

## Verbalization of the psychological contract in Polish enterprises\*

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### Abstract

*A psychological contract is an unwritten agreement between an employee and the employer, an idiosyncratic set of mutual promises, expectations and undertakings to which an employee and the organisation are committed (Rousseau 1989). In organizational terms, a contract defines dynamic relations between an employee and the employer (Pate 2006), and regulates the behaviours of organisation's employees within the framework of changing mutual behaviours, expectations and promises (Coyle-Shapiro/Shore/Taylor/Tetrick 2004). A gap between employee's expectations and the organisational reality may lead to hard-to-solve conflicts or make employees adjust their behaviours to organisational values and goals, as long as they are willing and ready to verbalise their expectations.*

*The verbalisation of the psychological contract means that the members of an organisation are ready to reveal their expectations, to confront their perception of mutual liabilities, and to negotiate them (Adamska/Retowski 2011). The notion of verbalisation was introduced by Adamska and Retowski (2011), when they constructed the Verbalisation Scale of the Psychological Contract for measuring the degree to which social relations could be described as good or poor. The scale seems to be the only diagnostic tool for investigating relationships formed in relation to psychological contracts in the Polish enterprises.*

*This article seeks to determine the frequency of psychological contracts being verbalised in Polish organisations (verbalisation of the psychological contract consists of openness in communication, power distance and contribution) and measures employers' and employees' readiness to express their expectations towards the other party. The article discusses also how the type of the psychological contract influences employee's readiness to verbalise it.*

*The theoretical underpinning of the article includes the concept of the psychological contract, the possible types of contracts in organisations (relational, transactional, balanced) and the significance of its verbalisation. The conditions that may respectively strengthen or weaken the readiness to verbalize a contract are also discussed.*

*The information necessary for the analysis were obtained from the surveys of 178 representatives of large and medium-sized organisations based in Poland and of 800 of their employees. The article ends with conclusions concerning conditions that can either amplify or weaken one's readiness to verbalise a psychological contract.*

**Keywords:** psychological contract, verbalization of the psychological contract, employee's expectations, superior's expectations, mutual expectations  
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## 1. Introduction

Each organisation may be seen as a network of relations between the assets it holds and disposes of (Mikuła 2009). The Polish asset management school focuses on the inside of an organisation, especially on processes and relations between employees and between employees and the management (Obłój 2006). The latter type of relations should be analysed with respect to interpersonal relations based on social and professional links in the organisation, as well as taking account of psychological factors, including emotional motivations (Kruk 2005). In-house relations reveal themselves through interpersonal relations, norms, organisational procedures, and through trust and loyalty.

The employee and the employer behave towards each other in accordance with their conceptions and influence each other by sending and receiving their internal meanings and interpretational schemes. In other words, their actions are determined by their relations. Pawłowska who studied relations in Polish organisations (2004) showed that if certain elements, schemes or some particular conceptions are active within a relation, then the relation produces certain actions that have a feedback influence on its performance. According to Pawłowska, one of these elements is the perception of the role of HRM, but also the degree of compliance with the psychological contract (Pawłowska 2004).

In-house relations are inextricably connected with the notion of behavioural leverage of organisational success which primarily depends on workforce attitudes (Borkowska 2010). The studies on Polish innovative firms show that the behavioural expression of in-house relations is employees' actions determined by their interplay (one employee's actions influence the reaction of another employee). HRM actions become the leverage for high financial results of an organisation and provide it with a durable competitive edge by stimulating employees' motivation and satisfaction, efficiency, as well as the quality of processes (Borkowska 2010).

Other Polish studies show that high performance can be attained by creating relations based on the emotional attachment and involvement of an employee. This goes beyond the behavioural dimension, i.e. being employed in an organisation and obediently following orders given by the superior. At the core of the process there is the emotional dimension, expressed as specific empathy or positive attitude to the employer (Moczyłowska 2013). The emotional relations between employees and their organisation may result from a whole range of diversified premises of emotional and symbolic nature, such as consistency between their system of values and the system of values embedded in the organisational culture, the feeling that by leaving the organisation one fails short of social standards, the will to go on or even to strengthen the trust relation, sense of empowerment and professional effectiveness (Lipka 2011).

