

Exploring the Contents of Psychological Contract: The Employees' Perspective of the Hospitality Industry in Upper Sindh

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Abstract

The Hospitality Industry is a very popular commercial activity normally recognized as a fastest way of making money due to high growth rate. Employee behavior is very important as they are responsible to serve and meet the expectations of customers for visits. Therefore, balanced relationship between employer and employee is necessary. This paper is focused on employees' perspective contents of psychological contract. An open ended questionnaire was used for data collection from employees of two KFC branches located in upper Sindh. The qualitative approach was opted for data analysis purpose. The results indicate that for the psychological contract, employees generally expect salary and benefits, opportunities for growth and support in work. For long-term employment relationship, perpetual employment contract is required along with healthcare facilities and bonus to maintain psychological contract in future.

Keywords: Psychological Contract, Hospitality Industry, Qualitative Study, KFC, Upper Sindh

Introduction:

The hospitality industry has become vast field of all categories as it offers numerous services including place to stay, place for dining, to organize an event, pleasure ground, participation

club, traveling and transportation as well as many other fields related with tourism. Irrespective of segment, main focus of industry is to assure desired level of services to satisfy consumers. In many countries, particularly a hotel industry dominates by contributing nearly 20% to their GDP with the livelihood of tourism. In case of Pakistan, the tourism industry contributes only 3% of the overall share. However, a number of new five-star hotels recently opened, in Lahore as there are more suitable circumstances nowadays (Haq, 2014).

The psychological contract in the hospitality industry particularly in Pakistan and rest of the world is changing as a result of changing labor conditions and rising operating costs. Economic fluctuations, terrorism and increasing customer awareness as well as increasing competition are other important factors to impact traditional employment relation in hospitality industry, in Pakistan. The psychological contract becomes question mark where employees have poor job satisfaction and less loyalty. So, it is significant to sustain the psychological contract to progress core competitiveness. The client-oriented staffs have become capable to understand their needs and satisfy them (Brown, Mowen, & Licata, 2002). In other words, the client-oriented staffs symbolize an important factor for satisfaction and trust of their clients with their stability (Szymanski & Henard, 2001). More in detail, employee behaviour and attitudes considerably add value in service to clients. The commitment of employees enhances trust and satisfaction of customers by making their visit as memorable (Cheng, Chen, & Chang, 2008).

The word psychological contract originally termed by Argyris about 55 years ago and it was first used to recognize the reality that employees possess expectations and values about a chain of reciprocal obligations between employees and organization. Theoretically, the psychological contract can be defined as the relationship involving employee as well as employer in presence of unrecorded expectations (Rousseau D. M., 1989). After signature on employment contract by employer and employee another equally valuable contract known as 'psychological contract' is produced (The Psychological contract). Though, psychological contract can represent any relationship, for instance, give-and-take expectations between a wife and husband, it usually used to express the reciprocal anticipations between an employee and his employer. Many scholars observe that obligatory character of the psychological contract becomes an outcome of reciprocity where both parties are connected to other's actions and contributions. In a classic dealing, the psychological contract consists of things like job satisfaction, favorable working environment and commitment (Business Dictionary).

Psychological contract is categorized into transactional, transitional, relational and balanced contracts, which differ in terms of strength as well as generality (Rousseau & Parks, 1993). For example, employment agreement for the limited period is known as transactional psychological contract. The transitional psychological contract is a short-lived period of relationship between employer and employee without commitment about service in future. In contrast, the relational psychological contract is an outcome of durable employment obligation supported by loyalty and reciprocal trust (Rousseau D. M., 1989). Also, the balanced psychological contract includes both relational psychological contract as well as transactional psychological contract (Rousseau D. M., 2000). Psychological contract contents are promises which are made by employees and employer to each other. In simple words, it shows actual picture of contract between them. In order to form certain type of deal with psychological contract, the contents are significant to direct high or low positive outcomes such as, job performance and job satisfaction (Conway & Briner, 2011). In addition,

the psychological contract builds an employee behavior and decrease insecurity by blocking gaps of employment contract and strengthens employees during critical moments.

