# EMPIRICAL RESEARCH OF THE PERCEPTION OF A PSYCHOLOGICAL CONTRACT IN RESPECT OF DEGREE OF JOB PERMANENCY

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Abstract: Modern forms of work relations that have arisen as a consequence of economic, organisational, demographic, cultural and technological changes in the society and the increasing reliance on temporary work and significantly affect the content of the psychological contract built by employees. The research examines the influence of different employment patterns on employees' psychological contract in educational institutions in the Leskovac and Vlasotince area. Using the descriptive method, the comparison method, the sampling method, the  $\chi^2$  test, the correlation coefficient and the Mann-Whitney U test, the dependence was examined, as well as the degree of agreement between the observed phenomena. The survey contains questions that are adjustments to the questionnaire that Denise M. Rousseau used in her research. The paper defines four hypotheses, presents the research results, and the reached conclusions. Observing the relationship between job permanence and the content of a psychological contract can help increase work performance and job satisfaction. The work can be helpful to experts in the field of human resource management but also to all interested parties who want to get acquainted with this topic.

Keywords: psychological contract, job permanency, dependence, correlation, education.

#### 1. INTRODUCTION

According to [1], a psychological contract is defined as a series of mutual expectations that regulate the mutual relationship between two parties, although the parties may not be aware of those expectations. Newel and Dopson in [2] believe that a psychological contract contains an effort that employees are willing to invest in and their contribution in exchange for something they value in their employer with expectations of reciprocity in job security, wages and benefits, or continuous training. As stated in [3], there are two different forms of the psychological contract, namely the transactional (new) psychological contract and the relational (old) psychological contract. According to [4] and [5], the fundamental distinction between these two forms of psychological contract is the duration of the employment contract (temporary or permanent), exchange of resources (tangible and intangible), degree of specificity and others. Employees who build transactions with a psychological contract conclude the organisation as a source of income. The transactional psychological contract is of short-term character, narrowly defined and quite materialistic, while the relational psychological contract is of long-term character, broader definition and implies socio-emotional exchange, a high level of mutual trust and loyalty [6].

#### 2. JOB PERMANENCY AND PSYCHOLOGICAL CONTRACT

The academic community's interest in the analysis of the impact of employment status on the content of the psychological contract has existed before. Research conducted over the years by many authors is evidence of that. Guest and Conway in [7] presented the results of their research conducted on 1000 respondents in the UK in 1997. Based on regression analysis, they identified a more significant impact of the psychological contract content on job security compared to the reversed situation. In [8], Quinlan, Mayhew and Bohle point out that there is insufficient evidence to confirm that employees under a temporary employment contract have a lower organisational commitment than permanent employees, and if this difference is identified, it can be explained by content analysis psychological contract. Despite the lack of research, there is enough evidence to support the assumption that there is some influence between the type of employment contract employees sign with the employer and the content of the psychological contract they build. The research results conducted in Europe, in several countries and sectors presented in [9], clearly indicate a relationship between the content of the psychological contract and the permanence of work, but further research is needed. Through observing the content

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of the psychological contract and the permanence of work, it can be said that full-time employees have higher expectations in terms of greater influence on decision-making within the organisation. In [10], where they presented the results of their research, Millward and Hopkins pointed out that temporary workers will more often form a transactional rather than a relational psychological contract. A multi-year study conducted by Guest and Conway is given in [11] and shows that the situation differs from year to year. In their research, they compared the content of the psychological contract of temporarily and permanently employed workers. Like the previous authors, they confirmed a connection between the employment contract and the psychological contract, as well as those temporary employees usually create a transactional psychological contract. Also, temporary employees are more sensitive to changes in the content of the psychological contract. Guest in [12] points out that temporarily employed workers create a transactional psychological contract whose content is narrower and easier to monitor than the content of a relational psychological contract.

#### 3. OBJECTIVE, RESEARCH METHODS AND SAMPLE

## 3.1. Research Objective

This research aimed to examine whether the type of employment contract that determines the permanence of work affects the content of the psychological contract of employees working in primary, secondary and tertiary education institutions in Leskovac and Vlasotince area. For the purposes of the research, we defined the following hypotheses:

- Hypothesis 1: The assumption is that employees hired on the basis of temporary employment will form a transactional (new) psychological contract.
- Hypothesis 2: The assumption is that employees hired on the basis of temporary employment will form a relational (old) psychological contract.
- Hypothesis 3: The assumption is that employees hired on the basis of permanent employment will form a transactional (new) psychological contract.
- Hypothesis 4: The assumption is that employees hired on the basis of permanent employment will form a relational (old) psychological contract.

#### 3.2. Research Method

A survey created for the purposes of empirical research in this paper was based on the survey used by Denise M. Rousseau in her research [13]. An electronic form of the survey was created in order to make it easier to survey respondents through social networks. The first part of the survey contains socio-demographic questions related to gender, age, education, family and work status, length of service and salary. The second part of the questionnaire examines the beliefs about the employer's obligations to the employee, while the third part examines the employee's beliefs about his obligations to the employer. The answers to the questions were evaluated using the Likert scale from 1 ("none") to 5 ("largely"). The evaluation criteria are defined as follows: for scores above three and more, we can say that the given statement fully characterises the respondents, for scores between two and three, we consider that the statement partially characterises them, and statements with a score less than two do not characterise the respondents at all.

The analysis of the collected data was performed by descriptive measures,  $\chi 2$  test, Pearson's correlation coefficient and Mann-Whitney U test using IBM SPSS Statistics 20. The sample was divided into two groups for the purposes of analysis: the group of full-time employees and the group of temporary employees.

