THE PSYCHOLOGICAL CONTRACT OF EMPLOYEES IN PUBLIC ORGANIZATIONS: WHAT BUILT THIS RELATIONSHIP?

ABSTRACT:

The purpose of this work was to identify the elements that make up the psychological contract of professionals with higher education qualifications and who previously worked in the private sector, but who now work in public organizations. The recent trend in the Brazilian job market favoring positions in the public sector, as evidenced by the growing interest shown in openings in this area, is the main motivation behind this present work, which seeks to understand what the main attractions of this particular kind of employment might be. The results of the survey that were carried out suggest that among the main attractions of working in the public sector include a steady pace of work, job stability and good wages and benefits, although aspects such as corporate image, professional challenges and incentives for furthering one’s education are also relevant according to those interviewed.

Keywords: Psychological Contract. Public Organizations. Civil Servant.

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1. INTRODUCTION

There is a recent trend in the Brazilian labor market for the valorization of public jobs, which is observed both in the increase in the number of positions offered in the public sector and the growing number of applicants for them. Between 2012 and 2013, there was a 44.4% increase in the number of openings in the public sector, from 90,000 to 130,000 positions, referring not only to the replacement of public servants but also to an increase in the number of public jobs in Brazil. According to the Brazilian Institute of Geography and Statistics (IBGE), the percentage of military and civil servants in the total workforce increased from 7.3% to 8.2% between 2008 and 2016.

Despite the increase in openings in this sector, the competition for these positions has not reduced. According to the Associação Nacional de Proteção e Apoio ao Concurso (ANPAC) (national association for job exams support), 6.7 million people applied for public jobs at the federal, state and municipal levels between 2005 and 2007. The organization pointed out that this number increased in 2015, and between 10 and 12 million people apply annually, for openings in public service.

The interest in public jobs is observed both among people entering the labor market (young professionals/just graduated) and among professionals with experience in the private sector. According to a study by IBGE presented in May of 2013, this movement can be justified, in part, by the fact that the remunerations in the public sector are 46% higher than those of the private sector. This survey, conducted in 2011, found that the average salary of the public sector this year was R$ 2,478.21, while the private sector paid R$ 1,592.19.

The newspaper “O Globo” (AMORIM, 2013) reported that the Brazilian Development Bank (BNDES) registered in 2013 the largest number of applicants for a job opening in its history, a total of 137,989 candidates. Among the applicants, 63,865 of them applied for 12 higher-level positions. The newspaper reports, based on interviews with applicants that the starting salary of R$ 9,182.01 was not the only motivating factor to apply, and the candidates valued characteristics of the job such as the work environment, and the state-owned bank’s image and corporate values.

The case of BNDES suggests that public institutions seem to offer a set of elements that attract professionals, including individuals with careers established in the private sector who consider changing and restarting their careers by working in the government. Côrtes and Silva (2006) identified that stability, for example, is an element of significant consideration in the choice for migrating from the private to the public sector. Therefore, understanding in depth what has attracted so many professionals to work as public servants is an issue of interest both for the government – which needs to have highly qualified personnel – and for the private sector, which has lost well-prepared professionals in this migration process.

Against this backdrop, this study sought to understand the elements in state-owned companies that attract professionals holding a graduate degree, focusing on the workers who have built their career in the private sector before applying for a job in these companies of the public sector. This profile of professionals was chosen because the research assumes that the decision to move from the private to the public sector indicates an option based on a positive assessment about the public sector, i.e., it is not a path motivated by lack of work opportunity in the private sector. Thus, the research reinforces the value attributed to the public sector in the world of work in recent years. The analysis is focused on the construction of the relationship between professionals and prestigious state-owned companies of the Brazilian federal government. These
organizations have a highly competitive selection process, due to elements that make of their job openings a symbol of the “ideal” in the collective imagination of Brazilian workers, such as good initial remuneration, attractive and stimulating work activities, social prestige, and stability. In this sense, this article aims to contribute to an in-depth understanding of the main reasons that are leading professionals to migrate from the private to the public sector.

Thus, to understand in depth the attractiveness of state-owned companies, this study analyzes the main aspects related to the psychological contract of professionals who worked in the private and migrated to the public sector, and interviewed employees of the Central Bank of Brazil (BACEN), Petróleo Brasileiro S/A (PETROBRAS), and the Brazilian Development Bank (BNDES). The psychological contract constitutes the exchange relation between employee and employer. The choice of this construct is because it is considered an important aspect to understand what attracts and what retains a worker, in an organization. In this sense, this work continues and expands recent national studies aimed at analyzing the psychological contract established between professionals and organizations in the public sector. One of these studies is the work by Wetzel (2001) on the transformations of the psychological contract in privatized companies. Another is the research by Côrtes and Silva (2006) on the process of construction of the psychological contract in a state-owned company, whose conceptual framework supports the research presented in this article. As for the contributions of this study, the assumption is that knowing the reasons that attract qualified professionals from the private to the public sector contributes to understanding the elements that organizations, public and private, must emphasize to attract and retain talented and well-prepared employees. Also, although the public sector is often the subject of academic research (MOLON, MELLO e TORRES, 2013; RORATO e DIAS, 2011; SILVA e GONÇALVES, 2011), few studies, except for the Wetzel (2001) and Côrtes and Silva (2006) mentioned above, are devoted to analyzing the psychological contract established between public servants and state-owned companies in Brazil.

This article is organized into five sections including this introduction. The second section presents a discussion on the literature about the psychological contract, followed by the methodology adopted in the research. The fourth part presents the findings, discussing in light of the content analysis. The last section presents the final considerations, including the limitations of the study and suggestions for future research.