The above results of Polish surveys reveal the existence of the employee-employer relation in the organisation that encompasses decision making and personal actions that allow them to fulfil their mutual needs and expectations and offer economic and psychological benefits.

However, Polish studies do not provide evidence that the parties to a psychological contract interpret its terms while formulating the visions of their future relations based on their earlier experiences, and that they react to their mutual needs over the course of employment. This means that a psychological contract is formed as a cognitive pattern influencing employee behaviour in the organisation. The contract is characterised by discrepancies between how an employee envisages organisational reality and the reality itself. Such discrepancies can be reduced in a way that will either benefit or harm cooperation. The more complex ideas about what the other party expects (i.e. the lower the level of stereotype thinking in a difficult situation) the stronger the tendency to exchange information and to verbalise the psychological contract. If the purpose of social life in the organisation is balance between performance and good relations understood as employees' openness in testing the contents of their psychological contract, the organisation is better adapted to cope with changes in its business environment.

This article aims to present how the nature of a psychological contract relates to Polish employees' readiness to verbalise a contract.

To this end, an individual's readiness to disclose his or her expectations to the employer (verbalisation of the psychological contract), consisting of communication openness, power distance and input, is measured. It is expected that the readiness may vary between the three types of the psychological contract.

In the theoretical part of the article, the concepts of the psychological contract, the importance of its verbalisation and the necessary conditions are examined.

It is relevant to note here that the issue being presented has not been sufficiently covered in the Polish literature yet. This discussion of the theoretical basis of the psychological contract and of the survey results for a sample of Polish organisations is therefore aimed to fill the existing gap.

## 2. Literature review

### 2.1 *Definition of the psychological contract*

The psychological contract represents a main view, although sometimes challenged, in analysing and understanding of exchange relationships (Markiewicz/Wawer 2005; Suazo/Turnley/Mai-Dalton 2008). The term 'psychological contract' was used for the first time by Argyris (1960) to describe the relationship between an employee and the organisation and the influence the two parties exert on each other. Building on this idea, Levinson, Price, Munden, Mandl, and

Solley (1962) and then Schein (1965, 1980) characterised the psychological work contract as a series of mutual expectations each party (i.e. every member of the organisation, managers and other stakeholders) to the relationship holds; even if such expectations are dimly realised, they nonetheless govern relationships between people. Since the 1990s, the psychological contract has matured into a construct analysed theoretically and empirically and drawing criticism (e.g., Cullinane/Dundon 2006; De Vos/De Stobbeleir/Meganck 2009; Tomprou/Nikolaou 2011). A psychological contract, an unwritten agreement, functions as a cognitive schema (Rousseau 2001) enabling events experienced in the organisation to be cognitively interpreted and predicted.

A psychological contract has one distinctive property – variability. According to Hiltrop, one source of this variability is reactions to changes occurring in both external and internal environments, induced by the market competition and the mounting tendency toward the downsizing of organisations. Another source is that more and importance is given to flexibility and adaptability. Hiltrop (1995) indicates that increasingly unstable employment gives psychological contracts short-term and occasional characteristics, and that each party assumes that its survival and development are less dependent on the other party (Dulac/Coyle-Shapiro/Henderson/Wayne 2008). In an environment characterized by high competition and economic instability, a psychological contract may be either relational or transactional in nature (Suazo/Turnley 2010).

Rousseau (2010) has identified three types of psychological contracts concluded in the time of tough competition and economic instability. These three types of contracts differently perceive the value of employment relations and interpret particular behaviours, and lead to different decisions about specific actions that need to be taken to strengthen or modify these behaviours.

