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### **ABSTRACT**

The present study focuses on the development of psychological contract and also tries to explore the impact of its violations on employee's attitudes (organizational commitment and trust) and behaviour (organizational citizenship behaviour). Thus the present study has three objectives; firstly, to find out that employees of public and private sector organizations have different psychological contract; secondly, to explore the role of organizational culture and HR Practices in the development of psychological contract; and thirdly, to find out the impact of psychological contract violation on employee's organizational commitment, organizational citizenship behaviour and trust towards their employer / organization in two types of organizations.

The research was conducted on a total sample of 200 employees equally taken from public and private sector organizations in India. Respondents of the present study were of junior / middle level in both the organizations and their job tenures were up to 4 years having an average of 2.9 years in their respective organizations. Purposive and Snowball sampling methods were used for the study. Data were collected through questionnaire. Obtained data were analyzed by using t-test and multiple regressions.

The findings indicate that there is a significant difference regarding the perception of psychological contract in two types of organizations. In other words it can be said that psychological contract varies with the organization. Relational psychological contract is more perceived in the public sector organization where as transactional psychological contract is perceived more by private sector employees. Research also revealed that factors that leads to the development of psychological contract also varies in different organizations. That is different dimensions of organizational culture and HR practices contribute significantly in the development of psychological contract. This indicate that management will have to take into account while designing the HR policies and practices and developing and maintaining culture to suit the type of psychological contract organization wants to develop in the employees.

As stated hat the third objective of the study is to see the impact of the psychological contract violation. Result revealed that employees of both types of organizations react in different manners of their perceived violation. Violation of relational psychological contract has effect on altruism whereas violation of transactional psychological contract has effect on continuance commitment, altruism, sportsmanship and civic virtues in public sector organization. Where as, in private sector organization, relational psychological

contract violation effects affective and normative commitment, sportsmanship and trust, and violation of transactional psychological contract effects on affective and normative commitment, conscientiousness, and sportsmanship and trust as well. Thus the study reveals that violation of the employee's psychological contract can lessens employee's commitment, reduces citizenship behaviour by employees to some extent and also reduces trusts towards their employer / organization.