In upper Sindh, like other regions, the hospitality industry is growing constantly and people are coming out with their families to eat local as well as foreign dishes. Although that the people follow their culture and traditions, many new openings are observed in last 10 years including two KFC branches. Therefore, the relationship between employees and employer needs to be balanced and according to needs of industry. In this study, employees of two KFC branches in upper Sindh are focused to explore the contents of psychological contract and the study results unfold the possible approach that maintains long term employment relationship in the hospitality industry.

Literature Review:

Hospitality industry can be affected by numerous factors. In the industry of hoteling, customer retention is outcome of top quality as well as services. There is increasing trend of dining out and people like to visit hotels for eating delicious food in the pleasant environment. Employee behavior is significant as they deliver the desired services according to customers' expectation. In order to retain customers for their revisits, every organization focuses on value addition. There is close relationship between hospitality industry and labor in order to retain customers. Trust is recognized as the key to motivate that deliver desired level of output from employees in satisfying customers. If customers express their promise with the particular hotel, it indicates their level of satisfaction and happiness from that hotel (Rehman, Ardebli, & Aslam, 2013).

The study proved that the psychological contract breach outcomes in unification of employees of hospitality industry. The unification is supported by managerial cynicism. Dissimilar to expectation, collectivism is not judicious to the association between union commitment and organizational cynicism (Bashir & Nasir, 2013). In terms of certain job contents, the psychological contract methods, clarify considerable quantity of inconsistency in turnover amongst hotel supervisors, particularly after the helping role of emotional commitment is done. Therefore, in hospitality industry, the psychological contract variables are sources of definition and execution of HRM practices (Hemdi & Rahim, 2011).

The development of the reciprocal commitment as well as its maintenance in the relationship of employment are key indicators for turnover of employees (Hemdi & Nuzreti, 2010). The employee satisfaction is a facet of psychological contract and people expects seven aspects including payment, safety, peaceful working environment, profession and task orientation, training and development, value agreement and promotional opportunity (Conway & Briner, 2005). The psychological contract can be violated without completion of psychological contract aspects with variation in attitude (Robinson & Rousseau, 1994). Authors proposed that the strong emotional responses such as bitterness, sense of inequality and anger happens due to violation of psychological contract (Rousseau D. M., 1998). They studied that high turnover is a result of psychological contract violation. More specifically, the concept of psychological contract offers a basis by which employee's attitude and behavior such as plan to leave can be interpreted (Robinson & Rousseau, 1994). The psychological contract in positive state is related with motivation, organizational commitment and less intention to leave (Guest & Clinton, 2013). In other words, the psychological contract can be achieved by three phases. Firstly, psychological contract exposes whether the employees own great job satisfaction and such great job satisfaction keeps excessive emotions in job performance. So, the working productivity will largely be increased. If every employee owns great job

satisfaction then double effectiveness is acquired by organization while doing same job. Secondly, it can increase the enthusiasm of employees. When the employees have functioning enthusiasm, they ascribe additional meaning on the job and it will influence job performance positively. In contrast, when the employees violate psychological contract, boringness from job is found by them. At work, enthusiasm brings extra care for job and raises potential capability of employees resulting additional values to the organization. Thirdly, well-adjusted psychological contract stimulates development of employees. The great job satisfaction has supporting role in continuous improvement of employees. Different employees have different approaches towards their jobs. Certain employees understand the job as task to get money. However, some employees understand the job as their life objective. Such employees will always put extra efforts in their jobs. Therefore, in a well-adjusted psychological contract, they can recognize their objective and can develop to deliver more effectiveness to their organizations (Rode, 2004).

The author further argued that psychological contract is important for employer to continue relationship with employees and proposed uncomplicated model based upon term "value" expressing value as respect, value as worth and value as beliefs (Clutterbuck, 2005). They studied that psychological contract is helpful for managers to get a worthy framework to run employment relationship (Guest, David E.; Conway, Neil, 2002). They found significant gender discrimination to execute the psychological contract (Willem, De, & Buelens, 2010). In addition, the generation difference can make variance in expectations of employees as well as in psychological contract between employee and employer (Lab, Bijvank, Bal, Blomme, & Schalk, 2012). Authors believed that the appropriate practice of psychological contract is dissimilar based on relationship in fundamental sets, i.e. tenure and education level. Therefore, employer should know that work attitude of employees is subjective to education level and duration of service (Agarwal & Bhargava, 2013). For example, the outlook of workplace turned to be uneven due to modern kinds of employment.

