

Multiple Psychological Contracts and Diversity Management in VUCA Times

Jyoti Joshi Pant & Vijaya.V

Prin. L.N. Welingkar Institute of Management Development
and Research, Bangalore

Research Scholar, Jain University

&

Indian Institute of Management, Trichy

Abstracts : Diversity Management in India is taking ground due to business benefits of a diverse workforce. The advantage of promoting diversity has been established in literature. However to leverage the power of a diverse workforce, managers today need to manage a diverse workforce in a deeper manner. When organizations make an honest attempt to understand the expectations of women employees, employees with physical impairment and from diverse geographical locales, overall employees view their organization favorably and supporting diversity.

This paper proposes a conceptual model based on established literature and the gaps, supported with findings of primary research to understand the important workplace expectations of diverse employees. Our exploratory research has shown that expectations related to compensation and benefits, career growth and development, work environment and culture, job related expectations, expectations from management and the boss and lastly flexibility at work and work life balance are important to youngsters today. The model proposes that employee diversity creates different expectations and multiple psychological contracts in the organizations. It aims to measure the fulfillment of these expectations and its impact on the job performance of employees and their retention.

Keywords: Diversity, Diversity Management, Psychological contract, Employer-employee relationship, Workplace Expectations

Introduction :

In the post liberalization era with the abolition of the license raj, Indian private sector has gained predominance in contributing to the Gross domestic product (GDP). With the opening up of the economy, boundaries have melted down and global competition has increased. All major multi-national companies have opened offices in India. With pressure on organizations to reduce costs, many companies have set up offices in urban and semi-urban towns. This has translated into economic progress penetrating into non – metro cities in India. It has translated into growing purchasing power of people living beyond metro cities. Computer technology has revolutionized production and enhanced human capabilities beyond imagination. Internet and mobile phones have affected human beings with an unprecedented

need to always remain connected, communicate and networked without much regard for geographical boundaries. India has witnessed a massive revolution with mobile penetration reaching remote villages and corners of the country. All this has led India to start experiencing VUCA times characterized by constant change, lack of uncertainty and unpredictability. Decision making has become complex with multiple forces and ambiguity in the environment. In this changed context, organizations not only have to survive but also thrive. This requires organization to be aware and always be proactively prepared for many unprecedented situations.

The current context has impacted the society and people globally and therefore management practices of the past do not seem to be relevant now. Organizations are under pressure to improve quality at competitive prices. Companies are focusing on their core business and outsourcing rest of it to other organizations. This has changed the landscape of employee - employer relationship. Organizations are unable to provide job security to their employees and workers are looking at short term gains from their employers. Employees are changing many jobs during their life time and retention has become a major cause of concern for most organizations. The workforce has become heterogeneous with active participation from women, employees with physical impairment, people from various religions, regions cultures and nationalities. Today both the employee and the employer are less willing to make commitments to each other (Rousseau, 1995).

Until recently, organizations in India either ignored the presence of diverse employee groups or expected under-represented employee groups to mold themselves like the majority. When discrimination cases were filed, the management would wake up and provide some first-aid solutions to reduce the damage to the public image of the organization. VUCA world is a term that was first coined at Army War College which is an elite training environment for the army. It stands for a world that is volatile, unstructured, complex and ambiguous. The main challenge in VUCA world is to change the perception from being threatening to something that also provides organizations with many opportunities. VUCA times have been seen in the past during some historic events. But the difference between those times and now is that the scale, intensity and speed today is much higher. Next ten years will be most turbulent in any of our lifetimes. Over the next decade almost everyone will have access to some technology. The biggest downside of this trend is that there is a high chance that though most of the young generation will be educated, but in-spite of this there will be some who cannot get jobs. The biggest opportunity of VUCA is the innovation that is going to come from the young generation. It is imperative that managers understand this entrepreneurial generation and devise ways to engage them at work (James, 2013).

Today with established literature on the business benefits of diversity, many companies are looking for ways to attract and retain all groups of minorities. Unlike

the past, it will be too naive to assume that a single psychological contract exists in the organization which can guide the relationship between the employer and all its employees. In this changed scenario, effective human relations in organizations can be developed only when organizations acknowledge that employees are diverse and yet all of them are important and valuable to the firm. It is therefore imperative that managers are sensitive to the specific needs of a diverse workforce.

The authors propose that organizations need to commit themselves to understanding the anticipatory expectations of diverse employees. From a diversity management perspective, the expectations of women, employees who have physical impairment and from different geographical locales need to be first understood and then managed. The paper proposes with support from literature that expectations and their fulfillment could impact the high performers and employees who intend to stay with the employer for a longer duration. The paper presents a conceptual hypothetical model derived from literature and a qualitative exploratory study

REVIEW OF LITERATURE

1. VUCA Times and People management

In his article Lea (2013) talks about five key drivers in the VUCA world which will impact people practices particularly the learning and development. The first is the global skills shortage which is being witnessed already in few economies like Germany, Japan etc. with a huge ageing population. Talented people are in shorter supply. Jobs are changing and more graduate jobs are needed today. There is pressure on organizations to increase productivity with rising layoffs and lower employee headcounts. Thus there is a need to get more work out of smaller group of employees. With more scandals and corporate disasters in the open, there is an increasing trend towards globalized regulations governing businesses. This generates new challenges of compliance in the people management area as well. The current VUCA times have forced older generations like baby boomer employees to continue working and delay their retirement. On the other side Gen Y is emerging as a generation with very high expectations from their employers. With skill shortages becoming graver, organizations have no choice but to engage with untapped talent groups like women, differently-abled etc. The exponential growth of mobile phones has outpaced the desktop sales and increased the need for personalization. The concept of BYOD (Bring your own device) indicates greater need among employees to control the way they work. The use of technology has generated enough data which can give new insights into employee behavior.

VUCA phenomenon is inescapable. Given this fact, organizations are looking for fresh ways to respond to problems (Swarbrick & Stearman, 2012). Thus it is for HR also to assess the trends and come up with new people management models relevant in today's context.

2. Nature of Employment Relationship in the Present Scenario

According to Rousseau (1995), employment relationships have undergone major transformation in three historical phases. During the emergent times, development of modern organizations brought craftsmen under one roof to provide consistency in output and ensure steady supply of goods. Overtime with technologically advanced machines it became difficult for individual craftsmen working at home to compete with the factories. Thus workplace became centralized. There was clear distinction between the manager and the employee and manager had control over time and rate of production. In the bureaucratic phase, long term relationships were forged between the employee and the employer. People entered early into the organization and stayed with the organization for many years. They developed skills specific to the organization and grew with it. Delayed rewards based on seniority promoted long term employment relationship and there was predictable supply of talent pool. Employees were committed to the organization and identified with its goals and values. They were willing to sacrifice personal goals towards fulfillment of organizational goals. Today's adhocracy times are characterized by rapid change, tight time frames, interdependence within and between organizations and among people, multiple stakeholders and decision makers. Speed of change has made consistency less relevant and adaptability more critical.

