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**Psychological Contract:
Implication on Customers' Behavioral Intentions
A Case of Higher Learning Institution**

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Abstract

Different studies have been done on educational marketing, however, it is not yet clear on how customers perceive and react to these educational marketing strategies. As education sector undergoes serious changes by integrating some business-oriented elements, customer satisfaction is no longer optional rather compulsory. The study therefore intended to examine how students as customers of higher learning institutions perceive and react towards various educational marketing strategies. The study has used social exchange theory to identify dimensions of psychological contract as a tool in educational marketing to examine its influence on customers' behavioral intentions. The study employed a quantitative approach, and structural equation modelling (SEM) was used to analyze the data collected from the sample of 289 undergraduate students in one selected public university in Tanzania. The study findings revealed that, student psychological contract has significant influence on customers' behavioral intentions, and therefore, academic institutions should invest considerable efforts in realizing and fulfilling student expectations so as to influence customers' behavioral responses or intentions which can be unveiled through positive word of mouth recommendations and loyalty.

Key words: Psychological Contract, Customer Behavioral Intentions, Higher Learning Institutions, Students' Expectations, Structural Adjustment Programs.

1.0 Background Information: For the past 20 years, higher education in various African countries has undergone considerable transformations and reforms (Mwesigye and Muhangi, 2015). Historically, in the early years of independence most of African countries offered the so-called free universal education for all from primary to tertiary level for the purpose of ensuring that local citizens enjoyed the fruits of independence (Heidhues and Obare, 2011; Muasya, 2012). However, following Structural Adjustment Programs (SAPs)

of 1990s most of these countries were required to adopt a new approach under the good name of cost sharing whereby local citizens were supposed to pay for various services including education (Mushi, 2014; Muasya, 2012). Under this new approach, governments of these countries were forced to reduce significantly subsidies to public-owned academic institutions including universities claiming they had to collect sufficient tuitions fees and other charges to finance their operations through the so-called cost sharing (Kamau, 2005; Slaughter and Leslie, 2007; Heidhues and Obare, 2011).

Given this circumstantial situation, higher learning institutions automatically started to find alternative ways to manage their basic routine operations through tuition fees and other related charges (Hemsley-Brown and Goonawardana, 2007; Chapleo, 2010). By so doing, academic institutions particularly universities started to align their basic routine operations with those of profit-oriented organizations (World Bank, 2013; Masanja and Lwakabamba, 2016). In fact, this give birth to the idea of commercialization and marketization of higher education sector (Masanja and Lwakabamba, 2016; Govender and Wanjiru, 2017). Evidence shows that, this paradigm shift towards commercialization and marketization of higher education did not only affect African continent rather it was a global phenomenon (Twebaze, 2015). Under commercialization and marketization settings, higher education institutions were automatically categorized as a service falling under services marketing (Oldfield and Baron, 2000; Hennig-Thurau *et al.*, 2001), and students were regarded as customers (Koskina, 2013). This means, different services marketing strategies such as branding could be used in marketing of higher education institutions (Chapleo and Reader, 2014; Williams and Omar, 2014).

Further evidence confirms that, these major transformations and reforms in education sector attracted private investors to invest in the sector which led to the growth of market-driven forces that influenced academic institutions to compete for student enrolment as well as funding (Heidhues and Obare, 2011; World Bank, 2013; Masanja and Lwakabamba, 2016). This called for the need of establishing strong relationship between universities, students as well as public at large (Mwesigye and Muhangi, 2015). This implies that, universities started to struggle towards fulfilling students and public expectations in order to build strong relationship and influence positive responses which may take form of positive recommendations such as word of mouth, loyalty, relational investment, etc. (Erdoğan and Ergun, 2016). The bottom line was, through positive responses, academic institutions particularly universities were expected to build positive image and reputation that could increase students' enrollment, finally this could increase fund to finance their basic and routine operations (Hoe, 2005; Bordia *et al.* 2010).