The analysis procedure using the  $\chi 2$  test is shown in [14]. Each question passed the  $\chi 2$  dependency test in relation to employment status. Hypothesis Ho contains the assumption that the answer does not depend on the work status of the respondents, while hypothesis H1 states the opposite. The form  $\chi 2$  (r-1) (s-1);  $\alpha$  was used to determine the critical value of the  $\chi 2$  test, as well as the corresponding statistical table. If the value obtained by the  $\chi 2$  test is higher than the critical value, we will accept hypothesis H1, which states that the respondents' answers depend on their employment status and vice versa.

According to [15], Pearson's linear correlation coefficient is a number that shows the direction and strength of the statistical relationship between the two observed variables. The direction and degree of the agreement depend on the value of the correlation coefficient. In the case when the value of the coefficient is less than 0.2, there is a weak direct correlation, between 0.2 and 0.5 there is a moderate direct correlation, between 0.5 and 0.7 there is a significant direct correlation, from 0.7 to 0.9 strong direct correlation, while at values over 0.9 there is a very strong direct correlation. These rules also apply to the inverse correlation, with these values than having a minus sign [16].

The Mann-Whitney U test is an alternative to the t-test and is one of the most powerful nonparametric tests. Unlike the t-test, which compares the arithmetic means for two groups, this test compares their medians and converts the values of a continuous variable into ranks, comparing and determining whether there is a significant difference between them. Since ranks are used, the actual distribution is not important. If the existence of a statistically significant difference is identified, a mutual comparison of the medians of both observed groups is performed. The magnitude of the impact (r) is calculated according to the pattern  $r = Z/\sqrt{N}$  as given in [17], while the Cohen criterion was used for decision making. According to Cohen's criterion, as stated in [18], if r has a value of 0.1, there is a small impact, 0.3 is a medium impact, and 0.5 is a large impact.

### 3.3. Sample

The sample for the survey contains 115 employees in primary, secondary and high schools in the Leskovac and Vlasotince area. The average age of all respondents is 44 years, with a minimum average standard deviation of 8.25 years. The percentage of women participating in this study is 55% of the average age of 42 years, with a minimum standard deviation of 8.49 years. Men make up 45% of respondents and are slightly older than average (Mean = 45 years; SD = 7.46). If we look at the sample structure according to the length of service, we can see that the average length of service is 12 years with a slight minimum standard deviation of 0.32 years. Almost half of the respondents have a work experience of more than 10 years, which also applies to females, while for men, this percentage is slightly lower and amounts up to 42%. About 72% of respondents are permanently employed, 67% full-time. 67% of women and 40% of men have a permanent employment contract. According to the level of education, the sample analysis shows that highly educated employees make up a share of 83.48%, with a higher share of females. Three quarters of the respondents are married or live with a partner in an extramarital community where the participation of both partners is equal. Through observation of employees' career development, and based on the analysis results, we notice that 35% of respondents (of which 37% are men) kept their first job.

The descriptive statistics of full-time and temporary employees are given in Tables 1, 2, 3 and 4. By observing the scores for all full-time and temporary employees, we notice that the statements concerning the old psychological contract have higher scores than the statements related to the new psychological contract. For full-time employees, the ratings of the statements that determine the old psychological contract range from 2.89 - 4.15 (2.56 - 3.93 for men and 3.16 - 4.35 for women), while the ratings of the statements of the new psychological contract are in the range of 2.15 - 3.52 (2.1 - 3.2 for men and 2.21 - 3.81 for women). Also, the assessments of the statements related to the old psychological contract, given by the temporary employees, ranging from 2.67 - 4.23 (3 - 4.6 for men and 2.5 - 4.2 for women) and they are higher than the scores that determine the new psychological contract, which ranges from 2.2 - 4.03 (2.1 - 4.5 for men and 2.25 - 4 for women). Five of the nine questions answered by permanently employed men concerning the old psychological contract have scores greater than three and less than four, while the remaining questions have scores less than three. Nine of the seventeen questions answered by permanently employed men and concerning the new psychological contract have scores slightly higher than three, up to 3.17. Based on that, we can conclude that the statements concerning the old psychological contract characterise permanently employed men more than the statements that determine the new psychological contract. Based on the previously defined criteria, the statements related to the old psychological contract are fully characterise permanently employed women because all scores are higher than three, while seven of the seventeen questions answered by permanently employed women concerning the new psychological contract have slightly higher scores of three, up to a maximum of 3.81. If we were to make a decision about what type of psychological contract is formed by employees at the level of the observed groups and based on descriptive statistics, it would be an old psychological contract. Also, the analysis of groups by gender leads to the same conclusion. Based on that, we will accept the second and fourth hypothesis according to which the employees of both groups will form the old psychological contract and reject the first and third hypothesis, which assume that the employees of both groups create a transactional psychological contract.

