

**IDENTIFYING EMPLOYEES PERCEPTIONS OF PSYCHOLOGICAL CONTRACT: A  
COMPARISON BETWEEN INDIAN MANUFACTURING AND KPO ORGANIZATIONS**

Upasana Aggarwal

*Shailesh J. Mehta School of Management, IIT, Bombay*  
Email: upasana.aggarwal@iitb.ac.in

And

Sumita Datta

*Shailesh J. Mehta School of Management, IIT, Bombay*  
Email: sumitadatta69@rediffmail.com

\*Shivganesh Bhargava\*

*Shailesh J. Mehta School of Management, IIT, Bombay*  
Email: bhargava@iitb.ac.in

**Preferred Stream:      Organizational Behaviour**

**Profile:** I am a doctoral student at Indian Institute of Technology (IIT), Bombay, India. I am working in the area of employment relationship with specific focus on Psychological Contract and Employee Engagement. Other research interests include Psychological ownership and Organization Culture. By education a graduate in geography. I did my MBA and Masters in Labour Law from Symbiosis Institute. I have teaching and corporate experience of five years.

# **IDENTIFYING EMPLOYEES PERCEPTION OF PSYCHOLOGICAL CONTRACT: A COMPARISON BETWEEN INDIAN MANUFACTURING AND KPO ORGANIZATIONS**

**Abstract:** Due to lack of information about psychological contract in cultures contrary to U.S, research on PC does not provide a complete picture of the challenges of managing the employee-employer relations in the other countries. Responding to the literature's call for a cross-cultural research on contents of psychological contract, the aim of this study is to identify organizational obligations that are valued by employees in India. The study also assesses potential variations in perceptions regarding the ideal psychological between employees working in manufacturing and IT/KPO organizations. A total of 331 employees, with 215 being employed in IT/BPO industries participated in this survey. Overall ranking of the organizational obligations based on employee's perceptions is assessed. The results of this study provide direction to managers for policy formulation.

**Key words: Psychological contract, employee perceptions, KPO**

## **Introduction**

As a consequence of free market reforms and economic liberalization programmes since 1991, India has emerged as an industrial superpower. Because of the advantage of its location, technically low cost literate human resources as well as conducive regulatory environment, India is a preferred off-shore destination for companies worldwide (NASSCOM, 2007). The country is viewed as a favorable location for establishing low wage manufacturing unit, for developing sophisticated world-class software and an attractive market for banking, chemicals, telecommunications, entertainment IT/KPO, automobiles and power generation industries (MacClure, 1995).

Indian society has a complex tapestry of religion and caste. Characterized by 'being orientation', Indian employees have saliency for social and security needs (Kanungo, 1983). Work is considered to be a duty towards one's family, relatives and friends. Virtues such as self-sacrifice are valued over personal achievement. Furthermore, Organization and supervisors play a very important role for an Indian employee who considers employer as a symbolic representation of a parent (Hofstede, 1980) and is

regarded as a provider and caregiver as well as protector of interest of its employees. Along similar lines, immediate supervisor is regarded as parent substitute and are accorded loyalty, respect, and obedience by their subordinates (Hofstede, 1980).

According to literature, Indians are socialized to be dependent and conscious of their lower status relative to management (Agrawal, 1993). Consequently, they tend to prefer a more assertive style of leadership and view dependence on higher authority as positive and obtain strength and security from the power coming from higher authority (Kakar, 1971; Sinha, 1976; Tripathi, 1994). Albeit assertive leadership is positively viewed by Indian employees, nevertheless, an impersonal, distant and contractual relationship may be ineffective in an Indian culture (Khandwalla, 1990). It is believed that a nurturant-task leader who ‘cares for his subordinates , shows affection, takes personal interest in their wellbeing and above all is committed to their growth” (Sinha,1990, p.252) is more effective in Indian work environment.

The realm of literature on Organizational behavior, the recent years have witnessed a growing interest in understanding the quality of exchange relationships. It has been found to have implications on organizational success as well as employee psychological well-being (D’Art & Turner, 2006). Increasingly, scholars and practioners alike have felt the need to have a framework which takes a fuller account of the context of employment relationship (Johns, 2001) and explores the emerging employment dynamics. Questioning the one-size-fits all approach to managing employees, Rousseau (2001) and Rousseau & Schalks (2001) propose pertinence of considering individual as the focal point in work agreements, going as far as to state that the more idiosyncratic or individualized the agreement becomes, more positive the outcomes will be.

## **Literature Review**

At the core of employment relationships are psychological contract (PC) that permeates them. PC refers to an individual’s belief regarding the terms and conditions of a reciprocal exchange agreement between the focal person and another party (Rousseau, 1989). It has been found to be a determinant of organizational outcomes such as job satisfaction, commitment, organizational loyalty, career loyalty, intention to quit,

work effort, quality of work, organizational citizenship behavior, productivity, absenteeism, innovative work behavior and turnover (Lester & Kickul, 2001; Guzzo, Noonan & Elron, 1994; King 2000; Sims, 1990; Flood et al., 2001; Rammamorthy et al., 2005). Interest in understanding the psychological contracts of employee has blossomed as it explores fundamental aspect of organizational life and has the potential to explain the nature and direction of unwritten promissory employee expectations. As argued by Kalleberg and Rouges (2000) 'the notion of psychological contract has proved useful for understanding employment relationships, since many of their important aspects are based on perceptions: most employment relations are implicit or at least not written, and thus parties may have different understandings about them' (p.316-317). PC is an apt framework, more so in today's environment, as it examines employee-employer relationship in all types of organizations –modern as well as traditional, to all types of employee-permanent or temporary, at all time, that is whether organization is going through a stable or an unstable times (Guest, 2004).