The distinctive features of the transactional contract are its focus on economic content, relative stability and limited flexibility, and specific time-bound exchange with narrow range of duties. The contract assumes that the parties are rational and self-interested, with no ongoing interdependence between them. The balanced type of a contract is a relational contract that additionally imposes certain performance requirements on the employee. The employer undertakes to provide the employee with development opportunities in return for which the employee commits himself or herself to behave as the changing economic situation may require. The nature of relations between the two parties changes following market demand and supply. The relational contract is an outline of expected behaviours and assumes long-term cooperation. It is more complex and is characterised by socio-emotional content, with evolving contributions that represent mutual investments from which withdrawal is difficult, a commitment to the other party that promotes interdependence, a relative open-ended time frame, less specific content terms and a lesser requirement for immediate reciprocity.

## *2.2 Readiness to verbalise a psychological contract*

The specific aspects of a psychological contract are activated during its implementation, when discrepancies arise between one's vision of reality (including expectations towards co-workers and supervisors) and the real life. Such discrepancies reveal the content of expectations that were not fulfilled before. Information about mutual expectations and the arrangements for the fulfilment of reciprocal obligations shape attitudes to organisational decisions and allow employees to assess decisions for fairness and impartiality. The decisions constitute also a cognitive framework for predicting future events in the organisation.

The verbalisation of a psychological contract amounts to the willingness of the members of the organisation to disclose their expectations, to confront their vision of mutual commitments and to negotiate them (Adamska/Retowski 2011).

The more complex expectations one party holds, the stronger the inclination to exchange information within the framework of a verbalised psychological contract and the higher probability that decisions and organisational activities resulting from them will support co-operation. Co-operation understood as the readiness to verbalise a psychological contract offers a lot of information on mutual expectations and obligations of the employee and the employer (Rogozińska-Pawelczyk 2016). Such information, frequently arising from observations and inference, is expressed as judgments or assumptions enabling its content to be verified. Unclear signals and claims formulated from incomplete knowledge may hinder the verbalisation of the psychological contract and make it less complete (Rousseau 2001). Frequent exchange of information enriches mutual relations and allows both parties to the contract to make decisions as to their further co-operation. The readiness to verbalise a psychological contract reflects therefore the conviction of the employer and employees that active negotiations are possible. The parties' active involvement facilitates a realistic evaluation of the current and predicted events, and consequently strengthens co-operation between them.

The extent to which employees and employers are willing to disclose their mutual expectations, to develop coordinated ideas of their reciprocal commitments and to negotiate is greater when the superiors communicate directly with their subordinates, when the personnel policy is an inherent element of an integrated HRM system, when flexible interpersonal relationships are maintained (Adamska/Retowski 2011).

The willingness to verbalise the psychological contract in organisations increases when employees meet on a regular basis with their direct superior (Trenholm/Jensen 2001). The exchange of information that takes place then allows a common set of mutual expectations to be defined, which is very important for maintaining correct relationships in the organisation. When employees and superiors

are sincere and have good communication skills, when cooperation and trust are part of the organisational culture, their talks are effective regardless of their purpose (to resolve a conflict, to delegate responsibilities, or to complete negotiations) (Stankiewicz 2006).

Another factor that can raise the level of verbalisation of the psychological contract in the organisation is the Integrated Human Resource Management System (Borkowska 2007). The system encompasses the recruitment and selection subsystem, behavioural evaluation, training and remuneration. Such a structured approach to personnel management offers the ability to integrate various fields of HRM into a single coherent system, as well as ensuring an optimal flow of information between the employee and the employer. It gives both parties an adequate idea about how they see each other in their formal roles. When an integrated HRM system has not been introduced or is insufficiently efficient, the opportunity to verbalise the psychological contract is dramatically reduced (Schalk/Rousseau 2000; Stanton/Young/Bartram/Leggat 2010).

