Examining the role of culture type (market and hierarchy) through the lens of psychological contract: A theory perspective

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ABSTRACT

This study explores the concept of organizational culture from a range of perceptions, opening with the challenge of characterizing culture and the different approaches in which it has been reviewed and analyzed. The study goes on to understanding the relationship between culture in lieu of leadership type, value drivers as well as theory of effectiveness, job orientation and understand how change in different cultural values can result in accomplishing organizational objectives. Main objective of this study is to explore the significant impact of market and hierarchy type of culture as a mediator for edging psychological contracts. To conduct the study basic two different cultural dimension has been selected. Market and hierarchy culture. Research design is exploratory including qualitative approaches and inductive reasoning which is fruitful when we must deal with the factors present in the environment based on assumptions n beliefs influencing this Psychological contract.

Finding shows that market and hierarchy culture has a significant impact in designing the psychological contract of the employees because what employees are expected from the organization is purely based on leadership, organization structure, goal achievement, profitability, monitoring and control and coordination of the supervisor or manager. It also advocates that stability and control with internal factors as well as external factor has only a facilitating role in relation to mounting psychological contract.

This suggests that certain cultural values of Hierarchy and market will have a result on the employee’s psychological contracts with the managers, and that these psychological contracts help in determining the intention to stay, commitment of the employees and level of job satisfaction of the workers.

Key words: Hierarchy culture, market culture, psychological contracts (PC), leadership type, value drivers, commitment, employer-employee exchange

INTRODUCTION

Employees witness everything what is occurring around them and by seeing they inferences about their organization's main concern. After that they define what they expect what they are perceiving based on what they are watching or witnessing ins the environment. So, employees understand what they must do and what they do not have to do and accordingly they are aligning their capacities towards their task. Which create a different environment. Same is culture includes broad values, beliefs, thinking of the employees. On the other hand, supervisor/ manager action also affects the culture .in contrast of supervisor and manager and employees action are turning.

This study explores the recent research on different cultural values which in turn form culture dimension as whole opening the way for cross cultural research into psychological contract. The research begin with initial focus on different empirical finding which display the culture has impact on PC of employees and which further affect the performance of the employees. , and then moves to address some key cultural values like market and hierarchy type of culture that need to be considered when undertaking psychological contract . The goal of management is to change their policy, procedure in such a way that will prompt workers to head towards that result which management is expecting form them and which align with their values. So, there is strong impact of employee expectation and beliefs which originates form hierarchy and market culture of the organization

RATIONALE AND OBJECTIVE OF THE STUDY

(Guest & Conway, 1997) revealed in his article about psychological contracts, he remarks possible antecedents and consequences, among these organizational culture as an antecedent and organizational promise as a result. (Richard, mcmillan-Capehart, Bhuian & Taylor, 2009) observed that the psychological contract is that it seems to be altered dependent on the culture of the organization. Culture is interesting in this context because every organization has got a culture in some shape or form, strong or weak. (Hartnell, Ou & Kinicki, 2011) described that type of culture is affecting the employee’s beliefs, their values and their assumptions and justified that in turn affects the expectation, promise and commitment of employees.
Lot of previous studies shows culture has an important role in framing the psychological contract of employees. Researches states in his article that further research on the subject is needed here. I am going to explore how hierarchy and market culture shapes the PC of the employees that is only the main objective of my study. Based on the above description, it can be assumed that to achieve the goals set by the company, cooperation and mutual relationships between employees and companies, and employees provide all the effort and hard work to the company, is necessary. On the other hand, the company also provides propriety for the loyalty given by employees to the company, so as to create a quality company, and is able to improve the performance quality of its human resources. Therefore, psychological contracts need to be studied to further improvement by reviewing organizational culture issues as factors that support the quality of company's performance. The present study focuses on elaborating and exploring the impact of hierarchical and market culture in framing psychological contract. It is very much clear that culture affects the psychological contract of the organization. My study focus is on hierarchy and market type of culture. The basic question behind this study is to how hierarchy and market culture affects the PC which further impacts employer employee exchange relation. First, it will explore the relationship between organizational culture and relational psychological contracts. This is a somewhat untouched area of research.