Table 1: Descriptive Statistics for Permanent Employees - Old Psychological Contract

|  | Total<br>Mean | Total<br>St. Dev. | Total | M<br>Mean | M<br>St. Dev. | M<br>N | F<br>Mean | F<br>St.<br>Dev. | F<br>N |
|--|---------------|-------------------|-------|-----------|---------------|--------|-----------|------------------|--------|
| Gender   |               |                   | 85    |           |               | 41     |           |                  | 44     |
| The employer cares about my personal well-being                            | 3,14          | 1,432             | 85    | 2,68      | 1,312         | 41     | 3,63      | 1,381            | 44     |
| The employer takes care of my health and well-being                        | 3,00          | 1,423             | 85    | 2,66      | 1,315         | 41     | 3,37      | 1,431            | 44     |
| The employer makes decisions that are in my interest as well               | 3,22          | 1,383             | 85    | 2,78      | 1,333         | 41     | 3,70      | 1,264            | 44     |
| The employer cares about my long-term well-being                           | 3,07          | 1,412             | 85    | 2,56      | 1,184         | 41     | 3,60      | 1,417            | 44     |
| The employer supports me in order to achieve a higher level of performance | 3,16          | 1,370             | 85    | 2,66      | 1,217         | 41     | 3,67      | 1,340            | 44     |
| The employer supports me in meeting higher goals                           | 3,24          | 1,315             | 85    | 2,68      | 1,150         | 41     | 3,79      | 1,245            | 44     |
| I see an opportunity for development within the firm                       | 3,21          | 1,372             | 85    | 2,85      | 1,315         | 41     | 3,51      | 1,352            | 44     |
| I see an opportunity for advancement within the firm                       | 3,06          | 1,339             | 85    | 2,73      | 1,184         | 41     | 3,33      | 1,410            | 44     |
| Opportunity for promotion  | 2,89          | 1,263             | 85    | 2,61      | 1,070         | 41     | 3,19      | 1,385            | 44     |
| I am ready to make personal sacrifices for this organisation               | 3,20          | 1,326             | 85    | 3,24      | 1,261         | 41     | 3,16      | 1,413            | 44     |
| I take the problems of the organisation personally                         | 3,28          | 1,394             | 85    | 3,32      | 1,404         | 41     | 3,28      | 1,403            | 44     |
| I protect the reputation of this organisation                              | 4,15          | 1,160             | 85    | 3,93      | 1,273         | 41     | 4,35      | 1,021            | 44     |
| I am fully committed to this organisation                                  | 4,02          | 1,091             | 85    | 3,73      | 1,119         | 41     | 4,30      | 1,013            | 44     |
| I promote myself to be valuable to the employer                            | 3,67          | 1,148             | 85    | 3,32      | 1,128         | 41     | 4,02      | 1,080            | 44     |

 Table 2: Descriptive Statistics for Temporary Employees - Old Psychological Contract

|  | Total<br>Mean | Total<br>St. Dev. | Total | M<br>Mean | M<br>St. Dev. | M<br>N | F<br>Mean | F<br>St.<br>Dev. | F<br>N |
|--|---------------|-------------------|-------|-----------|---------------|--------|-----------|------------------|--------|
| Gender   |               |                   | 30    |           |               | 10     |           |                  | 20     |
| The employer cares about my personal well-being                            | 3,83          | 1,262             | 30    | 4,10      | 1,524         | 10     | 3,70      | 1,129            | 20     |
| The employer takes care of my health and well-being                        | 3,63          | 1,189             | 30    | 4,30      | 1,160         | 10     | 3,30      | 1,081            | 20     |
| The employer makes decisions that are in my interest as well               | 3,67          | 1,184             | 30    | 4,40      | ,843          | 10     | 3,30      | 1,174            | 20     |
| The employer cares about my long-term well-being                           | 3,40          | 1,453             | 30    | 4,00      | 1,333         | 10     | 3,10      | 1,447            | 20     |
| The employer supports me in order to achieve a higher level of performance | 3,63          | 1,402             | 30    | 4,20      | 1,317         | 10     | 3,35      | 1,387            | 20     |
| The employer supports me in meeting higher goals                           | 3,57          | 1,501             | 30    | 4,00      | 1,414         | 10     | 3,35      | 1,531            | 20     |
| I see an opportunity for development within the firm                       | 3,67          | 1,398             | 30    | 4,10      | 1,449         | 10     | 3,45      | 1,356            | 20     |
| I see an opportunity for advancement within the firm                       | 3,47          | 1,408             | 30    | 3,90      | 1,449         | 10     | 3,25      | 1,372            | 20     |
| Opportunity for promotion  | 3,13          | 1,332             | 30    | 3,60      | 1,350         | 10     | 2,90      | 1,294            | 20     |
| I am ready to make personal sacrifices for this organisation               | 2,67          | 1,295             | 30    | 3,00      | 1,333         | 10     | 2,50      | 1,277            | 20     |
| I take the problems of the organisation personally                         | 3,10          | 1,213             | 30    | 3,70      | 1,059         | 10     | 2,80      | 1,196            | 20     |
| I protect the reputation of this organisation                              | 4,30          | 1,022             | 30    | 4,60      | ,699          | 10     | 4,15      | 1,137            | 20     |
| I am fully committed to this organisation                                  | 4,23          | ,971              | 30    | 4,50      | ,850          | 10     | 4,10      | 1,021            | 20     |
| I promote myself to be valuable to the employer                            | 4,23          | ,935              | 30    | 4,30      | ,823          | 10     | 4,20      | 1,005            | 20     |