Although it is widely accepted that positive recommendations, image and reputation can be realized by using different marketing of services approaches (Khanna *et al.*, 2014), scholars and practitioners are skeptical in applying traditional services marketing approaches to market universities (Erdoğan and Ergun, 2016). Hence, some scholars believe that the fact that psychological contract is much concern with relationship building; it said to be useful in realizing student-university relationship which is very crucial in

educational marketing (Bordia *et al.*, 2015). In other words, if psychological contract is well examined and tested from different contexts and settings could provide the most prominent way for universities to attract and retain loyal customers who are ready to recommend their universities to others (Mwesigye and Muhangi, 2015; Erdoğan and Ergun, 2016). From theoretical understanding, psychological contract is very useful in explaining how the student-university relationship is established through fulfilling students' expectations as well as universities' promises (Koskina, 2013).

Even though there have been studies which have examined different dimensions of psychological contract in the context of student expectations (Prugsamatz *et al.*, 2006; Blackmore 2009; Voss *et al.*, 2007; Willcoxson *et al.*, 2011) there is a scarcity of studies regarding the student psychological contract in tertiary education (Koskina, 2013). Given this stance, scholars suggested that, the study of psychological contract in educational settings is in its infancy (Bordia *et al.*, 2015). In fact, empirical studies in student psychological contract establish that, the contract between students and an institution can be built on various issues including staff relationship building behavior, excellence in teaching, educational supporting services, relevant promises and expectations, courses assessment procedures, other technical services, etc. (Treloar *et al.* 2000; Rai 2002; Spencer 2003; Burnapp 2006; Koskina 2011). However, attempt to examine how students reciprocate on these dimensions of psychological contract has not been the issue of concern to majority of scholars in student's psychological contract (Bordia *et al.*, 2015).

This study therefore, seeks to extend knowledge of psychological contract from students' perspective by exploring its influence on customers' behavioral intentions. The primary objective of the study is to find out the way students as customers of higher learning education may respond after getting in touch with various dimensions of psychological contract which defined higher learning academic environments.

1.1 Conceptualizing Psychological Contract and Customer Behavioral Intentions

1.2 Psychological Contract: Historically, the concept of psychological contract has been the area of interest to various scholars in fields like sociology, organizational behavior, and industrial relations. Evidence shows that, most scholars emphasize much on exploring the basic issues regarding employment relationship as opposed to legal and formal responsibilities or roles. As a matter of fact, over the past 20 years psychological contract attracted attention of various organizational behaviorists, as it is believed to offer the best framework of examining relationships that exist between individuals and organizations (Taylor and Tekleab. 2004; Zhao *et al.*, 2007). In this regard, psychological contract is considered as a bond which brings together an individual person and the organization through fulfilling expectations of each part in an exchange relationship. Therefore, psychological contract could be defined as person's perceptions or beliefs that have been molded by the organization, concerning the basic terms and conditions of an exchange agreement between a person and a certain organization (Rousseau, 1995)

In the same line of argument, Rousseau (1990) pointed out that under normal circumstances, individuals (e.g. employees, customers, etc.) develop distinct beliefs on what they are supposed to fulfill to the organization given perceptions of the underlined promises communicated to them by their prospective organizations or service providers. In other words, individuals (e.g. customers or employees) are expected to respond accordingly, reflecting what an organization has promised and fulfilled to them. In actual fact, other scholars believe that psychological contract provides the best way to address relationship challenges between organizations and individuals which cannot be addressed by other traditional forms of contract (Shore and Tetrick, 1994; Anderson and Schalk, 1998). Actually, psychological contract emphasizes on expected behaviors (e.g. perceptions, attitudes, actions, responses, etc.), responsibilities, and roles of both an individual and an organization which are expecting to influence both parties to develop a sense of control over the existing relationship (Anderson and Schalk, 1998).

1.2.1 Types of Psychological Contracts: It is widely accepted that, psychological contract can be classified into two categories i.e. transactional and relational psychological contracts. A transactional psychological contract is mainly short-term and has specific agreements between an individual and an organization (Rousseau, 2004). It is usually accepted that, transactional psychological contracts are normally formal and written form contracts or agreement between two parties. The role of each actor in the agreement is very feasible, there are clear requirements that each actor is required to fulfill, terms and conditions of the contract are clear and explicit (Rousseau and Tijoriwala, 1998). Basic assumptions of transactional psychological contract are that, all parties who are in the agreement are rational and self-interested actors (Rousseau and McLean Parks, 1993). From employee-organization relationship perspective, transactional psychological contract contains promises in the form of extrinsic rewards which seek to influence employee behaviors towards work completion (Rousseau, 1990). Hence, the agreement is constructed or established on material things or tangible things. In other words, under transactional psychological contract the focus is primarily materialistic of which individuals such as employees, customers, etc. are only working and struggling for monetary benefits (Bal *et al.*, 2013).