RESEARCH METHODOLOGY

To assess the company culture is very difficult task as culture consist of idea, beliefs, values, norms that is shared in the organization which is not explicit. (Schein, 1997). So, qualitative approaches are beneficial in detailing the environmental factors influencing this exchange process (Klinge et al., 1995). Research design is exploratory as we are investigating the existing situation how hierarchy and market culture is helpful in framing PC of employees. And, we are not conclusive here. To disclose the role of hierarchy and market culture in the PC and to explore how cultural values impact the perception and expectation of employees to satisfy our objective qualitative approach is used. Previous literature has been reviewed and analyzed methodically and systematically. Reasoning is inductive. After understanding the cultural factor of previous studies analyses are conducted to satisfy our objective and investigate the relationships among variables.

THEORETICAL FRAMEWORK AND LITERATURE REVIEW RELATED TO ROLE OF HIERARCHY AND MARKET TYPE OF CULTURE IN FRAMING PC

(Schein, 2010) defined Organizational culture has been said to provide members of an organization norms for what is acceptable behavior, and it has a strong impact on how they act. Robert E. Quinn and Kim S. Cameron (1984) identify categories organizational culture. He told there are four types of culture. Clan, Adhocracy, Market, and Hierarchy. Each of the culture has its own unique features. Clan is collegial culture. The main orientation is like employees are family too. So, this culture mainly focusses on nurturing, mentoring the employees like we are taking care of our family member and focus on collectivism. Adhocracy type of culture is dynamic which concentrate on innovation, taking risk flexibility and “doing things first.” Market type of culture is goal oriented, with a focus on competition, stability and control with external focus, achievement, and “getting the job done.” Hierarchy oriented focuses on timeliness, consistency, organized and controlled, with a focus on efficiency, stability and “doing things right.”

Rousseau (1995), elaborate the concept the psychological contract comprises “individual beliefs, shaped by the organization, regarding terms of an exchange agreement between individuals and their organization” (p. 9). Isaksson et al. (2003) explain the psychological contract as “the perception of reciprocal expectations and obligations implied in the employment relationship”.

Precisely, though, the psychological contract is of a mutual nature, where the employer also contributes in the experience of the psychological contract. Glickowski & Bravo (2007) found a strong connection between psychological contracts and employee behavior and attitudes. Because of the importance of positive relations, there has been an increase in research on psychological contracts in the last decades, relational psychological contracts. Kreitner and Kinicki (2001) culture provides as social bond that unites all members of the organization together. Organizational loyalty is one of the functions of a good organizational culture. People who love their organizational culture tend to stay with the organization for a long time, because the commitment is born from the employee's sense of affection to a company in the first time the employee joins the company. Chatman and Barsade (1995) suggest that strong organizational culture is ranked as the most cooperative, work with many personnel, and have the greatest inclination to evaluate performance that provides to the group rather than self. Dwiyanti, Retno, Suvarti, Naimah, Tri (2018) propose to create how big the association and the role of organizational culture to psychological contract. The findings showed that there was a very significant relationship between organizational culture and psychological contracts, with an actual input of 5.047 percent. Based on the study of the connection between organizational culture factors with psychological contract, can be shown the result that some factor like open communication, positive leadership, job-oriented culture has a positive and noteworthy relationship with the psychological contract. Young, Todd S. (2017) aims at quantitative study was to investigate academic faculty member psychological contract content as it changes with length of employment. Outcomes indicated statistical significance (R²=0.146, F (3, 89) = 2.881, p < 0.05) for transactional psychological contract at the less than one-year length of employment period but results were inconclusive based on Beta weight (β= -1.137, p = n.s). Results suggested statistical significance for relational psychological contract with several length of employment periods with the most significant being length of employment five years or greater (R2=0.93 F(4, 88) = 53.678, p < 0.05). It was determined that academic faculty member psychological contract is obstructed by length of employment. Gioia, Joseph A.(2013) learned about how HRM experts working in hierarchical culture controlled the contention of fulfilling contending requests from different markets as well as top management while attempting to fulfill the necessities and desires for employees. The outcomes in this investigation were that hierarchical culture was bound to influence HRM practices than HRM practices were to influence hierarchical culture as well as employee’s perception about PC. still employees didn’t make singular procedures or strategies to deal with the contention of contending constituent requests in hierarchical culture however used built up great or best HRM practices, once in a while with more recurrence or more noteworthy quality. Lombardo, Christopher P. (2011) builds up a model that clarifies how transformational leadership
joined with the utilization of relational PC as well as open communication and open administration correspondence could emphatically impact worker hierarchical responsibility and plan to remain in organization. The examination focused on an example gathering of revenue driven, remote site resistance contractual workers. The discoveries of this examination show that a work approach got from a relationship of transformational administration, relational PC, and open administration correspondence is decidedly connected with employee commitment toward job and their intention to stay with the organization. Baccili, Patricia A(1912) identify employee organization relations and employee- manager relations within the framework of PC. Study examined the relations of above in violation of PC. The research revealed key supervisor obligation: employee expect their supervisor to partner with them to ensure their success and career performance. Employee expect their supervisor to be honest in their dealing and be fair. Obligation of firm is to provide vision, effective policies, resources, infrastructure, effective leadership which support company success. Company should be competitive in market and proper communication to employees regarding the market changes that affect their job continuity.