2. THEORETICAL FRAMEWORK

2.1. Definition of the psychological contract

The term psychological contract was first used by Argyris (1960), who argued that employees and organizations created psychological contracts that allowed the expression and gratification of each other’s needs. In other words, if employees feel that their managers are respecting their right to develop, grow, and be proactive, they will also respect the organization’s right to evolve. For Argyris (1960), if employers do not interfere too much with employees’ activities, respect their culture or group norms, and let them do their job, they tend to have better performance. Therefore, as long as employers keep their promises in the agreement, employees will be prepared to work productively.

Corroborating with this understanding, authors such as Conway and Briner (2005) and Rousseau (1989; 1995) define the psychological contract as an exchange relationship between
employee and employer. Rousseau (1989) emphasizes the individual’s beliefs regarding an exchange agreement between them and their employer. These beliefs are based on promises, which can be explicit or implicit. With the consolidation of the contract, the promises gain strength and form a mental model guiding the employee-employer relationship. Guest (2004), on the other hand, emphasizes the unique nature of this type of agreement, since its terms are negotiated individually, at the moment of hiring, and the negotiation continues, later. Psychological contracts influence the efforts that employees make in favor of the company, as well as their acceptance of the change in the organization and reactions to possible employer failures to fulfill some promise (LEE et al., 2011).

Levinson et al. (1962) describe the psychological contract as an unwritten contract, as a sum of the mutual expectations between the organization and the employee. The concept is used to highlight implicit and unsaid expectations that predate the employer-employee relationship. Schein (1965) sees the psychological contract as a way to analyze the employer-employee relationship. For the author, employees evaluate the psychological contract by observing if there is a correspondence between their expectations and those of the organization.

The psychological contract theory usually emphasizes the employee’s perspective, which is the focus of this study. Rousseau (1995; 2005) reinforces the idea that the debate should focus on the employee since companies are abstract entities and therefore cannot establish a psychological contract; only the agents’ representatives of these organizations would be able to establish a psychological contract with the employees.

Conway and Briner (2005), however, point out one problem as the little attention directed to the perspective of the organization in the studies on psychological contracts. Although the authors also consider the company an abstract entity, they argue that all narrative around the psychological contract points to a relationship between the employee and that entity, i.e., the company ends up being treated as having a contract with the employee.

2.2. Psychological contract as a process

The psychological contract can be seen as a process in which there are continuous exchanges between the parties, based on significant events, which occur over time. Guest (2004) argues that the psychological contract proved useful for understanding labor relations, and these relationships are mostly implicit and unwritten, which causes the parties to have different interpretations about them, which change over time.

Conway and Briner (2005), on the other hand, highlight some characteristics that define processes in general and are also present in the psychological contract. First, the processes deal with a sequence of events at work, localized in time and space, and that cause some reaction, be it affective, cognitive or behavioral. A second characteristic is that, when one observes processes, multiple levels of analysis come into play, and these elements range from time, for instance, to the perspective of those involved in these processes (which may be the individual, a group or the organization, for example). Finally, both the duration of an event and the duration of effects caused by this event may vary considerably. For example, in the case where a manager humiliates an employee, this is an event that lasts a few minutes, but the effects of this event can last for months. Rousseau (1989) indicates that the expectations created during the interactions form future patterns of reciprocity.

Robinson, Kraatz, and Rousseau (1994) point out that the perceptions of individuals (which form the psychological contract) change over time, due to continuous movement in which
one party offers a benefit and, in return, the other pays a cost. These constant movements of offering benefits and paying costs cause changes in the psychological contract. The authors conclude that during the first two years of employment, this relationship is reshaped so that employees understand that they owe less to the organization than they thought at the time of hiring and, simultaneously, they come to the understanding that the organization owes them more.

In order to better understand the contract as a process, Côrtes and Silva (2006) proposed a conceptual framework that analyzes the construction of the psychological contract of individuals with companies (Figure 1). This model was structured based on the case study of a state-owned energy company, and the construction of the contract was divided into three stages: the decision to join the organization; the initial adjustment of the psychological contract and the contracts follow up. Although elaborated based on the construction of the contract in a state-owned company, the authors point out that this process occurs, in a similar way, in organizations of other sectors, and can be used to analyze the establishment of psychological contracts in different organizations. The authors’ point of view regarding the validity of the model for other organizations is in line with the considerations by Guest (2004), Conway and Briner (2005), and Robinson, Kraatz, and Rousseau (1994), who emphasize the non-static nature of the construction of psychological contracts. Because it is a relationship, the psychological contract is dynamic, changing as the employer-employee ties evolve.
In the first stage, the authors emphasized the importance of environmental factors such as the labor market and the opinion of the family in the decision to join the organization. Personal goals and career expectations have also emerged as determining factors in this decision. Also, the image of the company was indicated as an influencer of the first and second stages, where the contract is adjusted.

The initial adjustment of the psychological contract occurs in the second stage, where the individual is better acquainted with the company and its environment and compares the positive and negative characteristics of the organization forming the psychological contract. At this stage, past experiences and other options of work come into play in the composition of the employer-employee relationship.

At the time of the psychological contract’s follow up, the employee has more resources to evaluate the relationship with the company and becomes more critical about what they think the company offers. At this stage, the employee has inputs to evaluate whether the narrative heard at the time of hiring is consistent with the current reality of the company, and the options of work are once again present in the contract’s follow up, contributing to a critical view regarding the employer.