On the other side, relational psychological contracts constitute of long-term, flexible, good faith, implicit and virtue promises between an individual person and a certain organization (Rousseau, 1995). It is an agreement focusing on exchanging both monetary value or benefits and socio-emotional value or benefits. It is a long-term contract as it focuses on establishing a long-standing mutual relationship between the two parties i.e. the individual and the organization. It may take the form of written as well as unwritten agreements or communications. Empirical evidences reported that, most of relationships that have been established in the lens of relational psychological contracts are productive and timeless. For instance, evidence from employee-organization relationships indicate that, organizations that can fulfill relational psychological contracts have a great chance of motivating their employees to work beyond the limit of job descriptions so as to ensure

organization success (Rousseau, 2004). Some scholars suggest that, relational psychological contract is there to fill some gaps that could not be filled by transactional psychological contract (Anderson and Schalk, 1998)

However, it is very important to acknowledge that given the nature of relational psychological contracts their interpretations have been subjected to biases that have brought some contradictions and misunderstandings (Rousseau, 1995). For instance, Bunderson (2001) reported that any breach of relational psychological contract has direct impact on individuals' satisfaction as well as commitment to the organization, and at the same time transactional contracts have direct impact on satisfaction and turnover intentions. On the other side, Zhao *et al.*, (2007) conducted a meta-analysis which involved almost 51 studies and found results which contradict those of Bunderson (2001). In fact, Zhao *et al.*, (2007) discovered that, both transactional psychological contract and relational psychological contract have direct impact on satisfaction, organizational commitment as well as turnover intention. Nevertheless, transactional psychological contracts were found to have significant statistical impact on organizational commitment as opposed to relational psychological contracts which were found to have significant statistical impact on satisfactions and turnover intentions.

This implies that, given the subjectivity of the concept of psychological contract, more empirical work is required to extend knowledge on psychological contract in different perspectives and settings. In addition, the study by Zhao *et al.*, (2007) recommended further studies on psychological contract particularly on its effect on behavioral outcome measures ranging from destructive or constructive reactions, active or passive reactions, intention to switch, loyalty, organizational citizenship behavior, etc. Basing on this argument, the study seeks to know whether psychological contract as a tool of educational marketing can influence customer behavioral intentions i.e. word of mouth, and loyalty. In other words, this study intends to contribute to these debates by examining psychological contract particularly relational psychological contracts on customer behavioral intentions.

1.3 Customer Behavioral Intentions: The term behavioral intention is very popular in the study of human psychology and health behavior. It refers to an individual subjective probability or perceived likelihood of engaging in a certain behavior after being exposed to certain environments or settings. It is theoretically postulated that, the fact that human beings are rational they always make decision either to engage or otherwise in a certain behavior after getting used to available information about an event or situation (Ajzen and Fishbein, 1980). Thus, behavioral intention is regarded as a person's willingness to act or to behave in certain direction because of perception-behavior as well as attitudes-behavior relationship (Xiong *et al.*, 2013). In the context of marketing, customer behavioral intention refers to customers' perceived probability of appealing to actions or behaviors such as loyalty, word of mouth recommendation, re-purchase, intention to stay, etc. (Athanasopoulos *et al.*, 2001; Söderlund, 2002; Lin, 2006). From marketing perspective, customer behavioral intentions is the result of affective and cognitive behavior (Huang, 2009). In other words, customers may decide either to exhibit or not to exhibit a certain

behavior or action due to emotional reactions or after intensive reasoning (Buttle, 1998; Maxham III, 2001).

In most cases, customer behavioral intentions are the results of a customer reaction on either expectations or promises given by an organization (Kim and Richardson, 2003; Huang, 2009). In fact, customers build expectations and/or wait for certain promises after being exposed to information such as advertisements, personal recommendations, prior experiences, etc. (Mazzarol *et al.*, 2007). In this study, it is hypothetically expected that, if students of higher learning institutions particularly universities feel that their expectations have been fulfilled they could be ready to engage themselves in positive word of mouth recommendations and loyalty. The study examined students' expectations under the umbrella of student psychological contract which consists of both implicit and explicit dimensions (Bordia *et al.*, 2015). The term implicit dimensions imply that, relationship between students and universities is built on trust, good faith, and mutual understanding (Bordia *et al.*, 2010). Some scholars believe that, unlike explicit dimensions under normal circumstances, implicit dimensions are not legally enforceable.