 Table 3: Descriptive Statistics for Permanent Employees - New Psychological Contract

| Table 3: Descriptive Statistics for Permanent Employees - New Psychological Contract    |               |       |       |      |       |        |      |          |        |  |  |
|---|---------------|-------|-------|------|-------|--------|------|----------|--------|--|--|
|   | Total<br>Mean |       | Total |      |       | M<br>N |      | F<br>St. | F<br>N |  |  |
|   |               | Dev.  |       | n    | Dev.  |        |      | Dev.     |        |  |  |
| Gender  |               |       | 85    |      |       | 41     |      |          | 44     |  |  |
| Limited engagement in the organisation  | 2,86          | 1,255 | 85    |      | -     |        | 2,88 | 1,401    | 44     |  |  |
| It provides me with training only for the existing job                                  | 2,88          | 1,384 | 85    | 2,49 | 1,287 | 41     | 3,23 | 1,394    | 44     |  |  |
| My job is limited to specific, precisely defined responsibilities                       | 3,16          | 1,396 | 85    | 2,93 | 1,292 | 41     | 3,42 | 1,468    | 44     |  |  |
| The employer helps me develop marketable skills   | 2,72          | 1,315 | 85    | 2,63 | 1,240 | 41     | 2,81 | 1,402    | 44     |  |  |
| I get assignments that increase my employability outside the organisation               | 2,35          | 1,241 | 85    | 2,17 | 1,116 | 41     | 2,56 | 1,333    | 44     |  |  |
| I am looking for potential employment opportunities outside the organisation            | 2,15          | 1,210 | 85    | 2,10 | 1,068 | 41     | 2,23 | 1,342    | 44     |  |  |
| I develop contacts that create employment opportunities elsewhere                       | 2,34          | 1,220 | 85    | 2,46 | 1,206 | 41     | 2,21 | 1,245    | 44     |  |  |
| I only do the necessary work  | 2,93          | 1,370 | 85    | 3,15 | 1,236 | 41     | 2,72 | 1,485    | 44     |  |  |
| I only do what I get paid to do   | 3,05          | 1,388 | 85    | 3,05 | 1,264 | 41     | 3,02 | 1,520    | 44     |  |  |
| I have limited liability  | 3,01          | 1,277 | 85    | 3,17 | 1,160 | 41     | 2,86 | 1,390    | 44     |  |  |
| I only do the job for which I signed an employment contract                             | 3,00          | 1,389 | 85    | 3,02 | 1,255 | 41     | 3,00 | 1,528    | 44     |  |  |
| I have no further obligations to the employer   | 2,98          | 1,291 | 85    | 3,02 | 1,313 | 41     | 2,98 | 1,263    | 44     |  |  |
| I can leave work at any time  | 2,94          | 1,499 | 85    | 3,05 | 1,359 | 41     | 2,88 | 1,621    | 44     |  |  |
| I increase my visibility to potential employers outside the organisation                | 2,91          | 1,315 | 85    | 2,90 | 1,221 | 41     | 2,91 | 1,428    | 44     |  |  |
| I am increasing my ability to increase my future employability                          | 3,04          | 1,358 | 85    | 3,07 | 1,253 | 41     | 3,00 | 1,480    | 44     |  |  |
| I find tasks that improve my employability  | 3,19          | 1,249 | 85    | 3,12 | 1,122 | 41     | 3,23 | 1,377    | 44     |  |  |
| I am actively searching and finding opportunities for training and personal development | 3,52          | 1,221 | 85    | 3,20 | 1,123 | 41     | 3,81 | 1,258    | 44     |  |  |

 Table 4: Descriptive Statistics for Temporary Employees - New Psychological Contract

|  | Total<br>Mean | Total<br>St.<br>Dev. | Total | M<br>Mea<br>n | M<br>St.<br>Dev. | M<br>N | F<br>Mean | F<br>St.<br>Dev. | F<br>N |
|--|---------------|----------------------|-------|---------------|------------------|--------|-----------|------------------|--------|
| Gender   |               |                      | 30    |               |                  | 10     |           |                  | 20     |
| Limited engagement in the organisation                 | 2,73          | 1,258                | 30    | 2,90          | 1,449            | 10     | 2,65      | 1,182            | 20     |
| It provides me with training only for the existing job | 3,00          | 1,414                | 30    | 3,30          | 1,418            | 10     | 2,85      | 1,424            | 20     |

| My job is limited to specific, precisely defined responsibilities                       | 2,93 | 1,285 | 30 | 3,50 | 1,179 | 10 | 2,65 | 1,268 | 20 |
|---|------|-------|----|------|-------|----|------|-------|----|
| The employer helps me develop marketable skills   | 3,20 | 1,400 | 30 | 3,60 | 1,430 | 10 | 3,00 | 1,376 | 20 |
| I get assignments that increase my employability outside the organisation               | 2,20 | 1,157 | 30 | 2,10 | 1,197 | 10 | 2,25 | 1,164 | 20 |
| I am looking for potential employment opportunities outside the organisation            | 2,53 | 1,456 | 30 | 3,10 | 1,595 | 10 | 2,25 | 1,333 | 20 |
| I develop contacts that create employment opportunities elsewhere                       | 2,73 | 1,574 | 30 | 3,00 | 1,633 | 10 | 2,60 | 1,569 | 20 |
| I only do the necessary work  | 2,43 | 1,547 | 30 | 2,80 | 1,549 | 10 | 2,25 | 1,552 | 20 |
| I only do what I get paid to do   | 2,80 | 1,540 | 30 | 3,20 | 1,751 | 10 | 2,60 | 1,429 | 20 |
| I have limited liability  | 3,30 | 1,236 | 30 | 3,70 | 1,059 | 10 | 3,10 | 1,294 | 20 |
| I only do the job for which I signed an employment contract                             | 3,13 | 1,502 | 30 | 3,60 | 1,430 | 10 | 2,90 | 1,518 | 20 |
| I have no further obligations to the employer   | 3,20 | 1,518 | 30 | 4,30 | 1,337 | 10 | 2,65 | 1,309 | 20 |
| I can leave work at any time  | 2,90 | 1,517 | 30 | 3,00 | 1,700 | 10 | 2,85 | 1,461 | 20 |
| I increase my visibility to potential employers outside the organisation                | 2,90 | 1,373 | 30 | 3,20 | 1,619 | 10 | 2,75 | 1,251 | 20 |
| I am increasing my ability to increase my future employability                          | 3,93 | 1,202 | 30 | 3,80 | 1,619 | 10 | 4,00 | ,973  | 20 |
| I find tasks that improve my employability  | 3,87 | 1,074 | 30 | 4,00 | 1,414 | 10 | 3,80 | ,894  | 20 |
| I am actively searching and finding opportunities for training and personal development | 4,03 | 1,033 | 30 | 4,50 | ,972  | 10 | 3,80 | 1,005 | 20 |