These three stages evidence important moments in establishing the psychological contract as a process, which is a perspective that provides a more structured view that can help the organizations’ management in a practical way (CONWAY e BRINER, 2005).

2.3. Construction and change of the psychological contract

As mentioned before, some factors come from outside the organization and influence the construction of the psychological contract such as the expectation of new employees about the company. These expectations are related to the new job and are based on previous experiences that the individual had, helping to model the contract (CONWAY e BRINER, 2005). The opinion of outsiders, i.e., people who are not employees nor share the same work environment, about the organization can also help to form the contract. Also, the economic or legal macro-environmental situation are elements that affect the relationship.
According to Guest (2004), a turbulent organizational system requires tools that can be used to evaluate the work relationships continuously, as well as assess the unfolding of these relationships, both for the company and the employee. The obligations between the parties may change, for some reasons, but two reasons inherent to this type of relationship stand out. First, the employee’s perspective will undoubtedly have changed, when compared to their perspective at the time of hiring; the development of the exchange relation between the parties is adapting to the environmental changes, and the employee’s perception varies accordingly. The employee evaluates both their behavior and the behavior of the company, and their perception may result in changing the contract (ROBINSON, KRAATZ e ROUSSEAU, 1994).

In this line of thought, Robinson, Kraatz, and Rousseau (1994), as mentioned above, argue that, according to the reciprocity rule, when one party receives a benefit, the other party has a cost. In continuous cycles of benefit and paying costs, over time, a large number and diversity of obligations established between the parties are created. It should also be considered that individuals seek to obtain a positive balance in this exchange, avoiding being indebted to the other party. Another factor associated with this behavior is the degree of maturity of the employer-employee relationship because the more mature is the relationship, the more obligations are expected, thus intensifying the exchange.

Rousseau (1995), in turn, states that contract changes in the understandings range from subtle and imperceptible changes to the most traumatic, affecting both the experiences of individuals and the dynamism of working groups. According to the author, contract changes occur in a variety of ways. External and internal factors that affect people’s work may interfere with the contract, leading to changes ranging from minor additions, modifications, and adjustments in the contract terms, to a radical overhaul of the entire contract. These changes take two forms: evolutionary accommodation or revolutionary transformations.

Rousseau (1995) explains that accommodation is about adjustments to the existing contract. It modifies, clarifies, replaces, or expands terms already agreed. It occurs when the same schemes remain, despite changes in the working conditions. The author says that, when there is a good relationship between the parties of the contract, the changes are more likely to be interpreted as something that was already part of the contract. Good relationship leads to change by evolutionary accommodation because of two factors: the parties are not actively seeking contract violations, and a good relationship implies some flexibility in the contract terms, which increases the acceptance zone. Relationships with a positive track record show a willingness to find agreements, which makes it easier for both parties to ask for change.

Regarding the revolutionary transformations, Rousseau (1995) explains that they lead to a fundamental change in the relationship between the parties, redefining both the relationship and the contract on which it is based. In contemporary organizations, there is little consensus on the nature of change, but there is an understanding that organizations are changing as never before. For this reason, the changes observed nowadays are revolutionary transformations in the psychological contract. In these transformations, an existing contract, sometimes as a result of the violation, other times as a result of accomplishments, is terminated and a new one is created. The losses are real, and the costs are high, but the gains can also be high. There is a fine line between violation and transformation.

An important point for the understanding of this work is analyzed by Rousseau (1995) when the author explains that time brings substantial psychological and social changes. The needs of workers and organizations may change with age and the new roles and responsibilities of adult life. Time can transform an activity that was once normal, into something almost impos-
sible to accomplish. Workers over thirty, with family responsibilities, may find challenging working conditions that were welcome when they were younger. A dedicated and motivated person can end up compromising their dedication to work, due to family responsibilities. These changes can occur more easily when people are part of a workgroup that shares the same experiences.

Rousseau (1995) also argues that for many people, changes in their personal lives modify the way they see the work as a whole. These changes may be subtle changes in time allocation or severe adjustments in activities. Nonetheless, the changes can create a new definition of the employee’s responsibilities. The life cycle can change the meaning of the contract terms.

McFarlane and Tetrick (1994), on the other hand, argue that psychological contract violation occurs when the employee experiences a discrepancy between the obligation the organization fulfilled and the promises it made at the time of hiring. The degree of violation experienced depends on the type, the severity of the divergence, and if the organization is responsible for the violation.

Conway and Briner (2006) highlight possible causes for the violation of a psychological contract such as poor practices of human resource management; lack of support from the organization or its supervisors; and the perception of unequal treatment among employees.

Robinson and Morrison (1995) point out that restructuring, downsizing, and outsourcing, which have occurred as a result of international competition and advances in technology, make it increasingly difficult for organizations to comply with psychological contracts, even when they intend to do so. When organizations fail to deliver on their promises, employees are likely to reduce their contributions and have negative attitudes toward the employer.

3. METHODOLOGY

This research studied the elements that form the psychological contracts of state-owned companies’ employees who had previous experience working in the private sector, in order to understand the increasing interest of the Brazilian professionals with higher education to work in the public sector. The study adopted a qualitative approach (GODOY, 1995) and interviewed thirteen professionals working in three Brazilian state-owned companies located in the city of Rio de Janeiro and operating nationwide: The Brazilian Development Bank (BNDES), Petróleo Brasileiro S/A (PETROBRAS), and the Central Bank of Brazil (BACEN). As mentioned before, these companies were chosen because they offer high wages and their employment practices are a symbol of the Brazilian collective imagination for an “ideal” public job. The assumption was that the worker’s choice to migrate from the private sector to these companies, submitting to a competitive application process, reveals a strong desire on the part of these professionals to work in the researched organizations. Also, it is noteworthy the fact that the interviewees were young professionals with work experience in the private sector, which reinforces the individual’s option of working in the public sector. The first interviewees were approached based on the researcher’s network, and they were asked to recommend others according to the profile requested for the study.