Argyris (1966) can be credited with coining and first utilizing the concept and terminology of psychological contract.. Others followed the suit (Kotter, 1973; Levinson, 1962) but it was only in the 1980's with the seminal work of Rousseau that the concept began to enter the vocabulary of writers in organizational life and behaviors (McNeil, 1985). The concept of PC is still, to some extent, nebulous. The definitions have been revised over years and there has been considerable debate in the literature regarding the appropriate levels of engagement (Guest, 1998; Rousseau, 1998) too. Proposing a solo view of the employment exchange, Rousseau (1995) and his students believe that PC is solely formulated in the mind of the individuals and as such they reflect individual belief, shaped by the organization, regarding terms of an exchange between employee and employer. While Rousseau gives emphasis on individual's (employees) perception regarding mutual obligations and commitments, other researchers (Coyle-Shapiro & Kessler; Guest; Herriot et al., 1997) take a dyadic view of the contract and emphasize the need to consider the changing expectations and obligations of both the organization and the employee in framing PC (Herriot et al., 1997). This multi-level school of thought proposes investigating perceptions of mutuality that may exist between the two parties, and in the process assesses how well the employer has fulfilled its obligations to its employees.

Although there is disagreement on definitions of PC as well as the level of engagement, nonetheless the methodological developments have been described as ‘ a veritable embarrassment of riches’. Both qualitative and quantitative have been adopted for measuring PC. In both cases, distinct employer obligations constituting PC have been recognized. Initially Argyris (1960) and Levinson (1962) utilized emic approach to understand how contracts link to organizational culture as well as to the psychodynamic processes of individuals (Rousseau & Tijoriwala 1998). Emic frameworks like clinical and ethnographic studies are generated by respondents themselves and are attempts to reflect the individual’s mental model in an unfiltered fashion. These researchers utilized employee interview to create descriptions of PC within firms (Argyris, 1962; Levinson, 1962).After interviewing 874 employees at a large utility service , Levinson et al. (1962) identified expectations that relate to psychological issues, job performance, use of specific skills, social relations in the workplace, job security and economic rewards. More than three decades later, Herriot et al. (1997) using critical incidents technique asked employees and organizational agents to recollect incidences at workplace where organizations went far beyond or fell short of what might be reasonable to expect of it in their treatment- as the other party. Their work revealed that training, fairness, consultation, discretion, recognition environment, justice, pay, benefits and security were regarded as employees as significant employer obligations.

The quantitative methods used in PC have used questionnaire. Rousseau (1990), after interviewing 13 human resource managers , determined seven types of Organizational obligations emerging during employment –advancement, high pay, performance based pay, training, job security, development and support. This has been the most utilized set of employer obligations (Coyle-Shapiro & Kessler, 2004; Coyle-Shapiro & Neuman, 2004; Gakovic & Tetrick, 2003; Robinson & Morrison, 1995; Shore & Barksdale, 1998). By expanding Rousseau’s original instrument, Robinson and Morrison (1995,AOM) further developed a general measure of psychological contract which comprised of 18 items focused on six areas of psychological contract, which was used by Lester et al. (2002). Furthermore, Roehling et al. (2000) conducted a content analysis of 102 scholarly and trade magazine articles published between 1995

and 1999 related to psychological contract and developed a list of 13 organizational obligations. Likewise, Kickul (2001) came up with 38 organizational obligations comprising the contract, while Kelley-Patterson and George (2002) with 50. Bellou (2007) based on Kelley et al. (2002) and Roehling et al. (2000) developed a new list of items to measure the organizational obligations of Greek employees working in private and public sector.

Although research of the said construct has been on for more than two decades, it appears that cultural differences have not been considered large enough to override the explanatory and predictive nature of behavioral theories developed in the west (Chokker et al., 2001). Except for Herriot et al., (1997) and Conway and Briner (2002), all previous studies have examined the content and evaluation of PC by using list of organizational obligations developed in western culture and not paid attention to cultural interpretation of PC (Blancero et al., 2007). Although Robinsons and Morrison (1995) were able to find some stable scores in terms of employee-employer obligations in USA but were unable to cross-validate them when comparing across populations. Consequently, due to lack of information about psychological contract in cultures contrary to U.S, research on PC does not provide a complete picture of the challenges of managing the employee-employer relations in the other countries (Westwood et al., 2001). Plausibly important obligations have been left out, less important included, resulting in unclear picture.