#### 4. RESEARCH RESULTS AND DISCUSSION

Analysis of data using the  $\chi 2$  test showed that there is a relationship between the answers to the given questions and the working status of employees, in thirteen of the fourteen questions that characterise the old psychological contract and fourteen of the seventeen questions concerning the new psychological contract. The remaining questions did not identify the relationship between the given statements and the working status of employees based on the results of the  $\chi 2$  test. The values obtained by the  $\chi 2$  test are given in Tables 5 and 6. In the second phase of the analysis, the results obtained using the  $\chi 2$  test were examined using the Pearson correlation coefficient to identify the degree of agreement between the given statements. The results of this analysis are given in Tables 5 and 6.

**Table 5:** Data Analysis using χ2 test and Pearson Correlation - Old Psychological Contract

| $\begin{array}{c} \text{df 4} \\ \alpha = 0.05 \\ \chi^2_{\text{(r-1)(s-1)}:\alpha} = 2.1318 \end{array}$ | Pearson<br>Chi-Square<br>Value | N of<br>Valid<br>Cases | Pearson<br>Correlation | Sig. (2-tailed) |
|---|--------------------------------|------------------------|------------------------|-----------------|
| The employer cares about my personal well-being   | 5,665                          | 115                    | 0,215*                 | 0,021           |
| The employer takes care of my health and well-being   | 12,163                         | 115                    | 0,201*                 | 0,031           |
| The employer makes decisions that are in my interest as well  | 3,563                          | 115                    | 0,145                  | 0,121           |
| The employer cares about my long-term well-being  | 2,804                          | 115                    | 0,102                  | 0,278           |
| The employer supports me in order to achieve a higher level of performance                                | 3,690                          | 115                    | 0,149                  | 0,112           |
| The employer supports me in meeting higher goals  | 4,818                          | 115                    | 0,107                  | 0,256           |
| I see an opportunity for development within the firm  | 3,733                          | 115                    | 0,145                  | 0,123           |
| I see an opportunity for advancement within the firm  | 3,079                          | 115                    | 0,132                  | 0,160           |
| I am ready to make personal sacrifices for this organisation  | 4,445                          | 115                    | -0,176                 | 0,059           |
| I take the problems of the organisation personally  | 2,481                          | 115                    | -0,060                 | 0,526           |
| I protect the reputation of this organisation   | 2,628                          | 115                    | 0,058                  | 0,540           |
| I am fully committed to this organisation   | 6,915                          | 115                    | 0,087                  | 0,354           |
| I promote myself to be valuable to the employer   | 6,693                          | 115                    | 0,221*                 | 0,017           |

<sup>\*\*.</sup> Correlation is significant at the 0.01 level (2-tailed).

**Table 6:** Data Analysis using  $\chi^2$  test and Pearson Correlation - New Psychological Contract

|   | Pearson<br>Chi-Square<br>Value | N of<br>Valid<br>Cases | Pearson<br>Correlation | Sig. (2-tailed) |
|---|--------------------------------|------------------------|------------------------|-----------------|
| My job is limited to specific, precisely defined responsibilities | 2,276                          | 115                    | -0,075                 | 0,428           |

<sup>\*.</sup> Correlation is significant at the 0.05 level (2-tailed).

| The employer helps me develop marketable skills   | 3,782  | 115 | 0,158   | 0,092 |
|---|--------|-----|---------|-------|
| I get assignments that increase my employability outside the organisation               | 8,520  | 115 | -0,055  | 0,556 |
| I am looking for potential employment opportunities outside the organisation            | 3,232  | 115 | 0,131   | 0,164 |
| I develop contacts that create employment opportunities elsewhere                       | 9,312  | 115 | 0,130   | 0,165 |
| I only do the necessary work  | 7,622  | 115 | -0,153  | 0,102 |
| I only do what I get paid to do   | 3,425  | 115 | -0,076  | 0,417 |
| I only do the job for which I signed an employment contract                             | 2,827  | 115 | 0,042   | 0,659 |
| I have no further obligations to the employer   | 5,584  | 115 | 0,073   | 0,438 |
| I can leave work at any time  | 3,232  | 115 | -0,012  | 0,898 |
| I increase my visibility to potential employers outside the organisation                | 4,066  | 115 | -0,002  | 0,983 |
| I am increasing my ability to increase my future employability                          | 12,423 | 115 | 0,289** | 0,002 |
| I find tasks that improve my employability  | 7,295  | 115 | 0,242** | 0,009 |
| I am actively searching and finding opportunities for training and personal development | 5,661  | 115 | 0,191*  | 0,041 |

<sup>\*\*.</sup> Correlation is significant at the 0.01 level (2-tailed).

The correlation coefficients' values show the weak and insignificant correlation between employment status and the given statements for both psychological contracts. In the old psychological contract, the values are lower and do not exceed 0.221, while in ten of the thirteen questions, the value is less than 0.2 and indicates a weak correlation. In the new psychological contract, two of the fourteen questions have a value greater than 0.2, while the remaining ones have a lower value so that there is a low correlation here as well. Through observation, we notice that the values of the correlation coefficients for the statements that characterise psychological contract are higher than the values of the correlation coefficients that characterise psychological contract.

We subjected these statements to another nonparametric test. With the help of the Mann-Whitney U test, we examined whether the statements concerning the old and the new psychological contract differed depending on whether temporary or permanent employees gave the answers.

Table 7: Man-Whitney U Test Results (Test Statistics (a)) - Old Psychological Contract

|                        | The<br>employer<br>cares about<br>my personal<br>well-being | The employer takes care of my health and well-being | The employer makes decisions that are in my interest as well | The employer cares about my long-term well-being | The employer supports me in order to achieve a higher level of performance | The employer supports me in meeting higher goals |
|------------------------|---|---|--|--|--|--|
| Mann-Whitney U         | 924,000   | 958,000   | 1050,000   | 1105,500   | 1041,000   | 1097,000   |
| Wilcoxon W             | 4579,000  | 4613,000  | 4705,000   | 4760,500   | 4696,000   | 4752,000   |
| Z                      | -2,291  | -2,064  | -1,468   | -1,103   | -1,542   | -1,167   |
| Asymp. Sig. (2-tailed) | 0,022   | 0,039   | 0,142  | 0,270  | 0,123  | 0,243  |
| $r = Z/\sqrt{N}$       | 0,214   | 0,193   | 0,137  | 0,103  | 0,144  | 0,109  |

a. Grouping Variable: What is your employment status?

Table 7 continued.

|                        |  | 1 4601   | c / continucu.   |  |  |  |
|------------------------|--|--|--|--|--|--|
|                        | I see an opportunity for development within the firm | I see an opportunity for advancement within the firm | I am ready to<br>make personal<br>sacrifices for<br>this<br>organisation | I take the<br>problems of<br>the<br>organisation<br>personally | I protect the<br>reputation of<br>this<br>organisation | I am fully<br>committed<br>to this<br>organisation |
| Mann-Whitney U         | 1036,000   | 1062,500   | 990,500  | 1168,000   | 1139,000   | 921,000  |
| Wilcoxon W             | 4691,000   | 4717,500   | 1455,500   | 1633,000   | 4794,000   | 4576,000   |
| Z                      | -1,565   | -1,389   | - 1,854  | -0,700   | -0,925   | -2,353   |
| Asymp. Sig. (2-tailed) | 0,118  | 0,165  | 0,064  | 0,484  | 0,355  | 0,019  |
| $r = Z/\sqrt{N}$       | 0,146  | 0,129  | 0,1729   | 0,065  | 0,086  | 0,219  |

<sup>\*.</sup> Correlation is significant at the 0.05 level (2-tailed).

## a. Grouping Variable: What is your employment status?

The magnitude of the impact (r) for all previously calculated statements shows a small impact, which means no statistically significant impact of employment status on the given statements has been identified.

Table 8: Man-Whitney U Test Results (Ranks) - Old Psychological Contract

| Table 8: Man-Whitney U Test   |                                 | ological  | ı            |                 |
|---|---------------------------------|-----------|--------------|-----------------|
|   | What is your employment status? | N         | Mean<br>Rank | Sum of<br>Ranks |
|   | Permanent employment            | 85        | 53,87        | 4579,00         |
| The employer cares about my personal well-  | Temporary employment            | 30        | 69,70        | 2091,00         |
| being   | Total                           | 115       | 07,70        | 2071,00         |
|   | Permanent employment            | 85        | 54,27        | 4613,00         |
| The employer takes care of my health and well-  | Temporary employment            | 30        | 68,57        | 2057,00         |
| being   | Total                           | 115       | 00,37        | 2037,00         |
|   | Permanent employment            | 85        | 55,35        | 4705,00         |
| The employer makes decisions that are in my   | Temporary employment            | 30        | 65,50        | 1965,00         |
| interest as well  | Total                           | 115       | 05,50        | 1905,00         |
|   |                                 | 85        | 56,01        | 4760,50         |
| The employer cares about my long-term well-   | Permanent employment            |           |              |                 |
| being   | Temporary employment Total      | 30<br>115 | 63,65        | 1909,50         |
|   |                                 |           | 55.25        | 4606.00         |
| The employer supports me in order to achieve a  | Permanent employment            | 85        | 55,25        | 4696,00         |
| higher level of performance   | Temporary employment            | 30        | 65,80        | 1974,00         |
| 1   | Total                           | 115       | 77.01        | 4552.00         |
| The employer supports me in meeting higher  | Permanent employment            | 85        | 55,91        | 4752,00         |
| goals   | Temporary employment            | 30        | 63,93        | 1918,00         |
|   | Total                           | 115       |              |                 |
| I see an opportunity for development within the   | Permanent employment            | 85        | 55,19        | 4691,00         |
| firm  | Temporary employment            | 30        | 65,97        | 1979,00         |
| *****   | Total                           | 115       |              |                 |
| I see an opportunity for advancement within the   | Permanent employment            | 85        | 55,50        | 4717,50         |
| firm  | Temporary employment            | 30        | 65,08        | 1952,50         |
| 111111  | Total                           | 115       |              |                 |
|   | Permanent employment            | 85        | 61,35        | 5214,50         |
| I am ready to make personal sacrifices for this organisation  | Temporary employment            | 30        | 48,25        | 1455,50         |
|   | Total                           | 115       |              |                 |
| Teledenesia de la contraction | Permanent employment            | 85        | 59,26        | 5037,00         |
| I take the problems of the organisation   | Temporary employment            | 30        | 54,43        | 1633,00         |
| personally  | Total                           | 115       |              |                 |
|   | Permanent employment            | 85        | 56,40        | 4794,00         |
| I protect the reputation of this organisation   | Temporary employment            | 30        | 62,53        | 1876,00         |
| 1 1   | Total                           | 115       | , -          | ,               |
|   | Permanent employment            | 85        | 53,84        | 4576,00         |
| I promote myself to be valuable to the employer   | Temporary employment            | 30        | 69,80        | 2094,00         |
|   |                                 |           | ,            | ,               |