The study selected participants under 40 years old, in order to reduce the likelihood of interviewing a professional that is working in the public sector due to the difficulty to find a job in the private sector. When interviewing people between the ages of 27 and 40, the assumption was that these subjects intentionally sought the public sector and were attracted by the aspects related to working as public servants, not necessarily because of lack of opportunities in the private sector. Another requisite for participants was that they had to have a minimum stay of two years
in the state-owned company, a time considered adequate, so the professional underwent the three stages of the psychological contract proposed by Côrtes and Silva (2006), used to structure this analysis. Therefore, these individuals have an average of 5.4 years in the current company (minimum of two and a maximum of 12 years). The study interviewed thirteen professionals before reaching data saturation, i.e., the reports were convergent, and no new themes appeared.

The data collected went through content analysis (BARDIN, 2006), which included reading and then organizing the data into categories that identified the employees’ values and attitudes. This process led to identifying the main aspects that outline the three stages of the psychological contract (CÔRTES e SILVA, 2006) established between the interviewees and their employers.

4. ANALYSIS AND INTERPRETATION OF THE FINDINGS: BUILDING THE PSYCHOLOGICAL CONTRACT WITH A PUBLIC ORGANIZATION

As mentioned before, the three stages of the psychological contract proposed by Côrtes and Silva (2006) were used to organize the data and guide the analysis. Therefore, the information collected was distributed in three main topics: the decision to join the organization, the initial adjustment of the psychological contract and the contracts follow up. In each of these topics, the factors identified by the interviewees as significant for the psychological contract in each of the stages analyzed are highlighted.

4.1. Factors related to the decision to work in the public sector

As Rousseau (1996) points out, the psychological contract begins before the employee joins the organization. For this reason, the interviewees were asked about the aspects that motivated them to apply for the position in the state-owned company. According to the interviewees, the main reasons were the “moderate” working hours, the prospect of stability in employment, the attractive remuneration and the positive image of the company. These were, in general lines, the characteristics of the work that influenced the interviewees to migrate to the public sector.

4.1.1. Working hours

When asked to describe which factors attracted them to move to the public sector, the respondents repeatedly mentioned the reduced (or “moderate”) working hours as an advantage:

The job description stated seven working hours per day, while I was working at least eight hours. That was a reduction (of the workload). I did not expect to do overtime either. (I2)

The working hours was one of the most mentioned aspects since it was considered both an element to the attract of professionals for the public employment and a negative factor related to the characteristics of the private sector. It is valid, therefore, to emphasize that this issue is connected to a moment of reflection about the entrance in the public sector and, therefore, is embedded with the impressions about the experiences the interviewees had in the private sector and with the expectations regarding the position in the public sector. Eleven of the total of thirteen participants mentioned this topic:
What attracted me very much was the possibility of organizing my life better, to be able to
going to the doctor, do physical activity. (I1)

It is possible to say that among the interviewees there were those who wished to work a
little less, which was feasible since the working hours were less than the usual forty hours per
week; and those who only wanted to have a regular time, i.e., working in a company where it was
possible to work “only” eight hours a day.

[...]

I realized that I was not willing, in practice, to dedicate 100% of my life to my career. (I3)

The interviewees associate the long working hours faced in the private sector with the
workload, the high pressure around the professional tasks and to achieving the goals. The par-
ticipants’ discourse indicates that these perceived demands occur in an unbalanced way, which
promotes reflection on the reciprocity of the relationship.

[...]

I weighed it up. It was too much [...]. Although I thought I was going to have faster
growth there, I thought that rhythm had an expiry date, I would not be able to put up with
that for many years. (I4)

It was a tough time of my life. It was the time I decided that it was not what I wanted for
my life. Because I could not take it anymore. I just thought, ‘Oh my God, I’m going to get
old. How is it going to be, getting old with all this workload? (I13)

According to Rousseau (1996), the psychological contract begins before the worker joins
the organization, based on previous experiences. In the interviewees’ case, the expectation of
working a little less and with less pressure in public organizations was strongly associated with
the previous experience in the private sector, marked by excessive working hours and pressure.

4.1.2. Job stability

Considering that in Brazil it is difficult to be fired from public positions, job stability was
another issue brought by all participants not only as an attractive point in these organizations
but also as one of the important motivating factors in their decision to migrate from the private
sector:

Long term means stability. In the private sector you have no guarantee of the future, do
you? Unless you’re very well connected, which was not my case. (I9)

Again, the interviewees bring up their previous experience to explain their expectations
regarding the state-owned company. Thus, the narrative on the idea of job stability in govern-
ment organizations was coupled with impressions of their private sector experience. The inter-
viewees pointed out the instability in the private companies:

In the company where I worked, every day we talked about dismissals, because the
company was undergoing a restructuring process, so every day you heard someone
talking about someone that had been dismissed. (I5)

Valuing stability indicates the interest of individuals in establishing a long-term relation-
ship with the organizations. Interviewee 2 observed that the “careerism” (or the constant change
of employer) in the private sector is exhausting and necessary to pursue good remuneration. The
interviewee narrative is in line with the transactional perspective of work relation, presented by
Dabos and Rousseau (2004):

In the private market, you are constantly changing work, going from one company to another. I could not stand to participate in selection processes, interviews, and group interviews anymore. (I2)

Interviewee 1 characterizes the process in the same way, exemplifying that if she were in a private company today, she should be aware of the right moment to seek other work opportunities:

I had to worry about evaluating my career all the time. What’s the best time to leave? Now? After? How much time do I get? Where do I go? (I1)

These employees understood that this type of exhausting behavior would not be required in the public environment. Although it is not uncommon for public servants to apply for several competitive openings in search of a better work environment and better-paid positions, even in other state-owned companies, this intention was not recorded in the interviewees’ reports.

