


# Is Psychological Contract Relevant in the Healthcare Sector?

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## INTRODUCTION

Businesses in the present digitized millennium considers the skilled and competent knowledge workers along with their complex bundle of values as the assets of an organization and the main key to innovation and growth. Commitment, engagement, involvement and integrity of the employees are the values that lead an organization towards sustainability and progress by creating long-lasting relationships with external and internal stakeholders (Robert, G. E. et al., 2012). It is beyond doubt that, high customer experience and business value is achieved through well-trained, committed and competent employees, who are the ones coordinating between customers and organizational goals. It is crucial for any organization to maintain positive interpersonal relationships with the employees in order to achieve its ultimate goals (Patrick & Priscilla, 2019). Psychological contract explains the root of existence of contemporary employment relationships in modern workplaces (Maria Tomprou, 2011) leading to values of commitment, engagement and empowerment among the employees irrespective of the nature of job and industry. The dynamism in the business environment, depreciating labor market and organizational transitions has made it challenging to retain talented and productive employees in the fast-booming Healthcare sector.

Globally, healthcare sector is projected to grow at an annual rate of 4.1% in the period between 2017-2021, up from simply 1.3% in 2012-2016 (Economic Survey report, 2017-18). Robust growth mandates committed employees and effective talent management programs. This is where Psychological contract becomes an inevitable key to enabling organisations balance the increased expectations of healthcare professionals (doctors, nurses etc.) and maintain commitment and contributions as per organisational goals. The concept of psychological contract has captured the attention of researchers as a framework for understanding the employment relationship (Coyle-Shapiro, Jacqueline A-M. & Parzefall, M., 2008), managing mutual expectations, needs, commitment and reciprocal contributions as per organisational standards contributing to talent management and growth (Taylor & Tekleab, 2004).

India is expected to rank amongst the top three healthcare markets worldwide in terms of incremental growth by 2020 as per the SEPC report. According to a study by National Healthcare Retention and Registered Nurse Staffing Report, the average hospital turnover rate in 2017 was 18.2%, which is the highest recorded turnover in the industry for almost a decade (Wells, M., 2015). The rising turnover rate of employees in healthcare industry is possibly due to lack of work engagement, lower job security and personal safety of healthcare professionals, lack of training and professional development, less adoption of newer technologies, challenging work-life balance and high stress levels in the hospitals (Warrier, 2017).

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The high stress levels, challenges and accountability involved in the job roles mandates psychological contract to exist as a talent retention strategy. The healthcare professionals need to deal with patients who may be upset or scared, the doctors are often required to disclose tragic news to patients and their family members that leads to critical attacks on them. Safety, security and stress of the healthcare professionals is a major concern in an emerging country like India, raising constraints for doctors and nurses to perform their job better. Healthcare professionals do not often have a choice in their day-to-day lives and find it difficult to find social support from the hospital management. This impacts their psychological contract adversely leading to burnout, low commitment, poor behavioural outcomes and degrading healthcare services offered to the patients. Psychological contract describes the understandings, beliefs and commitments that exist between an employee and employer (Patrick, H., 2008). It is important to identify the determinants that affect the psychological contract of professionals in healthcare sector and to identify the reasons beyond it as well as consequences. The ultimate outcome is retention and undeterred employee performance.

Psychological contract involves informal assumptions and perceptions of the workplace relationships that exists between leader and worker (Chang, 2007). Although these contracts are rarely written down formally and explicitly, they have a powerful impact on employee motivation and performance leading to enduring commitment and reducing turnover intentions (Conway et al., 2011; Zhao et al., 2007). Relational contracts, a form of psychological contract have been found to deal with the maintenance of quality of emotional and social relationships between employer, employee and peers (Chang et al., 2013). Extant researches have revealed that psychological contract improves the relationship between employer and employee; leading to engagement, productivity and in some cases better workplace (Naidoo et al., 2019). As stated in Equity theory, the variable 'Fairness' is an important dimension of psychological contract, which leads to sustenance of healthy relational and transactional contracts, as employees need to perceive that they are being treated fairly in order to develop the feeling of commitment (Strong, E.V., 2003). Researches have revealed that there is often breach in psychological contract. It can be observed in weekly working life due to factors like excessive workload in combination with a lack of job resources to cope with these job demands (Bal, 2016).

This chapter deals with the concept of psychological contract, its antecedents, consequences and the relevance of psychological contract in healthcare sector. The main aim of this chapter is to highlight the importance of psychological contract in motivating and retaining healthcare professionals (doctors and nurses) and developing a secured work environment for them. The study throws limelight on the trends and status of the healthcare professionals in India. The intention is to communicate to healthcare management in India that a key strategy to prevent the growing rate of brain drain and encourage healthcare professionals to take up long-lasting career in this country is to retain them through the development of psychological contract.

## BACKGROUND

### Evolution of the Concept of Psychological Contract

Levinson et al. (1962) first introduced the psychological contract theory, which has continued to evolve, and has more significant practical implications in management and organisations presently. Psychological contract is the perception of a mutual agreement between two parties (Argyies, 1962; Levinson, 1962; Rousseau, 1998). According to Rousseau (1995), "the psychological contract consists of individual

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