
**TO STUDY THE CONNECT BETWEEN PSYCHOLOGICAL
CONTRACT AND BIG FIVE MODEL OF PERSONALITY: A STUDY
OF A PHARMACEUTICAL FIRM**

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INTRODUCTION

Change is consistent in today's organizations. Changes that currently affect the workplace include - increase in part time and temporary jobs, downsizing and de-layering, dynamical market and technology, and the importance of 'human capital' and 'knowledge' for business performance, and to encompass all these new models of organizational structures such as virtual organization have emerged.

One basic effect of these changes is that employees are being increasingly acknowledged as the key business drivers. The ability of the business to be effective and add value rests on its employees or 'human capital'. Organizations that wish to uproot most of this 'Human Capital' in order to supersede, have to know what their employees expect from their work.

The psychological Contract provides a structure for monitoring employee's attitude and priorities on those aspects that can be shown to impact performance

The psychological contract has been defined as - "...An individual's *beliefs* regarding the terms and conditions of a reciprocal exchange arrangement between the focal person and another party. A psychological contract emerges when one party believes that promise of future return has been made, a contribution has been given and thus, an *obligation* has been created to provide future benefits....." (By *Rousseau*)

A lot of research work has been done on consequence of accomplishment or contravention of psychological contract, which demonstrates the necessity to govern the psychological contract of employees well to rule out the obstructive outcomes of contravention of psychological contract. However, little research has been found in the literature that suggests the procedure of development of psychological contract or to research the factors that impact

the psychological contract of a particular person. Personality of a person is one of such prominent factor that influences the type of psychological contract formed by him/her.

The most universally accepted definition of ‘psychological contract’ given by Rosseau is as under:

“An individual’s *belief* regarding the terms and conditions of a reciprocal exchange arrangement between the focal person and another party. A psychological contract emerges when one party believes that a promise of future returns has been made, or contribution has been given and thus, an obligation has been created to provide future benefits.”

In other words, psychological contracts are an individual’s belief system regarding mutual commitments that are formed by individual’s themselves. An important attribute of psychological contract is its distinctive and intuitive nature. Therefore it is an individual level phenomenon and can be influenced by individual difference variables. One of the predominant individual level factors, which are used to differentiate an individual, is his/her personality. The personality refers to all those fundamental traits or characteristics of the person that endure over time and that account for consistent pattern of responses to everyday situation. Therefore it is rational to presume that formation of psychological contract by an employee is influenced by his or her personality. The objective of this research project is to reveal the relationship between nature of psychological contract and the personality of a person. Without question, the structure of ‘Psychological contract’ has helped strengthening the understanding of how the employment relationship functions on day-to-day basis and as such it provides HR managers useful perception of this relationship. The present research into employee’s personality and their psychological contract will help HR professionals to better organize the employment relationships and maintain a healthy HR environment in the organizations. The understanding of ‘psychological contract’ held by employees will help organizations to customize their incentives according to what their employees value and presume in order to keep them motivated and satisfied and extract maximum performance out of them. The understanding of connection between ‘personality’ and ‘psychological contract’ will aid in selection and placement of right kind of people at right place so as to result in desired type of psychological contract to achieve minimum violation and breach of contract and consequent superior performance.

CONCEPTUAL FRAMEWORK

Argyris in 1960 introduced the concept of a 'Psychological Contract'. The new concept got much attention from various scholars over the next few years. It received little attention thereafter until the 1990s. In many organizations the economic downfall led to the restructuring, downsizing, mergers and takeovers. That was supplemented by variations in how personnel felt and acted towards their employers. Thus the psychological contract helped in explaining those changes and therefore retrieved attention.

The term 'psychological contract' was first coined by Argyris and he defined it as an unwritten agreement that exists between an individual and the organization when undertaking terms of employment.

Some other definitions of psychological contract given by experts are as under:

"A set of *unwritten reciprocal expectations* between an individual employee and the organization" - (Schein)

"An *implicit* contract between an individual and his organization which specifies what each expect to give and receive from each other in their relationship" - (Kotter)

"An individual's *belief* regarding the terms and conditions of a reciprocal exchange arrangement between the focal person and another party. A psychological contract emerges when one party believes that promise of future return has been made, a contribution has been given and thus, an *obligation* has been created to provide future benefits" – (Rousseau)

Types of Psychological Contract:

In the literature of Psychological contracts two types of contracts have been defined namely **Transactional contracts** and **Relational contracts**.

