Effectiveness of Psychological Contract-A Study with reference to Public Sector Bank Employees in Chennai

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Abstract: *Psychological contract is an unwritten contract between employer and employee in order to fulfill their employment obligations. This research paper focuses on the Psychological Contract of employees working in the public sector banks. The aim of this study is to find out the employee's and managers' perception towards psychological contract (with special reference to employee and managers working in Chennai city branches). Here the Psychological contract is measured by taking into account Relational, Transactional, and Balanced and Transitional relationship as its four dimensions. The influence of Psychological contract Dimensions on job satisfaction is considered as an important factor in this research Convenient sampling methods was adopted to collect data from Branch managers/and employees in public sector banks. Cronbach's alpha shows the reliability as .907 in case of employees and .846 in case of Manager psychological contract. Frequency analysis, ANOVA and Neural Network are performed to analysis the data. The result revealed that a cordial relationship between employee and manager leads to better employee satisfaction in public sector banks.*

Keywords: Psychological contract, Job Satisfaction.

Introduction

Psychological contract is an unwritten contract between employer and employee in order to fulfill their employment obligations. Returning to the nature of the psychological contract as reciprocal obligations between the two parties to the employment relationship, it follows that there are two perspectives to the psychological contract: the employer and employee. In turn, this raises the issue of who represents the employer. Given that managers, as agents of the organizations, are in a position to convey promises or future commitments to employees, they themselves can hold psychological contracts regarding the mutual obligations between themselves and employees. This is consistent with Rousseau's interpretation that 'organizations become party to psychological contracts as principals who directly express their own terms or through agents who represent them' (1995, p. 60). As employees view the actions by agents of the organization as actions of the organization itself, it follows that the agents of the organization can hold psychological contracts.

Review of Literature

The Theory of Equilibrium Barnard's (1938) is one of the basic foundations for the psychological contract which assumed that employees' continued participation depends upon adequate rewards from the organization. Therefore this theory gives the idea of a reciprocal exchange underlying the employee-organization relationship. Similarly Social Exchange theory Blau (1964) differentiated social from economic exchange along a number of dimensions: specificity of obligations, time frame and the norm of reciprocity. In short, economic exchange is one in which the obligations of each party are specified, the mechanism in place to ensure fulfillment of those obligations is the formal contract and the exchange has a limited time frame.

The concept of psychological contract has been derived from the "Understanding of organizational behavior" Argyris (1960). This theory explains psychological contract as an implicit understanding between the group of employees and their foreman. This theory assumes that employees would perform at higher level if the organization did not interfere too much with the employee groups norm and in return employees would respect the right of the organization to evolve and also this theory defines psychological contract as an exchange of tangible specific and preliminary economic resources agreed by the two parties that permitted the fulfillment of each party's needs.

Coyle-Shapiro and Kessler (2002) explored reciprocity within the exchange relationship between the employee and employer through psychological contract framework. Further, this study examined the impact of the employer behavior in employee's obligation and fulfillment. For this purpose the longitudinal survey was conducted among 1400 employee and 84 managers working in public sector organisations. Hierarchical regression analysis was performed to analyze the data. The study reveals that perceived employer obligations at the first time is positively associated with employee's fulfillment of obligation, whereas at the second time perceived employer obligations at the first time is positively related to employee obligations and fulfillment of obligations at the second time.

Coyle–Shapiro, J (2002) has conducted the study among public sector employees to examine the contribution of Psychological Contract framework to understand Organizational Citizenship Behavior by separating perceived contract breach into its two component i.e., Perceived employer obligation explained unique variance in three dimensions of citizenship behavior (Helping, Advocacy and Functional participation) beyond that accounted for by perceived employer inducement. Employees' acceptance of the norm of reciprocity moderated the relationship between employer inducement and the dimensions of advocacy and functional participation. Employees trust in their employer moderated the relationship between perceived employer obligation and the dimensions of advocacy and functional participation. Contrary to the hypotheses procedural or interactional justice are not found to moderate the relationship between Psychological contract and Organizational Citizenship Behavior.