Diverse and segmented markets have made responsiveness critical to survival. Flexibility is the only way to thrive. This has led to an employer employee relationship where only core employees who are essential to the organization have a long term relationship. Organizations ensure flexibility based on fluctuating demand by having another set of contractual employees who are at the periphery and have a limited relationship with the organization. Today emphasis is more on skill development. There is less upward mobility in careers but more lateral career paths with mid-career shifts, high/low work involvement jobs etc. We have moved to boundary less employment where work is being performed by an employee for several organizations simultaneously. Thus all employees have varying degree of commitment towards their organization. The biggest challenge in today's times is that an organization has different types of employees namely core, contractual, outsourced etc. working side by side. With participation from women, differently-abled, employees from different cultural and socio-economic background, an organization can have many distinct contracts at the same time. Creating, managing and maintaining all type of contracts at the same time and keeping all employees happy at the same time is a challenging task. Rousseau (1995) believed that contracts between employees and employers should not be a source of constraint but can be a resource.

Thus in the current paper we propose a model which tries to understand

employee – employer relationships among diverse workforce using the expectations framework of the psychological contract.

3. Diversity Management:

The Chartered Institute of Personnel and Development (CIPD), is an association for human resource management professionals headquartered in London. CIPD defines managing diversity as valuing everyone as an individual – valuing people as employees, customers and clients. They believe that a ‘one-size-fits all’ approach to managing people does not achieve fairness and equality of opportunity for everyone. People have different personal needs, values and beliefs. Good people management practices are fair, flexible and also inclusive of all kinds of people in addition to supporting the business needs (CIPD, 2014).

Pant & Vijaya (2015) explain that people have various identities which are formed by the interplay of relatively fixed demographic factors like birth, age, race, gender etc. and variable factors like life experiences, religion, marital status, attitudes, behavior, skills etc. Diversity therefore refers to how these identities impact people’s perception about each other and their interaction and transaction with one another.

While diversity traditionally meant differences, Thomas (2002) in his famous article reconceptualised diversity as not only differences but also similarities. He suggested that Diversity must not be seen in isolation as differences and similarities but it needs to be viewed in its context because Diversity varies with the background.

Globally many companies like Lehman brothers, Boeing, Cargill Inc. etc. believe that Diversity is a good long term business strategy that will lead to increased revenues, increased compliance and therefore a reduced risk exposure, enhanced corporate good will and promote ethical leadership (Orenstein, 2005).

According to Thomas and Ely (1996) most of the diversity initiatives so far have been guided with two perspective namely the discrimination and fairness paradigm and access and legitimacy paradigm. Diversity when seen through the lens of discrimination and fairness paradigm focuses on fair treatment, equal opportunity and compliance with law. On the other hand, the access and legitimacy paradigm celebrates differences among people. Organizations with the latter view-point focus on having a diverse clientele and an equally diverse workforce to cater to their needs. Thomas and Ely introduced a third learning and growth paradigm which focuses on the integration of the employees. It internalizes the differences among people and believes that the organization can learn and grow from these differences among employees.

Based on all the above different views on diversity, it is clear that the way

ahead for organizations will be their ability to learn and grow continuously by getting better insights into the expectations and the diverse experiences of its employees. The ability to learn and grow from each other will make the employees and the organization more agile and nimble. This is bound to keep them ahead of their competitors and help them survive the VUCA times. It is important to understand what consequent changes occurs in employees while adapting themselves at the workplace and having to deliver performance in an agile and nimble manner.

4. Diversity based on Gender, Physical Ability and Geographical Locale in India:

4a. Gender Diversity : Scandinavian countries like Norway and Sweden have a fair representation of women in boardrooms due to stringent legislation. Following them are countries like the USA, Canada and Australia where women representation has increased due to corporate governance legislations. Japan is an exception where in spite of being a developed nation the gender diversity ratio is at an alarmingly low rate. APAC region including India are among the lowest in the world in terms of equal gender ratio. Labor participation rates in employment in India are much lower for women as compared to men. According to Rai (2012), while women represent one third participation in workforce at the entry level in India, they constitute only 5% of top management. Thus there is a need among Indian organizations to create such HR policies and processes that will encourage more women participation at the managerial level in corporate India.

A survey by Mercer (2012) indicated that over 90% of the organizations have their diversity strategy focused on gender issues. However in spite of all such diversity initiatives, the progress is still very limited.

Srinivasan, Murthy, and Nakra (2013) observed in their study that gender disadvantage perceptions among women seem to increase as they advance in their careers and take on family roles as wives and mothers. The authors suggested that organizations should consider investments in child care support and other flexible work options so that women continue to remain in their careers.

Gupta, Koshal and Koshal (1998) found that gender is an important issue in corporate India. Men and women think and lead differently. There are differences in how they perceive hiring and promotion practices, equity in pay and rewards, perception of gender issues, leadership and management. Women believe that promotion and advancement is based on gender rather than merit and confirm inequity in pay. Male stereotyping , exclusion of women from informal network , commitment to family responsibilities , lack of business experience and not being in pipeline long enough are some of the barriers to women's advancement. Thus it can be inferred that both men and women need to be effectively managed and their special skills have to be nurtured. To develop a healthy, creative and learning organization, such differences need to be acknowledged and understood.

Based on the above studies conducted so far in India, it is clear that differences exist among men and women who need to be understood if organizations want to attract and retain women in equal numbers.

4b.Disability and diversity: Study by Dagit and Lathrop (2004) while talking about impairments of mobility, vision, hearing impairment and substance abuse reveal that simple low cost accommodations can make it more convenient for people with disability to work. Things like raising or lowering a desk, providing a tall stool or a book holder etc. can make a huge difference. The organizations do not need a major reconstruction in the workplace. Support from co-workers and providing opportunities to employees with a disability are essential for their greater participation in mainstream employment. However after enabling such employees, merit must be used as the only yardstick for promotion.