2.0 Theoretical Base

2.1 Social Exchange Theory: This study is guided by social exchange theory in examining the relationship between student psychological contract dimensions and customer behavioral intention. Scholars such as Bordia *et al.*, (2015) stated that, the concept of psychological contract originated from Social Exchange theory due to its strength in explaining numerous forms of relationships. Social Exchange Theory by Blau (1964) proposed that, in social exchange relationship two aspects are involved i.e. exchange of social and material resources. These two aspects address the question of how basic resources are exchanged and what types of resources are exchanged respectively (Guo *et al.*, 2015). In fact, the above two types of psychological contracts i.e. transactional and relational psychological contracts were derived from these two aspects. Given its basic assumptions including trust, relationship, mutual exchange and dependence, fulfillment of obligations and promises, social exchange theory has been proven relevant in explaining the psychological contract construct (Wang and Hsieh, 2014)

Thus, social exchange is based on the idea of reciprocity that means, there must be a kind of mutual exchange between two parties in the form of give and take (Rousseau 2001). In other words, during establishing and strengthening relationship between two partners, one partner can reciprocate in a positive way, if the action of the other partner meets his/her expectations (Thomas *et al.*, 2014). According to Shore *et al.*, (2009) if constructive reciprocity is maintained; social exchanges can be manifested in the form of very strong mutual commitment, emotional investment, as well as loyalty. In this line of thinking, psychological contract can be considered as part of marketing, given the fact than marketing is all about exchange with the purpose of creating relationship between customers' expectations and producers' offerings (Johnson and Selnes 2004). In fact, social exchange theory states that, when one part in this case being universities take serious measures to

honor psychological contract, students are expected to respond or reciprocate with very strong constructive or positive voice compared to aggressive or hostile voice (Thomas *et al.*, 2014).

3.0 Methods

3.1 Area of Study: This study was conducted in Dodoma Region, Tanzania. The study used a cross-sectional survey design because data were collected at one point of time, and the intention was not to trace changes after intervention (Yin, 2009). In other words, the study aiming at examining student behavioral intentions at a particular time and place. In addition, the surveyed data were collected from third year students who pursue various undergraduate degree programmes at one selected public university in Tanzania. The name of the university has not been disclosed, as it was one of the condition to be fulfilled in order for the study to take place.

3.2 Data Collection: The study collected data from the sample of 289 respondents who are undergraduate students in the selected university in Tanzania. The respondents were selected from third year students as they have a lot of experience to share about their expectations and practices during their stay at the university. The sampling frame were determined by using a systematic sampling technique which is considered as more advanced compared to simple random sampling. The study used structured and self-administered questionnaire to collect data. Respondents were selected systematically from different degree programmes offered by the selected university.

3.3 Data Analysis: The study used Statistical Package for Social Sciences (SPSS) software Version 21 to analyze data. The study used Structural Equation Modelling (SEM) to examine relationships which exist between endogenous and exogenous variables of the study. Given its characteristics as a multivariate statistical analysis model, SEM is able to analyze relationship that exists between multiple factors or variables. According Hair *et al.*, (2006) SEM has advantages over other models in analyzing the relationships between multiple variables. It is agreed that, SEM is a very useful statistical tool in analyzing relationships of the study variables i.e. exogenous and endogenous that are latent or unobservable.

3.4 Measures: The study adopted measurements from previous studies in psychological contract and customer behavioral intention. The study adopted measurement scales for psychological contract from Guo *et al.*, (2015). However, these scales were customized to fit theoretical perspective of student psychological contract as suggested by Koskina (2013) and Bordia *et al.*, (2015). Measurement scales for customer behavioral intentions were adopted from Yu and Dean (2001) as well as White and Yu (2005). All items were captured by 5 points Likert scale i.e. 1 = Strong Agree to 5 = Strong Disagree. The table below shows measurement scale items, their loadings as well as Cronbach alpha coefficient.