The two types of Psychological contracts are described below:

- **Transactional:** These are essentially what we know as standards basically written contracts of employment. They have a limited flexibility. Transactional Contracts are usually agreed when someone joins a particular organization. They include specific clauses that cover formal terms and conditions of employment.

- **Relational Contracts:** Relational Contracts are concerned with the maintenance and quality of emotional and interpersonal relationships between employer and employee and between peers. They are highly dynamic and subjected to change. Relational Contracts are subjective and implicitly understood.
- **Personality:** The word ‘personality’ has been derived from Latin word ‘persona’ meaning ‘mask’. Personality is the combination of attributes and qualities that form an individual’s distinctive character.

Not even the identical twins are the same- Every individual has a different personality. Some individuals are afraid, others are risk-takers; some are emotionless, some edgy; some are autocratic, some introverted; some are calm and some babbling. The matter of differences is elemental to the study of personality.

‘Personality’ as defined by (Raymond Cattell) “Personality is that which predicts what a person will do in given situation...it is concerned with all the behavior of the individual, both overt and under the skin.

Psychologists have made many attempts to identify and assess personality traits which has led to identification of innumerable traits- some are broad band and the others are narrow band in nature. The main two established trait theories are given by *Hans Eysneck* and *Raymond Cattell*.

However, the most extensively used, newfangled, state of art theory of personality is given by Costa & McCrae, that is known as Five Factor Model (FFM) or Big-Five Model of Personality. It has proved a vigorous and consistent measure and most OB Researchers are interested in Five Factor Model (FFM). Costa and McCrae asserted that there are five basic unrelated dimensions of personality.

These Big Five factors are summarized as under:

- **Conscientiousness:** Conscientiousness is a personality trait that shows a tendency of self discipline, act dutifully, and it aims for achievement.
- **Agreeableness:** Agreeableness is the personality trait that shows a tendency to be compassionate and cooperative rather than doubtful and aggressive.

- **Neuroticism:** Neuroticism is a personality trait that describes exposure to unpleasant emotions like anger, anxiety, and depression. It refers to an individual's level of emotional stability, and impulse control.
- **Openness to Experience:** Openness to Experience is a personality trait that describes a individual's degree of intellectual curiosity, creativity, and also an appreciation for art, emotion, adventure, unusual ideas and curiosity.
- **Extraversion:** Extraversion is a personality trait that describes energy, positive emotions, forcefulness and the individual's having this personality have the tendency to seek stimulation and the company of others.

REVIEW OF LITERATURE

The birth of the psychological contract constructs date back to the early 1960s. (Argyris 1960) used the term psychological work contract to describe the mutual respect he observed between foremen and workers and he gathered that from interview conversations. The foremen supported their employees' informal culture norms that they too had experienced before being promoted to their foremen positions. Around the same time, but independently, (Levinson, Price, Munden, Mandl, and Solley (1962)) have also used the term psychological contract to describe the experiential relationship between employers and employees. Levinson and colleagues described that employees perceived a number of implied and unspoken expectations from their employer. They explicated psychological contracts as "a series of mutual expectations of which the parties to the relationship may not themselves be even dimly aware but which nonetheless govern their relationship to each other.

A developed psychological contract can be perceived as either met or unfulfilled (partially or fully) by the organization. When employees feel or believe that organization has failed to deliver on what was promised to them, it results in Psychological Contract Breach (Gakovic & Tetrick, 2003; Kiefer & Briner, 2006). Breach is the employees' cognitive evaluation of the difference between what is considered as obligation and what is done by employer in reality. Breach results in various undesirable individual and organizational outcomes which includes reduced job satisfaction (Orvis et al., 2008; Turnley & Feldman, 1999), reduced organizational commitment (Restubog, Bordia, & Tang, 2006), lowered

performance (Robinson, 1996; Suazo & Stone-Romero, 2011), lowered organizational citizenship behavior (Restubog, Hornsey, Bordia, & Esposito, 2008; Robinson, 1996), increased burnout (Gakovic & Tetrick, 2003), increased unexpected behaviors (Restubog, Bordia, & Tang, 2007), and finely tuned turnover intention (Turnley & Feldman, 2000; Raja et al., 2004).