This 'parochial' perspective, (Boyacigiller & Adler, 1991) and 'uncritical adaptation' (Aycan et al., 2000, p. 193) of PC contents, provides one sided picture and is seriously questioned in today's times of globalization. Exchange is a complex process. Specific groups of employees have specific needs. As examined by Rousseau & Anton (1991) in their study, there are differences between the parties in terms of needs and salience of the different obligations. Employee expectations and perceptions about the roles and obligations of employees and organizations as well as the interpretation of psychological contracts are influenced by the social context (Kickul, Lester & Belgio, 2004). Responding to the literature need for identifying the cultural specificity of PC contents and believing that better insight into employee PC can enhance our understanding of employment relationship and facilitate effective management, the prime purpose of this study is to identify perspective on employment relationship in Indian context. A study of

this nature is vital to form satisfactory understanding of employment relationships across different cultures. This paper examines which types inducements are believed to be more important by employees in traditional manufacturing and contemporary KPO organizations.

### **Instrument**

The current study looks at the importance that employees place on various aspects of PC. In this study employees were asked to rate the importance of several organizational obligations by means of a questionnaire. In order to understand employee's promissory expectations from their organizations as perceived by them, a list of items were chosen from the existing employer obligations as recognized by literature. Furthermore, based on qualitative interviews with employees and employers of various organizations (discussion of the interview conducted is beyond the scope of the paper) four more items which were found to be pertinent were added to the list. These items were Ownership by the superiors when there is an honest mistake, Concern/Involvement of the superiors in work and non-work spheres of the employees, Family-like culture and Approachability of superiors. This study examines PC at the item level of analysis (Lester, 2001).By keeping the analysis at the item level, allowed us to examine which psychological contract contents are identified by employees as more important.

The organizational obligations rose to 46 and appear in Table I .The participants were provided with five point Likert scale (1= not at all, 5= very much) in order to assess the extent to which they would like their employer to fulfill each one of these obligations. Researchers did not feel the need to translate the questionnaire into vernacular as English is commonly spoken language and medium of instruction in India. Moreover, all the respondents were at managerial level and at least high school pass and were quite fluent in English. The participants were 331 employees working in manufacturing and service industries (IT/KPO) at Mumbai, the financial capital of India. Manufacturing organizations have been a part of Indian economic landscape since the times of Britishers. A new trend that is emerging in the current times is the creation of 'high-end' or 'up the value chain' jobs/IT/KPO which are above the standard call-centre related IT/KPO and are called KPO's. KPO's provides solutions to high-end processes, and as a result entails the shifting from simple execution of 'standardized processes' to carrying out processes that

demand advanced analytical and technical skills as well as decisive judgment' (Evaluerve, 2002,p.2). It is expected that more than 250,000 employees will be employed in this sector by 2050.

Survey was conducted on white-collared employees having a team responsibility with at least 5 people reporting in to them. Research access was obtained by getting in touch with the human resource professionals of the organizations and discussing the need to conduct such a study. Employees were intimated about the purpose of the study through e-mail and were requested to be present for various sessions according to their convenience. A cover letter explaining the purpose and scope of the study was also attached with the questionnaire. In certain organizations however, due to the nature of the work, meeting all the employees together was not possible. Hence researchers personally approached the employees and after briefing them about the goal of the study, collected their responses. In order to encourage respondents to participate, written and verbal assurances were given that the responses will be kept confidential. Further no personal details were solicited. The mean average age of employees was 32 years. The minimum age was 22 and the maximum was 58. There were 77% were men and 23% were women. The average tenure of employees in their respective organizations was 5 years. Employees had an average of 9.5 years of working experience.

## **Results**

Recognizing that national culture will influence how employees interpret and process information regarding the content of their psychological contract, the paper examined the importance of psychological contract contents in traditional manufacturing and more contemporary time IT/KPO employees in India. The first analysis looked at the level of importance that employees place on the organizational obligations. After calculating the mean scores it was found that 14 items were regarded as very important and 29 items were regarded as important. The ten most important organizational obligations that emerged from this analysis were opportunities for the career development, being treated with respect, job that is challenging, approachability of superiors, opportunity to develop new skills/career Development, job that has high responsibility, open and honest two-way communication, being treated fairly, opportunities for personal growth and competitive salary. Amongst the four items that were added to the list after interviewing



employees and employers, only approachability of superiors (4<sup>th</sup> rank with a mean value of 4.08) emerged as an important expectation. 'Ownership by the superiors' (23<sup>rd</sup> rank and mean value of 3.94) is an important need but not extremely important one. However what was surprising 'concern/Involvement of the superiors in work and non-work spheres of the employees' and 'Family-like culture' were amongst the least desired expectations of employees (41<sup>st</sup> and 43<sup>rd</sup> rank respectively) in a collectivistic culture like India.

Table 2 examines variation between employees perceptions based on the type of industry. Expectedly, employees working in the manufacturing organizations have different perceptions on most of PC contents than those working in IT/KPO industries. Employees were significantly different on 20 of the 40 employer obligations examined. Among these were Healthcare Benefits, Vacation benefits Competitive salary, Pay tied to my level of performance, Opportunities for the career development, Opportunities to receive promotion, Recognition of my accomplishments, Opportunities for personal growth, Opportunity to develop new skills/Career Development, Job training, Feedback on performance, Fairness in selection, appraisal & promotion, A job that has high responsibility, A job that provides high autonomy, Meaningful work, Flexible work schedules, Enough resources (physical and Manpower) to do the job, Safe and congenial work environment /friendly, cooperative, fun work, participation in decision making and consultation on matters affecting employees.