3.4.1 Factor Loadings and Composite Reliability

Variables/Items	Idea Measured	Factor Loadings	Composite Reliability
Mutual Interests (MI)			0.773
MI1: <i>This university and I would help each other without expectation for any return</i>	Ready_to_Help	0.64	
MI2: <i>If I need something from this university, they would do it for me without being asked</i>	Commitment	0.71	
MI3: <i>If necessary, this university would place my needs above its own</i>	Interests	0.71	
MI4: <i>This university and I would forgive each other if the other party makes mistakes</i>	Friendship	0.56	
MI5: <i>If something out of the ordinary occurs, this university will respond to it as a special situation and try to accommodate my needs</i>	Recovery	0.56	
Social Exchange (SOE)			0.871
SOE1: <i>I do not mind investing in the relationship with this university today-I know I will eventually be rewarded by this organization</i>	Supports	0.76	
SOE2: <i>I am motivated to participate in contributing to this university (e.g., refer new customers, help fill out surveys) in return for future customer benefits</i>	Participation	0.79	
SOE3: <i>I feel this university reciprocates the effort put in by its customers</i>	Appreciation	0.84	
SOE4: <i>The longer that I patronize this University, the greater recognition I get as its loyal customer</i>	Recognition	0.78	
Customer Behavioral Intentions (CBI)			.773
CBI1: <i>I will be ready and comfortable to pay more given the services which I currently receive from this university</i>	Comfortability	0.67	
CBI2: <i>I have been feeling to be responsible for correcting and clarifying anything negative that others said or shared about this university to the public</i>	Responsible	0.57	
CBI3: <i>I have been always enjoy talking and sharing positive things about this university with others</i>	Positive	0.69	
CBI4: <i>This university is my first choice if I have to propose to others the best university</i>	Choice	0.64	

to pursue higher education

CBI5: I have been always recommend this university to others Recommend 0.61

Table 1: Factor Loadings and Composite Reliability for All Structural Model Variables

Source: Field Data Analysis, 2018

4.0 Results and Discussion

4.1 Respondents' Demographic Characteristics: Table 2 below shows respondents' characteristics including gender, age and marital status. For Gender, out of total sample of the study i.e. 289, females were 125 which is 43.3% and males were 164 which is 56.7%. Furthermore, out of total sample of the study i.e. 289, age category ranging from 18-35 were 236 which is 81.7% and from 36-45 were 53 which is 18.3%. On the other side, Marital Status of the study sample indicates that, out of 289 respondents, 62 were married which is 21.5% and 227 were single which is 78.5%.

Respondents' Demographic Characteristics		Frequency	Percent (%)
Gender	Female	125	43.3
	Male	164	56.7
	Total	289	100.0
Age	From 18-35	236	81.7
	From 36-45	53	18.3
	Total	289	100.0
Marital Status	Married	62	21.5
	Single	227	78.5
	Total	289	100.0