Lengnick–Hall, Gaunt, and Kulkarni (2008) tried to understand why people with disabilities (PWDs) remain largely an untapped source of human resources and what apprehensions and stereotypes prevent employers in hiring them. They also found that though high cost are cited as main reason for not hiring a PWD , that cost of accommodating a differently-abled employee is usually minor. The accident rates, workplace injuries rates are same for PWD's and others and therefore there is no evidence that hiring PWD's leads to high insurance costs and litigation and creates negative reactions from co-workers and customers etc. There is also no evidence to show that there is a significant difference in the job performance of PWD's and others . In-fact inspite of low percentage of bachelor's degree and low qualification among the PWD's, they have lower absenteeism and turnover. Thus they are seen as more dependable employees than people without disabilities. Thus many perceptions of the employers for not hiring PWD have been formed without objective information is not real. Therefore there must be top management commitment towards hiring people with disabilities and government must recognize and reward employers who hire people with disabilities. Sharing success stories of PWD's can motivate other to join mainstream employment. Internships and mentoring can also be used to integrate PWD's into the organization. All these above actions will go a long way in encouraging more people with disabilities to take up employment and create inclusion among different employees. Given this status, this study makes an attempt to understand the employment relationship among PWD's.

Kulkarni, and Lengnick-Hall (2014) found that both pre and post entry challenges exist for people with disabilities at the work place. The employers feel that performance or productivity potential may not be high for people with disabilities. They do not truly embrace equal employment opportunities. People with disability (PWD) also exhibit behaviors which adversely affect their hiring

possibilities. After entering PWDs withhold accommodation requests at office because they do not want to be seen as asking special favors. They fear that some co-workers may also not view this extra assistance as giving them special privilege. Study by Kulkarni and Gopal kumar (2014) confirmed some of the above barriers in the advancement of the differently-abled people in the Indian context. Negative thoughts about career, lack of desire in seeking help from co-workers, insufficient desire for promotion by PWD prevents their career advancement. In addition to this, managers and colleagues believe that regular jobs cannot be done by a person with disability. Managers and colleagues evaluate people with disability negatively and disassociate performance feedback with the actual performance. Some also view accommodation for impaired person as being unfair which impedes their career growth. The study suggests that having a positive mind set, sensitizing people to one's ability by learning new skills, building awareness about accommodations at work, influencing organizational policies and seeking mentors who have a disability can help PWD's build a successful career.

Kulkarni and Valk (2010) in Netherlands found that both HR managers and PWD's view organizational human resource practices on entry, inclusion and development of differently-abled employees in a similar manner. Both focus on ability of people rather than on their disability. People with disabilities shy away from making any special requests to the employer. HR managers also seem to offer such employees exactly what is offered to other employees to avoid any favorable treatment. Thus the employees are afraid to ask and employers are afraid to offer any additional support unless asked. The author's fear that this may actually lead to underutilization of full potential of PWD's at workplace.

Thus based on the above discussion we conclude that most of the academic literature so far has focused on challenges and problems faced by physically impaired in pre and post entry to the employment. However no academic study has attempted to understand the expectations that PWD employees have from their employers. If organizations understand this, they can attract and retain PWD in large numbers. Our current study attempts to bridge this gap.

4c. Diversity in Geographical locale: An interesting study on materialism by Chaudhuri and Halder (2005) found a link between the regional differences in India and consumption /non-consumption behaviors of people. The regional and cultural differences in India are significantly related to materialism and pre-purchase dreaming propensity. Thus the study concluded that people's buying behaviors are not similar and there exists wide variation within the same geo-political boundary of India.

According to Srinivasan (2012) with 28 states, 22 officially recognized languages, and people following all major religions of the world, India is one diverse country where regional variations are also high. Rural and urban India is at

different stages of evolution. Even within rural India, often within the same state, there are areas and regions which can become more developed than urban India. None of the generational definitions arising out of studies undertaken in the past have taken into account the differences that exist across states given their stage of economic development. The generational studies in India need to take into account these demographic, economic and regional differences within the country

It is clear that regional and cultural differences do have an impact due to which people in India are not homogenous. Would a similar line of thought be useful to understand a diverse set of employees within an organization? Can we safely assume that all employees are similar and will display similar employee behaviours in spite of their regional locale? In India, is it possible that employees living in metro areas may have distinctly different set of expectations from their employers than those from semi-urban and rural areas? The current study attempts additionally to study the influence of metro and non-metro geographical locale on the expectations of employees from workplace and their fulfillment.

Based on the above discussion, we propose that differences in gender, physical ability and geographical locale create considerable differences among Indians at work. It remains to be analyzed whether these differences would be significant enough to pose challenges and create barriers in building an inclusive workforce and management of diverse employees in an Indian setting. Understanding expectations of these diverse groups and measuring its fulfillment is pertinent with reference to this.

5. Workplace Expectations and the Psychological Contract

Psychological contract is the 'implicit contract between an individual and his organization which specifies what each expects to give and receive from each other (Kotter, 1973).

Rousseau (1995) defines psychological contract as a set of beliefs that the individual holds regarding promises made, accepted and relied on between themselves and another. In the case of an employment relationship, it is the individual's belief, shaped by the organization, regarding terms of an exchange agreement between individuals and their organization. As part of the psychological contract, the employee voluntarily makes and accepts certain promises with the employer. However both the employer and the employee can interpret the same promise differently. The psychological contract is the individual's view of what she/he believes has been agreed upon. It is unique to each person who is a party to it. Therefore mutuality of obligations between employer and employee may not be present. A Study by Morrison and Robinson (1997) also suggested that since psychological contracts are perceptual in nature and held by employees, it may not

be the same in the eyes of the manager or the HR manager who are the agents of the organization.

Rousseau and Tijoriwala (1998) have classified research work in psychological contract into three broad headings:

- Studies that focus on the features and attributes of the psychological contract and classify the contract as transactional /relational, explicit /implicit static/ dynamic etc.
- Studies that attempt to evaluate the degree to which employees and employer's psychological contract has been fulfilled or violated
- Papers that focus on the content of the psychological contract and include the expectations and obligations that constitutes the psychological contract. (Rousseau & Tijoriwala, 1998).

Research by different authors found that psychological contract is frequently violated by employers (Herriot, Manning, and Kidd 1997; Robinson and Rousseau 1994; Morrison and Robinson 1997). In today's VUCA times with increasing downsizing and restructuring more and more employees will experience violations in their contract. Thus if contracts are not understood and taken care of, the organizations will have to face dangerous and serious consequences.

To forge satisfactory employer-employee relationships, a broad study into the content of the psychological contract is very essential and this has been an under-researched area so far. (Hess & Jespen, 2009).

