1. Psychological contract research: older, but is it wiser?

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The psychological contract has a long history in organizational studies, being first introduced by Argyris (1960), Levinson, Price, Munden, Mandl, and Solley (1962), and Schein (1965) about 60 years ago. While these early researchers approached the psychological contract from different disciplines and defined the psychological contract in somewhat different ways, their definitions shared a common theme in using the psychological contract to capture the largely implicit unspoken/unwritten mutual expectations between two parties to an exchange. The psychological contract generated little research interest, however, until Rousseau’s (1989) seminal reconceptualization, which emphasized the more precise construct of promises as the beliefs at the heart of psychological contracts, compared to previous definitions that emphasized vaguer constructs such as expectations. Rousseau also positioned breach (that is, when promises are broken) as the main way psychological contracts affect employee behavior, and developed questionnaire measures for researching promises and whether they were fulfilled/breached.

While there were only a small handful of psychological contract studies before Rousseau’s (1989) contribution, there have been many hundreds since, and research on the psychological contract continues to grow steadily (see also Chapter 5 by Kraak and Linde). Rousseau’s conceptualization of the psychological contract has been so influential that researchers have referred to the Rousseau School (Guest, 1998) and psychological contract research pre- and post-Rousseau (Conway & Briner, 2009). The surge in psychological contract research was in part certainly due to Rousseau’s reconceptualization. However, it was also due to researchers, policy makers, and practitioners viewing the psychological contract as a useful construct for understanding changes to employment relationships in the 1990s (and since), major organizational change (Conway, Kiefer, Hartley, & Briner, 2014), increased use of flexible employment contracts (Guest, 2004), and trends away from union membership and collective employee representation toward more individualized and idiosyncratic relations between an employee and an employer (Rousseau, 2005; see also...
Chapter 7 by Bal and Hornung). More generally, the psychological contract is viewed as a major way of explaining employee attitudes and behavior, and because employer–employee relationships inevitably involve a wide array of exchanged items psychological contracts apply to all employment relationships.

While Rousseau’s reconceptualization of the psychological contract has been widely adopted by researchers, the psychological contract has been challenged and critiqued on many fronts, which include confusion about its definition and key terms (see also Chapter 3 by Hansen), major inconsistencies between pre- and post-Rousseau understandings of the psychological contract, whether the psychological contract contributes beyond related constructs such as equity, disagreements about how it should be empirically researched and inherent weaknesses of common empirical methods, and the lack of guidance for managers and organizations as to how they should practically use the psychological contract to manage the employment relationship. These challenges are vitally important because they target the fundamental essence of psychological contracts (e.g., what beliefs make up psychological contracts?). Our aim in this chapter is not to provide a comprehensive review of the psychological contract (for this see Alcover, Rico, Turnley, & Bolino, 2017; Conway & Briner, 2005, 2009), but to briefly review the psychological contract definition (see also Chapter 3 by Hansen) and the main parts of psychological contract theory and research, and then turn to several important challenges researchers have raised against the psychological contract, why they are important, and the extent to which they remain. We believe that this approach provides a critical introduction to the psychological contract and outlines gaps in understanding that can guide future research.

WHAT IS THE PSYCHOLOGICAL CONTRACT AND WHAT HAVE BEEN THE MAIN AREAS OF RESEARCH?

Researchers commonly draw on Rousseau’s definition of the psychological contract, which she defined as “individual beliefs, shaped by the organization, regarding terms of an exchange agreement between the individual and their organization” (Rousseau, 1995, p. 9). We select three terms in this definition that are crucial to understanding psychological contracts: ‘beliefs’, ‘exchange’, and ‘organization’. The ‘beliefs’ in the definition refer, since Rousseau, to explicit and implicit promises. Explicit promises occur in written or verbal form (e.g., terms in an
employment contract, an email from senior management, a spoken promise from a line manager). Implicit promises are far more subtle and have been defined as an individual’s beliefs “based upon both inferences and observations of past practice” (Rousseau, 1990, p. 390). An example of an implicit promise may be where an employee observes how their behavior is met with a consistent pattern of behavior by their employer over time, which leads them to believe an underlying implicit promise is in place. Since Rousseau, implicit promises have had a strong observable behavioral element; however, pre-Rousseau definitions—still currently promoted by certain researchers (e.g., Meckler, Drake, & Levinson, 2003)—depict implicit psychological contract beliefs as much more grounded in unconscious processes, particularly unconscious needs, which when fulfilled by the organization take the form of obligations between the two parties. The ‘exchange’ in the definition refers to what parties to the psychological contract give and get in return. This ‘exchange’ can be very general, such as a wide array of employee contributions (knowledge, skills, effort, creativity) for organizational rewards (pay, promotion, skill development, praise), and it can also be very specific, referring to idiosyncratic exchanges of specific things (e.g., working unsociable hours in exchange for time in lieu). The definition refers to exchange agreement to indicate that the exchanges are not one-offs, but perceived enduring patterns of behavior that, hence, take on a (at least psychologically) contractual quality. ‘Organization’ in the definition can refer potentially to any agent (e.g., line manager), principal (e.g., employer), or signaling factor (e.g., human resources policy) perceived as acting on behalf of the organization.

