


# Exploring Fresh Insights in Psychological Contract Research: Unveiling Perspectives From the Global South

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## ABSTRACT

Extant literature in the psychological contract field has addressed the ramifications of psychological contract breach, much of the evidence is drawn from the West. Perspectives from the Global South are not represented in proportion. The emergence of China and India, etc. to global players signals the criticality of examining the psychological contract in socio-cultural spheres outside the West. The article's contribution is clarifying culture and contexts as critical in theorizing modern inclusive psychological contract, transcending the West. It is found that culture is a key determinant of the form and functioning of the psychological contract in the Global South where allegiance, kinship, social networks impact on the perception and acceptance of employment relations and working conditions, etc. This means that, in many developing country contexts (despite perceived exploitation of workers by global players), there is limited association between psychological contract breach and employee turnover or organizational performance because the 'divine' helps manage post-psychological breach.

## KEYWORDS

Global South, Individual Performance, Organisational Performance, Psychological Contract, Retention

## INTRODUCTION

This paper examines the evolution of psychological contract (PC) research and the missing link of the developing world, also referred to in this article as Global South. Whilst psychological contract can be viewed as highly context-specific (Aldossari and Robertson, 2016), the extant literature on psychological contract has predominantly focused on adopting main cause-effects approach in investigating the psychological contract-outcome relationship and so doing various individual and situational variables have been largely ignored (Agarwal and Bhargava, 2013). There has been some research on culture in PCs – e.g. the work of David Thomas (2010) on 'psychological contract across cultures – and the book of Schalk and Rousseau (2000) on 'Psychological contracts in employment: cross-national perspectives', but the emphasis on the search for causality in much previous research has not enabled a closer look at some other qualitative factors such as culture in the examination of the psychological contract. Therefore, this paper's contribution is to delve into such qualitative

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parameters particularly in the developing world where limited research on psychological contract has been conducted.

The psychological contract, unlike expectations, entails a belief in what the employer is obliged to provide, based on perceived promises of reciprocal exchange (Robinson and Rousseau, 1994). In approaching the psychological contract, one needs to consider whether this is about the promise that is believed to be made to the other party in an exchanged relationship or whether the psychological contract is about an obligation that one party in the relationship thought that they have towards the other party. When employees join organisations a formal and written employment contract is often made. The terms of that contract elucidate what both parties (the employees and their employing organisations) will receive in return for the fulfilment of their obligations. For example, the organisation offers pay, training, respect and promotion, etc. in return for employees' offer of flexibility, effort, creativity and skills. However, when some obligations are not documented, these form the content of the psychological contract. The psychological contract, thus, is much broader than legal employment contracts where employee can only consciously think of a few elements of the contract (Kotter, 1973). Most perspectives on the psychological contract recognise its subjective nature and legitimised 'in the eye of the beholder' (Rousseau and McLean Parks, 1993).

In the psychological contract process one party attempts to interpret and understand the psychological standpoint of the other party. Such interpretations will remain subjective and incomplete (Conway and Briner, 2005), especially when the cultural context and the cultural backgrounds of participants to the psychological contract are considered. As most psychological contract researchers so far emanate from the developed world, this origin is likely to influence the way PC is conceptualized. This then calls for fresh input into the understanding of PC, particularly with globalisation and its ensuing complexities. According to Welch (2003), psychological contracts have resurfaced as an explanatory determinant of employee reactions and workplace relationships which are connected to the somewhat universal changes that now define 21<sup>st</sup> century organisations.

Although the research context (e.g. Business and labour conditions, workplace characteristic or individuals) and sector (e.g. private sector) might be similar for the researchers, the result in relation to the understanding of the psychological contract is likely to be different because the psychological contract might be conceptualized differently in the developing world given the persistence of significant cultural differences (Thomas, 2003) despite the advances of globalisation. To further clarify this issue, it is important for research to apprehend what the psychological contract in various sociocultural contexts. Defining psychological contract is becoming more and more elusive despite many papers published in this area; this is owing to the complexity of socioeconomic, cultural and political contexts, etc. as well as the unpredictability of contemporary workplaces and relations.

Acknowledging the point that western-centered papers are engrossed in limited dimensions while conceptualizing psychological contract, this paper focuses on a fresh exploration of psychological contract research and the missing link of the developing world and global south. This study seeks to answer the question: to what extent capturing developing world perspectives on the psychological contract could offer new insights, enrich our understanding of the phenomenon and assist organisations in a globalising business environment? A key contribution of the paper is to substantiate the argument for pronounced psychological contract research in the Global South, which should extend our understanding of the how the psychological contract is manifested in an era of globalisation, or cultural entanglement.

## **THEORETICAL PERSPECTIVES ON THE PSYCHOLOGICAL CONTRACT**

Rousseau (1989 introduced a paradigm shift by incorporating the concept of 'promise' in explaining psychological contract from previously used concept of 'expectation'. Her research focused on involving individual perceptions (idiosyncratic) rather than previously believed involvement of two interconnected parties. Guest (1998) explained 'the psychological contract' through the lens of human

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