Individual and organizational factors both directly and indirectly influence an employee's psychological contract (Aggarwal & Bhargava, 2009; Pathak, Budhwar, Singh, & Hannas, 2005; Rousseau, 1995; Turnley & Feldman, 1999). Individual and situational factors such as age, tenure, personality, justice, trust, fairness perception, and interpersonal relations affect perception of contract breach (Bal, Chiaburu, & Jansen, 2010; Orvis, Dudley, & Cortina, 2008; Raja et al., 2004). Individual factors influence the psychological contract and therefore individual characteristics, especially personality traits play a significant role (Rousseau & Tijoriwala, 1998). The subjective nature of the psychological contract implies that personality has effect on perception of breach of employees' psychological contract (Nikolaou & Tomprou, 2007). The personality determines the way the individual thinks about the promises made with respect to the contributions and obligations, and their fulfillment and not fulfillment.

RESEARCH METHODOLOGY

The study was conducted in a Pharmaceutical firm. There were approximately respondents which was the total research population. Data for the study was collected by administering a standard questionnaire. All the necessary information regarding the study and the ways to respond to the questionnaire were shared with the respondents. The respondents were assured of confidentiality of their responses and were told that their responses would be used for the research purpose only. A Descriptive research was conducted to study the relationship between Psychological contracts and Big Five Model of Personality. Convenience sampling technique has been used for research. SPSS 20 (Statistical package for the social science) has been used as statistical tool.

The Objectives of the study were:

- To identify the relationship between type of psychological Contract and Personality.

- To identify the impact of Personality on Psychological Contract.

H₀ There will be no significant relationship between psychological contract and personality.

H₁ There will be a significant relationship between psychological contract and personality.

H₀ There will be no significant impact of personality on psychological contract.

H₂ There will be a significant impact of personality on psychological contract.

Discussion

This study aims to investigate the relationship between type of psychological contracts and personality of people employed in a pharmaceutical firm. The existing literature in the area of psychological contracts suggests four types of psychological contracts, viz. Relational, Transactional, Balanced and Transitional. The personality is often seen as a spectrum of Big Five factors - viz. Extraversion personality, Introversion, Antagonism personality, conscientious personality, personality Neuroticism personality

Table 1 : Overall Correlation between Psychological Contracts and Big Five Model of Personality.

Correlations

		PYS_Contract	Personality
PYS_Contract	Pearson Correlation	1	.255*
	Sig. (2-tailed)		.011
	N	100	100
Personality	Pearson Correlation	.255*	1
	Sig. (2-tailed)	.011	
	N	100	100

*, Correlation is significant at the 0.05 level (2-tailed).

Table shows the Correlation between the Psychological contracts and Big Five Model of Personality in a pharmaceutical firm. N refers to the total number of respondents. The first

column and first row indicate the two variables. The second column indicates the correlation values of Psychological contracts with Big Five Model of Personality (.255) The Pearson Correlation revealed that Psychological Contract is significantly correlated with Big Five model of Personality ($r=.255, p<.01$).

Table 2 Correlation between Psychological Contracts with Five Factors of Personality i.e. Extraversion personality, Introversion, Antagonism personality, conscious personality, personality Neuroticism personality

Table 2 show the correlation value of Psychological Contracts with Five Factors of Personality. In statistics, the correlation coefficient r measures the strength and direction of a linear relationship between two variables. The value of r is always between $+1$ and -1 . For the interpretation of correlation values we referred (-1) indicates a perfect downhill (negative) linear relationship, (-0.70) indicates a strong downhill (negative) linear relationship, $(-0.50$ to $-0.30)$ indicates a moderate downhill (negative) relationship, (0) No linear relationship, $(+0.3$ to $+0.50)$ indicates a moderate uphill (positive) linear relationship, $(+0.70)$ indicates a strong uphill (positive) linear relationship, Exactly $+1$ A perfect uphill (positive) linear relationship.

TABLE 2 Correlations							
		PYS_ Contract	Extraversion_ personality	Introversion_ personality	Antagonism_ Personality	Consciousness_ personality	Neuroticism_ personality
PYS_Contract	Pearson Correlation	1	.333**	-.165	.137	.120	-.108
	Sig. (2-tailed)		.001	.101	.174	.235	.286
	N	100	100	100	100	100	100
Extraversion_ personality	Pearson Correlation	.333**	1	-.289**	-.113	-.051	.046
	Sig. (2-tailed)	.001		.004	.264	.615	.647
	N	100	100	100	100	100	100
Introversion_ personality	Pearson Correlation	-.165	-.289**	1	-.132	-.060	.250*
	Sig. (2-tailed)						

	Sig. (2-tailed)	.101	.004		.191	.556	.012
	N	100	100	100	100	100	100
Antagonism_personality	Pearson Correlation	.137	-.113	-.132	1	.089	-.190
	Sig. (2-tailed)	.174	.264	.191		.378	.058
	N	100	100	100	100	100	100
Conscientiousness_personality	Pearson Correlation	.120	-.051	-.060	.089	1	-.324**
	Sig. (2-tailed)	.235	.615	.556	.378		.001
	N	100	100	100	100	100	100
Neuroticism_personality	Pearson Correlation	-.108	.046	.250*	-.190	-.324**	1
	Sig. (2-tailed)	.286	.647	.012	.058	.001	
	N	100	100	100	100	100	100
**. Correlation is significant at the 0.01 level (2-tailed).							
*. Correlation is significant at the 0.05 level (2-tailed).							