Dabos and Rousseau (2004) shared their beliefs regarding specific turns of the exchange and their reciprocal commitments to perform this data are collected from 96 scientist and 16 directors. Confirmatory factor analysis was performed in order to validate the psychological contract scale for staff scientists. The gap analysis revealed that the smaller gap indeed occurred along the on diagonal elements for all scales. Finally, result concluded that employer-employee mutuality and reciprocity in psychological contract are dyadic relationship and also this result supported the assumption of psychological contract theory.

Guillermo E. Dabos and Denise M. Rousseau (2004) in their study assessed the joint perceptions of the employee and his or her employer to examine mutuality and reciprocity in the employment relationship. Paired psychological contract reports are obtained from 80 employee–employer dyads in 16 university-based research centers. On the basis of in-depth study of the research setting, research directors are identified as primary agents for the university (employer) in shaping the terms of employment of staff scientists (employees). By assessing the extent of consistency between employee and employer beliefs regarding their exchange agreement, the study mapped the variation and consequences of mutuality and reciprocity in psychological contracts. Results indicate that both mutuality and reciprocity are positively related to archival indicators of research productivity and career advancement, in addition to self-reported measures of Met Expectations and intention to continue working with the employer.

David E. Guest and Neil Conway in their research have predominantly focused on employee views and have largely neglected the organizational perspective and the management of the psychological contract. This article begins to redress the balance by reporting a study, based on a survey of 1,306 senior HR managers that explores the management of the psychological contract and in particular the role of organizational communication. Three distinct and relevant aspects of organizational communication are identified, concerned with initial entry, day-to-day work and more future-oriented, top-down communication. Effective use of these forms of communication is associated with what manager's judge to be a clearer and less frequently breached set of organizational promises and commitments, as well as with a fairer exchange and a more positive impact of policies and practices on employee attitudes and behavior. The study confirms that the psychological contract offers managers a useful framework within which to consider and manage the employment relationship.

Need for the Study

This study is an attempt to provide the individual-level perception towards the psychological contract (Relational, Balanced, Transitional and Transactional)from both Employee perspective as well as from Manager perspective and its influences over the Job satisfaction.

Objectives of the Study

- To analyze the relationship between psychological contract and job satisfaction.
- To know the significant relationship between working hours and job satisfaction.

Limitations of the Study

Any research study can be restricted in scope by certain interest limitations that are participated by the choice of the research design, sampling procedure and respondent selection. This study has the following limitation.

- Even though the survey was conducted among the sample of 140 employees, the research may not reflect the real opinion of the entire population.
- The research was conducted among Accountant and other clerical staff and Managers in the middle management level it cannot be generalized.
- Since study was conducted among employees working in leading public sector banks at selected Chennai metro branches and it may not be suitable for other public and private sector bank employees.

Methodology

Sample Size

Data for this study are collected from 140 (Employees) and 35(Manager's) working in Public sector banks.

Questionnaire

Questionnaire was developed by adopting various authors' scale Rousseau's (2008) psychological contract was used to measure psychological contract between managers and employees.

Results and Discussions

Demographic Variables

Table1: Gender

Gender	Employees		Managers	
	Frequency	**Percent**	**Frequency**	**Percent**
Male	66	47.1	30	85.7
Female	74	52.9	5	14.3
Total	140	100	35	100

Source – Primary Data

Table 1 shows the gender composition of employees and managers working in the public sector banks.

In case of Employees: 66 respondents for this study belong to male category and 74 respondents for this study belong to female i.e., 47.1 percent of respondents are male and 52.9 percent of respondents are female. Therefore female employees are more actively interested in this study than male employees.

In case of Manager: 30 respondents for this study belong to male category and 5respondents for this study belong to female i.e., 85.7 percent of respondents are male and 14.3 percent of respondents are female. Therefore female employees are more actively interested in this study than male employees.