Table 2: Respondents' Demographic Characteristics

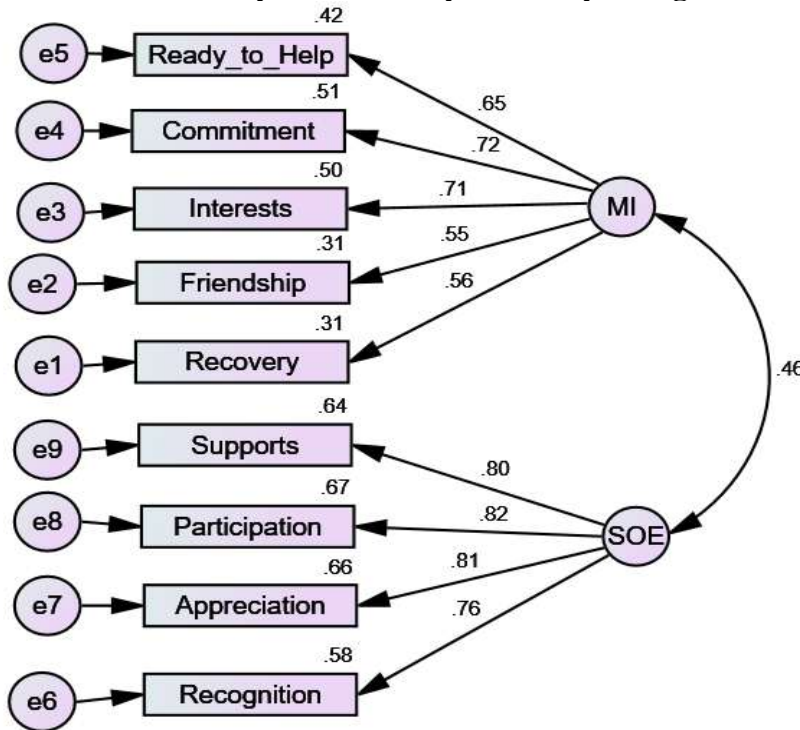
Source: Field Data Analysis, 2018

4.2 Measurement Model: To test if the data fitted the hypothesized model, Confirmatory Factor Analysis (CFA) was conducted. In fact, CFA is recommended before performing any structural modelling (Holtzman and Vezzu, 2011). In this study, CFA was performed to establish if indicators used to measure student psychological contract latent variables i.e. Mutual Interests and Social Exchange are the good measures of the same. The reasons behind performing CFA is to establish if the predicted student psychological contract conceptual structure is congruent with the data through determining the items internal consistency as well as reliability (Hair *et al.*, 2006).

It is statistically agreed that, a hypothetical model is indicating acceptable fit to the data if the fit indices fall within the following range: Comparative Fit Index (CFI), Tucker-Lewis Coefficient (TLI), Incremental Fit Index (IFI), Reflective fit Index (RFI), Normed Fit Index

(NFI), Goodness of Fit Index (GFI), and Adjusted Goodness of Fit index (AGFI) are close to 1, and if Root Mean Square Error of Approximation (RMSEA) is between 0 to 0.1 means good fit. Furthermore, RMR < 0.05, and PCLOSE > 0.05 serve as a good fit (Kline, 2005; Hooper *et al.*, 2008). The results for CFA indicate that, all fit indices fall within the acceptable or satisfactory range as shown in the figure 1 and table 3 below

Figure 1: The Confirmatory Factor Analysis for Psychological Construct Variables



Source 1: Social Exchange Theory and Empirical Literature Reviews

Source 2: Field Data Analysis, 2018

Table 3: Goodness of fit Measurement Model

Model	Model Fit Indices							
	GFI	AGFI	CFI	NFI	TLI	RFI	RMSEA	χ^2/df
Default Model	.952	.917	.962	.937	.947	.913	.071	2.441
Saturated Model	1.000		1.000	1.000				
Independence Model	.460	.325					.307	

Recommended value: GFI, AGFI, CFI, NFI, IFI and RFI should be close to one, RMSEA between 0 to 0.1, and CMIN/DF should be less than 0.3