The search for a stable job and a regular working day, aspects that contrasted with the conditions experienced by the interviewees in their previous jobs, reinforce the arguments by Côrtes and Silva (2006) regarding the impact of the previous work experience in the decision to join a new organization. This contrast, favorable to the relationship established with the state-owned company, indicates the bases supporting the psychological contracts studied in this research.

4.1.3. Attractive remuneration

The search for a more relational contract with the employer, which is possible when there is a more stable connection, is followed by an increase in remuneration. This was another item highlighted by all interviewees as fundamental to the decision to migrate to the public sector. The majority of respondents reported an increase in their remuneration by more than 100% when they got a job in the state-owned companies (there were cases of a 200% and a 300% increase) when compared to their previous salaries in the private sector:

The wage gain represented more than 100% at the time. It was very good; it was celebrated, it was something that the market did not offer me at the time. (I2)

Two other interviewees indicated that salary was an essential factor, but did not specify by how much their salary had increased. Only two participants reported that they did not have a significant salary change, but they mentioned remuneration as a relevant factor in their decision to migrate to the public sector:

The salary was certainly important. At the time my salary was similar to what I was going to make here [...] It was practically the same. (I4)

Some interviewees indicated that the salary in the private companies in which they worked previously fell short of the standard of living they wanted. This desired standard would be achieved only in the long term and with uncertain rewards. This combination of factors also motivated the migration to the public sector:
At the time, I thought: I am not able to support a family today; if I have the intention of doing so I need to improve my life, and the most immediate way of doing so was to apply for a public job. (I6)

These employees identified an imbalance when they compared their contributions to organizations in the private sector with the company’s recognition, especially regarding remuneration:

 [...] My salary was very low and grew slowly [...] I would only be earning the starting salary of company X maybe in another three years of work (in the private sector). (I1)
I like to use that expression, ‘dangling a carrot in front of the donkey,’ so you think about a higher position, making a higher salary, but you will only make a lot of money when you get to be a partner, which is something that takes 15, 16 years. And most (of the professionals) get out in the middle and even when you are close to reaching your goal, remuneration is still very low. (I10)

The perceived imbalance is particularly strong when the relationship between the employee and the company is transactional (ROBINSON, KRAATZ, and ROUSSEAU, 1994), which seems to be the case with the relationships established between the interviewees and their former employers.

4.1.4. The positive image of the public organization

Most of the interviewees highlighted the work in public companies as a relevant and valued activity, because, as state-owned companies, they would be contributing directly to the development of the country:

The name of company Y is very strong, isn’t it? It is the largest company in Brazil; then I started to realize what that meant. I was not worried too much about the salary, but with the fact that I was working at company Y. (I8)

In addition, there was the social prestige of working in these organizations, which reinforces Conway and Briner’s (2005) argument that there are external influences to the reality experienced in the organization that influence the choice to work for it, such as the professional’s previous experiences and the opinion of people outside the company, such as friends and family.

I had my stable life in Porto Alegre [...] My first reaction was “I am not going,” but then my family pressured me to go, and then I started to consider the benefits. (I4)

Another issue related to the company’s image that came up frequently in the interviews was the expectation that the company would have a similar dynamic as found in the private sector. There was the participants’ interest in being part of a company that was not characterized as a caricature of the unproductive public service. To explain this, the interviewees said that the organization should have a “private side” (interviewed 8):

[...] Another factor that attracted me was that the company was similar to what is found in the private sector because I did not want to be a public servant that sits at the table all day just waiting until it’s time to go home. (I2)
I also wanted it to be something meaningful. To work for a city hall, for example, or to work stamping documents, I do not know; it would not be enough for me. (I11)

These considerations indicate that the professionals sought, together with good work-
ing conditions, better salary, and stability, a sense of accomplishment at work, which is to some extent contrary to the stereotyped view that characterizes public servants as laid back individuals who only seek safe and advantageous working conditions.

4.2. Initial adjustment of the psychological contract

The initial adjustment of the psychological contract starts after hiring. In this period, workers’ expectations are confronted with the reality of the work routine and the environment of the public company, because it is when the employee learns more about these dynamics. The understanding of this environment is mediated by messages passed by the members of the organization through social cues and socialization (ROUSSEAU, 1995). Based on this information, the employee is able to develop a critical view of the environment, considering their past work experiences. This exercise of comparing old and current experiences was strongly present in the interviewees’ narratives.

According to Côrtes and Silva (2006), it is at the initial stage that the main expectations of the workers are confirmed (or frustrated), for this reason, this is a key moment in the establishment of the psychological contract. The findings obtained are presented in two blocks. The first shows the initial expectations that, according to the interviewees, were confirmed after joining the organization. The second presents aspects of the organization and work that exceeded the initial expectations. It should be noted that, although Côrtes and Silva (2006) pointed out that in this stage of contract adjustment, both positive and negative aspects emerge, there was no mention of any frustration of expectations on the part of the interviewees.