Table 2: Marital Status

Marital status	Employees		Managers	
	Frequency	**Percent**	**Frequency**	**Percent**
Married	112	80	32	91.4
Unmarried	28	20	3	8.6
Total	140	100	35	100

Source – Primary Data

Table 2 shows the marital status of employees and managers working in the public sector banks.

In case of Employees: 112 respondents of this study are married and 28 respondents belong to Unmarried i.e., 80 percent of respondents are married only 20percent of respondents are unmarried. It shows that maximum respondents are married.

In case of Managers: 32 respondents of this study are married and 3 respondents belong to Unmarried i.e., 91.4 percent of respondents are married only 8.6 percent of respondents are unmarried. It shows that maximum respondents are married.

Table 3 shows the level of education perused by employees and managers working in the public sector bank.

In case of Employees: 1.4percent of respondents have minimum qualification of SSLC, 56.4percentof respondents have graduation as their minimum qualification, 37.9 percent of respondents are Post graduate, 4.3percent of respondents have other degree such as ITI, C.A.(IIB) B. Tech and Diploma. It shows that maximum respondents have minimum graduation has their education.

In case of Manager: 48.6 percent of respondents have graduation as their minimum qualification, 40percent of respondents are Post graduate, 11.4 percent of respondents have other degree such as ITI, C.A. (IIB) B.Tech and Diploma. It shows that maximum respondents have minimum graduation has their education.

Table 3: Level of Education

Qualification	Employees		Managers	
	Frequency	**Percent**	**Frequency**	**Percent**
S.S.L.C	2	1.4	-	-
Graduate	79	56.4	17	48.6
Post graduate	53	37.9	14	40.0
Others	6	4.3	4	11.4
Total	140	100	35	100

Source – Primary Data

Table 4: Age

AGE	Employees		Managers	
	Frequency	**Percent**	**Frequency**	**Percent**
Below 25years	19	13.6	-	-
25-30years	26	18.6	-	-
31-35years	11	7.9	2	5.7
36-40years	10	7.1	2	5.7
41-45years	9	6.4	2	5.7
46-50years	18	12.0	7	17.1
Above 50years	47	33.6	25	65.7
Total	140	100	35	100

Source – Primary Data

Table 4 shows the age composition of employees and managers working in the public sector banks.

In case of employees: It shows that 13.6 percent of belongs to 25years of age, 18.6 percent of respondents belongs to 25-30years of age, 7.9 percent of respondents belongs to 31-35years of age, 7.1 percent of respondent belongs to 36-40years of age, 6.4 percent of respondent belongs to 41-45years of age, 12.9 percent of respondent belongs to 46-50years of age and 33.6percent of respondents belongs to above 50years of age. It shows that maximum numbers of respondents are above 50 years of age.

In case of Managers: It shows that 5.7 percent of respondents belong to 31-35 years, 36-40 years and 41-45years of age, 17.1percent of respondent belongs to 46-50 years of age and 65.7percent of respondents belongs to above 50years of age. It shows that maximum numbers of respondents are above 50years of age.

Table 5 shows the salary composition of employees and managers working in public sector banks.

In case of employees: It shows that 20.3 percent respondents earning up to 2 Lakhs as salary per annum, 10.7 percent respondents earning $2 – 3$ Lakhs, 13.6 percent respondents earning $3 – 4$ Lakhs, 20.7 percent respondents earning $4 – 5$ Lakhs, 14.3 percent respondents earning 5-6 and 6-7 Lakhs and 3.6percent respondents earning above 7 Lakhs.

In case of managers: It shows that 2.9 percent respondents earning 3 – 4 Lakhs, 11.4 percent respondents earning 4 – 5 Lakhs, 28.6 percent respondents earning 5-6 Lakhs, 14.3 percent respondents earning 6-7 Lakhs and 42.8 percent respondents earning above 7 Lakhs.