Greater readiness to verbalise a psychological contract is also observed when labour relations are flexible, as they make people more willing to exchange information and enrich the image of mutual relationships. Until recently, the purpose of labour relations in Poland was to ensure predictability and sustainability of the employer-employee relationship based on open-end employment contracts and employers' paternalistic attitudes. These days such labour relations are increasingly replaced by idiosyncratic arrangements (Rogozińska-Pawełczyk 2011). Idiosyncratic contracts are individually negotiated agreements, which are concluded when a person is being employed or during employment (cf. Rousseau, Ho, Greenberg 2006; Rogozińska-Pawełczyk 2012) with the immediate supervisor in a flexible and often informal way.

According to Adamska and Retowski (2011), open communication, a sense of participation in organisational decision making (a contribution) and the power distance are dimensions determining readiness to verbalise the psychological contract.

### *2.3 Three conditions for the verbalisation of a psychological contract*

The verbalisation of the psychological contract has to do with communication carrying informational and relational contents (Trenholm/Jensen 2000). Openness in communication is based on beliefs arising from earlier experiences that exchange of information is possible, especially in difficult situations (Lester/Kickul 2001; Rousseau 2001; Adamska/Retowski 2011). A difficult situation is one that has the potential to destroy organisational routine and requires new solutions, thus creating a risk for the sustainability of a psychological contract (Wojciszke 2004). Negotiating in difficult situations may require the redefinition of contractual terms, a process carrying the risk of incompatibilities being re-



vealed between the parties' perception of their relationship. With highly subjective judgments about reality, communicative openness is low (Moskowitz 2009).

Openness in communication can be examined in a broader context of the Exit-Voice-Loyalty-Neglect (EVLN) model designed by Farrell (1983) and elaborated by Hagedoorn et al. (1999), and with respect to a study with Polish workers (Retowski 2011). Retkowski concluded with a high degree of probability that openness in communication facilitates a constructive dialogue, but does not exclude aggressive negotiations. The results of his study also confirm that communication openness correlates negatively with two passive ways of handling difficult situations in the organisation (loyalty and negligence) (Retowski 2011).

Hofstede (2005) views power distance as a cultural dimension allowing both national and organisational cultures to be graded. Power distance is founded on the expectations and acceptance of unfair power distribution expressed by less privileged (subordinates) members of an institution or organisation Hofstede (2015).

The study by ITIM Consulting shows that Poland's power distance index is 50 on a 100 point scale, which is slightly above the European average (40) but close to the global average (53) (Hofstede 2015).

Studies conducted in 2006 show that Polish entrepreneurs predominantly use the autocratic management style. Even though as much as 41% of employers claim to be making decisions together with employees, only 29.7% of the latter say to be so and 41.6% believe that all decisions are imposed on them. Moreover, Polish managers, like their American counterparts, tend to take autocratic approaches to resolving employee conflicts, as they assume that using teams would only increase disparities and escalate the problem. In general, employees are either unaware of how conflicts are resolved in their company (20.6% of respondents) or accept that this is the managers' job (74%) (Szcześniak 2006).

Organisational culture studies show that the power distance index can measure parties' readiness to verbalise their psychological contract. This readiness is expressed by the way an employee changes his or her behaviour in the presence of the supervisor (Adamska/Retowski 2011).

A high power distance means that employees suppress spontaneous reactions, both verbal (they control the form and contents of communication) and non-verbal (they maintain physical distance and avoid all forms of physical contact such as patting, hugging for greeting, touching to draw the other person's attention, or acknowledging some statements) (Knapp/Hall 2000). A high power distance towards a person of higher social rank can also be seen in the course of conversation: it is the person with authority who has the right to start and end conversation, as well as better right to interrupt the other person. This social asymmetry has effect on the degree to which expectations can be shared and negotiated. The stronger the power distance the less verbalised the psychological contract is. The

person who has the formal power can also decide about the distribution of goods valued by lower-ranking individuals (Blau, 2006), but this fact alone is not sufficient to reduce the possibility of the psychological contract being verbalised. An important factor in the formation of power distance is the tendency to perceive people with power as being more influential than formal authority might suggest (Overback/Tiedens/Brion 2006).