4.2.1. Confirmed initial expectations

The moment of the psychological contract adjustment is characterized by the incompleteness of the terms between the parties and by the not fully developed idea of what to expect from each other (CORTÊS e SILVA, 2006). Thus, both employer and employee are led to fill in the blanks (ROUSSEAU, 1995). In addition, according to Lee et al. (2011), the good performance of the contract will influence how the employees that recently arrived in the company react to the working conditions.

Regarding the working hours, for example, the employees were satisfied with what they have experienced in the companies. They declared themselves to be more “owners of their time” (interviewee 1) after starting work in the public sector:

I think I have a lot of responsibilities, but even so, I feel I own my time more than when I was there. I can organize myself; I can organize my schedule, I can go on vacation without a guilty conscience. (I1)

The fact that issues related to dismissal and restructuring were not part of the employees’ narrative helped to confirm initial expectations related to the stability offered in the public sector. The silence about issues such as dismissal and restructuring in public organizations played an important social role (CONWAY and BRINER, 2005) for some employees, making it clear that this was not a concern in that context. This perception was corroborated by the absence of examples of dismissal in these organizations, reinforcing expectations regarding stability:

[...] From the beginning, I got really motivated, I was happy to work in a company for the
rest of my life. (I1)

The third confirmed expectation concerned attractive remuneration. The initial salary for the public positions was known to the interviewees when they applied for the job, which ensured that, at first, there were no surprises regarding this issue. However, for all interviewees, in the three companies, the benefits package was a positive surprise. Items such as private pension, health care, and educational aid were highlighted, aspects that were not part of the initial expectations, but which later reinforced the idea that the remuneration received was really attractive, becoming part of the terms that comprised the contract of the employees:

The salary improved after I began. I just found out about the benefits when I was in line to deliver the documents (in the administrative hiring process). Then I said, ‘wow, there is this and that,’ I had no idea. (I8)

The positive image of the public organization was also confirmed by the employees after the hiring process. Some participants emphasized that they feel they are contributing to the country and, therefore, they consider they are doing valuable work. This perception about work can be beneficial to the company since both quality and quantity of work are linked to the image of the organization as a whole and not restricted to the immediate characteristics of the work or to monetary incentives. This point is reflected in the reports of some interviewees who, although claiming to understand that their work has a small influence on the company as a whole, believe they are contributing to greater action toward the ultimate goal of the organization:

I greatly respect the institution; I think it plays an important role in Brazil. So I wanted to be a part of that to make a difference to our economy. And I feel productive, I feel like I’m a drop in the ocean, but I can do my part. (I6)

The prestige that the company has before society is consequently reflected in the prestige its workers enjoy. The interviewees were proud to be part of these companies:

My mother lives in the interior of (the state of) Rio Grande do Sul, everyone there knows that I work in the company Y. “I have a daughter who works in the company Y.” It is something impressive. (I4)

The reference made by I4 above about her family is aligned with the considerations of Côrtes and Silva (2006), who argue the opinion that family has an influence on the image of the company, an image that influences both in the process of deciding to apply for the job and in the initial adjustment of the contract. Finally, when reporting their expectations about the pace of work in the companies and commenting that it is “similar to the private sector,” the interviewees were positively surprised, as will be discussed below.

4.2.2. Exceeded expectation: Stimulating work dynamic

The interviewees’ reports showed an aspect that surpassed their initial expectations: the stimulating dynamics of work found in state-owned companies. In the interviews, the individuals indicated that the choice of the company was related to the expectation that the reality of work was similar to what they experienced in the private sector, presenting characteristics such as dynamism and competitiveness and was different from the caricature of an unproductive public service. According to the interviews, these expectations were not only confirmed but
overcome, as they reported finding environments that were more dynamic than the ones they experienced in the private sector:

It is an extremely cordial relationship, although it is also an environment that is extremely competitive [...] It is an environment in which you must always be showing results. (I5)

In addition, some individuals stated that the public organization was more effective than the private ones, with more structured and more productive work routines. According to the interviewees, the widespread culture in the private sector of working overtime produced extended and less productive working hours since employees tend to distribute during their workday tasks that could be done in a shorter time:

I think I work more during the time I spend here than when I worked there, I certainly produce more here [...] I think in auditing there is this culture of working hard, staying late, and people absorb this and find it natural, so they produce less during the day. (I1)

The pace of new knowledge absorption has also emerged as a positive characteristic of the employer. Interviewees were surprised to identify, in public organizations, an environment in which this demand for rapid learning was present, in some cases with even greater intensity than that found in private companies. This dynamic was justified by employees for different reasons, such as the strategic importance of the organization or the fact that the company has a wide range of operations and, consequently, more knowledge to be absorbed, as highlighted below:

The pace of new knowledge absorption here is even greater than in the private sector, for some reason, I do not know. Perhaps because of the size of the company, perhaps there were more things to learn here than I had to learn there. (I1)

It is important to emphasize, in this topic, an unusual fact in the process of initial adjustment of the psychological contract: the individuals were surprised, positively, by aspects found in the organization that they did not expect before being hired. As Morrison and Robinson (1997) pointed out, breaches of contracts tend to be commonplace in the employer-employee relationship as individuals tend to overestimate the promises and offers of organizations.