Simultaneously, managers also usually don't tolerate slow and time wasting methods of conciliation under conservative systems of employment relationships. As a result, deals and promises that are done in respectable belief one day are rapidly destroyed due to variety of market requirements. Informal arrangements have become even more important at the workplace due to decrease in communal bargaining and increase in professed eccentric values amongst the workforce. So, the traditional employment relations are no more effective. Certain progressively idiosyncratic and diverse kind of service, a structure identical to psychological contract reflects the requirements of somebody with understood and unspoken hopes about his employment. It can simply find good turn as an attractive model for reviewing individuals at work (Guest D. , 2004). It theorised that individuals in power, particularly their direct manager, should possess family relations along with work relationship with them. Job satisfaction remains the significant characteristic of the psychological contract. It is documented as an emotive state leads to person's job appraisal, a sentimental response to person's job as well as an approach to person's job (Aggarwal & Bhargava, 2009). In other words, job satisfaction exists like an attitude to the job and work environment. The most corporate way to measure by using scales by which workers submit their answers about their works and the pay related queries, job responsibilities, change of tasks, and promotional opportunities about co-workers (Judge & Ilies, 2004).

Generally, the organizations carried out job satisfaction surveys and observes employees attitude towards them. Job satisfaction survey also increases communication between employer and employees. Less job satisfaction can destroy psychological contract. More

specifically, the psychological contract reveals the subject feeling and is a psychological hope (Cote & Morgan, 2002). However, there is no written form of psychological contract and it can change with time. Consequently, employee psychological state can also be changed. Therefore, psychological contract establish a two-side link normally sandwiched between employees and their employer. From one side, this reveals expectations of employees in employer for growth and on the second side; this reveals expectations of employer in workers for their faithfulness as well as duties (Lester, 2001).

When psychological contract is absent, dissatisfaction of employees also takes place. The psychological contract exists on the center of trust. If psychological contract is destroyed ultimately reciprocal trust between employee and employer will be destroyed. If the employees own well-adjusted psychological contract, it will leads them to great job satisfaction and consequently improve their work performance (Guest D. E., 1998). In addition, the employee psychological state is the key feature of psychological contract and to know psychological state three simple concepts are worthwhile to know including organization promise, job participation and job satisfaction (Guest & Clinton, 2013).

The findings revealed that organizational support and work-family conflict both can describe significant variance amongst well qualified employees of hospitality industry regarding their plan to leave. They also advised to maintain a healthy climate in organization and offer flexibility in working hours to balance work and family life of well qualified employees. They also found organizational support as well as psychological strains as noteworthy predictors of employees' turnover intention in hospitality industry (Blomme, Van Rheede, & Tromp, 2010).

Objectives of the Study:

Underlying objective of this study is to discover contents of psychological contract by qualitative approach as it is appropriate for individual and multifaceted phenomenon like employees perspectives. This study focuses on the following research questions.

1. What are key components of Psychological Contract from employees' perspective?
2. How psychological Contract can be developed and maintained in a selected area?

Design/Methodology/Approach:

Employees working in hospitality industry of Upper Sindh are studied with the aim of understanding contents of psychological contract and by the way psychological contract is developed and maintained. For this purpose, the researcher has interviewed set of employees of two available KFC branches. These interviews are focused on employees' perspective of the psychological contract contents and how it can be developed and maintained. These interviews were recorded and main points were transcribed accurately for the analysis. The biographic summary of workers is presented below.