To get a clearer picture of different employee perceptions based on industry, Table 3 provides comparative ranking of organizational obligations of manufacturing and IT/KPO organizations, with a mean value greater than four. As evident there are stark differences in expectation of psychological contract contents among the two industries. While competitive salary is 32<sup>nd</sup> important expectations of employees in manufacturing organizations, it is 3<sup>rd</sup> most important in IT/KPO. Further, approachability of superiors (5<sup>th</sup> rank) and safe and congenial work environment /friendly, cooperative, fun work, well defined job responsibilities is (15<sup>th</sup> rank) and feedback on performance (17<sup>th</sup> rank) is recognized as important items for employees of manufacturing but not for IT/KPO (10<sup>th</sup>, 27<sup>th</sup> and 23<sup>rd</sup> respectively). Open and honest two-way Communication (5<sup>th</sup>), opportunities to receive promotion (11<sup>th</sup>) and recognition

of my accomplishments (6<sup>th</sup>) are important employee expectation for employees in IT/KPO but not as important for manufacturing organizations (14<sup>th</sup>, 23<sup>rd</sup> and 27<sup>th</sup>).

## **Discussion**

Given the rapid growth and people driven nature of KPO and manufacturing organizations, efficient management of human resources is bound to play critical role in these firms. Understanding employee world of desires and expectation had emerged as an organizational mandate. Resultantly, Indian organizations are beginning to adopt a more strategic approach in the management of employees (Budhwar & Sparrow, 2002). Academic literature is silent on understanding employee psychological contract in non-western countries. The present study fills that gap and provides insight about Indian employee preferences in general and in manufacturing and KPO organizations in specific.

According to Gopalan et al. (1997), contrary to American individualistic culture, in India people work primarily for satisfying family needs and wants and do not give importance to achievement, accomplishment, accumulation of material wealth. Extrinsic factors such as compensation, promotion, relationship with one's superiors and peers, working conditions and job security are valued more than intrinsic measures such as recognition and autonomy. Interestingly, the results of the present study questions many of the existing assumptions proving many of them to be erroneous. Contrary to literature, personal achievement is not sacrificed to achieve safety and security needs. Infact benefits like job security, overall benefits and retirement benefits, which using McNeils typology are transactional or extrinsic in nature, are one of the less expected psychological contract contents by Indian employees. Intrinsic factors such as a job that is challenging and interesting is preferred over extrinsic rewards such as compensation, promotion, relationship with one's superiors and peers, working conditions, job security. Thus, although suggested in the literature, monetary forms of compensation are not given priority by Indians over other types of rewards (Gopalan et al., 1997). ). It is believed that in India employees working in highly repetitive and routinized jobs exhibit high levels of organizational commitment, job satisfaction and productivity , as long as employees are able to provide for their kith and kin (Agrawal,1993).Behaviors showing initiative, creativity and independence are discouraged and those

displaying conformity, dependence and seeking approval are rewarded (Gopalan et al., 1997). Studies (Binai et al., 2003; Agrawal, 1993) suggested that for employees in collectivistic countries a well designed job is not an important job need. However the present study reflects different picture. It was found that employees had high degree of expectations with respect to job content .As far as the employee-employer relationship is concerned, literature suggests that Indians are socialized to be dependent and conscious of their lower status relative to management (Agrawal, 1993). However, it does not seem to be true any longer as employees expect respect (2<sup>nd</sup>) and fair treatment (8<sup>th</sup>) from their organizations.

Although the present study has results contrary to established literature, some trends have been in conformance with past studies. The study seconds literature by suggesting that humanity, acting in responsible and supportive way towards employees and approachability of superiors is very indeed very important for Indian employees who attaches great importance to superior-subordinate relationship and prefer paternalistic feelings . Interestingly however, it seems that Indian employees no longer desire involvement of superiors in non-work sphere of an employees life (rank 41<sup>st</sup>).This is perhaps because new generation of Indians, under the influence of western education and urbanization prefers to maintain distance between his private and working life. Another reason that can be ascribed for this trend is that given the increasing job pressures, interacting with superiors at personal level is difficult. Further, management theory asserts that collectivistic culture have paternalistic feelings towards their organizations and consider place of employment to be an extension of family. However a ‘family-like’ culture (35<sup>th</sup>) is the least wanted expectation of Indian employees. Ironically, although training has been given a lot of importance in the literature on PC. While Rousseau (1990) considers training as transactional, Robinson and Rousseau (1994) and Robinson et al (1994) described it as relational in nature and the study by Coyle-Shapiro and Kessler (2000) considers it is an independent dimension. Ironically, despite the importance given to training, in the current study training has not emerged as organizational obligation contrary to existing research. Perhaps as Gopalan suggests ‘training is unemphasized due to pessimistic view of human nature due to pessimistic view of human’ (p.22)