Herriot et al. (1997) attempted to study the content of psychological contract from both employee and employer's perspective. They found twelve employer obligations like *training, fairness, time for family needs, consultation, discretion, humanity, recognition, safe work environment, justice, equitable pay, benefits, and job-security*. Seven employee obligations were *hours of work, good work, honesty, loyalty, responsibly using property of the organization, formal dress and flexibility at work*. Their findings indicate that the emphasis of employees is on hygiene factors like pay, benefits, hours of work, conditions etc. while that of the organization is on relational factors like loyalty etc. Thus they argue that there is a danger of misunderstanding on the expectations of the employees and what they primarily want by the organization.

A study conducted by Roehling, Cavanaugh, Moynihan, & Boswell (2000) on the content analysis of academic and trade literature revealed a different set of components of a new employer-employee relationship. The study revealed twelve expectations from the employer namely *training, employee involvement in decision making, open communication, mentoring and coaching, interesting work, performance based pay, work life balance, opportunities of growth, recognition,*

fun work environment and job security. Flexibility, commitment, trust, fairness and respect were some of the other expectations. The paper argued that that there is no one best way of managing the new employment relationships as the needs of the employees may be different. The paper calls for more research on the requirements and wants across various employee groups within cultures.

Lester and Kickul (2001) attempted to study the contents of the contract items most valued by the employees in the 21st century. 32 contract items were rated as very important like *opportunities for promotion and advancement, trust and respect, open communication, fair treatment, interesting work, salary, benefits, good management and co-workers, training, higher responsibility, equal opportunity, participation in decision making, job security, safe environment and flexible schedule*. The study indicated that employees focus more on the intrinsic aspects of the job like open and honest communication, managerial support, challenging and interesting work as compared to extrinsic factors like compensation. There was a discrepancy in most of the items indicating that what employee's value most are also items that companies are having most difficulty fulfilling. They suggested that HR managers must conduct regular studies on their employees to express any new changes on what their organization should provide to them. Thus by being more proactive in finding out what the employee's needs, the organizations would be able to attract and retain good talent.

Another study in the UK by Kelly-Patterson and George (2002) tried to understand the elements that constitute the psychological contract of graduate employees in the hospitality sector. Fifty workplace expectations were aggregated. The graduates indicated preference for transactional contract items like *timely payment of wages and pleasant working conditions*. Managers indicated preference for a relational contract with focus on *career development, personal growth and quality of workplace relations*. Thus there is misunderstanding in a numbers of areas within the expectations. 43 expectations from the employees indicate that the employers are very explicit about their expectations from the graduates and they are well understood by the graduate themselves

Aggarwal and Bhargava (2009) studied contents of the psychological contract in the Indian context. The study revealed forty three expectations from employers which were further grouped into primary areas like *Fair policies, support from immediate supervisor, organizational support, growth and recognition, work environment, benefits, job, resource support and pay*. The study revealed that the *employee and employer expectations* are very different from each other. While employee's top choice were growth opportunities and culture, the managers saw job support and salary as an important obligation. While employees showed inclination towards relational items, employers were more inclined towards balanced and transactional contents. Thus there was an incongruity between the employer

and employee perceptions regarding expectations from each other. Since unmet expectations lead to breach of trust and have serious implications, it is important that the organization lives up to their promises.

A recent study by Obuya and Rugimbana (2014) shows that relational elements like job security, career development are more important for employees than transactional elements like financial rewards towards building loyalty and commitment.

Based on these observations, we propose that there is a need to study the contents of the psychological contract and its relative importance in Indian organizations. This may help improve the job performance of employees and help organizations retain the minority employees in the organization through this common and normative contract.

6. Diverse Employee Groups and Shared Expectations in their Psychological Contract

Rousseau (1995) in her work hinted that employees who were part of a group may have similar expectations from their employers. She believed that due to social influence at work, the employee's perception of promises and expectations get aligned with those of his /her group. Such common or shared contracts are known as normative contracts. Employees evaluate the fulfillment of their contract through this common and normative contract.

Ho (2005a) found in her study that the evaluation of the psychological contract is impacted both by the individual perception of the employee and also influenced socially. Employee's friends and colleagues and co-workers all play an important role in this evaluation. Another research by Ho and Levesque (2005b) hinted that friends are likely to hold similar beliefs of contract fulfillment of organization wide promises.

Extending this finding to the context of diversity, it can be hypothesized that when employees form informal groups at work based on gender, physical ability, geographical locale, race, sexual orientation, age, personality, attitude etc. they may share common expectations and elements of psychological contract.

7. Existence of Multiple Psychological Contracts in an Organization

A diverse set of employees in a company come with their own expectations and it is quite important to understand the variations in their expectations, so that they can be understood individually as well as collectively for effective functioning.

A study by Mason-Chrobot (2003) examined the psychological contract held by minority employees based on their race. The study lent support to the idea that minority employees have unique elements of the psychological contract with

respect to diversity related promises. Minority employees felt that fewer diversity related promises were fulfilled and this perception of breach of contract led to higher job dissatisfaction and lower organizational commitment among employees.

Atkinson and Cuthbert (2006) found contents of psychological contracts differ for various employee groups based on their hierarchy in the organization. The study found that managers, supervisors and shop floor workers all had distinct psychological contracts.

A study on the contents of psychological contract done by Krivokapic-Skoko, O'Neill, and Dowell (2009) indicated that there are differences in the expectations among academicians. Therefore it stressed the need that if organization wants to achieve its goals, it needs to be sensitive to such variations.

Psychological contract of minority employees when researched in another study revealed that employees of color across the organization are more sensitive to general promises and the diversity climate of the organization. Non-fulfillment of diversity related promises lead to lower commitment and higher turnover intentions among minority groups. Therefore, for an organization to retain professionals from essential that a positive diversity climate is maintained in the organizations (Buttner, Lowe & Harris, 2010).

We find that based on the above studies, researchers have tried to study the psychological contract of minority employees with respect to diversity related promises and concluded that based on race, role and hierarchy within the organization, the psychological contract items may be different. Thus their studies confirm that more than one psychological contract exists in an organization. However no studies have attempted to gather expectations and content of psychological contract for various employees groups within the organization. Our study attempts to bridge this gap in literature by attempting to study the contents of the psychological contract for women, employees with physical impairment and those from different geographical locale.

8. Psychological Contract Expectations, Job Performance and Intention to Stay

Fulfillment of psychological contract describes the extent to which one party considers that the other party has met its obligations (Lee, Liu, Rousseau, Hui, & Chen 2011). Fulfillment of the contract may increase the trust and reliance of the employee on the employer Robinson (1996). It also increases the commitment among the employees (Lester, Turnley, Bloodgood, & Bolino, 2002). Fulfilled promises lead to increased positive emotions of self-worth, cared for and surprise (Conway & Briner 2002).