Mousa, Mohamed. (2019) explored the influence of organizational inclusion on the psychological contract with instructors through the facilitating role of liable leadership. The results emphasized a positive effect for organizational inclusion on the psychological contract with instructors through facilitating responsible leadership or, in other words, the numerical investigation displayed that responsible leadership has a role in facilitating the association between the organizational inclusion of instructors and their psychological contract type.

Brian Gagnum (2016) The study purpose was to scrutinize the role of psychological contracts as a mediator in the relationship between organizational cultures and affective commitment. Researcher chose, adhocracy cultures and clan cultures as cultural dimension. The examination exposed three significant findings. (1) Adhocracy cultures have a significant relationship with relational psychological contracts, (2) relational psychological contracts have a significant relationship with affective commitment, and (3) relational psychological contracts mediate the relationship between adhocracy cultures and affective commitment. This suggests that certain cultures will influence the employee’s psychological contracts with the employers, and that these psychological contracts in turn will govern the level of affective commitment the employees will have towards the organization. Krikovapic-Skoko, Branka; Dowell, David. (2009). Study initially emphasizes upon empirical research that searches how culture may affect psychological contracts, and then travels to report some questions that essential to be measured when undertaking cross-cultural research. By means of this comprehensive cultural difference as a substance, research has explored changes in PC in terms of their creation, break, and the way that staffs respond to violation. Rahman, Ubaid Ur; Rehman, Ch Abdul; Imran, M Kashif; Aslam, Usman (2017) presents team orientation as an amazing asset to facilitate the human funding to turn out to be increasingly productive. The reason for this paper is to attempt to reveal two folds: first is to check the immediate impacts of representatives' work commitment and relational and transacational PC execution and occupation fulfillment and second is to research the directing impact of team orientation in the middle of above-expressed connections. The result show that work commitment and PC have positive associations with representatives' relevant presentation and employment fulfillment. Besides, the nearness of team orientation has positive impact on direct existing connections. Arshad, Rasidah (2016) explain the importance of cultural values (mastery and subjugation) in understanding the connection between psychological contract violation (PCV) and employee intention to stay. – PCV has significant relations with employee intention to stay, and the relationship is explained by cultural value orientations. Explicitly, the association is sounder among downsizing survivors with a high level of subjugation orientation (SO) and/or a low level of mastery orientation (MO) in comparison with downsizing survivors with a low level of SO and/or a high level of MO.