Another factor stimulating the evolution of Polish organisational culture is the need to make labour relations more flexible and to empower employees (Krawczyk-Bryłka 2012). Empowered employees are better motivated to act on behalf of their organisation, but empowerment requires also a new organisational climate based on mutual trust between all hierarchical levels. For this to be achieved in Poland a low power distance must be introduced into Polish organisational culture (Krawczyk-Bryłka 2012).

The third condition enabling the verbalisation of the psychological contract is employees' subjective conviction that they make a meaningful contribution to decisions making and the performance of their organisation, and that what they think about their work helps the organisation improve its performance (Adamska/Retowski 2011). On the other hand, employees who believe that their superiors are not interested in their opinions on various organisational issues tend to assess their role in the organisation as insignificant. As a result, they are less willing to verbalise and negotiate psychological contracts. Perceiving an employee who makes a major contribution to the organisation as someone who duly deserves respect is consistent with the principle of organisational fairness (Overback/Tiedens/Brion 2006).

A superior can manifest respect not only by taking account of employee's suggestions, but also by keeping promises made. This attitude encourages the employee to perform on his/her part of obligations and enhances the rule of reciprocity (Coyle/ Shapiro/Kessler 2002). When the rule of reciprocity works, the assessment of organisational fairness is positive. According to Macko (2009), the perception of organisational justice is at the heart of understanding and explaining many relevant behavioural mechanisms of employees in Polish organisations. Organisational justice is when employees feel that they are fairly rewarded or assessed, but also when the employer abides by fair procedures or fosters interpersonal relationships.

### 3. Research method

The study sought to assess the strength of the correlation between the specific type of a psychological contract and employee's readiness to verbalise it. The readiness was considered with respect to three dimensions: communication openness, power distance and contribution.



The type of the psychological contract, why it is verbalised, and what consequences this has must be examined in a broader context of employees' attitudes and behaviours. Given that this article only deals with some selected aspects of employee functioning in the organisation, the following research questions were formulated:

- Does the degree of verbalisation of a psychological contract depend on its type?
- Are the verbalisation of the psychological contract by an employee and his or her organisational status related to each other?

The perception of a psychological contract in the organisation was investigated using the confirmatory factor analysis. To meet the specific needs of this study, two diagnostic tools were created: the Psychological Contract Form (PCF) and the Psychological Contract Verbalisation Form (PCVF). The PCF was developed based on the Psychological Contract Inventory that Denis Rousseau had created to identify the types of psychological contracts used in organisations. The PCF consists of 35 items and three subscales: the balanced contract (15 items), the relational contract (10 items) and the transactional contract (10 items). Respondents were given the following instruction: „Please think about your relations with the present employer and answer questions (for each item in the questionnaire) about the type of expectations you hold towards your workplace (and what you cannot expect of it)”. The answers were marked on a five-point scale, where 1 indicated that the specific item was irrelevant to respondents' relations with the employer and 5 showed that it described them accurately. To calculate the cumulative score for each subscale, all points the respondent achieved were added up (each answer was scored from 0 to 4). A higher score pointed to higher intensity of the given characteristic.

The PCVF created by Retowski and Adamska (2011) was used to establish how willing the responding employees were to state their expectations towards the employer. The PCVF has three scales with a total of 25 items, i.e.:

- a) communication openness (11 items) – assessing the degree to which an employee is ready to openly express their expectations towards the superior;
- b) power distance (8 items) – employee's subjective opinion on constraints in communicating their views and expressing expectations in the presence of the superior;
- c) contribution (6 items) – employee's subjective perception of the importance of their participation in organisational activities and decisions.

Each statement was provided with a „yes” / „no” scale for the respondent to indicate how well their behaviours and beliefs were described by the statement. The final score was calculated by adding up points the respondent scored for answers (0 or 1 for each answer). A higher score pointed to greater intensity of the given characteristic.

In the second half of 2015, two surveys were carried out with the representatives of 178 large and medium-sized companies based in Poland and with 800 of their employees. The main sectors represented by the surveyed firms included: industry (64), other services (25), transport, telecommunications (17), banking, finance and insurance (12), trade (14), construction (11), health care (8), education (11) and public administration (16).