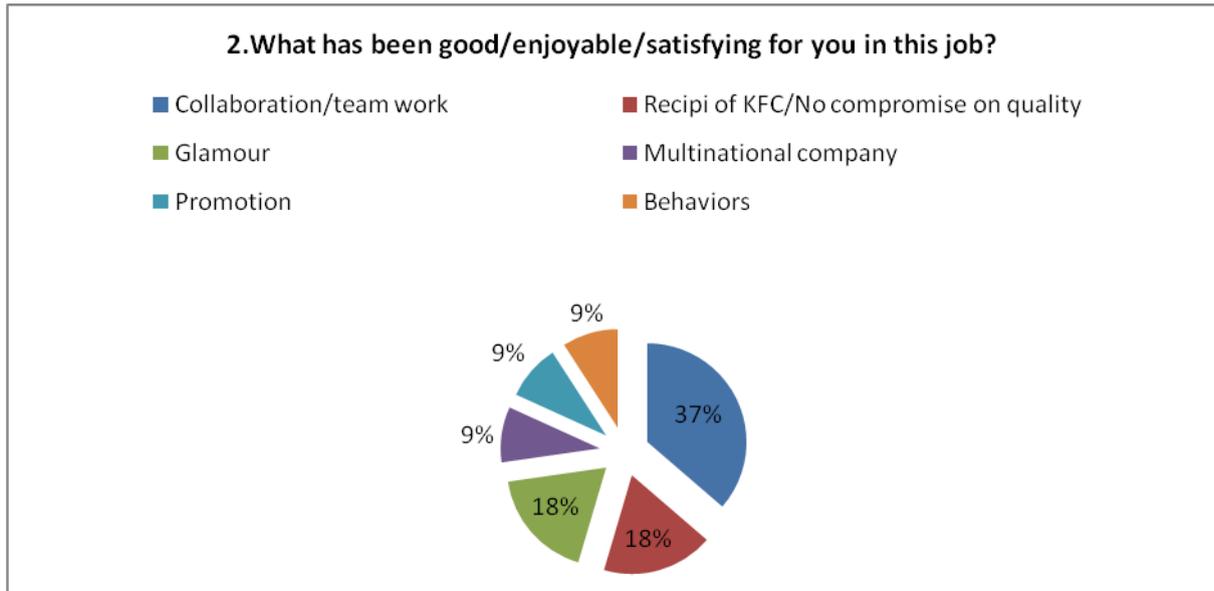
Total No of Participants: 11
Age:
18 to 25 years: 4
Marital Status:
Married: 5
Unmarried: 6
Educational Attainment:
No Formal education: 4
Graduate degree: 2

Post Graduate Degree: 5
Type of work:
General staff: 4
Junior Management: 7
Years worked at KFC:
0-2 years: 7
2-5 years: 3
6-15years: 1

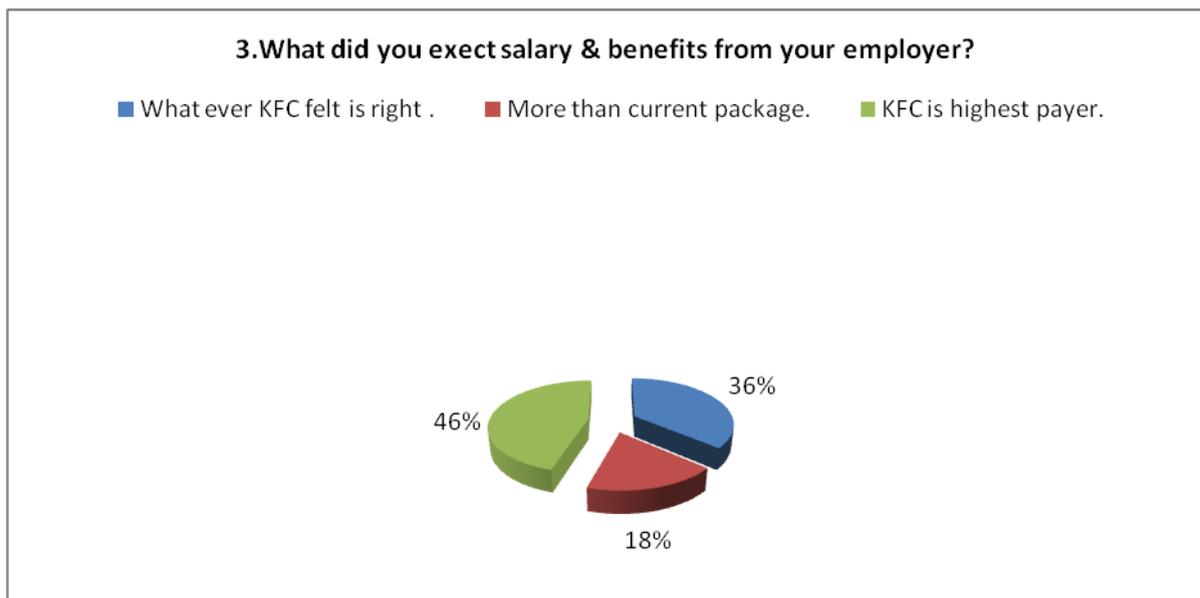
Although, KFC is a multinational company, all the participants of this study have submitted that their employment contract is open and purely based on performance. Hence, contents of the psychological contract are explored by open ended questions and data is represented here by Pie Charts.