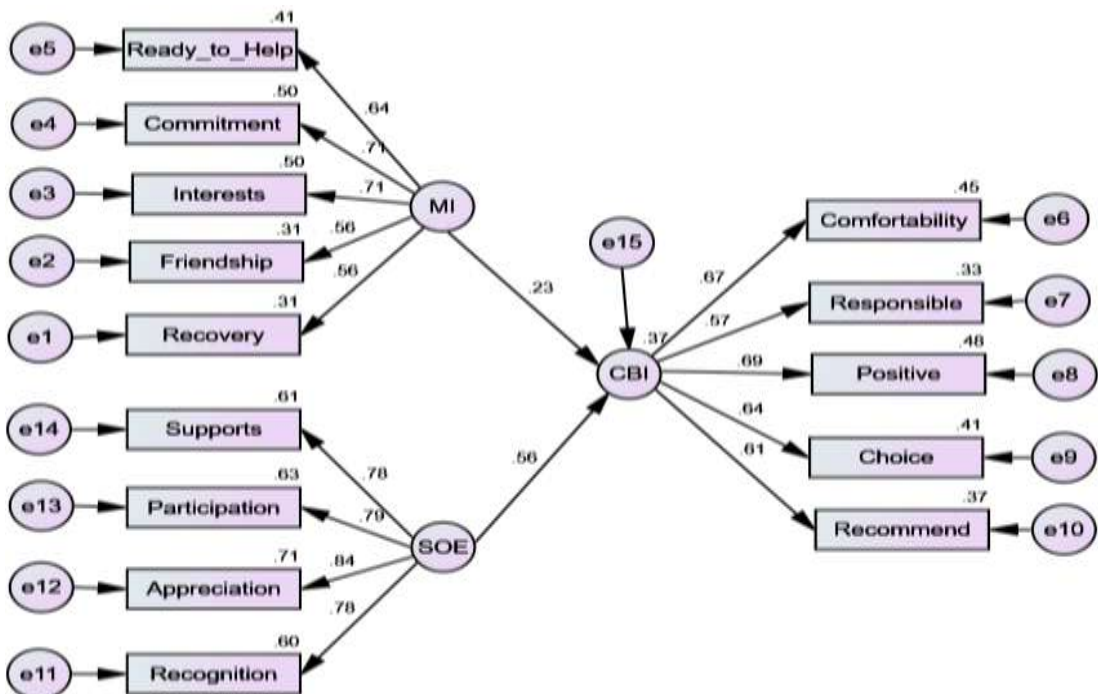
Sources: Field Data Analysis, 2018

Furthermore, confirmatory factor loadings for all items are > 0.05, which indicates that all items used are the good measures of the constructs. In other words, all items used in this

study provide good explanations of exogenous variables i.e. Mutual Interests and Social Exchange. In addition, analysis of internal reliability and consistency indicate that, Cronbach alpha coefficient for Mutual Interests (MI) is 0.761 and Social Exchange (SOE) is 0.874 above the threshold of $\alpha > 0.70$. This value indicates that, there is internal reliability and consistency of all items used to measure both mutual interests and social exchange constructs. It has been statistically recommended that, Cronbach alpha coefficient $\alpha > 0.70$ is good, however the value $\alpha < 0.70$ can be used but with excessive due care (Reynalldo and Santos, 1999; Kline, 2005; Tavakol and Dennick, 2011)

4.3 Regression or Statistical Analysis: As previously noted, CFA confirmed that the model fits the data, and therefore further analyses were conducted to establish the influence of social exchange and mutual interest on customer behavioral intention. In addition, the analysis intends to establish regression weights and level of significance between exogenous and endogenous variables of the study. The results indicate that, the structural model fits well the data given the fact that all model indices fall within the recommend range as indicated in the figure 2 and table 4 below.

Figure 2: Structural Model Shows Relationship between Psychological Contract Variables and Customer Behavioral Intention



Source: Field Data Analysis, 2018

Table 4: The Structural Model Goodness of Fit for Psychological Contract Factors (Mutual Interest and Social Exchange), and Customer Behavioral intentions

Model	Model Fit Indices							
	GFI	AGFI	CFI	NFI	IFI	RFI	RMSEA	χ^2/df
Default Model	.907	.870	.910	.868	.911	.913	.078	2.763
Saturated Model	1.000		1.000	1.000	1.000			
Independence Model	.405	.314	.314				.237	

Recommended value: GFI, AGFI, CFI, NFI, IFI and RFI should be close to one, RMSEA between 0 to 0.1, and CMIN/DF should be less than 0.3

Source: Field Data Analysis, 2018

The table 4 above shows the index fit of the structural model, where by chi-square (255.207) and degree of freedom (75) provide index values that meet the general required threshold standard values for index fit. As indicated in the table, goodness of fit index show that, GFI = 0.907, AGFI = 0.870, CFI = 0.910, NFI = 0.868, IFI = 0.911, RFI = 0.913, RMSEA = 0.078 and CMIN/DF = 2.763. From statistical point of view, the value of these model fit indices meet all recommended and acceptable standards, and therefore overall model fit is good and accepted. Furthermore, reliability test indicates that, there is good internal consistency whereby Cronbach alpha coefficient for Customer Behavioral Intentions (CBI) was 0.786 above the acceptable threshold of $\alpha > 0.70$. Furthermore, Cronbach alpha coefficient for all 14 items of structural model is 0.860 which is above the recommended threshold of $\alpha > 0.70$ (Tavakol and Dennick, 2011).

4.3.1 Regression Weights

Structural Model Variables or Factors	Standardized Regression Weight (β)	S.E.	C.R.	p-value
Behavioral Intention (BI) <--- Mutual Interest (MI)	.233	.092	3.093	.002
Behavioral Intention (BI) <--- Social Exchange (SOE)	.564	.078	6.934	***

Table 5: Standardized Regression Weight and p - Value

Source: Field Data Analysis, 2018

The results from table 5 above show that, mutual interests (MI) was found to have significant influence to customer behavioral intentions (CBI) with $\beta = .233$, p-value = 0.002 which is within the acceptable range i.e. $p < 0.05$. Furthermore, the tested relationship between exogenous and endogenous variables of the study shows that, social exchange (SE) was found to have high level of significant influence to customer behavioral intentions (CBI) with $\beta = .564$, p-value = 0.000 which is within the acceptable range i.e. $p < 0.05$.