As far as sectoral differences are concerned, IT/KPO organizations are known to have bureaucratic and constraining nature of work settings. This image has been referred to as the 'electronic sweatshop' (Taylor & Bain, 1999). Employees work in isolation, job is often monotonous, is allocated automatically and is monitored and controlled by management. Studies suggest that employees in such organizations are facing problems related to stress, work-life balance, and dissatisfaction with work and careers (Budhwar et al., 2006; Raman, et al., 2007). As a result employees of KPO's look for friendly and supportive work atmosphere and an open culture objective and measurable performance appraisal. Clearly, in conformance with recent study (Raman et al., 2007) employees in KPO/ IT organizations have showed preference for growth opportunity and job content over extrinsic benefits. However, although literature suggests that IT /KPO industry demands long strenuous working hours, at times with no holidays, employees working in such industry are expected to have preference for work-life balance, however this has not emerged to be an important expectation of employees in the industry. Plausibly, employees have accepted work stress and long working hours as a part of work life and there are more important issues related to job that balance issues. Another explanation of this trend could be that in India work is considered as duty (Saha,1992). As far as manufacturing organizations are concerned, unlike KPO/IT organizations, Safe and congenial work environment and Quality of working condition have emerged to be extremely important organizational obligation. Given the nature of work in manufacturing organizations, this trend has been in the expected direction.

To summarize the findings of this paper, it seems that although traditional conceptualization of work in the Indian context has always been rooted to the idea of work as a duty however, it seems, that in the recent decades there has been a displacement of traditional values in favor of convergence with market oriented goals. Indian employees desire intrinsic benefits and to them quality of job, professional and personal growth means a lot. At the same time, as has been conventionally believed, Indian employees are not comfortable with an impersonal relationship with their employer. Thus organizations would need to balance economic imperatives with traditional societal contexts and acknowledged organizational imperatives and personal goals.

## **Conclusion**

The current study has some limitations that must be taken into account. First, as it took place in India, which has a unique culture; the findings of this study cannot be generalized to employees working in manufacturing and IT/KPO industry around the world. This limitation of the study provides a direction for future researches to test psychological contract contents in different cultures and extend it to specific industries and sectors.

Nevertheless, it is believed that these limitations are balanced by the strengths of this paper. Employee promissory expectations can act as motivators or barriers to desirable work attitudes and behaviors (Robinson, 1996; Robinson & Morrison, 1995). Given that psychological contracts are important for understanding employment relationships and organizational behavior and that a clearer picture of contents itself is necessary, this paper contributes by discussing the importance that Indian employees place on psychological contract contents. Besides, unlike the present study which was personally administered on employees of manufacturing and IT/KPO industry, so far the sample of most of the studies conducted on psychological contract has used MBA students or graduates.

This study has important managerial implications. By understanding employee in a specific culture, organizations can make informed decisions regarding their human resources and enhance firms ability by 'targeting' highly valued psychological contract areas. The current study suggests that although Indian employees are concerned about both intrinsic and extrinsic outcomes, 13 out of 14 contents that received highest rating are relational in nature. Suggestively, new generation of Indians are increasingly aware of and prefer non-monetary rewards that companies are willing to provide. This certainly does not mean that employees do not care for monetary rewards, as competitive pay has emerged as an important item, but simply that employees take socio-emotional aspects of psychological contract seriously. This implies that in India, recruiters need to go far beyond the discussions on compensation and focus on aspects such as the job content, avenues for career growth, fair procedures, communication, things which are intrinsically satisfying and make an employee feel valued. Recruiters can gather this information and then specifically address what the candidate expects through realistic job preview.

**Table 1: Psychological contract Important Items**

<b>Psychological contract Items</b>	<b>Mean</b>	<b>Std. Deviation</b>
1. Opportunities for the career development	4.36	0.89
2. Being treated with respect	4.20	0.86
3. A job that is challenging	4.13	0.88
4. Approachability of superiors	4.08	0.85
5. Opportunity to develop new skills/Career Development	4.08	0.94
6. A job that has high responsibility	4.07	0.88
7. Open and honest two-way Communication	4.07	1.04
8. Being treated fairly	4.06	0.94
9. Opportunities for personal growth	4.05	0.92
10. Competitive salary	4.03	1.12
11. Safe and congenial work environment /friendly, cooperative, fun work	4.02	0.88
12. Opportunities to receive promotion	4.02	0.96
13. Recognition of my accomplishments	4.02	0.95
14. Humanity, acting in responsible and supportive way towards employees	4.00	0.91
15. A job that is interesting	3.99	0.92
16. Fairness in selection, appraisal & promotion	3.99	1.10
17. Participation in decision making	3.98	0.93
18. Freedom to be creative/discretion on how I perform my job	3.98	0.97
19. Quality of working conditions	3.98	0.90
20. Pay tied to my level of performance	3.97	1.04
21. Feedback on performance	3.96	1.01
22. Work-life balance	3.95	0.97
23. Ownership by the superiors when there is an honest mistake	3.94	0.96
24. Meaningful work	3.93	0.93
25. Well defined job responsibilities	3.92	0.98
26. Supportive co-workers	3.91	0.80
27. Healthcare benefits	3.88	0.98
28. Adequate equipment to perform job	3.88	1.00
29. Fair pay in comparison to employees doing similar work in other organizations	3.84	1.16
30. Overall benefits	3.84	0.87
31. Consultation on matters affecting employee	3.84	1.01
32. Enough resources (physical and Manpower) to do the job.	3.83	1.03
33. Physical working conditions.	3.81	1.00
34. Job security.	3.79	1.02
35. A job that provides high autonomy.	3.79	0.94
36. Job training	3.73	0.99
37. Organizational support during personal exigencies	3.67	0.89
38. Retirement benefits.	3.65	1.15
39. A reasonable workload.	3.62	1.00
40. Assistance with career management (e.g. mentoring and Coaching).	3.59	1.09
41. Concern/Involvement of the superiors in work and non-work spheres of the employees.	3.58	0.94
42. Flexible work schedules.	3.56	1.10
43. Family-like culture.	3.50	0.96
44. Fringe benefits that are comparable to employees doing similar work in other organizations.	3.41	1.15
45. Vacation benefits.	3.33	0.95
46. Tuition benefits.	2.93	1.13