Table 5: Salary

Salary (in Rs. Lakhs)	Employees		Managers	
	Frequency	Percent	Frequency	Percent
UPTO 2Lakhs	32	20.3	-	-
2Lakhs-3Lakhs	15	10.7	-	-
3Lakhs-4Lakhs	19	13.6	1	2.9
4Lakhs-5Lakhs	29	20.7	4	11.4
5Lakhs-6Lakhs	20	14.3	10	28.6
6Lakhs-7Lakhs	20	14.3	5	14.3
ABOVE 7Lakhs	5	3.6	15	42.8
Total	140	100	35	100

Table 6: Experience

Experience (in years)	Employees		Managers	
	Frequency	Percent	Frequency	Percent
Less than 5years	57	40.7	-	-
5-10years	3	2.1	2	5.7
11-15years	2	1.4	1	2.9
16-20years	7	5	2	5.7
21-25years	10	7.2	4	11.4
26-30years	31	22.2	9	25.7
31-35years	28	20	15	42.9
Above 35years	2	1.4	2	5.7
Total	140	100	35	100

Table 6 shows the experience composition of employees and managers working in the public sector banks.

In case of employees: It shows that 40.7percent of respondents having less than 5years of experience, 2.1percent respondents having 5-10years of experience and 1.4percent of respondent having 11-15years and 36-40years of experience, 5.0percent of respondents are having 16-20years of experiences, 7.2percent of respondents are having 21-25years experience, 22.2percent respondents are having 26-30years of experience, 20percent of respondents are having above 35years of experience. It shows that maximum number of respondents having less than 5years of work experience.

In case of managers: 5.7percent respondent are having 5-10years of experience, 2.9percent respondents have 11-15years of experience, 5.7percent respondents are having 16-20years of experience, 11.4percent respondent are having 21- 25years of experience, 25.7percent respondent are having 26-30years of experience, 42.9percent respondent are having 31-35years of experience and 5.7percent respondent are having 36-40years of experience.

ANOVA

Output - 1

H_0 – There will not be significance association between Working Hours and Satisfaction.
H_1 – There will be significance association between Working Hours and Satisfaction.

Table 7: Descriptive Statistics

	Mean		Std. Deviation		Std. Error	
	Employee	Manager	Employee	Manager	Employee	Manager
YES	3.86	3.87	.930	.819	.084	.150
NO	3.06	2.60	1.056	1.342	.249	.600
Total	3.76	3.69	.981	.993	.083	.168

The above descriptives table provides employees and managers descriptive statistics, including the mean, standard deviation and 95percent confidence intervals for the dependent variable (Job Satisfaction) for each separate group Working hours as well as when all groups are combined (Total).

Table 8: How do you feel about the amount of time you spend at work?

EMPLOYEES				MANAGER			
Homogeneity of Variances		ANOVA		Homogeneity of Variances		ANOVA	
Levene Statistic	Sig	F Value	Sig	Levene Statistic	Sig	F Value	Sig
2.199	.140	8.509	.006	4.206	.047	11.354	.001

In case of Employees: The Levene statistics shows that the second assumption (the groups have approximately equal variance on the dependent variable). Levene's Test of significant value is .140 this value is more than 0.05 the two variances are not significantly different that is, the two variances are approximately equal. ANOVA analysis whether job satisfaction and amount spent at work (Working hours)statistically significant difference between group means. It shows that the significance level is 0.006 which is below 0.01. and, therefore, there is a statistically significant difference in the mean of job satisfaction and working hours of employees working in public sector banks

In case of Manager: The Levene statistics shows that the second assumption (the groups have approximately equal variance on the dependent variable). Levene's Test of significant value is .047 this value is less than 0.05 the two variances are significantly different that is, the two variances are not approximately equal. ANOVA analysis whether job satisfaction and amount spent at work (Working hours)statistically significant difference between group means. It shows that the significance level is 0.001 which is below 0.01. and, therefore, there is a statistically significant difference in the mean of job satisfaction and working hours of employees working in public sector banks.

Interpretation: Employees spend most of their waking hours at office on an average of 12 hours. The respondents were asked about the factor that binds employees/managers not just at a professional front but also on the personal front. Therefore, Job satisfaction is an important factor that motivates employees/employers to move from home to work and vice-versa.