According to Morrison and Robinson (1997), psychological contract breach can be defined as the employee's perception regarding the extent to which

the organization has failed to fulfill its promises or obligations in exchange for one's contribution. Though contract breach and violations have been used interchangeably, they were the first to distinguish between the two concepts. They defined breach as the cognitive evaluation that one's organization has failed to fulfill its obligations. Violation, according to them is the emotional and affective state that follows when breach is perceived. Thus violation is an outcome of breach. Many previous research studies have focused on the breach and violation of the psychological contract (Conway & Briner, 2002; Grimmer & Odd, 2007; Johnson & O'leary-Kelly, 2003; Morrison & Robinson, 1997; Obuya & Rugimbana, 2014; Robinson & Morrison, 2000; Robinson & Rousseau, 1994; Robinson, 1996; Turnley & Feldman, 1998; Turnley & Feldman, 2000; Zhao, Wayne, Glibkowski, & Bravo, 2007).

In literature, psychological contract breach and contract fulfillment have been used interchangeably. Fulfillment of the psychological contract is converted to breach by reversing the direction of the report effect sizes (Zhao et al., 2007).

Psychological contract is an important concept in understanding the employment relationship as its breach has a significant impact on almost all work related outcomes like job satisfaction, organizational commitment, turnover intentions, actual turnover, organizational citizenship behavior, in-role performance (Zhao et al., 2007). In a working paper, Agarwal (2014) conducted a meta-analysis of psychological contract framework and clearly listed down its antecedents and outcomes. Turnover intention and actual turnover, Organizational citizenship behaviors, in-role performance, organizational commitment, job satisfaction, cynicism, moods and emotions, corruption, organizational and individual performance were the outcomes of the psychological contract.

Thus based on the above discussion it is clear that psychological contract and its fulfillment/breach are related to many organizational outcomes. Two outcomes of psychological contract which are of relevance to this study are job performance and intention to stay of the employee.

9. Psychological Contract and Job Performance

Various studies in literature explain the relationship between psychological contract and job and performance, in-role performance and productivity. Rousseau (1995) found that contract violation leads to lower employee contribution in terms of performance and attendance. Psychological contract breach is negatively related to performance of the employee (Robinson 1996; Robinson & Morrison 2000). Perceived breach of contract is also linked to low productivity (Bunderson, 2001). Psychological contract relates highly to in-role performance of the employees and psychological contract violation is positively related to neglect of in-role duties and responsibilities (Turnley & Feldman 2000; Zhao et al., 2007).

Psychological contract breach has a negative relationship between psychological contract breach and work performance (Bal, Chiaburu & Jansen, 2010). There exists a direct relationship between psychological contract breach and job performance (Johnson & O'leary-Kelly, 2003). Thus based on the above discussion it can be hypothesized that fulfillment of the psychological contract does positively influence the job performance of the employees.

10. Psychological Contract and Intention to Stay

Robinson & Rousseau (1994) found a negative relation between violation of the psychological contract and intention to remain with the organization. Relational contract elements in psychological contract have a correlation with the employees expected length of the stay (Rousseau 1990). Robinson (1996) found that psychological contract breach was negatively related to intention to remain with the organization. Contract violation leads to lower employer investments like retention and promotion (Rousseau 1995) and psychological contract violations lead to higher intention to quit the organization (Turnley & Feldman 2000). A meta-analysis study revealed that breach of expectations in the psychological contract is negatively related to turnover intentions (Zhao et al., 2007). On the other side, few studies have also found that fulfillment of the psychological contract is negatively related to turnover intent (Shu-Cheng & Shu-Chen 2007). Most of the academic literature on psychological contract has focused on breach and its impact on turnover /turnover intentions of the employees (Blomme, Rheede & Tromp, 2010 ; Robinson & Rousseau, 1994 ; Turnley & Feldman 2000). Since the current study proposes a positive proactive model of people management, it explores the relationship between the fulfillment of the psychological contract expectations and its positive relationship with the intention to stay with the employer.

A Study by Ghosh, Satyawadi, Joshi and Shadman (2013), reveals that if factors which are strong predictors of intention to stay in the organization are found, they can help organizations identify employees who intend to quit in advance and therefore some corrective action can be taken in advance especially for key performers. Clarity in organizational goals, autonomy and freedom at work, compensation and rewards, opportunities for employee development, adaptation to the organizational culture emerged as factors predicting employee's intention to stay with the organization. Based on the above literature, we hypothesize that psychological contract expectations influence an employee's intention to stay with the organization.

Our study attempts to analyze the relationship between fulfillment of psychological contract expectations of the employees and its influence on their job

performance and intention to stay with their organization. The primary argument that we use is that prima facie, even if one has to establish the relationship between diversity and expectation, the intensity of expectation can be validated only when we establish the link with performance or intention to stay. Given the rising levels

S No.	Diversity Dimensions	Diversity Among Respondents	Total Number of respondents
1 .	Gender	Gen Y Male	116
		Gen Y Female	106
2.	Physical	Gen Y without physical impairment	207
	Ability	Gen Y with physical impairment PWD)	15
3.	Geographical	Gen Y from metro areas	110
4.	Locale	Gen Y from non-metro areas	112

We have presented the significant expectations of diverse employees groups in Table 2 given below. These expectations are supported by literature, as well as the exploratory study.

Table 2 : Support for expectations from Primary and secondary research

Frequency and percentage of Gen Y employees who quote these
as most important in the Primary Survey Research

Expectations	Gen Y Female	Gen Y Male	Gen Y with phys- ical impair- ment	Gen Y without physical impair- ment	Gen Y Metro	Support from literature (Author and year)
1. Salary and ben- efit	49	54	1	100	37	Aggarwal & Bhargava, 2009; Atkinson& Cuthbert , 2006; Herriot, Manning, & Kidd, 1997; Herriot & Pemberton, 1997 ; Kelly-Patterson & George, 2002 ; Krivokapic-Skoko, O'Neill & Dowel 2009; Lester & Kickul, 2001; Lee, Liu, Rousseau, Hui & Chen, 2011; Lester, Turnley, Bloodgood & Bolino, 2002; Mamtha & Nandini, 2013; Mason-Chrobot, 2003; Robinson & Rousseau, 1994; Rousseau, 1990; Roehling, Cavanaugh, Moynihan, & Boswell, 2000; Vos, Buyens & Schalk, 2003; Vos , Stobbelier & Megnck, 2009
	46.2%	46.5%	6.6%	48.3%	33.6%	
2. Growth and develop- ment	39	55	3	105	47	Aggarwal & Bhargava, 2009; Atkinson & Cuthbert, 2006 ; Herriot, Manning, & Kidd , 1997 ; Herriot & Pemberton , 1997 ; Kelly - Patterson & George , 2002 ; Krivokapic- Skoko, O'Neill & Dowel , 2009 ; Lee , Liu , Rousseau , Hui , Chen 2011 ; Lester & Kickul , 2001 ; Lester, Turnley, Bloodgood & Bolino , 2002 ; Mamtha & Nandini , 2013; Mason-Chrobot, 2003 ; Robin son & Rousseau , 1994 ; Roehling ,Cavanaugh , Moynihan, & Boswell , 2000 Rousseau , 1990 ; Vos , Buyens & Schalk , 2003 ; Vos , Stobbelier & Megnck , 2009
	36.7%	47.4%	20%	50.7%	42.7%	

