

A Study of the Relationship between Change Management, Psychological Contract & Organizational Citizenship Behavior

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Abstract: This study is prompted by the resistance and rigidity among the staff of a private engineering college when a series of innovative change initiatives are introduced aiming to transform the institution. The study proposes a conceptual model to examine the relationship between change management, psychological contract of employees and the organizational citizenship behaviors. A cross sectional survey is conducted on the staff using a self administered questionnaire. Data is collected from 450 employees of the institution including the teaching and nonteaching staff. The Heads of various departments evaluated their subordinates on Organizational citizenship behaviors. The study revealed a strong positive relationship of the variables with organizational citizenship behavior. This study will help the top management to understand the role of psychological contract for successful implementation of changes in the institution. Also the study adds to the existing literature on change management, psychological contract and organizational citizenship behavior.

Keywords: Change Management, Organizational Citizenship Behavior, Psychological contract.

I. Introduction

To meet the challenges of enhancing the quality of education and to be competitive in the sector, the institution under study has introduced a number of change initiatives. Some of these initiatives include: outcome based education, project based learning, career assurance program, Kaizen 5S etc. The teaching and non teaching staffs are provided with training opportunities which is compulsory and their performance appraisals are linked to the training outcomes. Employees with low performance levels are fired and new staff is hired with the help of consultants. Changes have been introduced in an effort to make the institution efficient and be able to attract best students. New ideas on the new changes are encouraged from the staff of all departments through the automation facility. However, managing these changes has become a new and difficult challenge as it generated feelings of distrust and insecurity among the employees. The employer started finding a need to manage the changing employment relationship in the light of the new changes introduced. For successful management of changes, a quality employment relationship is vital as it impacts the attitudes and behaviors of employees. The psychological contracts being the heart of employment relationship, the framework of psychological contract is very useful in examining the impact of change management on the employee attitudes and behaviors.

Statement of the problem

Management of the changes introduced to suit the dynamic external environment has led to the violation of the psychological contract of the employees. Consequently the performance of the staff got affected in the institution.

Purpose of the study: The purpose of the study is to examine the relationship between change management, psychological contract and organizational citizenship behavior.

Objectives of the study:

- To study the change management process in the select institution.
- To evaluate the relationship between the change management and the psychological contract of employees.
- To examine the influence of the change management and the psychological contract on the organizational citizenship behavior.

II. Literature Review

Psychological contract: A psychological contract is defined as a belief of the employee about the mutual obligations/expectations between him/herself and the employer (Rousseau 1989). This belief is formed based on the perceptions of the promises made by the employer regarding the pay, promotions, training etc. and thus he/she is obliged to give in return the time, skills etc. (Rousseau, 1998).

Change management and psychological contract: When employees experience new change initiatives in the organization, the renegotiation of contract is observed (Low & Aryee, 2003; Turnley & Feldman, 1998) as there are changes occurring to the psychological contract. (Brown & Harvey 2006). Change management strategies such as downsizing, layoff lead to employee perceptions of breach of psychological contract (Turnley & Feldmann, 1998). When employees perceive their employer has failed to fulfill the obligations/expectations or promises made, the psychological contract gets breached (Morrison & Robinson, 1997).

Employees perceive unpredictability if the changes are very frequent and feel anxiety (Griffith, 2006) and insecurity (Saunders & Thornhill, 2003) and it affects the fulfillment of psychological contract (Freese & Schalk, 1997). When the changes affect the daily work, the extent of affect leads to the employees' perceptions of future prospects (Van den Hewell, Schalk, 2009). From the above literature, we are arguing that planning and implementation of changes will have an impact on the fulfillment of psychological contract.

H1: Change management will have an impact on the fulfillment of the psychological contract.

Psychological contract and Organizational Citizenship Behavior: When there is inconsistency between the promises and actions of the employer, the employees lose confidence i.e. loss of trust and it leads to lowered contributions to the organization (Robinson 1996). The psychological contract breach leads to altered attitudes and behaviors of employees resulting in low commitment, job dissatisfaction, lowered citizenship behaviors (Raja 2004, Coyle-Shapiro & Kessler 2000). When the employees believe their employer is treating them fairly, they exhibit citizenship behavior (Organ 1990). In this study the focus is on the role of the psychological contract fulfillment on two dimensions of OCB; civic virtue and conscientiousness.