The fourth column of Table 8 (Mean Rank) shows which variable was higher on average. Given that there were no significant differences between the observed variables in the statements concerning the old psychological contract, it is not necessary to specifically analyse the values of Table 8.

Table 9: Man-Whitney U Test Results (Test Statistics (a)) - New Psychological Contract

|                | My job is<br>limited to<br>specific,<br>precisely<br>defined<br>responsibilities | The employer<br>helps me<br>develop<br>marketable<br>skills | I get<br>assignments<br>that increase<br>my<br>employability<br>outside the<br>organisation | opportunities | I develop<br>contacts<br>that create<br>employmen<br>t<br>opportunitie<br>s elsewhere | necessary<br>work | I only do<br>what I<br>get paid<br>to do |
|----------------|--|---|---|---------------|---|-------------------|--|
| Mann-Whitney U | 1156,000   | 1023,000  | 1199,000  | 1102,000      | 1106,000  | 1020,500          | 1153,000                                 |
| Wilcoxon W     | 1621,000   | 4678,000  | 1664,000  | 4757,000      | 4761,000  | 1485,500          | 1618,000                                 |

| Z                      | -0,775 | -1,641 | -0,502 | -1,148 | -1,113 | -1,676 | -0,796 |
|------------------------|--------|--------|--------|--------|--------|--------|--------|
| Asymp. Sig. (2-tailed) | 0,439  | 0,101  | 0,616  | 0,251  | 0,266  | 0,094  | 0,426  |
| $r = Z/\sqrt{N}$       | 0,072  | 0,153  | 0,047  | 0,107  | 0,104  | 0,156  | 0,074  |

a. Grouping Variable: What is your employment status?

Table 9 continues.

|                        | I only do the<br>job for<br>which I<br>signed an<br>employment<br>contract | I have no<br>further<br>obligations<br>to the<br>employer | I can leave<br>work at any<br>time | I increase my<br>visibility to<br>potential<br>employers<br>outside the<br>organisation | I am increasing my ability to increase my future employabili ty | I find tasks<br>that improve<br>my<br>employability | s for    |
|------------------------|--|---|------------------------------------|---|---|---|----------|
| Mann-Whitney U         | 1204,500   | 1156,000  | 1253,500                           | 1263,500  | 794,500   | 879,000   | 966,500  |
| Wilcoxon W             | 4859,500   | 4811,000  | 1718,500                           | 4918,500  | 4449,500  | 4534,000  | 4621,500 |
| Z                      | -0,460   | -0,779  | -0,141                             | -0,075  | -3,156  | -2,591  | -2,037   |
| Asymp. Sig. (2-tailed) | 0,646  | 0,436   | 0,888                              | 0,940   | 0,002   | 0,010   | 0,042    |
| $r = Z/\sqrt{N}$       | 0,043  | 0,073   | 0,013                              | 0,007   | 0,294   | 0,242   | 0,190    |

a. Grouping Variable: What is your employment status?

The magnitude of impact (r) previously calculated for almost all statements shows that a small impact is present, while a statistically significant impact was identified for the statement related to increasing one's ability to increase future employability. Employment status has a medium impact on whether employees will increase their abilities to increase future employability because the value is obtained by applying the Mann-Whitney U test U = 4449.5, Z = -3.156, n = 115, r = 0.2943 (0.3), Md = 3.93 in 30 temporary employees and Md = 3.04 in 80 full - time employees, and we conclude that there is a statistically significant difference between the observed variables.