3. Work Environment & culture	31	47	0	75	38	44	Aggarwal Bhargava , 2009 ; Herriot , Manning & Kidd , 1997; Kelly-Patterson & George , 2002 ; Krivokapic- Skoko, O'Neill , &, Dowel , 2009 ; Lee, Liu, Rousseau , Hui & Chen , 2011; Lester& Kickul , 2001 ; Roehling, Cavanaugh , Moynihan & Boswell , 2000 ; Vos, Buyens & Schalk , 2003; Vos , Stobbelier & Megnck, 2009
	29.2%	40.5%	0	36.2%	34.5%	39.2%	
4. Job related expectations	27	33	5	59	38	21	Aggarwal & Bhargava , 2009 ; Atkinson & Cuthbert , 2006 ; Herriot , Manning & Kidd , 1997; Herriot & Pemberton , 1997 ; Kelly-Patterson & George , 2002 ; Krivokapic- Skoko , O'Neill, Dowell, 2009 ; Lee, Liu, Rousseau , Hui , Chen , 2011; Lester & Kickul, 2001 ; Lester, Turnley, Bloodgood & Bolino , 2003 ; Robinson & Rousseau , 1994 ; Roehling, Cavanaugh Moynihan & Boswell , 2000 ; Vos , Stobbelier & Megnck , 2009; Vos , Buyens , Dirk & Schalk , 2003
	25.4%	28.4%	33.3%	28.5%	34.5%	18.7%	

5. Management and the boss	11	13	0	25	14	5	Aggarwal & Bhargava , 2009; Herriot, Manning, & Kidd , 1997 ; Kelly- Patterson & George, 2002 ; Krivokapic-Skoko, O'Neill & Dowell, 2009; Lee, Liu, Rousseau, Hui, Chen, 2011; Lester & Kickul, 2001 ; Mason- Chrobot, 2003; Rousseau, 1990
	10.3%	11.2%	0	12%	12.7%	4.46%	
6. Flexibility	3	10	0	14	5	8	Aggarwal & Bhargava 2009 ; Atkinson & Cuthbert 2006; Herriot, Manning & Kidd 1997; Herriot & Pemberton 1997 ; Kelly-Patterson and George, 2002; Lester & Kickul, 2001; Mamtha & Nandini, 2013; Roehling, Cavanaugh, Moynihan & Boswell, 2000; Skoko-Krivokapic, O'Neill & Dowell , 2009; Vos, Buyens, Dirk & Schalk , 2003; Vos , Stobbelier & Megnck, 2009
	2.8%	8.6%	0	6.76%	4.5%	7.1%	

Discussion and Proposition of Conceptual Framework

Through this current study we propose a conceptual model that links diverse employee groups to their different psychological contract expectations and the impact of its fulfillment on their job performance and intention to stay with the organization.

Diversity needs to be better understood conceptually in India. This model tries to connect two types of relationships. Firstly, between the multiple psychological contracts that can possibly exist between diverse groups of employees and the employer, for which understanding the implicit expectations of these employees will form the fundamental basis. In trying to understand various sections of employees, their expectations have to be understood. We have presented those set of expectations being found in select sections of diversity, as confirmed through previous research. We are extending the groups of diversity in this case to three main differentials – One of gender, two of the condition of being physically challenged and the three of the influence of the geographical locale on workplace expectations. The third one has never been tested in research earlier on employees. Geographical locale inserts a cultural influence on human beings as consumers. Our research tries to explore this in the employee segment. We are attempting to understand whether ones' metro or non- metro geographic locale over many years has any influence in shaping the expectations of employees.

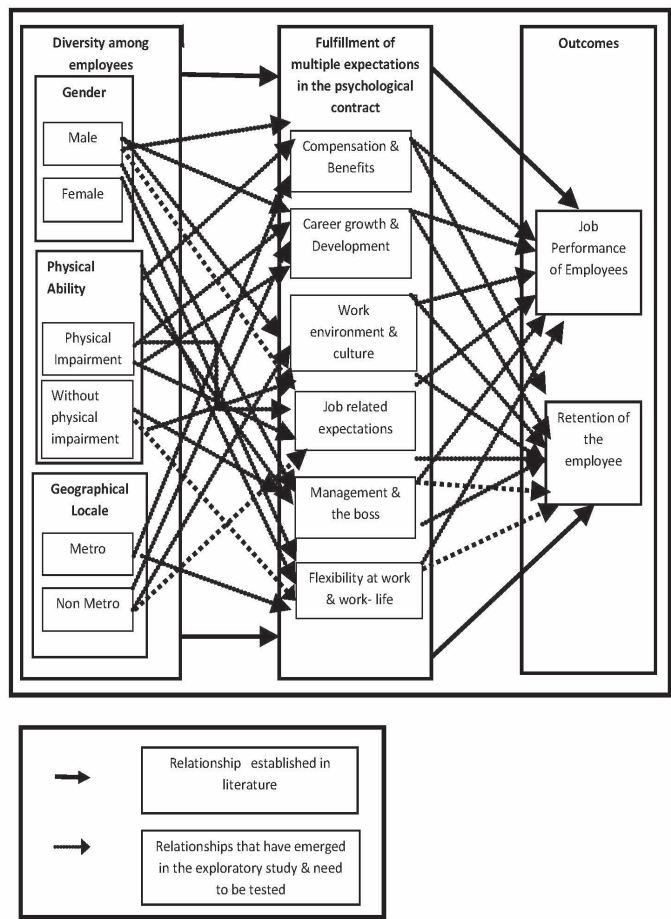
Secondly, in the literature on psychological contracts, there is mention of two constructs – of 'met' expectations and of the 'breach' of psychological contract, from the employer's side. To understand both, we attempt to explain that the 'unmet' expectations can be equated to a supposed obligation promised by the employer, but not kept in creating dissonance in the employees. As literature supports both of these constructs as significant to job performance and decision to stay with the company (Lester & Kickul 2001 ; Robinson & Morrison , 2000 ; Robinson, & Rousseau , 1994 ; Turnley & Feldman , 1999 ; Wanous , Poland , Premack , & Davis , 1992) we have proposed a relationship between expectations held by the diverse segments of employees and its impact on job performance and retention.

We hope that our research based on primary data on workplace expectations, will throw insights on managing employees of diverse segments. In VUCA times, it is imperative to provide some support in terms of giving customized recommendations to keep a diverse set of employees satisfied and productive and who would want to spend some serious time period contributing to the company.

THE PROPOSED MODEL FOR PSYCHOLOGICAL CONTRACT IN DIVERSITY MANAGEMENT

Figure 1

THE PROPOSED MODEL FOR PSYCHOLOGICAL CONTRACT IN DIVERSITY MANAGEMENT



Implication For Practice

This model can help organizations manage a diverse workforce by understanding their expectations. Analyzing expectations of high performing employees and assessing its fulfillment can help managers build high job performance and retention models for their organizations.

Conclusion And Implication For Future Research

The study is limited to only three dimensions of diversity namely gender, ability and geographical locale. However, other dimensions like nationality, language, caste, religion etc. which are also relevant in the Indian context can be explored in future research. The current study pertains to IT/ITES industry and future studies can be also extended to other industries like manufacturing, banking and finance and retail sectors.

REFERENCES

- Agarwal , P. (2014 , Dec). The psychological contract : A review model Indian Institute of Management , Ahmedabad. W.P.No. 2014-12-03. 1- 40.
- Aggarwal , U. , & Bhargava , S. (2009). Exploring psychological contract contents in India : the employee and employer perspective. *Journal of Indian Business Research* ,1(4) , 238-251.
- Atkinson, C. , & Cuthbert, P. (2006). Does one size fit all ? A study of the psychological contract in the UK working population. *International Journal of Manpower* , 27(7) , 647-665.
- Bal , P. M. , Chiaburu , D. S. & Jansen ,P.(2010). Psychological contract breach and work performance is social exchange a buffer or an intensifier? . *Journal of Managerial Psychology*, 25(3) , 252-273.
- Blomme , R. J. , Rheede , A. V. & Tromp, D.M. (2010). The use of psychological contract to explain turnover intentions in the hospitality industry : a research study on the impact of gender on the turnonver intentions of highly educated employees. *The International Journal of Human Resource Management* , 21(1) , 144–162.
- Bunderson , J. S.(2001). How work ideologies shape the psychological contracts of professional employees : Doctors responses to perceived breach. *Journal of Organizational Behaviour* , 22 (7), 717-741.
- Buttner, E.H., Lowe, K. B. & Harris-Billings, L. (2010). The impact of Diversity Promise fulfilment on professionals of colour outcomes in the USA. *Journal of Business Ethics*, 91, 501-518.
- Chaudhuri , H. R. , & Halder, A. K. (2005). Understanding the Interrelationship between regional differences and material aspiration in the context of Indian Diversity : Results of an Exploratory Study. *South Asian Journal of Marketing and Logistics* , 17(4) , 3-14.
- CIPD.Diversity in the workplace: an overview. <http://www.cipd.co.uk/hr-resources/factsheets/diversity-workplace-overview.aspx> (2014). Accessed on 15 July 2015.
- Conway, N. , & Briner, R. B. (2002). A daily diary of affective responses to psychological contract breach and exceeded promises. *Journal of Organizational Behavior* , 23(3) , 287-302.
- Dagit, D., & Lathrop, D. (2004). A guide to Managing Persons with Disabilities', *The Diversity Factor Summer*, 12(3) , 30-37.

- Ghosh, P. , Satyawadi, R. , Joshi, J. P. , & Shadman, M. (2013). Who stays with you ? Factors predicting employees intention to stay. *International Journal of Organizational Analysis* , 21(3) , 288-312
- Grimmer , M. & Oddy , M.(2007). Violations of the psychological contract : The mediating effect of relational versus transactional beliefs. *Australian Journal of Management*, 32 (1) , 153-174.
- Gupta,A., Koshal, M. & Koshal, R.K. (1998). Women managers in India Challenges and Opportunities. *Equal Opportunities International*, 17(8), 14-31.
- Herriot, P. , Manning, W. E. G. & Kidd, J. M. (1997). The Content Of The Psychological Contract. *British Journal of Management* ,8 , 151-162.
- Herriot, P. , Pemberton , C. (1997). Facilitating new deals. *Human Resource Management Journal*, 7(1), 45-56.
- Hess, N., & Jespen, D. M. (2009) . Career stage and generational differences in psychological contracts. *Career Development International* , 14(3) , 261-283.
- Ho, V. T. (2005a). Social Influence on Evaluations of Psychological Contract Fulfilment. *Academy of Management Review* , 30 (1) , 113-128.
- Ho, V. T. & Levesque, L. L. (2005b). With a little help from my friends (and substitutes): Social Referents and Influence in Psychological Contract Fulfillment , *Organization Science* , 16 (3) , 275-289.
- James, E. (2013). Navigating the VUCA World: An Interview with Bob Johansen. *Research - Technology Management*, Jan-Feb, 10-15.
- Johnson , J. L. & O'Leary-Kelly, A. M. (2003). The effects of psychological contract breach and organizational cynicism ; not all social exchange violations are created equal. *Journal of Organizational Behavior* , 24 (5) , 627-647.
- Kelly-Patterson , D. & George , C. (2002). Mapping the Contract : An exploration of the comparative expectations of graduate employees and human resource managers within the hospitality , leisure and tourism industries in the United Kingdom. *Journal of Services Research* , 2(1) , 55-74.
- Kotter, J.P.(1973). The Psychological Contract. *California Management Review*, 15(3) , 91-99.
- Krivokapic-Skoko,B. ,O'Neill,G. & Dowell, D. (2009) . Assessing the contents of the psychological contracts : A Cross Sectional Survey Of the Academics at an Australian University New Zealand *Journal of Employment Relations* , 34(2) 4-28.