The first survey involved 178 superiors from 65 firms with employment in excess of 250 people and from 113 firms with employment between 50 and 250 people; the private sector and the public sector were represented by 126 and 52 firms, respectively. The respondents were the top and medium-level managers (29 presidents or CEOs; 57 directors of departments, 48 managers of autonomous units in the organisations) and 44 heads of personnel departments. In the sample, women and men accounted for 91 and 87 respondents, respectively. Most respondents were aged 40-49 years (37%). Older age groups consisted of respondents aged 50-55 years (24%), 31-39 years (23%), and older than 55 years (13%); the smallest group was respondents younger than 30 years of age (3%). As far as the duration of employment is concerned, 112 respondents were with the organisation longer than 5 years and 66 up to 5 years.

Of the surveyed workers (persons holding non-managerial jobs), 272 (34%) respondents worked in large firms and 528 (66%) in medium-sized organisations; 46% were females and 54% were males. Most of them had been with the firm longer than 10 years (67.5%), around 11% worked up to 3 years and 22% longer than 3 years. Regarding respondents' educational attainments, 40% had secondary education and another 40% tertiary education; 20% had education lower than secondary. Almost 30% of the surveyed workers were aged 31-39 and 40-49 years. The smallest group consisted of persons older than 55 years of age – 7%.

#### 4. Analysis and results

What type of a psychological contract an organisation has adopted can be identified by investigating whether employment relations include the freedom of communication, employee's sense of contributing to organisational decision making (contribution), and power distance. All these factors (see **introduction**) determine the possibility of a psychological contract being verbalised. The greater communication openness and the sense of contribution, and the lower the power distance, the higher probability that a psychological contract will be verbalised. Because of its reciprocal nature, the relational contract emphasizing the value of harmonious cooperation provides a basis for friendly relations between an employee and the superior, lowers barriers to open communication (such as power distance), and strengthens the employee's feeling of participation. The balanced contract can be assumed to involve communication openness and a sense of con-

tribution, but because of the weight that market relations give to success and the importance of being effective its negative correlation with power distance (reducing effectiveness) is likely. The transactional contract, characterised by a limited range of trade-offs, fixed time over which they must be executed, and precisely defined obligations, is related to power distance rather than to communication openness and contribution.

According to the research results, particular types of the psychological contract come with different readiness to verbalise it. The lowest readiness was found for the transactional contract and the highest for the relational contract involving communication openness, low power distance and employee’s feeling of contributing to organisational decision-making. The disitinctive features of the relational contract can be lower power distance, stronger sense of contribution and communication openness.

The Spearman’s coefficients calculated with data from the employee survey show strong correlations and linear relationships; therefore, converting a transactional contract into a relational one strengthens the sense of contribution and communication openness while decreasing power distance (see table 1).

**Table 1: Types of psychological contracts in the organization and employee’s intensities of the dimensions of verbalization of the psychological contract (Spearman’s coefficients) (N=800)**

No.	Specification	Psychological contract	Contribution	Power distance	Communication openness
		1	2	3	4
1	Psychological contract	1.000			
2	Contribution	-0.543***	1.000		
3	Power distance	0.440***	0.511***	1.000	
4	Communication openness	-0.457***	0.438***	0.436***	1.000

\* p<0.05; \*\*p<0.01, \*\*\*p<0.001

The correlations and linear relationships shown by coefficients obtained for employers are very similar except for a weaker relationship between contribution and power distance (the direction of correlation is the same, though, see table 2).

Table 2: Types of psychological contracts in the organization and employers intensities of the dimensions of verbalization of the psychological contract (Spearman's coefficients) (N=178)

No.	Specification	Psychological contract	Contribution	Power distance	Communication openness
		1	2	3	4
1	Psychological contract	1.000			
2	Contribution	-0.543**	1.000		
3	Power distance	0.440**	0.511*	1.000	
4	Communication openness	-0.457**	0.438**	0.436**	1.000

\* p<0.05; \*\*p<0.01, \*\*\* p<0.001

In both surveys, the transactional contract proved to be significantly and positively correlated with communication openness (employees  $r=-0.46$ ,  $p<0.001$ , employers  $r=-0.46$ ,  $p<0.01$ ), contribution (employees  $r=-0.54$ ,  $p<0.001$ , employers  $r=-0.53$ ,  $p<0.01$ ), but its correlation with power distance was negative (employees and employers  $r=0.44$ ). The relational contract was negatively correlated with power distance and positively correlated with communication openness and contribution.

As communication openness and employee's contribution (the sense of participation) grow higher, the clearer it becomes that the relational contract is at work. This contract is characterised by lower power distance, stronger sense of contribution and communication openness. The transactional contract is correlated with lower contribution, as well as with power distance and less open communication. A relational contract between the employer and the employee means strictly defined responsibilities (subordination) and the employee feeling free whether or not share information with the superiors.

Because of the assumption that the older an employee, the higher the person's position in the organisational hierarchy, and the longer employment, the higher level of verbalisation of the contract, it was expected that the three dimensions of verbalisation of the psychological contract would have different intensity. It was also assumed that gender and the type of employment would have a differentiating effect on the verbalisation of the psychological contract. The research confirmed that it was really so, but also that the differences were not statistically significant (see table 3).

**Table 3: The psychological contract, its verbalization in the organization and the individual factors of the work context (Spearman's coefficients) (N=978)**

No.	Specification	Gender	Age	Organizational status	Time employment	Type of contract employment
		1	2	3	4	5
1	Psychological contract	-0.040	-0.079	-0.223***	-0.044	-0.36*
2	Contribution	0.097**	-0.149**	0.163***	0.219***	0.230***
3	Power distance	0.083	-0.19	0.185***	-0.053	-0.093**
4	Communication openness	0.055	-0.038	0.171***	-0.091**	0.139***

\*  $p < 0.05$ ; \*\*  $p < 0.01$ ; \*\*\*  $p < 0.001$

The analysis of the correlation coefficients shows that:

- With the psychological contract evolving from transactional to relational, the employee's organisational status changes from non-managerial to managerial ( $r = -0.223***$ ).
- Contribution ( $r = 0.163***$ ) and communication openness ( $r = 0.171***$ ) are both significantly and positively correlated with the type of employment, meaning that contribution and communication openness increase if a fixed-term employment contract is involved. The correlation between power distance and the type of employment is negative ( $r = -0.185***$ ). In other words, fixed-term employment contracts come with lower power distance.
- Contribution ( $r = 0.230***$ ), power distance ( $r = 0.093**$ ) and communication openness ( $r = 0.139***$ ) are significantly correlated with organisational status; therefore, they respectively decrease and increase as the organisational status declines from managerial to non-managerial.

Interestingly, the rates of communication openness and contribution were higher for managers than for employees. At the same time, managers reported lower power distance. This means that managers were probably more open in communication, had a stronger sense of participation in organisational actions and decision making, and experienced lower power distance. Employees' relations with the employer were characterized by greater power distance combined with lower communication openness and a weak sense of contribution. It is interesting to note that both employees and superiors would tend to avoid open discussions about various aspects of their relations. The main reason for this strategy is concerns over open confrontation if the parties differed in their expectations. Open communication and well-defined expectations may undermine relations between the parties to the contract.

## 5. Conclusions

The aim of this study was to determine the strength of the relationship between the type of a psychological contract operated in an organisation and employees and managers' readiness to verbalise it, the later exerting influence on the evolution of labour relations. Using the PCF and PCVF questionnaires, three types of psychological contracts and their verbalisation were examined from the perspective of job hierarchy in the organisation and the types of labour relations.

This study, the first of this type conducted in Poland, has shown that the possibility of open communication, a sense of participation in organizational decision making (contribution) and power distance constitute dimensions that determine readiness to verbalise a psychological contract, which varies depending of the employees' rank in the organization.