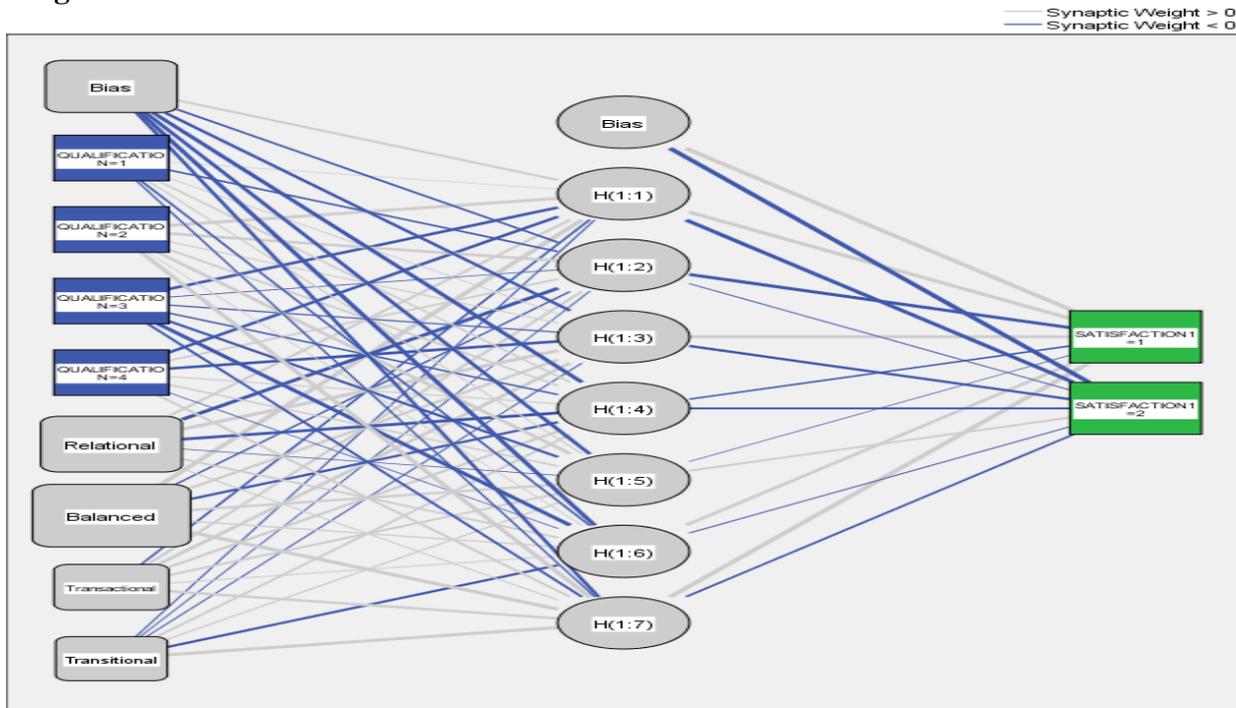**Employee Perspective - Neural Network – Multiple Layer Perception**

Table 9: Case Processing Summary			
		N	Percent
Sample	Training	90	64.3percent
	Testing	50	35.7percent
Valid		140	100.0percent
Excluded		0	
Total		140	

The table 9 shows sample used for training is 90 and for testing is 50.Valid cases shown here is 140 which means all the original observation are valid.

Table 10: Network Information			
Input Layer	Factors	1	Qualification
	Covariates	1	Relational
		2	Balanced
		3	Transactional
		4	Transitional
	Number of Units[a]		8
	Rescaling Method for Covariates		Standardized
Hidden Layer(s)	Number of Hidden Layers		1
	Number of Units in Hidden Layer 1[a]		7
	Activation Function		Sigmoid
Output Layer	Dependent Variables	1	Are you happy with your current employment? (Satisfaction)
	Number of Units		2
	Activation Function		Sigmoid
	Error Function		Sum of Squares
a. Excluding the bias unit			

Table 10 explains the factors,Input layer techniques, covariates and output layer. Education qualification is the only factor, Relational, Balanced, Transactional and Transitional as the co variates, Output layer ie., dependent variable is Satisfaction. Sigmoid techniques has been used in order to get more accurate result. Incase of radial bais function it is only 84.6percent of accuracy and in Hyperbolic tangent it is 84percent and in case of Sigmoid it is 92percent of accuracy therefore Sigmoid techniques has been used.