Table 2 shows the correlation values between the six variables, Psychological Contract, Extraversion Personality, Introversion Personality, Antagonism Personality, Conscientiousness Personality and Neuroticism Personality. N refers to the total number of respondents. The first column and the first row indicate all the six Variables. The second column indicates the correlation values of Psychological Contract with the other five factors i.e. Extraversion personality (.333), Introversion personality (-.165), Antagonism personality (.137), Conscientiousness personality (.120) and Neuroticism personality (-.108). The third column indicates the correlation values of Extraversion personality with other five variables i.e. psychological contract (.333) Introversion personality (-.289), Antagonism personality (-.113), Conscientiousness personality (-.051) and Neuroticism personality (.046). The fourth column indicates the correlation values of Introversion personality with other five variables i.e. psychological contract (-.165), Extraversion personality (-.289), Antagonism personality (-.132), Conscientiousness personality (-.060) and neuroticism personality (.250). The fifth column indicates the correlation values of Antagonism personality with other five variables

i.e. psychological contract (.137), Extraversion personality (-.113), Introversion personality (-.132), Conscientiousness personality (.089) and neuroticism personality (-.190). The sixth column indicates the correlation values of Conscientiousness personality with other five variables i.e. Psychological contract (.120), Extraversion personality (-.051), Introversion personality (-.060), Antagonism personality (.089) and neuroticism personality (-.324). The seventh column indicates the correlation values of Neuroticism personality with other five variables i.e. Psychological contract (-.108), Extraversion personality (-.046), Introversion personality (-.190), Antagonism personality (-.324).

A Pearson correlation revealed that psychological contract is significantly correlated with personality big five model: a moderate positive correlation is with Extraversion personality ($r = .333, p < .01$) followed by Antagonism personality which is correlated to psychological contract at ($r = .137, p < .01$), Conscientiousness personality ($r = .120, p < .01$). Thus the correlation coefficient suggests that psychological contract maintains the significant high correlation with Extraversion personality followed by antagonism personality and conscientiousness personality.

The correlation result supports the H1 showing that there is a significant relationship between personality and psychological contracts.

Table 3: Impact of Personality on Psychological Contract.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.255 ^a	.065	.055	6.672

a. Predictors: (Constant), Personality

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	74.290	18.529		4.009	.000
	Personality	.433	.166	.255	2.606	.011

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.255 ^a	.065	.055	6.672

a. Dependent Variable: PYS_Contract

The above table 3 shows the linear regression analysis, taking Psychological contract as dependent variable and Personality as independent variable. The first table is a Model summary table which signifies the goodness of fit. First row and first column show the model number. Second column and second row shows the value of R. Third column and the second row shows the value of R square, R square stands for the coefficients of determination which determines the variation caused by a particular variable in the dependent variable. Fourth column shows the value of adjusted R square which provides with a more significant value for variance which here is (.065). The last column shows the value of Standard Error of the Estimate.

The Second Table is the coefficient Table, which shows the coefficients of the independent variables and reveals the significance of the independent variables. A pre- established level of significance was 0.10. The summary of the regression procedure for the predictor variables. Table depicts an R square of (0.65). The regression result supports the H2 showing that there is a significant relationship between personality and psychological contracts

Conclusion

The psychological contracts are an individual’s belief system regarding mutual obligations and are formed by individuals themselves. Hence, psychological contract is idiosyncratic and subjective in nature and is an individual level phenomenon. As suggested in literature, the psychological contracts of workers are shaped by their personality. The concept of psychological contract has provided academics and practitioners an umbrella concept to understand the changes taking place in the nature of work. It has brought a new vocabulary into their discussions – with talk about employee mindsets, implicit deals, disengaged behavior and a host of other issues in modern organizational life about which people are concerned. The management of ‘hearts and minds’ has now become a central human resource management task and it is being used to bring together a series of organizational behavior

studies in related topics such as commitment, job satisfaction, socialization and the fit between the employee and employer.

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