**Table 2: Differences in Psychological contract item's relative Importance, based on industry**

<b>Organizational Obligation</b>	<b>Industry type</b>	<b>Mean</b>	<b>S.D</b>	<b>F</b>	<b>Sig</b>
1. Healthcare Benefits	Manufacturing IT/KPO	3.80 3.92	1.11 .90	7.82	.006
2. Vacation benefits	Manufacturing IT/KPO	3.32 3.38	1.097 .842	5.37	.021
3. Competitive salary	Manufacturing IT/KPO	3.70 4.22	1.245 .99	13.0	.000
4. Pay tied to my level of performance	Manufacturing IT/KPO	3.70 4.12	1.100 .971	6.93	.009
5. Opportunities for the career development	Manufacturing IT/KPO	4.17 4.45	1.037 .797	7.9	.005
6. Opportunities to receive promotion	Manufacturing IT/KPO	3.79 4.14	1.088 .861	14.8	.000
7. Recognition of my accomplishments	Manufacturing IT/KPO	3.75 4.16	.999 .897	3.60	.058
8. Opportunities for personal growth	Manufacturing IT/KPO	3.88 4.15	1.044 .833	8.07	.005
9. Opportunity to develop new skills/Career Development	Manufacturing IT/KPO	3.94 4.15	1.095 .844	8.53	.004
10. Job training	Manufacturing IT/KPO	3.66 3.76	1.091 .940	3.46	.063
11. Feedback on performance	Manufacturing IT/KPO	3.86 4.01	1.123 .934	8.5	.004
12. Fairness in selection, appraisal & promotion	Manufacturing IT/KPO	3.78 4.01	1.138 1.068	2.94	.087
13. A job that has high responsibility	Manufacturing IT/KPO	3.99 4.10	1.013 .806	5.17	.024
14. A job that provides high autonomy	Manufacturing IT/KPO	3.77 3.78	1.013 .806	3.14	.077
15. Meaningful work	Manufacturing IT/KPO	3.76 4.01	.988 .898	4.78	.029
16. Flexible work schedules	Manufacturing IT/KPO	3.37 3.66	1.246 1.009	10.22	.002
17. Enough resources (physical and Manpower) to do the job	Manufacturing IT/KPO	3.67 3.93	1.082 1.001	3.09	.080
18. Safe and congenial work environment /friendly, cooperative, fun work	Manufacturing IT/KPO	3.96 4.06	.977 .819	5.82	.016
19. Participation in decision making	Manufacturing IT/KPO	3.80 4.08	1.002 .876	3.58	.059
20. Consultation on matters affecting employee	Manufacturing IT/KPO	3.50 4.80	1.063 .931	9.96	.002

**Table 3: Differences in Psychological contract item's relative ranking , based on industry.**

<b>Organization Obligations</b>	<b>Overall</b>	<b>Manu</b>	<b>IT/KPO</b>
Opportunities for the career development.	1	1	1
Being treated with respect.	2	2	2
A job that is challenging.	3	3	4
Approachability of superiors	4	5	10
Opportunity to develop new skills/Career Development.	5	9	7
A job that has high responsibility	6	4	12
Open and honest two-way Communication	7	14	5
Being treated fairly	8	12	8
Opportunities for personal growth	9	16	9
Competitive salary	10	32	3
Safe and congenial work environment /friendly, cooperative, fun work	11	7	18
Opportunities to receive promotion	12	23	11
Recognition of my accomplishments	13	27	6
Humanity, acting in responsible and supportive way towards employees	14	11	17
Quality of working Conditions	19	6	25



