Abstract. Psychological contract, the unwritten agreement between employee and employer, has a strong connection to employees’ organizational commitment, to their level of satisfaction and to a good quality of work relationships, and respecting this contract offers to both employees and organizations the chances to develop and succeed. The violation of this contract has different consequences on organizational behavior and could even make the employee leave the organization. This study aims to investigate possible differences between employees’ perceptions from state-owned and private organizations on psychological contract fulfilment. The results indicate significant differences in job content, organizational policies and rewards between the two groups.

Keywords: psychological contract, state-owned organizations, private companies

Theoretical background

The concept of psychological contract designates a type of social exchange between employee and employer and refers to employee’s perceptions and expectations on the unwritten employment relationship, more specifically “an individual’s beliefs regarding the terms and conditions of a reciprocal exchange agreement between the focal person and another party” [19, p.123]. Psychological contract is an individual, subjective notion, existing in the employee’s mind, depending on his interpretations of observations and discussions with different persons within the organization (managers, colleagues, recruiters, mentors). The exchanges implied by psychological contract are divers: financial and non-financial rewards, career opportunities, good working conditions, respect, support, security, work-life balance etc. [24] on one hand, and employee’s contribution, performance, loyalty, commitment etc., on the other. This exchange implies reciprocity and two perspectives: employee’s perception and organizational expectations.

A theoretical synthesis on the evolution of psychological contract theory highlighted that empirical research has focused on relational and transactional psychological contracts, different in their focus on long-term exchanges of socioemotional resources vs. short-term economic exchanges [6]. Rousseau [20] developed the concept of balanced psychological contracts as exchanging relationships implying a mix of economic and social features, given that these two
main types of psychological contracts are rarely pure in reality. Other research identified ideological rewards included in psychological contracts in volunteers and civil servants and another processual perspective look at the creation of psychological contract, describing the dynamics of the way the content of a newcomer’s psychological contract is formulated [21, 23].

A large body of research has investigated the fulfilment, breaches and violations of psychological contract related to various organizational and personal outcomes. The notions of fulfilment and breach refer to employee’s cognitive evaluation. Breach means the subjective conception that the other party has failed to adequately fulfil their obligations and promises, while violation refers to the emotional reaction, more specifically an intense and negative emotional reaction of anger and distress and feelings of having been betrayed. Psychological contract fulfilment has a positive effect, while breach and violation lead to negative outcomes [6].

Zhao, Wayne, Glibkowski, and Bravo [26] conducted the first meta-analysis on the impact of psychological contract breach on work-related outcomes and demonstrated that breach is a strong predictor of workplace outcomes. It is negatively associated with attitudes (job satisfaction, organizational commitment, and turnover intentions) and individual effectiveness (organizational citizenship behavior and in-role performance) and affective reactions (violation and mistrust) mediate these relationships.

Kraak, Lunardo, Herrbach, and Durrieu [13] found out that psychological contract violation explains the effect of breach in job content, social atmosphere, organizational policies, and rewards on turnover intentions (although no effect was found for breach in career development and work-life balance).

Topa, Aranda-Carmena, and De-Maria [24] included in their review seven meta-analyses and a systematic quantitative review and found out that psychological contract breach has strong connections with attitudinal outcomes (organizational trust, job satisfaction, organizational commitment, and turnover intention) and behavioral outcomes (aspects related to job performance like in-role performance, organizational citizenship behavior, and actual turnover). The impact of psychological contract breaches on attitudes seems to be stronger than the influence exerted on behaviors, taking into account the effect size for each outcome.

Organizational changes negatively affect the fulfilment and violation of perceived organizational obligations, but perceived employee obligations are not affected. Employees consider the non-fulfilment of organizational obligations unacceptable more often in times of organizational change [9].

Research on psychological contract in Romania is scarce. Boroș and Curșeu [4] have adapted a measure for psychological concept assessment, in the context of a European study on psychological contracts. Investigating psychological contract fulfilment on a sample of 378 Romanian employees (192 from public organizations and 184 from private companies), Grama and Selagea [12] found no significant differences between the two groups. Other studies identified the predictive role of psychological contract on affective commitment of pre-university teachers [11] or investigated the relationships between psychological contract, organizational support, work engagement and burnout in healthcare workers [10].

A survey including 160 employees from different companies in Sibiu County highlighted the importance of psychological contract for the respondents and the fact that many managers do not respect the psychological contract [17].

**Research methodology**

**Objectives and Hypothesis**

This study aims to investigate possible differences between employees’ perceptions from state-owned and private organizations on psychological contract fulfilment.