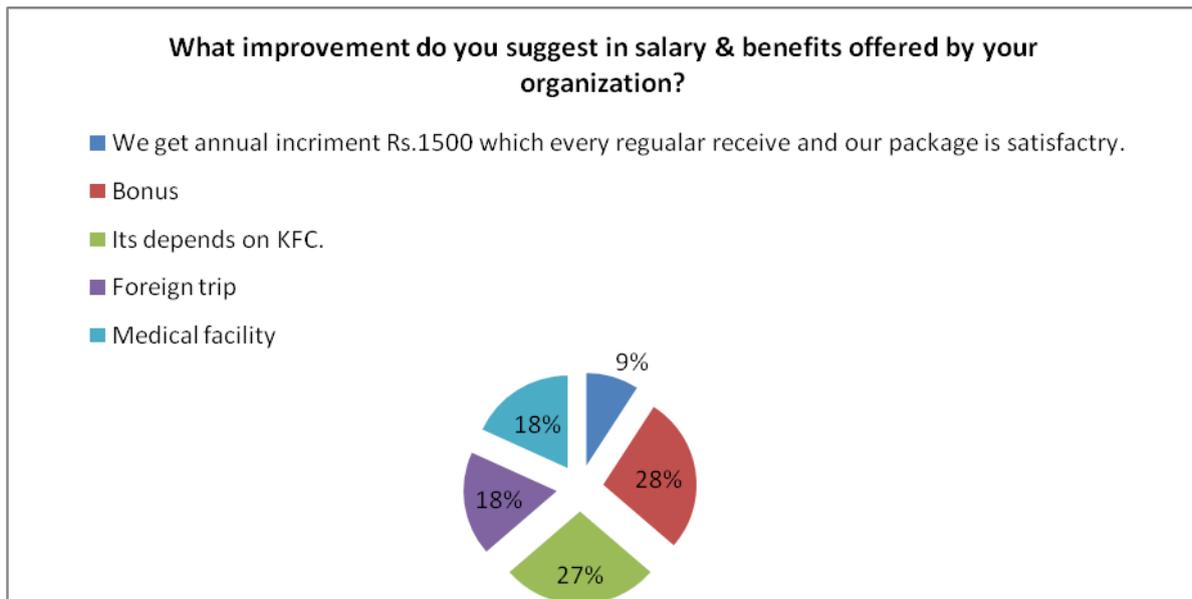
Due to lack of industries as well as lack of higher education, youth of upper Sindh have limited employment opportunities. Consequently majority opt this profession to earn money as this result confirms 73% of individuals were without any particular reason except need of money. Remaining was attracted by image of KFC as well as growing opportunities.



In above chart 37% of employees were satisfied due to collaboration/team work at KFC, 18% due to its recipe, 18% also for glamour while remaining individuals were satisfied due to multinational image and promotion.