Table 10: Man-Whitney U Test Results (Ranks) - New Psychological Contract

|  | What is your employment status? | N   | Mean<br>Rank | Sum of<br>Ranks |
|--|---------------------------------|-----|--------------|-----------------|
|  |                                 | 0.5 |              |                 |
| My job is limited to specific, precisely defined | Permanent employment            | 85  | 59,40        | 5049,00         |
| responsibilities                                 | Temporary employment            | 30  | 54,03        | 1621,00         |
|  | Total                           | 115 |              |                 |
| The employer helps me develop marketable         | Permanent employment            | 85  | 55,04        | 4678,00         |
| skills   | Temporary employment            | 30  | 66,40        | 1992,00         |
| SKIIIS   | Total                           | 115 |              |                 |
| I and analysis and that in any and               | Permanent employment            | 85  | 58,89        | 5006,00         |
| I get assignments that increase my               | Temporary employment            | 30  | 55,47        | 1664,00         |
| employability outside the organisation           | Total                           | 115 |              |                 |
| I am looking for potential employment            | Permanent employment            | 85  | 55,96        | 4757,00         |
| opportunities outside the organisation           | Temporary employment            | 30  | 63,77        | 1913,00         |
|  | Total                           | 115 |              |                 |
| I deceled a sector of the transfer and learness  | Permanent employment            | 85  | 56,01        | 4761,00         |
| I develop contacts that create employment        | Temporary employment            | 30  | 63,63        | 1909,00         |
| opportunities elsewhere                          | Total                           | 115 |              |                 |
| I only do the necessary work                     | Permanent employment            | 85  | 60,99        | 5184,50         |
|  | Temporary employment            | 30  | 49,52        | 1485,50         |
|  | Total                           | 115 |              |                 |
| I only do what I get paid to do                  | Permanent employment            | 85  | 59,44        | 5052,00         |
|  | Temporary employment            | 30  | 53,93        | 1618,00         |
|  | Total                           | 115 |              |                 |
| I only do the job for which I signed an          | Permanent employment            | 85  | 57,17        | 4859,50         |
| employment contract                              | Temporary employment            | 30  | 60,35        | 1810,50         |
|  | Total                           | 115 |              |                 |

| I have no further obligations to the employer    | Permanent employment | 85  | 56,60 | 4811,00 |
|--|----------------------|-----|-------|---------|
|  | Temporary employment | 30  | 61,97 | 1859,00 |
|  | Total                | 115 |       |         |
|  | Permanent employment | 85  | 58,25 | 4951,50 |
| I can leave my work at any time                  | Temporary employment | 30  | 57,28 | 1718,50 |
|  | Total                | 115 |       |         |
| I increase my visibility to potential employers  | Permanent employment | 85  | 57,86 | 4918,50 |
| outside the organisation                         | Temporary employment | 30  | 58,38 | 1751,50 |
|  | Total                | 115 |       |         |
| I am increasing my ability to increase my future | Permanent employment | 85  | 52,35 | 4449,50 |
| employability                                    | Temporary employment | 30  | 74,02 | 2220,50 |
|  | Total                | 115 |       |         |
| I find tasks that improve my employability       | Permanent employment | 85  | 53,34 | 4534,00 |
|  | Temporary employment | 30  | 71,20 | 2136,00 |
|  | Total                | 115 |       |         |
| I am actively searching and finding              | Permanent employment | 85  | 54,37 | 4621,50 |
| opportunities for training and personal          | Temporary employment | 30  | 68,28 | 2048,50 |
| development                                      | Total                | 115 |       |         |

The fourth column of Table 10 (Mean Rank) shows which variable was higher on average. Based on the Mean Rank value for the question "I am increasing my abilities to increase my future employability", we notice that the variable temporary employment was higher on average (Mean Rank = 74.02) compared to the variable permanent employment (Mean Rank = 52.35).

Table 11: Statement: I increase my ability to increase my future employability (Mean Report)

| What is your employment status? | Mean | N   | Std. Deviation |
|---------------------------------|------|-----|----------------|
| Permanent employment            | 3,04 | 85  | 1,358          |
| Temporary employment            | 3,93 | 30  | 1,202          |
| Total                           | 3,27 | 115 | 1,372          |

Data on the medians of the observed groups show that the values of the average continuous variable were higher among temporary employees for the question related to the increase of their abilities for the sake of future employability (Table 11).

## 5. CONCLUSION

This paper analyses the existence of a relationship between the employment status of employees and the content of the psychological contract they build. The sample consists of employees in primary, secondary and higher education institutions in Leskovac and Vlasotince area. The analysis' results should provide answers to four hypotheses. First, the data analysis was performed with the help of descriptive statistics, where the results at the group level showed that employees prefer an older psychological contract. Based on the value of arithmetic means of four hypotheses, we accepted the second hypothesis, which assumes that temporary employees will form a relational (old) psychological contract and the fourth hypothesis, which defines those permanent employees will form a relational (old) psychological contract. In the second step of the analysis, the dependence between the answers to the given questions and the work status of both groups of respondents was examined by the  $\chi^2$  test. The results of the  $\chi^2$  test for the old psychological contract show that thirteen of the fourteen statements depend on the working status of the respondents, while in the new psychological contract, the ratio is slightly lower, fourteen of the seventeen questions. After that, we examined the degree of dependence on these questions by applying the correlation coefficient. Although the values of the correlation coefficients are higher for the statements concerning the old one in relation to the new psychological contract, all the obtained values show that there is a low and insignificant correlation between the employment status and the given statements for both psychological contracts. The results of the Mann-Whitney U test confirmed the previously obtained results. The calculated values of the size of the impact (r) of employment status on the statements concerning both psychological contracts, except for one statement which is characteristic of the new psychological contract and refers to the readiness to increase skills in order to ensure a more favourable future employability, show that there is little impact.

Regarding this statement, temporary employees have shown a greater tendency to increase their abilities in order to improve their future employability, which is expected because it is not certain that their contract will be renewed or changed after the expiration of the existing employment contract, but they may lose their jobs. This empirical research has certain limitations. The statistical sample itself is small, so there are small groups (permanent and temporary employees) formed for the needs of the analysis so that the obtained results cannot be generalised. One limitation also

refers to the content of the survey, which does not contain a sufficient number of statements in order to precisely determine the content of the psychological contract that most characterises a certain group of respondents. In order to overcome these limitations, it is necessary to review and modify the existing survey and increase the number of respondents who will participate in the survey.

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