## References

- Argyris, C. (1960) .*Understanding Organizational Behavior*. The Dorsey Press, Inc.: Homewood Ill.
- Aycan, Z., Kanungo, R.N., Mendonca, M., Yu, K., Deller, J., Stahl, G., and Kurshid, A. (2000).Impact of Culture on Human Resource Management Practices: A 10-Country Comparison. *Applied Psychology: An International Review*, 49 (1) , 2000, pp. 192-221
- Aycan,Z., Kanungo, R.N. and Sinha, J.B.P.(1999). Organizational Culture and Human Resource Management Practices: The Model of Culture Fit . *Journal of Cross-Cultural Psychology*,2,pp.567-587.
- Banai,M. and Reisel, W. (2007). The influence of supportive leadership and job characteristics on work alienation: A six country investigation. *Journal of world business*, 42,pp. 463-476.
- Bellou, V. (2007).Identifying employee's perceptions on Organizational Obligations: A comparison between the Greek public and private sector. *International Journal of Public sector Management*, 20 (7),pp. 608-621.
- Blancero,D.M, DelCampo,R.G and Marron,G.F (2007).Perception of Fairness in Psychological Contracts by Hispanic Business Professionals: An empirical study in United States. *International Journal Of Management*, 24,2,364-375.
- Boyacigiller,N.A., and Adler, A.J. (1991).The parochial dinosaur: Organizational Science in a global context. *Academy of Management Review*,16(2),26-90.
- Budhwar, P. and Sparrow, P. (2002) Strategic HRM through the Cultural Looking Glass: Mapping Cognitions of British and Indian HRM Managers. *Organization Studies*. 23 (4), pp.599-638.
- Budhwar, P., Varma, A., Singh, V. and Dhar, R. (2006) HRM Systems of Indian Call Centres: An Exploratory Study. *The International Journal of Human Resource Management*, 17 (5), pp. 881-897.

Conway, N. and Briner, R. (2002). The daily Diary of affective responses to Psychological Contract breach and exceeded Promises. *Journal of Organizational Behaviour*, 23, pp. 287-302.

Coyle-Shapiro, and Neuman, J. (2004). Individual Dispositions and psychological contract: Employee and employer perspectives. *European Journal of Organizational Psychology*, 11, pp. 69-86.

Coyle-Shapiro, J. and I. Kessler (2002). Exploring reciprocity through the lens of the psychological contract: Employee and employer perspectives. *European Journal of Work and Organizational Psychology*, 11, pp. 69-86.

Coyle-Shapiro, J. and Kessler (2003). The Employment Relationship in the UK Public Sector: A Psychological Contract Perspective.' *Journal of Public Administration Research and Theory* 13(2), 213-230.

D'Art, D., and Thomas, T. (2006). New working arrangements: changing the nature of the employment relationship? *International Journal of Human Resource Management*, 17, 523-538.

Evalueserve (2004). The net big opportunity-moving up the value chain-from BPO to KPO. Evalueserve, available at [www. Evalueserve.com/Media-and Reports/White papers/Next Big Opportunitymovingupthevaluechainfrombpotokpo](http://www.Evalueserve.com/Media-and Reports/White papers/Next Big Opportunitymovingupthevaluechainfrombpotokpo).

Flood, P., Turner, T., Ramamoorthy, N., and Pearson, J. (2001). Causes and consequences of psychological contract among knowledge workers in the high technology and financial services industries. *International Journal of Human Resource Management*, 12:7, pp. 1152-1165

Gakovic, A. and Tetrick, L.E. (2003). Psychological Contract Breach as a source of strain for employees. *Journal of business and Psychology*, 18(2), pp. 235-246.

Gopalan, S. and Rivera, J.B. (1997). Gaining a perspective of Indian Value Orientations: Implications for Expatriate Managers. *The International journal of organizational analysis*, 5 (2), pp. 156-179.

- Gouldner, A. W. (1960). The norm of reciprocity: A preliminary statement. *American Sociological Review*, 25, pp. 161-178.
- Guest, D. (1998). Is the psychological contract worth taking seriously? *Journal of Organizational Behavior*, 19, pp. 649-664.
- Guest, D.E. and Conway, N. (2002). Communicating Psychological Contract: an employer perspective. *Human Resource Management Journal*, 12(2), pp. 22-38.
- Guzzo, R., Noonan, K., and Elron, E. (1994). Expatriate managers and the psychological contract. *Journal of Applied Psychology*, 79(4), pp. 617-626.
- Herriot, P., Manning, W. and Kidd, J.M. (1997). The content of Psychological contract. *British Journal of Management*, 8, pp. 151-162.
- Hofstede, G. (1980). *Culture's Consequences: International difference in workplace values*. Beverly Hills, CA: Sage
- J.S Chhokar, A Zhuplev, Lillian Y. Fok and S.J Hartman (2001). The Impact of Culture on Equity Sensitivity Perceptions and Organizational Citizenship Behaviour: A five Country Study. *International Journal of Value Based Management*, pp. 79-98
- Johns, G. (2001). In praise of context. *Journal of Organizational Behaviour*, 22, pp. 31-42.
- Kakar, S. (1971). Authority Patterns and subordinate behaviour in Indian Organizations. *Administrative Science Quarterly*, 16, pp. 298-307.
- Kanungo, R.N (1983). Work alienation: A pancultural perspective: *International studies of Management and Organization*, 13(1-2), pp. 119-138.
- Kelley-Patterson, D. and George, C. (2002). Mapping the Contract: an exploration of comparative expectations of graduate employees and human resource managers within the hospitality, leisure and tourism industries in United Kingdom. *Journal of Services Research*, (1), pp. 55-74.