Diagram-1 Network Structure

The above diagram explains the network of the neural analysis. It consists of neurons, Layers and output. In this bias used as the measurement between the prediction versus actual probability. It shows that the educational qualification as the factor classified into 4 level Qualification-1 is SSLC, Qualification -2 Graduate, Qualification-3 Post graduate, Qualification-4 Others, Relational, Balanced, Transitional and Transactional considered as the dimensions of Psychological Contract these variables goes into the seires of iteration two hidden layer and 7 nodes gives the accuracy and predict the position of satisfaction 1and2 i.e., Satisfaction 1 = 1 (Yes) Satisfaction 1 = 2(No).

Table 11: Model Summary		
Training	Sum of Squares Error	10.524
	Percent Incorrect Predictions	15.6percent
	Stopping Rule Used	1 consecutive step(s) with no decrease in error[a]
	Training Time	0:00:00.03
Testing	Sum of Squares Error	3.614
	Percent Incorrect Predictions	8.0percent
Dependent Variable: Are you happy with your current employment?		
a. Error computations are based on the testing sample.		

Table-11 shows 8percent of incorrect prediction has been observed.

Table12: Parameter Estimates

Predictor		Predicted								
		Hidden Layer 1							Output Layer	
		H(1:1)	H(1:2)	H(1:3)	H(1:4)	H(1:5)	H(1:6)	H(1:7)	[Satisfaction1=1]	[Satisfaction1=2]
Input Layer	(Bias)	.350	-.270	-.441	-.588	-.497	-.564	-.404		
	[Qualification=1]	.005	-.266	.045	.217	.133	-.192	-.154		
	[Qualification=2]	.634	.531	.153	.282	.502	.027	.611		
	[Qualification=3]	-.526	-.036	-.168	-.244	-.402	-.622	-.288		
	[Qualification=4]	-.500	.298	-.582	.164	.246	-.025	.306		
	Relational	.321	-.707	.785	-.616	-.023	.309	.144		
	Balanced	.857	-.176	.457	-.438	.495	.186	1.021		
	Transactional	-.198	.311	.509	.429	.313	.116	.500		
	Transitional	-.096	-.038	-.081	.307	.179	-.430	.722		
Hidden Layer 1	(Bias)								1.195	-1.088
	H(1:1)								.767	-.758
	H(1:2)								-.710	-.070
	H(1:3)								.613	-.488
	H(1:4)								-.246	-.395
	H(1:5)								-.013	.310
	H(1:6)								.503	-.081
	H(1:7)								1.031	-.275

Table 12 explains the parameters estimated for the employee's satisfaction.

Table13: Classification

Sample	Observed	Predicted		
		Yes	No	Percent Correct
Training	Yes	76	0	100.0percent
	No	14	0	0.0percent
	Overall Percent	100.0percent	0.0percent	84.4percent
Testing	Yes	46	0	100.0percent
	No	4	0	0.0percent
	Overall Percent	100.0percent	0.0percent	92.0percent
Dependent Variable: Are you happy with your current employment? (Satisfaction)				

Table 13 explains that 92 percent accuracy in the tested sample.

Table 14: Independent Variable Importance		
	Importance	Normalized Importance
Qualification	.085	18.3percent
Relational	.313	67.4percent
Balanced	.464	100.0percent
Transactional	.085	18.2percent
Transitional	.054	11.7percent

Table 14 shows that Balanced contract (Performance support, External Marketability and Employee Development) 0.464 was considered as the most influencing factor for employees satisfaction, Relational contract (Loyalty and Stability) 0.313, Qualification and Transactional with .085, Last but not least transitional contract also plays a role in employee satisfaction.