Most psychological contract research is from the employee perspective, and two areas have dominated. The first area is research that considers the contents of psychological contracts, which refers to the perceived set of exchange-based promises between the employee and the organization. The contents of psychological contracts capture two types of information (Conway & Briner, 2009): what is the array of employee inputs (e.g., effort, skill, flexibility) and organizational inputs (e.g., pay, training, fulfilling work) into the exchange, and the more challenging issue of the precise links between employer and employee inputs. Typical research questions on the contents of psychological contracts include what is the set of exchange-based promises, how are they formed, and how are they related to employee outcomes such as attitudes and behavior. Researchers commonly draw distinctions between different sets of contents, with an enduring distinction being between transactional and relational psychological contracts (Robinson, Kraatz,
A wide range of factors contribute to forming psychological contracts, including potentially anything that an employee may perceive as signaling a promise from the organization. Factors may come from the organization, such as how human resources policy and practices communicate promises (Suazo, Martínez, & Sandoval, 2009), socialization processes (Delobbe, Cooper-Thomas, & De Hoe, 2016), social networks (Dabos & Rousseau, 2013), and how psychological contract contents differ across categories of employment contract (e.g., part-time and full-time; Conway & Briner, 2002). Individual factors may shape employee perceptions of promises (e.g., employee needs and personality), as well as factors that pre-date the employment relationship (e.g., prior lay-offs; Kim & Choi, 2010). The latter type of factors shows just how idiosyncratic psychological contracts may be, in that, while an employee’s current organization may like to believe it controls the psychological contract it communicates to employees, the psychological contract is subject to a diverse range of shaping factors beyond the control of the organization that yet crucially influence how employees make sense of communicated promises. The contents of psychological contracts are related to various employee behaviors (e.g., Mai, Ellis, Christian, & Porter, 2016), where the most commonly proposed explanation is social exchange (Blau, 1964), in which employees receive something from the organization and feel obliged to reciprocate.

The second major area of psychological contract research examines the process of psychological contracts and more specifically whether psychological contracts have been fulfilled or breached, that is, whether promises have been kept or broken. Most researchers view breach and fulfillment as lying at opposite ends of a breach–fulfillment continuum (for an alternative view see Conway, Guest, & Trenberth, 2011), and hence references to breach are essentially references to its polar opposite fulfillment. Within psychological contract theory, breach is the main way employees evaluate how good or bad their psychological contract is with the organization. Breach is arguably the most important concept in psychological contract research, as it offers a convincing explanation as to how psychological contracts shape employee feelings, thoughts, and behavior; other available explanations such as ‘matching’ psychological contracts (e.g., Kotter, 1973) or the ‘features’ of psychological contracts (McLean Parks, Kidder, & Gallagher, 1998) have not gathered much traction with researchers. Typical research questions focus on psychological contract breach and what are its antecedents and consequences or, in other words, what leads employees to believe their organization has broken promises, and what are the effects of these broken promises on their attitudes and behavior. Extensions of these research questions
include factors that may moderate the strength of relationships between breach and its antecedents and consequences. A wide range of causes of breach have been found to be associated with employee perceived breach, with some of the most common being unsatisfactory human resource practices (Braekkan, 2012), unsupportive line management (Botsford Morgan & King, 2012), downsizing and other kinds of organizational change (Arshad & Sparrow, 2010; Baillien, Griep, Vander Elst, & De Witte, 2018; Conway et al., 2014), and unfavorable social comparisons (Ho, 2005). Perceived breach has also been found to be associated with a long list of putative outcomes, with common ones being job satisfaction, organizational commitment, turnover intentions, and self-reported behavior (for a meta-analysis see Zhao, Wayne, Glibkowski, & Bravo, 2007). Several interesting—and under-researched—distinctions have been made regarding psychological contract breach, such as the distinction between perceived breach and violation (referring to extreme emotional reactions following breach in certain circumstances; Morrison & Robinson, 1997), why breach may happen and related attributions such as incongruence (i.e., a misunderstanding between an employee and an organization) and deliberate reneging (i.e., breaking promises on purpose), and the different ways promises can be broken such as through delay in delivery, shortfalls in the amount received, or receiving a reward but one that differs to what was initially promised (Cassar, Briner, & Buttigieg, 2016).