Therefore, the two psychological contract variables were found to have high significant influence on customer behavioral intentions i.e. Customer Loyalty and Word of Mouth.

These results imply that, students as customers of higher learning institutions may reciprocate positively if they share interests or if they share mutual interests with universities. In this regard, mutual interests should be viewed in the context of student expectations on what is supposed to be delivered by the university. The fact that it is mutual interests, other scholars point out that, similar to students, members of staffs expect students to behave or act in the manner which facilitate the relationship which pays with students (Ulriksen, 2009). These findings correspond with the study by Prugsamatz, (2006); Arena *et al.*, (2010); Bordia *et al.*, (2010); Willcoxson *et al.*, (2011); Koskina (2013); Yuan *et al.*, (2016) who reported that, students build very strong relationship with universities if members of staff particularly academic staff are ready to help them in realizing their dreams, are committed to guide them, friendly and if they share interests. Empirical review indicates that, these are precedents of relationship building which trigger positive responses in the form of behavioral intention such as student retention (Willcoxson *et al.*, 2011; Barnhill *et al.*, 2013; Yuan *et al.*, 2016)

Furthermore, the study results propose that social exchange has significant influence on customer behavioral intention which implies that, students are expected to get something in return (intangible benefits) in terms of support, participation, appreciation and recognition. These results are similar to the study by Prugsamatz, (2006); Barnhill *et al.*, (2013); Koskina (2013); Bordia *et al.*, (2015) who articulated that, students are expected to get support from their academic advisors, to be valued through participation in learning process, as well as appreciation and recognition as part of the learning process. These items of psychological contract create supportive environment for students to respond positively through positive word of mouth and loyalty. This confirmed the idea that, students' satisfaction is the result of a coherent and strong teacher-student relationship (Geall, 2000; Ahmad, 2014; Yuan *et al.*, 2016).

5.0 Conclusion and Recommendations: The primary objective of this study was to find out the influence of psychological contract on customer behavioral intentions. The aim of the study was to provide the best way to address the current competitive academic environment where by students have different available options to choose. In this regard, universities should strive to have different mechanisms which will enable them to attract and to retain loyal students. Furthermore, the current academic settings require universities to have ways to build credibility and trust to other external stakeholders. Generally, other stakeholders including public may build trust and credibility if students as products of the university positively recommend or if they are loyal to the university.

As the basis for examining this objective, first the study found out that psychological contract is one of the most important dimensions in determining student satisfaction in academic institutions. In situations where by universities are competing for students, research funds or grants, etc. students could be used as brand ambassadors or brand

evangelists to positively represent and recommend the university to prospective students as well as public at large. In this point of view, psychological contract as educational marketing tool is proposed as an engine for building image as well as reputations to attract potential or qualified students. The findings of the study propose that:

1. Higher learning institutions particularly universities should emphasize on identifying and fulfilling students' expectations to build beneficial relationships with students as well as public at large. In this line of thinking, universities should strive to know prospective students' expectations as well as the publics at large as the basis for relationship building process. In other words, understanding student's expectations should be prior to relationship building. This could be achieved through conducting simple survey to understand what prospective students expect or think about the university.
2. The study discovered that, the question of aligning some of universities functions' or operations with those of business orientation is inevitable in today's competitive academic settings. Evidence shows that, universities all over the world are currently competing for students (both local and international students), and therefore different services marketing strategies are necessary to attract and retain qualified students. Specifically, universities should try to emphasize on capacity building to their members of staff in areas related to relationship marketing.
3. Lastly, the study recommends that, as scholars and practitioners are still skeptical to use traditional marketing approaches in educational marketing, student psychological contract can be used as an alternative way to market academic institutions mainly universities. This is because; the form of relationship which exists between students and universities is based on intangible resources as opposed to materialistic resources.

Limitations and future Study: This study followed a quantitative approach; further studies can be done by adopting qualitative approaches to explore naturalistic meanings of students' psychological contract and its influence on behavioral intentions such as students' intention to stay. In addition, the study collected data from only one higher learning institution. I recommend further studies which will collect data from different higher learning institutions so as to solidify the results.

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