Based on the scores and percentage of importance diagram explains the most influencing factors of Employees satisfaction.

Manager Perspective

| Table 15: Case Processing Summary			
		N	Percent
Sample	Training	27	77.1percent
	Testing	8	22.9percent
Valid		35	100.0percent
Excluded		0	
Total		35	

Table 15 shows sample used for training is 27 and for testing is 8.Valid cases shown here is 35 which means all the original observation is valid.

Table 16: Network Information			
Input Layer	Factors	1	Qualification
	Covariates	1	Relational
		2	Balanced
		3	Transitional
		4	Transactional
	Number of Units[a]		7
	Rescaling Method for Covariates		Standardized
Hidden Layer(s)	Number of Hidden Layers		1
	Number of Units in Hidden Layer 1[a]		2
	Activation Function		Sigmoid
Output Layer	Dependent Variables	1	Are you happy with your current employment?
	Number of Units		2
	Activation Function		Sigmoid
	Error Function		Sum of Squares
a. Excluding the bias unit			

Table 16 explains the factors,Input layer techniques, covariates and output layer. Education qualification is the only factor, Relational, Balanced, Transactional and Transitional as the co variates, Output layer ie., dependent variable is Satisfaction. Sigmoid techniques has been used in order to get more accurate result. Incase of radial bais function it is only 75percent of accuracy and in Hyperbolic tangent it is 77.5percent and in case of Sigmoid it is 87.5percent of accuracy therefore Sigmoid techniques has been used.

Diagram 2 Network Structure
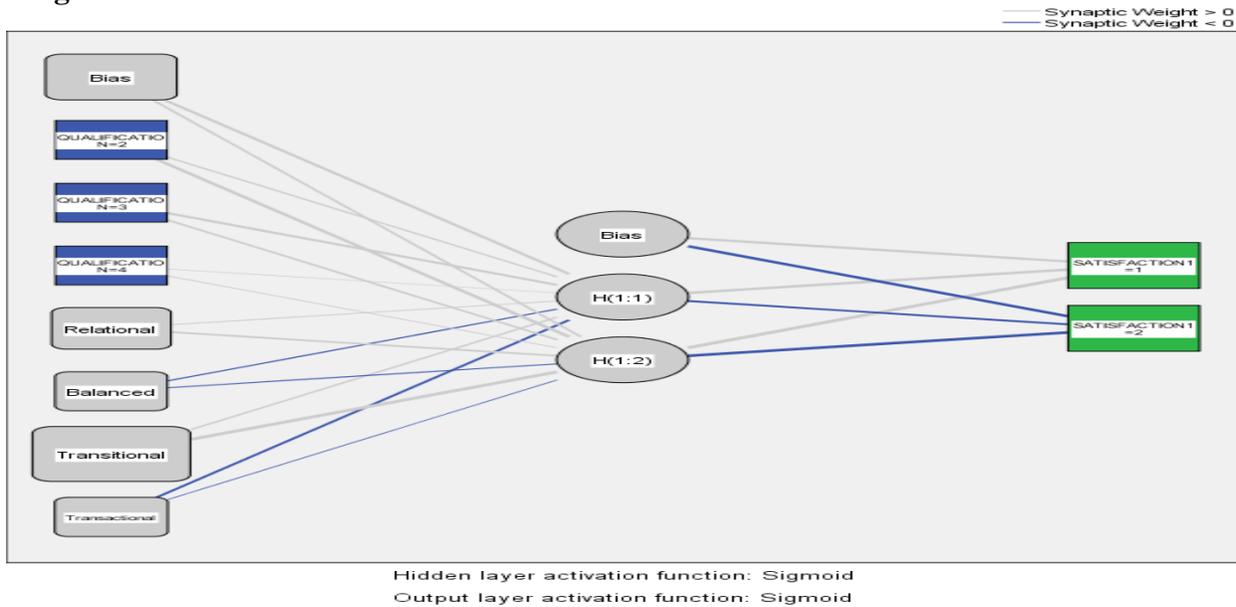
Hidden layer activation function: Sigmoid
Output layer activation function: Sigmoid