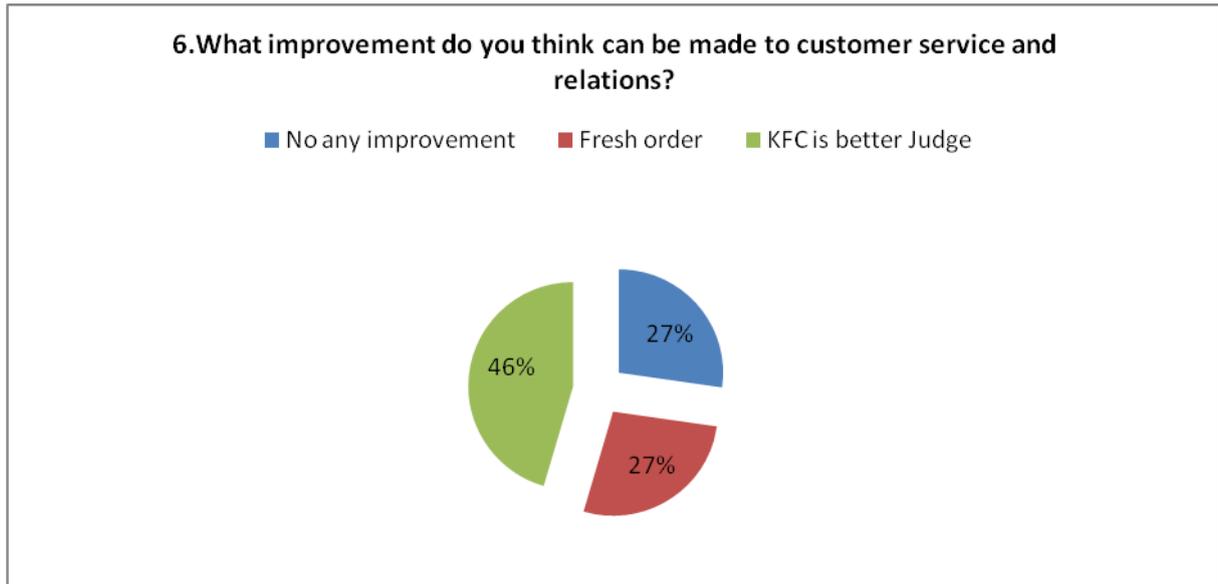
It indicated that KFC offers highest salary in comparison to local restaurants as employees showed firm belief as far as salary & benefits are concerned. Only 18% individuals expected more than current package.



There is often need of improvement in salary and benefits offered by any organization, therefore 28% of employees demanded bonus, 18% each for health care facility,18% for foreign trip,9% employees were in opinion of no suggestion but rest of employees left it for KFC.



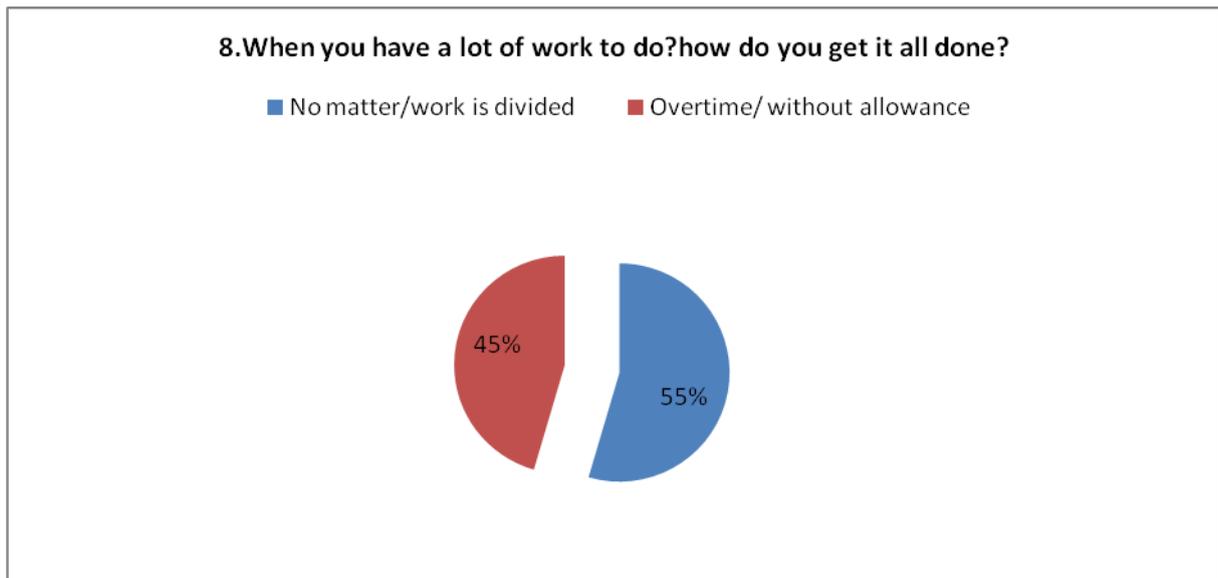
Irrespective of designation, training methods for employees are same in KFC and 46% of employees found it most enjoyable, 36% were happy to learn good cooking and rest enjoyed the ways to talk customers.