We presume the existence of significant differences in employees’ perceptions on psychological contract fulfilment depending on the type of organization (state-owned or private).
More specifically, employees in private organizations are expected to report a higher level of fulfillment related to job content, rewards and career development than employees in state-owned organizations.

**Participants**

8 employees took part in the study, 26 (44.82%) men and 32 (55.18%) women, with ages varying from 21 to 61 (M=36.4 SD=5.72). 30 (51.72%) participants are employed in public organizations (public administration and police) and 28 (48.28%) in private companies (operating in sales and human resources domains).

**Measure**

The participants filled in the *Tilburg Psychological Contract Questionnaire* (TPCQ) [8]. The instrument was administered online. The questionnaire evaluates three main aspects: psychological contract fulfilment, experiences violations and employee obligations. In this research, we had assessed two aspects: psychological contract fulfilment and employee obligations.

Psychological contract fulfilment is measured by five scales about perceived organizational obligations. Participants are asked on a 7-point Likert scale (1 meaning “less than expected”, 7 “more than expected”) to what extent the actual situation concerning the particular obligation meets their expectations. The five scales are: *Job Content* (10 items, Cronbach’s alpha 0.87), *Career Development* (5 items, Cronbach’s alpha 0.83), *Social Atmosphere* (9 items, Cronbach’s alpha 0.90), *Organizational Policies* (11 items, Cronbach’s alpha 0.91), and *Rewards* (5 items, Cronbach’s alpha 0.73).

Employee obligations are assessed by two scales: *In-role Obligations* (10 items, Cronbach’s alpha 0.86) and *Extra-role Obligations* (8 items, Cronbach’s alpha 0.77), using a 5 point Likert response scale (1 “I feel absolutely not obligated to do this”, 5 “I feel very strongly obligated to do this”). In-role obligations include aspects like working well with others, being honest in dealing with the organization, doing good work, helping others or focusing on organizational objectives rather on personal ones. Extra-role obligations include aspects like volunteering for non-mandatory tasks, participating in organizational social activities, working overtime when needed, following organizational procedures and policies.

For this research sample, all 7 scales had very good internal consistency (Cronbach’s alpha coefficients greater than 0.8).

**Results**

There are significant differences (table 1) between employees from public and private organizations related to the level of fulfilment of three perceived organizational obligations: job content ($t(56)=3.1$, $p=.003$), organizational policies ($t(56)=2.7$, $p=0.007$) and rewards ($t(56)=2.8$, $p=.007$). The mean differences indicate greater levels of fulfillment in all three perceived organizational obligations for employees from private organizations.

<table>
<thead>
<tr>
<th>Type of organization</th>
<th>N</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Standard Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Job content</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private</td>
<td>28</td>
<td>5.7036</td>
<td>.91469</td>
<td>.17286</td>
</tr>
<tr>
<td>Public</td>
<td>30</td>
<td>4.8800</td>
<td>1.08291</td>
<td>.19771</td>
</tr>
<tr>
<td><strong>Career development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private</td>
<td>28</td>
<td>5.3143</td>
<td>1.28747</td>
<td>.24331</td>
</tr>
<tr>
<td>Public</td>
<td>30</td>
<td>4.6400</td>
<td>1.39299</td>
<td>.25432</td>
</tr>
</tbody>
</table>
### Table 2. T-test

<table>
<thead>
<tr>
<th></th>
<th>Levene’s Test for Equality of Variances</th>
<th>t-test for Equality of Means</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>Sig.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job content</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social atmosphere</td>
<td>1.241</td>
<td>.270</td>
</tr>
<tr>
<td></td>
<td>3.136</td>
<td>55.469</td>
</tr>
<tr>
<td>Career development</td>
<td>.706</td>
<td>.404</td>
</tr>
<tr>
<td>Social atmosphere</td>
<td>.009</td>
<td>.924</td>
</tr>
<tr>
<td>Career development</td>
<td>.706</td>
<td>.404</td>
</tr>
<tr>
<td>Social atmosphere</td>
<td>.009</td>
<td>.924</td>
</tr>
<tr>
<td>Organizational policies</td>
<td>3.527</td>
<td>.066</td>
</tr>
<tr>
<td></td>
<td>2.809</td>
<td>54.609</td>
</tr>
<tr>
<td>Rewards</td>
<td>2.746</td>
<td>.103</td>
</tr>
<tr>
<td></td>
<td>2.841</td>
<td>54.516</td>
</tr>
<tr>
<td>In-role behavior</td>
<td>.051</td>
<td>.822</td>
</tr>
<tr>
<td>Extra-role behavior</td>
<td>.734</td>
<td>.395</td>
</tr>
<tr>
<td></td>
<td>-1.020</td>
<td>54.993</td>
</tr>
</tbody>
</table>
The results show partial support for our hypothesis. There are significant differences in employees’ perceptions on job content and rewards, but not on career development.