4.3. Psychological contracts follow up

At the time of the interviews, all the participants were in the contract’s follow up phase, i.e., they had already adjusted and consolidated their psychological contracts, and the continuity factor contributed to reinforce the employer-employee exchange relationship. Two questions in the interview aimed to provoke the interviewees’ reflection about how their relationship with the organization was at that moment: the participants were asked what made them stay in the company where they worked, and what would motivate them to leave. From there, the individuals exposed the most important points regarding the psychological contract’s follow up.
4.3.1. Evaluation of the contract terms

According to Rousseau (1995), the concepts supporting the construction of the contract, as well as the factors influencing these concepts, are gradually consolidating over time and thus forming mental models regarding the performance. This fact is ratified in the interviewees’ narrative when it is verified that there are expectations that were formed even before these individuals entered the organization, and that reappear when the interviewees are questioned about each of the stages of the psychological contract. These initial expectations – job stability, attractive remuneration, moderate working hours, and the positive image of the company – were confirmed by the individuals and contributed to consolidate the relationship with the company.

For the same authors, the consolidation of the contract terms and the formation of mental models of how to operate lead to automation, which would be a model of thinking where the terms are so deeply rooted that one cannot think without them. The terms are there even though they are not noticed in the structure of thoughts and decision-making. When stability is mentioned, for example, this element is noticed. Some interviewees had difficulty visualizing the possibility of leaving the company when asked about the factors that would lead them to leave. Stability is, therefore, a crucial aspect of the established psychological contract:

Wow! I think the only thing I can see is if my company starts to play a diminished role on the national scene and adopts a strategy of laying off. This would bring great insecurity. (I1)

I cannot see anything that would lead me to leave the company [...] Of course, if I get an irrefutable proposal, but I do not foresee this possibility. (I3)

Look, I’d only leave my company today ... if there is a nuclear hecatomb. (I6)

The working hours contracted, with a low frequency of overtime, was also considered an important point in the contracts follow up. This aspect is associated with the quality of life provided by the fulfillment of the daily schedule. In addressing this question, interviewees made comparisons with their experiences in private companies and argued the possibility of enjoying more time for their personal activities, considering that they worked “only” eight hours a day. The idea of reciprocity that must exist in the employer-employee relationship was also addressed by one of the interviewees, as reported below:

I can leave to attend an English course, which is something I could not do before. Sometimes the company asks more from you, but it does not give you the conditions to carry out the task. Sometimes all they need is for you to be availability. (I5)

The analysis of the reports showed that there were expectations that appeared before the employees entered the company and they were considered, even in the phase of the contract’s follow up, as fulfilled. Therefore, it is possible to say that employees considered that the company complied with the psychological contract. Lee et al. (2011) argue that employee perception of their contracts can work as a form of cognitive control on the part of the organization, reinforcing the employer-employee relationship. The authors highlight this issue when addressing the importance of fulfilling promises.
4.3.2. New reasons for staying in the organization

When responding to questions of the reason why the interviewees chose to stay in the state-owned companies they were working with, and what would be the variables that would lead them to leave, interviewees mentioned new important elements. According to Rousseau (1995), the psychological contract changes with time, since the process of gathering information about the company changes greatly from the first to the third year in the organization. Thus, two new aspects appeared in the interviewees’ narratives as influential in the decision to stay in the organization. They can, therefore, be added in the established psychological contract. These aspects are the incentive for education and the possibility of professional growth.

The issue of promoting education appeared, for the first time, at the period of the contract’s follow up, and it was not expressed as an expectation or reason for the migration from the private to the public sector. Only after greater socialization in the company did these individuals come to consider the educational incentive as an important factor that justifies their stay in the chosen organization. The emergence of new elements occurs because, once in employment, the experiences of socialization consolidate a complete contract (LEE et al., 2011). The following reports illustrate this new element added to the contracts:

An interesting point was the program to encourage post-graduation [...] You can spend some time out of the company studying, dedicating, there is the possibility of going abroad, so for me, this is very important. (I3)

My master’s degree is all paid by the company Y if it were not for company Y I would not be doing a masters today. (I4)

I think the training is very good [...] They offer the employee this possibility that you are always updating, always seeking to keep up to date, informed, and investing in this is important. Because they usually want you to be updated, but you do that on your own. (I13)

As mentioned above, the participants also highlighted the possibility of professional growth within organizations, as one of the reasons for staying in the job. Obtaining appointed positions (one example of growth), is pointed out as a motivating aspect, both because of the power gained in the new hierarchical position, and the financial gains related to the new responsibilities. According to Robinson, Kraatz, and Rousseau (1994), employer-employee exchanges are modified as a consequence of environmental factors, and the employee’s perception changes as well. This assumption aligns with the emergence of this new element, promotion, which is connected to the maturity of the relationship.

So, I like the way things are going, because despite being a public organization, it seems a lot like a private company regarding promotion... You have a career; you can go up; you know? I like that. (I13)

Robinson, Kraatz, and Rousseau (1994) also argue that employees assess their employer’s behavior and their own, modifying their positions according to the new environmental reality. This assertion is exemplified in the interviewees’ narrative on professional growth, in which they show that there is an expectation that the company complies with promises made, and that they changed some of their actions to facilitate, so the promises are fulfilled:

Today I am in a group of potential managers [...] The company is giving me inputs [...] I am also taking more responsibilities, the company is giving me feedback, so I can see my career is advancing. (I8)
This individual clearly showed the exchange relationship. He demonstrated an understanding that the organization is “offering inputs” and is willing to return the company with their dedication and assuming more responsibilities. The possibility of professional growth emerges as a new demand for a mature employer-employee relationship. Failing to meet this demand may generate dissatisfaction and a possible break in the contract.

The analysis of this last stage of the psychological contract’s process confirmed the proposal by Côrtes and Silva, who state that it is at this third stage that the contract, which begins before joining the company, is consolidated or broken. In this research, judging by the interviewees’ responses, consolidation was the rule, and none of the participants pointed out violations of the contract.