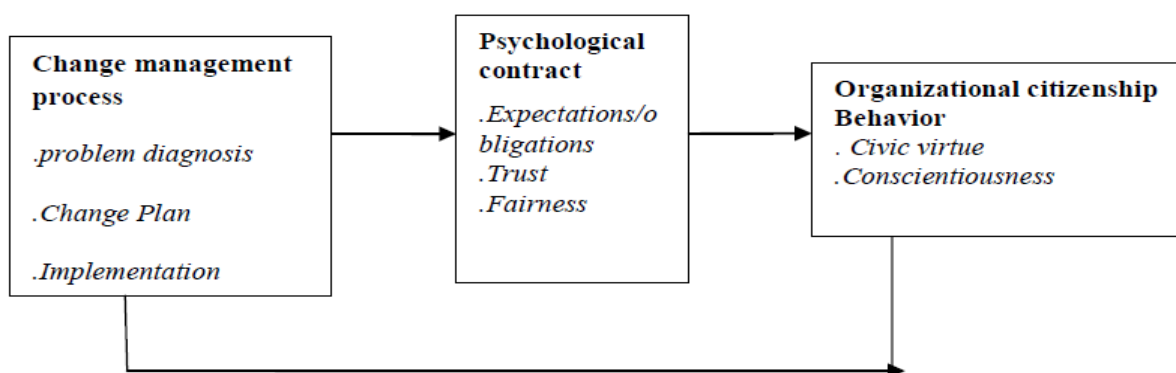
H2: Psychological contract fulfillment is positively related to OCB.

H2a: Fulfillment of obligations is positively related to OCB.

H2b: Trust is positively related to OCB.

H2c: Fair treatment is positively related to OCB.

Theoretical model: Based on the literature review, the following theoretical model is proposed to find the relationship between change management, psychological contract and Organizational citizenship behavior of employees.



III. Research Methodology

Research Design

A cross sectional survey is conducted using a questionnaire on the teaching and non-teaching staff of all departments. Around 450 questionnaires are distributed and there is a response rate of 63%.

Instrument

Part1: Demographic characteristics like age, gender, marital status, tenure, designation are measured.

Part2: Change management process is measured using the scale developed by the author. (Cronbach's alpha coefficient is 0.91).

Part3: Psychological contract violation is measured using a scale containing items developed from two scales; scale developed by Rousseau (1994) and scale developed by Herriot (1997). (Cronbach’s alpha coefficient is 0.78).

Part4: Organizational Citizenship Behavior is measured using the scale developed by Kagga (2000). The statements are altered to suit the context. (Cronbach’s alpha coefficient is 0.93).

IV. Hypothesis Testing

Pearson’s correlation analysis: This analysis helps to test the relationship between change management, psychological contract and organizational citizenship behavior.

Table 1: Pearson’s correlation analysis

	Problem	Plan	Implement	Monitor	Obligations	Fair	OCBs
	Diagnosis					treatment	
Problem	1.00						
diagnosis							
Plan	0.11 (p=0.08)	1.00					
Implement	0.11 (p=0.07)	0.47 (p=0.00)	1.00				
Trust	0.17 (p=0.08)	0.17 (p=0.08)	0.20 (p=0.02)	1.00			
Obligations	0.22 (p=0.00)	0.42 (p=0.00)	0.27 (p=0.00)	0.30 (p=0.00)	1.00		
Fair treatment	0.21 (p=0.00)	0.47 (p=0.01)	0.30 (p=0.00)	0.40 (p=0.00)	0.61 (p=0.00)	1.00	
OCBs	0.29 (p=0.00)	0.40 (p=0.00)	0.38 (p=0.00)	0.46 (p=0.00)	0.52 (p=0.00)	0.61 (p=0.00)	1.00

Correlation is significant at 0.01 level (2-tailed).

The results indicate that diagnosing the need for change, planning the change, implementation of change all these variables of change management has shown a positive correlation with the variables of psychological contract (fulfillment of obligations, trust, fair treatment). The dependent variable OCB has shown a positive correlation with the variables of change management and variables of psychological contract.

Regression analyses

This analysis helps us to find the influence of independent variables on the dependent variable. The independent variables are the change management and the psychological contract. The dependent variable is the organizational citizenship behavior.

Table 2: Multiple regression analyses

	Beta	t	Sig.	R2	Adjusted R2	F	P value
				0.61	0.59	34.5	0.000
Constant		-2.37	0.01				
Diagnosis	0.01	0.35	0.72				
Plan	0.06	1.44	0.15				
Implementation	0.03	0.58	0.56				
Trust	0.09	1.82	0.07				
Expectations	0.11	1.98	0.04				
Fairness	0.18	3.16	0.00				

Predictors: constant, change management, psychological contract.

Dependent variable: Organizational Citizenship Behavior.

The results indicate that the independent variables predict a variance of 59% in the dependent variable. i.e. the change management process and psychological contract show a variance of 59% in the Organizational citizenship behavior of employees. However, the most significant predictor is fairness of the deal and the least significant predictor of OCB is diagnosing the need for change.

V. Conclusion

Based on the findings, it can be concluded that management of change shows significant impact on the organizational citizenship behavior of employees. During the change management at every stage, different strategies and approaches lead to alterations in the treatment of employees, trust and fulfillment of obligations/expectations leading to a change in the fulfillment of psychological contract of employees. In this study, change implementation is found to be having significant impact on the psychological contract of employees. Also this study shows that due to the changes in the psychological contract, the organizational citizenship behavior of employees got affected. Fair treatment of employees is showing profound impact on the organizational citizenship behavior of employees. Thus the psychological contract of employees plays a key role to achieve successful management of changes in the organization.

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