**Discussion**

Employees from private organizations report significant higher level of fulfilment about job content than employees from state-owned organizations. This means they feel to a greater extent that employer organizations give them the opportunity to do a good, challenging and stimulating job, to use their abilities and skills, to do a varied work, to take responsibility for what they do or to work in their own way. This difference can be explained by the difference in flexibility-rigidity dimension between private and public sector. Public organizations are highly bureaucratic and rigid structures, with high level of formalisation, specialization and resistance to change. Compared to private companies, Romanian public organizations have poor performances and lower profitability [15]. Their employees understand the organizational preference for order and continuity, even at the expense of innovation and experimentation and many of them say that job requirements and instructions are clearly stated so they know what they are expected to do [1]. State-owned organizations are financed by the state budget regardless of their efficiency, while private companies operate on a free, competitive market where changes are frequent, therefore they need to be flexible, adaptable and to use in the most efficient way their employees.

Private organizations employees assess significantly higher the fulfilment of organizational policies, as perceived organizational obligations, than public organizations employees. Organizational policies include performance feedback, flexibility in applying rules and procedures, open, clear and direct communication channels, organizational efficiency, good working conditions, good human resources management, good work-life balance. Romanian public institutions operate on a heavy system of rules and regulations that their employees must follow in their work, so flexibility in such organizations is low. Balica, Henderson, and Țiclău [1] found out that Romanian civil servants tend to abide organizational rules, even when they dislike them because they believe the rules have a purpose and they are more willing to bend the rules if this increases organizational performance. On the other hand, the law and internal organizational regulations punish their employees if they don’t conform to organizational rules, procedures, policies, but in reality there is a high tolerance in the public sector for employees’ deviations from the rules. This happens in many cases because of the lack of professional performance appraisal or because the employee is protected by an influential person in the organization, usually connected to a political party [3].

Regarding performance feedback, in many instances it is just a formality for the public sector organizations. Some of them don’t use frequently performance appraisal [18], others measure employees’ performance just on paper, without practical implications or consequences. Ciobanu and Andronică [5], investigating the relationship between human resources management activities and civil servants’ workplace performance in Romania, found out that employees’ perceptions on the quality of performance appraisal are influenced by the hierarchical level of their job, their level of education and the administrative level of their employer. In private companies, especially multinational ones, performance appraisal can be done regularly and could be the base for decisions like financial rewards, promotion or contract termination.

Rewards, as perceived organizational obligations, refer to an appropriate salary, good fringe benefits, job and income security or rewards for special occasions and achievements. Compared to employees in public organizations, employees from private organizations perceive a higher level of fulfilment about these types of rewards. This is in line with previous research. A survey of 4956 Belgian employees showed that, compared to private sector employees, public sector employees attach less importance to career development opportunities and financial rewards promises, and perceive these promises as less fulfilled [25].

For many years, financial rewards were very limited in Romanian public sector, although in recent years, salaries in the public sector have been increased substantially in some domains.
like healthcare system or public administration. Beiu and Davidescu [2], investigating Romanian employees’ motivation, have showed that job security, recognition and responsibility were considered to be the most important motivational factors for public sector employees, while rewards were relevant for private sector employees, with no statistical difference between the two groups related to job security and rewards. Another study investigating employees’ job satisfaction in private and public organizations highlighted that in private sector, employees’ main sources of satisfaction are co-workers, nature of work, supervision and communication and that employees in the public sector are satisfied with nature of work and are dissatisfied with pay and fringe benefits [16]. In another research on job satisfaction, Davidescu, Beiu, and Mosora [7] found out that Romanian employees tend to be more satisfied with the received salary in the private versus public sector and that the level of job satisfaction is higher in the public sector compared to the private sector.

**Conclusions**

This study aimed to investigate differences between employees’ perceptions from state-owned and private organizations on psychological contract fulfilment. The study identified significant differences between the two groups on three perceived organizational obligations, namely job content, organizational policies and rewards. These perception differences indicate that employees in private companies assess more favourably the psychological contract fulfilment compared to employees in state-owned organizations. This can be explained by differences related to the functioning of the two types of organization.

The main and very important limitation of this study is the small sample size for each group, which raises difficulties regarding the generalization of results.

Practical implications of the study are related to employees and also managers, especially in the public sector, who can conscientiously think about a faire and mutually beneficial employment relationship.

Given the implications of psychological contract on organizational behavior, the limited body of research on this topic in Romania, and the impact of organizational and national context on employees’ perception on psychological contract [14, 22], future research on Romanian employees’ perception on psychological contract fulfilment is needed.

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