Koçak, Seval; Burgaz, Berrin. Egitim ve Bilim (2017). Aims to recognize leader empowerment in high school teachers’ perceptions of psychological contract. The finding shows that there is significant correlation between the level of submission with the PC of teachers as well as principals of the school. Therefore, it was confirmed that psychological contract at schools is founded on social exchange theory. Street, Jeffrey N (2009) study here employee commitment to the organization as an outcome variable of the psychological contract, generally defined as the employee's perception of what will be received from the employer in exchange for work. The study is conceptual in nature, however, propositions related to the effect of individualism and collectivism on the type of psychological contract formed, transactional or relational, and the subsequent component of commitment realized, affective, continuance, or normative, are offered. Grame, Martin; Staines, Harry; Pate, Judy (1998) explore his study by Using the framework of the new psychological contract, a paper explores the relationship between job security and training and career development in a longitudinal study of a Scottish-based textiles company. Finding also display that increase value to training create job security and they are feeling more committed and affecting their PC. It has been seen that if employees have not provided goal and career oriented training and proper control it may lead to violation of PC.

Caldwell, Cam; Hasan, Zuhair (2016). The purpose of this paper is to explain the importance of the connection between leader and followers as an agreement and to justify the leader role of five type which is necessary for creating a better relationship with their followers and to earn their trust in a competitive and multifaceted market approach. Findings illuminate how the five roles of the covenantal leader increase confidence and assess each of these roles in recognizing the importance of covenantal leadership in serving the modern leader.

Felstead, William Brent. (2018). This research examines organizational trust and psychological contracts between members and trade associations. This study is vital if management researchers are to move forward on other approaches to understanding trade associations as we first must understand how members feel about their respective trade association. Measures to gauge organizational trust (OT) and psychological contracts (PC) were used, and results determined both constructs, OT and PC are positively related and the variables of competency, openness & honesty, concern, reliability and identification were also positively related to member’s views towards their trade association. Weatherly, Michael Derickson, (2012). Aimed to help researchers and specialists of small businesses determine the pros and cons of leadership style regarding the effects on the psychological contract between leaders and followers. The purpose of the study was also to determine the relationships between multiple variables, such as job satisfaction and retention, and the leadership style of the leader. The findings suggested that a direct relationship existed between manager leadership style and employee job satisfaction and retention as determined by the success rate of the
psychological contract. The findings also revealed that one leadership style had a higher success rate than other styles on the psychological contract. All MLQ leadership styles were used by leaders and one style was utilized more than others. Followers also viewed leaders differently from the way in which leaders viewed themselves.

RESEARCH GAP:
Although many researchers have profouned the various cultural values like dimension of stability and control, orientation, is competing or controlling, leadership type more as coordinator or as producer, focus on values such as efficiency, goal orientation, uniformity and timeliness. In addition, several writers have delivered conceptual papers hypothesizing some of the expected differences/comparisons across cultures based on the individualist /collectivist dimension of culture. But none have concluded the market or hierarchy culture type which is also the part of environment. Which ultimately affecting the employee's expectation, beliefs, and in turn their job performance and their commitment toward their organization

DISCUSSIONS AND FINDING
While examining psychological contracts cross-culturally, it is important to identify the technical links of conducting such research and the opportunities for making an operational contribution while directing this research. While exploring the literature following finding have been induced. Which justify how market and hierarchy culture is playing a significant role in the PC of the employees.

Dwiyanti, Retno; Suwarti; Naimah, Tri (2018) study focus on market type of culture, although leadership is positive just because of organization value competition. Young, Todd S. (2017) focus on stability in the contract of employees as this is more of hierarchy type of culture. Because structured controlled has been adopted in the organization.

Gioia, Joseph A. (2013) study which depended on hierarchical structure and representative desire likewise demonstrates a similar that various leveled structure member was not opposed even they were increasingly dynamic towards their activity and experts working in hierarchal societies ought to survey the systems, procedures, and ways of dealing with stress talked about in this examination. In light of their close information and impression of their hierarchical elements, constituent connections, and their own encounters, these HRM experts should choose and use the systems, strategies, and methods for dealing with stress that are generally valuable in overseeing contending constituent requests. In this way, it is a lot of clear progressive culture prompts work situated framework. So, it is very much clear hierarchical culture leads to job-oriented system.

