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The future of the psychological contract in a non-western context: The case of Bangladesh

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ABSTRACT

This paper investigates the implications of psychological contract breach on employees' retention and their individual performance in a non-western context where critical parameters such as employee loyalty to individual managers, high unemployment, unsatisfactory working conditions and absence of effective trade unions can present themselves as critical variable in our understanding of the psychological contract. The extant literature in the field of organisational psychology, and in relation to the psychological contract, has predominantly focused on adopting main effects approach in investigating the psychological contract-outcome relationships. In so doing various individual and situational variables were largely ignored (Agarwal and Bhargava, 2013). This paper attempts to fill some of the vacuum left in the field.

The theoretical frameworks used for explaining psychological contract breach-organizational performance relationships failed to provide a holistic structure that outlines the mechanism through which psychological contract affect the various indices of organizational performance at an individual level such as individual performance and retention (Clinton and Guest, 2014; Yan, Zhu and Hall, 2002)). On the other hand, majority of researches reporting the consequences of the psychological contract breach were conducted in a western context where employees' loyalty may be a norm. Likewise, much of previous research was

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conducted in a cultural context where people are generally individualistic and the power distance is low (Agarwal and Bhargava, 2013). Therefore, the findings may not have similar implications in a non-western context where employees are traditionally loyal to individual managers as opposed to the employing organizations. This view has been supported by a recent study by Zagenczyk (2015) whereby it is claimed that employees with high power distance orientations are less likely to leave the organizations; as a response to the manifestations of psychological contract breach which can be significantly different from the western conception where people are more likely to leave the organizations because of the psychological contract breach due to greater awareness of individual rights (and human rights issues), low power distance and generally more structured and healthy workplaces.

Subjectivist ontology means that context is a significant variable in approaching reality (Scotland, 2012). In the context of Bangladesh, there is a rich body of facts that are unexplored which could well mean that the western concept of psychological contract and contract breach is challenged. The wide culture distance between the West and Bangladesh (and indeed the developing world) persists despite claims of globalisation and possible convergence. These facts call for a shift in our approaches and epistemology for research the psychological contract to unearth evidence that could assist actors in the globalising world, e.g. business people, politicians, migrants, etc.

The significance of this research lies in its attempt to embed the geo-cultural and economic context in psychological contract research and examine how future of Organisational Psychology in a non-western country such as Bangladesh might look and possible drivers of its changing landscape, if any, in the face of globalisation.

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