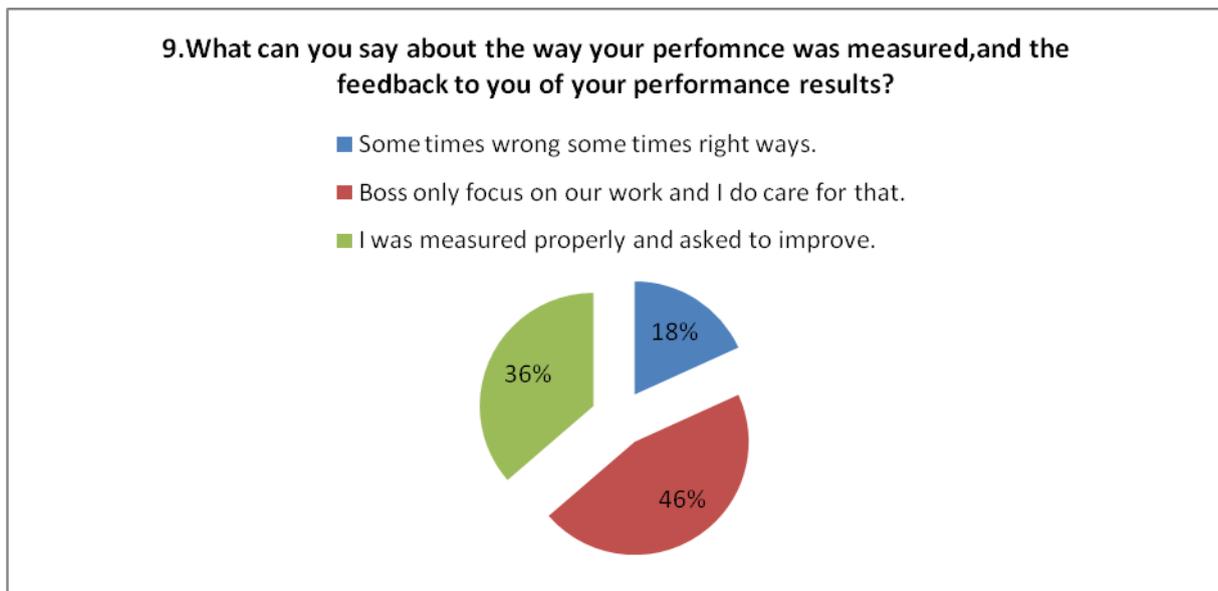
For customer service and relations 46% of employees felt no need for improvement, 27% emphasized for fresh order and 27% left it for their employer to think.



Majority of employees replied no difficulty when they were asked to list toughest elements of work but it is tough for 36% employees to respect their bad clients.



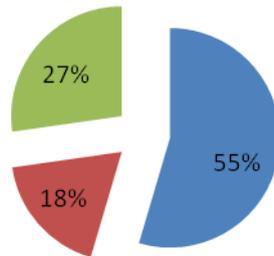
When there is a lot of work to do, they replied no matter as work is divided and did not object on overtime without allowance.



KFC employees of upper Sindh were asked about performance measurement and feedback as above chart indicates that only 18% felt that they were sometimes wrongly measured.

10. What has been frustrating/difficult/upsetting to you with this organization?

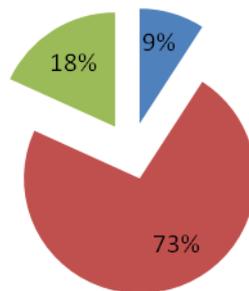
- No any as we have back up support by organization.
- Some times over work load.
- Attitude of people