4.4. The psychological contract as a process

When understood as a process the psychological contract consolidates as the employer-employee relationship (which begins before the employee joins the organization) advances in time. The nature of this contract, when faced as a process, reveals its dynamics and complexity, indicating how challenging it is for organizations to manage the subjective connection with their workforce. The analysis of the interviewees’ reports about the establishment of this relationship showed significant aspects, summarized in this session.

As discussed above, the interviewees declared they were initially attracted to work at PETROBRAS, BACEN, and BNDES because of the “just” forty working hours per week (or even less, as BNDES practices a seven-hour working day). For the interviewees, this issue was particularly important because it enabled them to organize and enjoy life outside work better, a fact that was difficult to reconcile when working in private companies. The employment stability and attractive pay currently offered by these and other “elite” public organizations also played an important role in establishing the initial psychological contract between the interviewees and their respective companies. These aspects, together with the visibility and positive image of the state-owned companies mentioned in this research, show that the sense of being part of a collective with an outstanding reputation, and the idea of carrying out relevant work for society are important aspects for the professionals interviewed.

When studying the elements forming the psychological contract as exposed by the interviewees, the analysis was not limited to knowing the initial motives of the professional’s choice: the option to look at the contract as a process, following the proposition by Côrtes and Silva (2006), allowed to identify the elements that attracted the professionals, as well as the reasons they decided to stay, reinforcing their contracts with the employers. When questioned about the confirmation of their initial expectations, the interviewees reported that, in addition to having these expectations met, they were surprised by a stimulating work dynamic (according to some of them, similar to what is experienced in the private sector). This aspect seems to be particularly valuable for some interviewees, who feared to find a discouraging work pace in state-owned companies.

Finally, in explaining what makes them stay in the job – a crucial phase according to Côrtes and Silva (2006), considering that it is a moment of following up in the established psychological contract – the interviewees not only confirmed that their initial expectations were met, but added the company’s incentive for education and professional growth as valuable aspects for them to stay. Therefore, based on the interviewees’ reports, besides having their initial expectations confirmed, they were surprised by positive aspects that they did not know, which
contributed to the consolidation of the psychological contract and the strengthening of the employer-employee relationships.

5. CONCLUSIONS

This study aimed to understand what motivates qualified professionals to work in large state-owned companies, focusing on the elements present in the psychological contract established between professionals and companies. The analysis of the interviews evidenced relevant issues about the attraction of workers for careers in the public sector. It was possible to identify the elements supporting the psychological contracts, making it clear for state-owned companies what the significant aspects in the relationship with their employees are.

Therefore, it should be pointed out that the analysis of the process of establishing the psychological contract undertaken in this work brought two relevant contributions to the debate on this subject. The first one concerns the emphasis given by the interviewees to the positive aspects found in the organizations where they work, such as the possibility of professional growth (an unexpected yet very well received aspect), which has contributed to reinforcing the ties established with the organizations and, therefore, consolidate the psychological contract. In this sense, the research findings indicate that the process of establishing the psychological contract can be based on losses the employees recognize (contract violations), or on gains, i.e., rewards or other positive aspects that were not foreseen by the workers before joining the organizations. These gains, however, tend to be little explored in the literature on psychological contracts, which lean more to understanding what violates the contracts rather than to what strengthens them (MENEGON e CASADO, 2012).

The analysis revealed that the interviewees did not mention any violation of the contract, on the contrary, they have been positively surprised by aspects of the work that were not expected. The interviewees reported to have found stimulating work dynamics, structured work routines, and the pace of absorption of deep new knowledge, and the information collected drew attention to an aspect that deserves further studies: understanding the conditions that favor the strengthening of the psychological contract. Thus, the main academic implication of this study is to reveal aspects underlying the strengthening of the psychological contract established between employees and companies.

A second aspect to be highlighted is that the factors that outlined the psychological contract of employees of state-owned companies that had previous work experience in the private sector, revealed not only what these individuals value in their current jobs, but also what made them unsatisfied in previous jobs. Aspects such as reduced working hours and stability were the main points valued in the state-owned companies, due to the contrast with their previous experience in the private sector regarding these two aspects.

The finding that the interviewed professionals disliked working conditions that have become common in most private companies in Brazil in the last decade may be particularly important at a time when a “talent blackout” is growing in the country. For this reason, understanding the value of qualified professionals can be of extreme importance not only to the public sector but to all organizations that need to attract and retain skilled and motivated workers. In other words, it is assumed that the attractiveness of the public sector reveals aspirations regarding working conditions that may not be exclusive to the workers willing to be public servants, but to a good part of the labor force in public organizations. It is not unreasonable to speculate that good remuneration, job stability and non-abusive working hours are the aspirations of most workers.
and that, according to the interviewees, these conditions are not being offered in the private sector. Thus, regarding its managerial implications, this study suggests to public or private organizations possible ways to strengthen the psychological contracts established with their employees.

The findings of this study allow us to suggest future studies to expand the research base, including employees from public organizations that have less favorable working realities than those working at the Central Bank, BNDES and PETROBRAS, with a view to analyzing to what extent the positive scenario portrayed by the respondents of this study are specific to these institutions. As this study collected data from interviewees that had their psychological contract already consolidated, it would be interesting to carry out a longitudinal study, following a group of individuals during the period they are just starting in the company, thus observing the process of establishing the psychological contract. One final suggestion for future research would be to do a similar study with individuals working in private companies, which could offer an excellent counterpoint to the results found in this research.
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