ABSTRACT
The objective of this conceptual study is to understand the nature of relational psychological contract and motivation. Generally two types of obligation, transactional and relational are demonstrated over a period of time, e.g. high pay and career advancement in exchange for hard work (transactional) and exchanging job security for loyalty (Relational) can be the two forms of an obligation. These obligations therefore leads to two forms of legal contracts; transactional and relational. A breach in psychological contract is perceived differently by the contracting parties, where the employee attribute it to the organization’s intentional disregard for the commitments they have made to the employer while supervisors are more inclined to attribute the breach in situations beyond the organization’s direct control. Psychological contracts are an individual’s beliefs regarding reciprocal obligations. Beliefs become contractual when the individual believes that he or she owes the employer certain contributions (e.g. hard work, loyalty, sacrifices) in return for certain inducements (e.g. high pay, job security). As perceived obligations, psychological contracts differ from the more general concept of expectations in that contracts are promissory and reciprocal. Promises of future behaviour (in this case on the part of the employer) typically are contingent on some reciprocal action by the employee. Company policies stipulating that after successfully completing probationary period employees will be designated as ‘permanent employees’ and promises job security in exchange for satisfactory performance as a newcomer. In the case of contractual expectations, the promise of reciprocity in exchange for some action or effort is the basis of the contract. It has been argued that when two parties can predict what each other will do in an interaction, (based upon the precedence) a contract to continue these behaviours into the future emerges and structures their future relationship. Thus, this leads the formation of expectations (factor of motivation) based on mutual interactions regarding future patterns of reciprocity and constitute a psychological contract for an individual who is a party to the relationship.

KEY WORDS: Relational contract, Transactional contract, Schema etc.
REFERENCES:


