillment of desired benefits. This affects the retention and engagement of employees. Majority of the respondents consider compensation, benefits, job responsibilities, organizational factors and code of conduct are very important for increased job satisfaction and improved performance.

**REFERENCES:**

1. Siti Sarah Baharuddina, Mohd NurRuzainyAlwia\*, Muhammad AfiqAsyraf Abu Hassana, Nor EidayuOmara, NurAziralsmaila "Psychological Contract Breach and Psychological Contract Fulfillment on Employee Intention to Quit", volume 2, issued year 2017
2. Mohamad Abdullah Hemdi (PhD), Abdul Rahman Abdul Rahim "The Effect of Psychological Contract and Affective Commitment on Turnover Intentions of Hotel Managers", vol.2.No 23, special issue 2011
3. Jeske van Boxtel "Psychological contract fulfillment and intension to leave among nurses of Maxima Mesisch Centrum", (year 2011)
4. Assoc. Prof. I. Dialoke, nwakammachinwe n. " Psychological contract and employee intention among Nigerian employees in private organizations", vol 2 issue 12 (December 2016)
5. Rousseau, D.M. (1995). "Psychological and implied contracts in organization. Employee Responsibilities and Rights" Journal, Vol.2, pp.121-130.
6. Rousseau, D.M(1989), "psychological contract in organizations: understanding written and unwritten agreements" Thousand oakas, CA: sage
7. <https://www.ibef.org/industry/healthcare-india>
8. <https://www.referenceforbusiness.com/management/Ob-Or/Organizational-Behavior.html#ixzz7Vsw4aGuv>