Baccili, Patricia A (1912) also stress about hierarchy and market culture is affecting the expectation of employee. There is strong relationship between these. How is the supervision, how supervisor is transferring and communicating affects the perception of employees in turns their commitment and trust? Rahman, Ubad Ur; Rehman, Ch Abdul; Imran, M Kashif; Aslam, Usman (2017) studies also focus on hierarchy culture concentrating on coordination and team work is a way to achieve production. Thus, culture is more of hierarchy and market oriented. Arshad, Rasidah. (2016) also focus on dominance and control is affecting the PC which in turn affecting the turnover of the employees. If leadership type is monitor and control is high, it has positive relation with intention to leave. This shows culture is more of hierarchy. Grame, Martin; Staines, Harry; Pate, Judy (1998) focus on coordination and team building leadership type as well of valued consistency in organization that is the clear indication of hierarchy type of culture affects PC of the employees. Caldwell, Cam; Hasan, Zuhair. This study confirms the importance of leaders understanding the often-unspoken perceptions of their employees in imposing moral duties and obligations on leaders and organizations. They focus if you want to achieve your set objective you should control your employees in the way they work towards set goal. Your leadership type should be articulated being as producer. Thus, culture values are market type as well as hierarchy which is more of job oriented and goal achievement.

CONCLUDING COMMENTS FUTURE RESEARCH.
Adjacent to the way of life type Two of the issues that these creators contend are restricting the advancement of culturally diverse research are: etic vs emic culture. emic from within the social group (point of view of subject) whereas etic, from outside (from the perspective of the observer)

Another way study created from a western point of view can neglect to catch factors that are significant in nonwestern societies. Thus, it is essential to deliberately consider the types of estimation that are utilized, as correlations might be impeded by methodological shortcoming.

Notwithstanding the methodology of the exploration, it is likewise critical to guarantee that the measures being utilized in the examination are equal across societies and can thusly be analyzed that implies correlation among sort of culture among different society , country can likewise give distinctive result .As alluded to over, the advancement of instruments is the place the relative way to deal with research will be significant and where proportions of comparability should be thoroughly thought of.

Further, Proposals for additional exploration incorporate longitudinal studies, multifaceted culture values and its different dimension given by Hofstede, and other valuable contribution given by different authors. It is maybe in the sense of uncertainty avoidance, masculine vs femininity, power distance, materialistic vs non materialistic type of culture. Study can also be done on cultural impact of type of psychological contract (transactional vs relational) which can be important area of interest for all the organization.

With that in mind, they might want to accept this open door to put out a call for articulations of enthusiasm from various division like academic and service whose PC is totally different from manufacturing sector because of different policy, procedure, type of control, beliefs, position is society etc.
Notwithstanding above, when the qualitative findings are incorporated, a few types of investigation are viewed as appropriate for the diverse setting. Factor analysis, scalar proportionality testing and contrasts in appraisals of covariance are three different ways of conveniently analyzing various societies. For instance, factor analysis can be performed for each culture and the discoveries can be thought about by investigating distinctive factor structures. By utilizing scalar analysis technique for exploratory factor investigation and multi-cluster examination for the confirmatory factor examination, it is conceivable to build up if every one of the social gatherings are extraordinary. When the distinctions are set up dependent on key factors, those factors can be utilized to direct a cluster investigation. The cluster examination can separate the gatherings by degree dependent on their reactions to the key factors.

Further, the focus of much of the investigate that has been done in this area has concentrated on the employee's perspective of the psychological contract, research has seldom studied the employer's outlook nor the similarity between employee/employer reports of the same relationship. In conclusion there are lot of antecedent which affect the PC which further impact the organizational commitment, intent to stay and job effectiveness of employees.

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