The study has revealed that greater openness of communication and contribution and smaller power distance more frequently lead to balanced contracts (based on flexible labour relationships and negotiable exchanges). Relational contracts emphasise values such as harmonious co-operation that brings kindness into relations between supervisors and subordinates, reduces barriers to open communication (such as power distance) and reinforces the feeling of participation.

The transactional contract excludes openness and contribution. It comes with power distance instead, because relations between the employer and the employee are reduced to each party performing their clearly specified duties (subordination).

Moreover, the lower rank an employee has in the hierarchy of power, the more probable it is that he or she will enter into a transactional contract. An interesting trend is the rising popularity of relational psychological contracts among employers, which foster the sense of a safe workplace where the employer trades responsibility for employees for their loyalty. The relational contract strongly correlates with the readiness to verbalise a contract. The transactional contract (preferred by employees) is characterized by narrow and specific scope of exchanges with low openness and high power distance.

The study highlights the importance of employers and employees discussing their mutual expectations. Such discussions are never easy, because the parties must trust each other or at least be convinced that their co-operation can be based on fair exchanges and mutual respect. Discussions with superiors on an equal footing are only possible when the employee trusts that the other party's attitude is positive (communication openness), when the discussion can be spontaneous (low power distance) and when a participative attitude is allowed (contribution). Employers are more open to such encounters. If they choose to base their relations with employees on the relational contract, it should not be intro-

duced without prior consultations and telling employees how they will benefit from it.

This empirical investigation shows increasing numbers of employees for whom sustainability of employment is secondary and of employers who seek sustainable relations with their personnel.

The readiness to verbalise the terms of a contract is correlated with one's rank in the organisation. The study showed higher levels of communication openness and contribution in managers than in their subordinates, the former scoring higher also on the power distance scale. Generally, Polish managers tend to manage their employees using the Human Relations Model of Participation rather than their capabilities as recommended by the Human Resource Model of Participation. As for employees, they pursue professional development that they create themselves and for the course of which they take full responsibility.

The results of Polish studies cited in the theoretical part point out that Polish companies differ in their staff readiness to verbalise psychological contracts (cf. Moszkowicz 2000; Retowski 2011; Adamska/Retowski 2011, Krawczyk-Brylka 2012, Macko 2009). On the one hand, major differences can be observed between the 'predatory', dynamic but also unstable private sector and the public sector which is frequently ineffective and structurally calcified, but still provides employees with stability and social security. On the other hand, the nature of the Polish market economy, its continued efforts to shed the legacy of real socialism, and the cultural transformation of the 'generational change' stimulated by the need to adjust to the challenges of free-market capitalism cause that relationships between employers and employees in Poland as well as people's readiness to reveal their expectations are still evolving, and years will pass before the relationships will take their final shape.

Summing up, this study of labour relations has shown distinctive types of psychological contracts differing in communication openness, sense of participation in organisational decisions making (contribution) and power distance. According to its results, these factors are conclusive for the possibility of verbalising a psychological contract.

The theory of the psychological contract and the results of empirical surveys presented in this study fill a research gap in the Polish literature on this subject. Let us note, however, that being based on the personal views of the survey participants the conclusions of the study are not fully representative. Even so, the study explains why changes in HRM are not always as effective as expected, or even lead to conflicts that are hard to solve. The employer's vision of what an employee seems to desire may violate the unwritten initial agreement in the eyes of the latter. For this reason, the transparency of the rules defining the relationship between employers and employees should be given high priority in Poland.



The relationship requires that both the employer and the employee shows similar readiness to verbalise the psychological contract. Moreover, because of increasing flexibility of employment (Cichocki/Saczuk/Strzelecki/Wyszyński/Tyrowicz 2013), efforts should be made to answer the question about whether, and to what extent, Polish employees need a relationship with the employer. Answering it seems crucial from the point of view of organisational behaviours of employees and their performance.

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