

A Study on Relationship between Psychological Contract and the Employment Relationship

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Research on psychological contracts is increasingly focusing on the mutual relationship between the employee and the employer. This study examined the relationship between the psychological contract and the employment relationship. The objectives of this study were, finding the relationship between different types of psychological contracts and employee outcomes of commitment, organizational citizenship behaviour and turnover intention. The employee and employer obligations and their relationships with commitment, organizational citizenship behaviour and turnover intentions were also measured. The study also investigates the types of psychological contract breaches that can be seen in the organization. This research followed the survey strategy and the research approach is deductive. The research type is descriptive and data were collected from 120 employees in a ship repair and offshore engineering firm in Colombo, through interviewer administered questionnaires which were modified after pilot testing from 10 subjects. Stratified random sampling technique was used for sampling from a population of 2000 employees. Correlation and descriptive analysis were performed to analyze the data and find the relationships. The results of the research revealed that there is a positive correlation between the relational contract, balanced contracts, employer and employee obligations with commitment and organizational citizenship behaviour. Negative correlation can be found between relational contracts, balanced contract, employee and employer obligations with employee turnover intention. Transactional contracts and transitional contracts have negative correlations between commitment and organizational citizenship behaviour while positive correlation can be found with turnover intention. Psychological contract breaches were measured and it is revealed that relational contract type was breached in the areas of employee participation in the

decision making and receiving of the performance appraisal. Transactional, balanced and transitional contracts do not have strong psychological contract breaches.

Keywords: Employee Commitment; Organizational Citizenship Behaviour; Psychological Contract; Turnover Intention