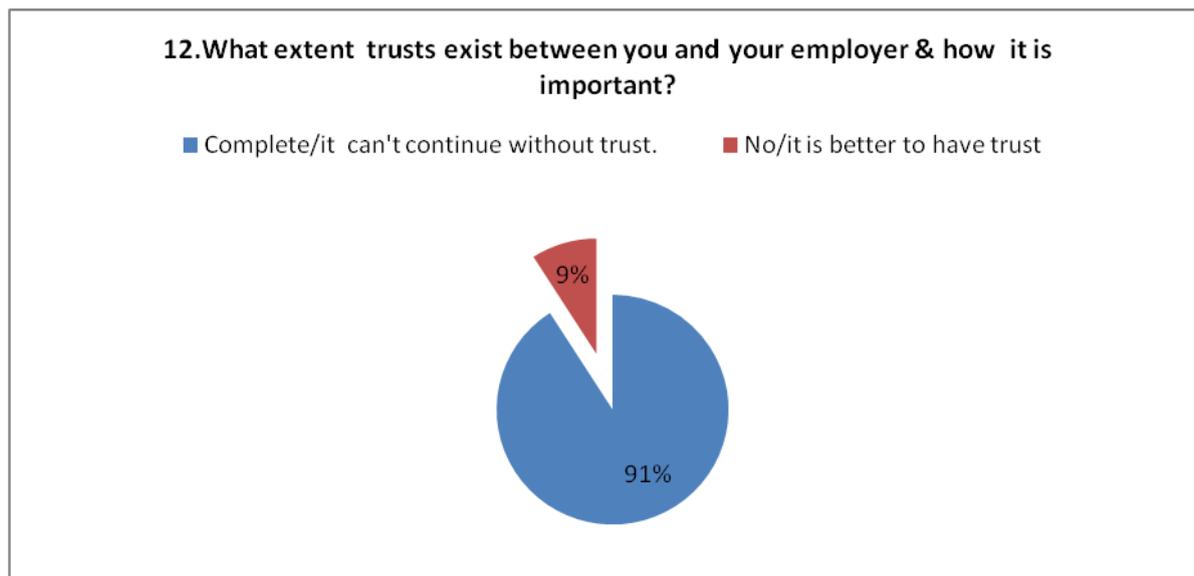
It seems that KFC stayed with their employees as 55% had no any frustrating moment with their employer, 27% answered attitude of people and 18% were frustrated due to over work load.

11. What motivate you?

- Appreciation
- Promotion
- More salary



A large percentage of employees 73% could be motivated by promotion, 18% by extra salary and 9% by simple appreciation.



In terms of trust between employee and employer, a total of 91% of employees enjoyed complete mutual trust between them and their employer; nearly 9% of respondents felt nonexistence of the same. They all recognized trust as indispensable feature for employment relationship.

Discussion & Conclusion:

The primary goal of this study is to explore contents of psychological contract of hospitality industry of upper Sindh. The outcome of study revealed that there is no permanent employment contract between employees and employer so that the status of psychological contract in context of hospitality industry is changing and depends on performance of the employees and fulfillment of expectations from the both parties. As, there is a lack of education and rising unemployment rate, a total of 73% of the individuals are entering in this field to earn to meet their basic needs. In contrast, a total of 27% attracted multinational image of KFC as well as development opportunities. At the same time, employees of KFC are receiving better package in compare to their colleagues working in other restaurants and hotels. According to the findings, a sum of 82% of employees is currently receiving salary and benefits up to their expectations. For further improvement in a current package, 27% demanded bonus, 18% are looking for foreign trips and medical facility, 27% of them left this to the management of KFC and a total of 9% suggested no improvement at all. In terms of training and development at KFC, employees indicate that there is only one method of training and development. Findings indicate that, KFC mostly focuses on-the-job trainings and develop communication and cooking skills of employees irrespective of their designation. For supportive work culture, a total of 64% of employees have had no difficulty and 36% admitted difficulty in respecting bad customers. Also, division of work is noted among all employees and when there is more work to do, time of working is extended without overtime allowance. In case of performance measurement and feedback, a significant portion of the 82% of employees was satisfied the way it was measured and informed to them. However, only 18% employees complained improper measurement and feedback mechanism. When they were asked about upsetting moment, 18% employees answered attitude of people, 27% workload and 55% have had no any such moment as they have full backup of organization. For overall satisfaction and motivation for working, 73% employees replied promotion, 18% needed more salary and 9% replied for the simple appreciation. When they were asked about

importance of trust and existence level of mutual trust between them and their employer, 91% employees confirmed 100% mutual trust and accepted that it is impossible to continue without trust. The rest of 9% employees believed better to have trust but replied straight 'No' for its existence in the organization.

In conclusion, the study exposed that employees of hospitality industry in upper Sindh are mostly comparable to other world as far as expectations from employer are concerned. For psychological contract, employees mainly expect salary and benefits, opportunities for growth and support in work. However, for long-term employment relations, permanent employment contract is highly needed along with healthcare facilities and bonus to maintain psychological contract in the future.

Limitations:

This study is limited as it is only deals with employees' perspective. Methodologically, it only covers two branches of KFC located in the Upper Sindh. Therefore, the limited scope of this study, however, demands more replicative studies in different locations in order to attain generalised findings.

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