Khandwalla, P.N (1990).Strategic developmental organizations: Some behavioural properties.In A.M Jaeger and R.N Kanungo (eds., *Management in Developing Countries* (pp.23-42). New York,Routledge.

Kickul, J., Lester, S.W. and Belgio, E. (2004).Attitudinal and Behavioral outcomes of Psychological Contract Breach: A cross cultural Comparison of the United States and Hong Kong Chinese. *International Journal of Cross Cultural Management*, Vol 4, 229-252.

King, J.E.(2000).White-Collar Reactions to Job Insecurity and the Role of Psychological Contract: Implications for Human Resource Management. *Human Resource Management*, 39(1), pp. 79-91.

Kotter, J. (1973) The Psychological contract: Managing the joining-up process. *California Management Review*, 15, pp 91-99.

Lester, S.W., and Kickul, J. (2001). Psychological Contracts in the 21st Century: What Employees Value most and how well Organizations Are responding to these expectations. *Human Resource Planning*, 24(1), pp. 10-21.

Levinson, Price, Muden, Madl and Solley (1962). *Men, Management, and Mental Health*, Harvard University Press, Cambridge, MA.

MacClure, J. (1995).India: String tradition, new frontiers. *Canadian Business Review*, (3),pp. 40-43.

Macneil, I. (1980). *The new social Contract: An enquiry into modern contractual relations*. New Haven: Yale University press.

Millward Purvis,L. and Copley,M. (2003).Psychological Contracting: Process of Contract formation during interviews between nannies and their employers. *Journal of Occupational and Organizational Psychology*, 76, pp. 213-41

NASSCOM (2007), “NASSCOM Strategic Review. Executive Summary”, available at: [www.nasscom.in/upload/51054/ExecutiveSummary.pdf](http://www.nasscom.in/upload/51054/ExecutiveSummary.pdf)

Ramamoorthy, N, Flood, P, Slatter, T and Sardesai, R (2005).Determinants of Innovative Work Behavior: Development and Test of an Integrated Model. *Creativity and Innovation*, 14 (2), pp.115-128.

Raman, S. R., Budhwar, P. and Balasubramanian, G. (2007) People Management Issues in Indian KPOs. *Employee Relations*, 29(6), pp. 696-710.

Robinsons, S.L. and Morrison, E.W (1995).Psychological contracts and OCB: The effect of unfulfilled obligations on civic virtue behavior. *Journal of Organizational Behaviour*, 16,289-298.

Roehling, M., Cavanaugh, M, Moynihan,L. and Boswell,W. (2000). The nature of the new employment relationship: A content analysis of the practitioner and academic *Human Resource Management*,, 43,pp. 156-178.

Rousseau D.M. (1990). New hire perceptions of their own and their employer's obligations: A study of psychological. *Journal of Organizational Behavior*, 11(5), pp. 389-400.

Rousseau, D. (1995). *Psychological contracts in organizations: Understanding written and unwritten agreements*. Thousand Oaks, CA: Sage.

Rousseau, D. (1998), Tijoriwala, S. (1998).Assessing psychological contracts: Issues, alternatives and measures. *Journal of Organizational Behavior*, 19,pp. 679-695.

Rousseau, D. (2001).Schema, Promise and mutuality: The building blocks of the Psychological contract. *Journal of Occupational and Organizational Psychology*, 74, pp. 511-541.

Rousseau, D. and Anton, R. (1991). Fairness and Implied Contract Obligations in job terminations: The role of Contributions, Promises and Performance .*Journal of Organizational Behavior*, 12,pp. 287-99.

Rousseau, D.M and Schalks (2001). Schema, promise and mutuality: The building blocks of the psychological contract. *Journal of Occupational ns and Organizational Psychology*,74, pp. 511-41.

S Agrawal .Influence of Formalization on Role Stress, Organizational Commitment and Work Alienation of Salespersons: A Cross-National Comparative Study. *Journal of International Business Studies*, 1993,pp. 715-739.

Saha ,A.(1992).Basic human nature in India and its economic consequences. *International Journal of Sociology and Social Policy*, 12(1/2),pp. 1-50.

Shore, L. and Barksdale, K. (1998). Examining degree of balance and level of obligation in the employment relationship: a social exchange approach. *Journal of Organizational Behavior*, 19,731-744.

Sims, R. (1994) Human Resource Management's Role in Clarifying the New Psychological Contract. *Human Resource Management*, 33(3), pp. 373-383.

Sinha, J.B.P. (1990). A model of effective leadership styles in India. In A.M Jaeger and R.N Kanungo (eds.), *Management in Developing Countries* (pp.5-263).New York, Routledge.

Sinha,J.B.P (1976).The authoritarian leadership: A style of effective management. *Indian journal of Industrial Relations*,2,pp. 381-389.

Taylor, P. and Bain, P. (1999), “An assembly line in the head: the call centre labour process”, *Industrial Relations Journal*, 30 (2). 2, 101-17.

Tripathi,R.C. (1994).Interplay of values in the functioning of Indian Organizations. In H.S.R. Kao, D.Sinha and N.S Hong (eds.).*Effective Organizations and social values* (p. 174-192).New Delhi: Sage.