- Kulkarni, M., & Lengnick-Hall, M. L. (2014). Obstacles to Success in the workplace for People with Disabilities: A Review and Research Agenda', *Human Resource Development Review*. 13 (2), 158-180.
- Kulkarni, M. & Valk, R. (2010). Don't ask, don't tell: Two views on human resource practices for people with disabilities. *IIMB Management Review*, 22 , 137-146.
- Kulkarni, M. & Gopakumar , K.V. (2014). Career Management Strategies of people with disabilities. *Human Resource Management* . 53 (3) , 445-466.
- Lee, C. Liu, J., Rousseau , D.M. , Hui , C. & Chen Z. X. (2011) Inducements, contributions and fulfillment in new employee psychological contracts. *Human Resource Management*, 50(2) , 201-226.
- Lea, P. (2013). VUCA's dark glass. *E Learning Age*, Jul/Aug, 22-23.
- Lester, S. , & Kickul , J. (2001). Psychological Contracts in the 21st Century: An Examination of What Employees Value Most and How Well Organizations are Responding to These Expectations. *Human Resource Planning* , 24(1) ,10-21.
- Lester , S. W. , Turnley, W. H. , Bloodgood , J. M. & Bolino M.C.(2002) 'Not seeing eye to eye: differences in supervisor and subordinate perceptions of and attributes for psychological breach' *Journal of Organizational Behaviour*, 23(1) , 39-56.
- Lengnick –Hall, M. L. , Gaunt, P.M., & Kulkarni, M. (2008). Overlooked and underutilized: People with Disabilities are an untapped human resource', *Human Resource Management*, 47(2), 255-273.
- Mamtha , J., & Nandini , A. S. (2013). Career expectations of Gen Y IT employees with special reference to Bangalore. *Global Research Analysis*, 2(6) , 139-140.
- Mason-Chrobot, D.L. (2003). Keeping the promise Psychological contract violations for minority employees. *Journal of Managerial Psychology* ,18 (1), 22-45.
- Mercer. Diversity and Inclusion : An Asia Pacific Perspective Research Report , (2012).
- Morrison, E. W., & Robinson, S. L. (1997). When employees feel betrayed : a model of how psychological contract violations develops. *Academy of Management* , 22 (1) , 226-256.
- Obuya, C., & Rugimbana , R. (2014). Assessment of psychological contract fulfillment and breach: A study of selected firms in South Africa. *African. Journal of Business Management*, 8 (14),551-560.

- Orenstein, E.G. (2005). The business case for diversity. *Financial Executive*, 21(4), 22-25.
- Pant ,J.J., & Vijaya ,V.(2015). Challenges in diversity management:A case study of MediHealth systems. *South Asian Journal of Management*, 22(1), 159-186.
- Rai, S. (2012). Gender diversity in Boardrooms: Comparative Global review and India. *Journal of Strategic Human Resource Management*, 1(2), 16-24.
- Robinson, S. L.(1996). Trust and breach of the psychological contract. *Administrative Science Quaterly*. 41(4), 574-599.
- Robinson, S.L., & Rousseau, D.M.(1994). Violating the psychological contract: not the exception but the norm. *Journal of Organizational Behavior*, 15(3), 245-259.
- Robinson , S.L. , & Morrison , E.W.(2000). The development of psychological contract breach and violation : a longitudinal study. *Journal of Organizational Behavior* , 21 (5) , 525-546.
- Roehling , M. V. , Cavanaugh , M. A. , Moynihan , L. & Boswell , W. R. (2000). The nature of the new employment relationship : A content analysis of the practioner and academic literatures. *Human Resource Management* . 39(4) , 305-320.
- Rousseau, D. M. (1990). New Hire Perceptions of their own and their Employer's Obligations: A study of psychological contracts. *Journal of Organizational Behavior* ,11 , 389-400.
- Rousseau, D. M. (1995). *Psychological Contracts in Organizations : Understanding the Written and Unwritten Agreements*. Sage Publishing , London
- Rousseau, D. M. (2004). *Psychological Contracts In the Workplace : Understanding The Ties That Motivate*. Academy of Manaement Executive , 18 (1) , 120-127.
- Rousseau, D.M., & Tijoriwala, S. A.(1998). Assessing psychological contracts : Issues, alterantives and measures. *Journal of Organizational Behavior*, 19,679-695.
- Shu-Cheng , S.C. , & Shu-Chen , C. (2007) . Perceived psychological contract fulfilment and job attitudes among repatriates An empirical study in Taiwan. *International Journal of Manpower* , 28 (6) , 474-488.
- Srinivasan, V. (2012) . Multi Generations in the Workforce : Building Collaboration. *IIMB Management Review* , 24 , 48-66.

Srinivasan, V. , Murthy, L. S. & Nakra , M. (2013). Career Persistence of Women Software Professionals in India. *Gender in Management: An International Journal*, 28(4), 210-227.

Swarbrick , A. , Stearman C. (2012). When it's VUCA , who do you call ?', *Training Journal*. August, 47-51.

Thomas , Jr, R.R. (2002). Redefining Diversity. *Managing Diversity*, 73 (4) , 6-7.

Thomas, D. A., & Ely, R.J. (1996). Making differences matter: A new paradigm for managing diversity. *Harvard Business Review*, Sep – Oct, 2-14

Turnley, W.H. & Feldman D.C. (1998). Psychological contract breach during corporate restructuring. *Human Resource Management*, 37(1) 71-83.

Turnley, W.H. & Feldman D.C. (1999). The impact of psychological contract violations on exit, voice, loyalty and neglect. *Human Relations*. 52 (7), 895-922.

Turnley, W.H. & Feldman, D .C. (2000). Reexamining the effect of psychological contract violations: unmet expectations and job dissatisfaction as mediators. *Journal of Organizational Behavior*. 21(1), 25-42.

Turnley, W.H., Bolino, M. C., Lester, S.W., & Bloodgood, J.M. (2003). The impact of psychological contract fulfillment on the performance of in-role and organizational citizenship behaviors. *Journal of management* 29(2) 187-206.

Vos, D. , A. Buyens , D. , & Schalk , R. (2003). Psychological Contract Development during organizational socialization : adaptation to reality and the role of reciprocity. *Journal of Organizational Behavior*. 24(5) , 537-559.

Vos, D. A., Stobbeleir, K. D. & Meganck, A. (2009). The relationship between career related antecedents and graduate's anticipatory psychological contracts. *Journal of Business Psychology*. 24 (4), 289-298

Wanous, J. P., Poland, T. D., Premack, S.L., Davis, & K. S. (1992). The effect of met expectations on newcomer attitudes and behaviors: A review and meta-analysis. *Journal of applied psychology*, 77 (3), 288-297.

Zhao H. Wayne S.J., Glibkowski B.C. & Bravo J. (2007). The impact of psychological contract breach on work related outcomes: A Meta-analysis. *Personnel Psychology* 60(3), 647-680.