The above diagram explains the network of the neural analysis. It consists of neurons, Layers and output. In this bias used as the measurement between the prediction versus actual probability. It shows that the educational qualification as the factor classified into 4 level Qualification-1 is SSLC, Qualification -2 Graduate, Qualification-3 Post graduate, Qualification-4 Others, Relational, Balanced, Transitional and Transactional considered as the dimensions of Psychological Contract these variables goes into the seires of iteration two hidden layer and 2 node gives the accuracy and predict the position of satisfaction 1and2 i.e., Satisfaction 1 = 1 (Yes) Satisfaction 1 = 2(No).

Table-17 Model Summary		
Training	Sum of Squares Error	3.230
	Percent Incorrect Predictions	14.8percent
	Stopping Rule Used	1 consecutive step(s) with no decrease in error[a]
	Training Time	0:00:00.02
Testing	Sum of Squares Error	.846
	Percent Incorrect Predictions	12.5percent
Dependent Variable: Are you happy with your current employment?		
a. Error computations are based on the testing sample.		

Table 17 shows 12.5 percent of incorrect prediction has been observed in the training time of 0:00:00.02.

Table18: Parameter Estimates					
Predictor		Predicted			
		Hidden Layer 1		Output Layer	
		H(1:1)	H(1:2)	[Satisfaction1=1]	[Satisfaction1=2]
Input Layer	(Bias)	.370	.261		
	[Qualification=2]	.166	.590		
	[Qualification=3]	.495	.282		
	[Qualification=4]	.032	.067		
	Relational	.073	.291		
	Balanced	-.163	-.091		
	Transitional	.169	.926		
	Transactional	-.287	-.052		
Hidden Layer 1	(Bias)			.644	-.692
	H(1:1)			.734	-.341
	H(1:2)			.936	-.915

Table 18 explains the parameters estimated for the Manager's satisfaction.

Table 19: Classification				
Sample	Observed	Predicted		
		Yes	No	Percent Correct
Training	Yes	23	0	100.0percent
	No	4	0	0.0percent
	Overall Percent	100.0percent	0.0percent	85.2percent
Testing	Yes	7	0	100.0percent
	No	1	0	0.0percent
	Overall Percent	100.0percent	0.0percent	87.5percent
Dependent Variable: Are you happy with your current employment?				

Table19 explains that 87.5percent accuracy in the tested sample.

Table 20: Independent Variable Importance		
	Importance	Normalized importance
Qualification	.072	12.0percent
Relational	.161	27.0percent
Balanced	.080	13.4percent
Transitional	.599	100.0percent
Transactional	.087	14.6percent

Table 20 shows that Transitional contract (Mistrust, Uncertainty and Erosion) 0.599 was considered as the most influencing factor for manager's satisfaction, Relational contract (Loyalty

and Stability) 0.313, Balanced contract (Performance support, External Marketability and Employee Development) 0.080, Transactional with .087, Last but not least Qualification also plays a role in manager's satisfaction.

Interpretation of Neural Network:

Mutual understanding and trust between managers and employees leads to loyalty among them. The sense of loyalty on both sides was strengthened by a mutual trust that in turn improves productivity and also helps in employee retention. On the other hand, development opportunities in an organization motivate the employees to trust their manager. It is considered to be main duty of manager to allocate time to evaluate employee's performance and generate a developmental plan for the purpose their career advancement. If the employee's ability is not properly developed, it could negatively affect his/her career which in turns leads to the negative relationship with his/her manager.

Conclusions

This study statistically proves that psychological contract is one of the prospective mechanisms for Employee Satisfaction. To receive high level of employment support from their superior an employee needs to involve themselves dynamically in their work. This leads to better employee satisfaction. Well satisfied and self motivated employee performs much better than his counter parts who have not received adequate support.

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