The vast majority of research on psychological contract contents and breach has been characterized by quantitative designs that to a great extent only seek the view of one party (the employee perspective) and are typically cross-sectional (though longitudinal designs are becoming more common, e.g., Bankins, 2015; Griep & Vantilborgh, 2018a, 2018b; Griep, Vantilborgh, Baillien, & Pepermans, 2016; Griep, Vantilborgh, Hansen, & Conway, 2018). This typical design has serious limitations that cast doubt on the evidence base, in that such approaches inflate associations due to common method bias, make simplistic assumptions about underlying causal processes, and assume psychological contracts can be consciously and spontaneously recalled and reported and therefore do not capture implicit processes (arguably at the heart of psychological contracts). Counter to these approaches are some notable examples of other research designs examining psychological contracts such as diaries (Conway & Briner, 2002; Griep & Vantilborgh, 2018a, 2018b), interviews (Collins, Cartwright, & Hislop, 2013), vignettes (McKinney, Whitaker, & Hindman, 2012), and case studies (Aldossari & Robertson, 2016).
REVISITING CHALLENGES TO THE PSYCHOLOGICAL CONTRACT

We now turn to the challenges researchers have raised against the psychological contract (listed in Table 1.1). Our selection of challenges is illustrative of the challenges we regard as highly important. However, the list of challenges is by no means exhaustive, and for more extensive coverage see previous reviews and critiques indicated in Table 1.1. In each of the subsections below we describe the challenge, why it is important, and the extent to which the challenge remains or has been addressed.

Table 1.1 Challenges to the psychological contract

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<td>What are the differences between expectations, obligations, and promises?</td>
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<td>Are psychological contract beliefs only those shaped by the employee’s current organization?</td>
<td>Cullinane and Dundon (2006); Guest (1998); Meckler, Drake, and Levinson (2003)</td>
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<td>Agreement/mutuality—do psychological contracts require strong or weak forms of agreement?</td>
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<td>What are the specific links in the reciprocal exchange between the employer and the employee?</td>
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<td>Who, or what, do employees perceive as the organization? Do employees anthropomorphize organizations?</td>
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<td>Conway and Briner (2005, 2009); Guest (1998)</td>
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<td>The breach–fulfillment continuum and its explanatory value over related constructs</td>
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<td>Is it ‘better’ to make psychological contracts explicit rather than leaving them implicit?</td>
<td>Arnold (1996); Conway and Briner (2005, 2009)</td>
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What Are the Differences between Expectations, Obligations, and Promises?

We return to the critiques and evaluate whether the criticisms of Arnold (1996), Conway and Briner (2005, 2009), Guest (1998), and Roehling (1997) regarding definitional ambiguity are justified in light of new discoveries, review the extent to which definitional clarity has been achieved, and assess whether there is convergence in thinking about the constituent elements of the psychological contract.

Early scholars such as Argyris (1960), Levinson and colleagues (1962), and Schein (1965) defined the psychological contract as the largely unconscious expectations employees hold that their needs will be met by their employer. These expectations largely pre-date the employment relationship and are driven by basic human needs for affection, relatedness, and growth. In contrast, most contemporary researchers emphasize the promissory nature of the psychological contract. In these later definitions, the beliefs employees hold about the employment relationship arise from explicit and implicit promises made by the employer. One point of agreement between the early and late conceptualizations is the obligatory nature of these beliefs regarding what is owed by the employer. However, the basis and nature of these beliefs continue to be contested (Conway & Briner, 2009).

For researchers trying to advance knowledge in employment relations and practitioners needing guidance on the inducements that matter for employees, the problem of using different constructs to define the psychological contract is twofold. First, there is the problem of measurement. According to Cronbach and Meehl (1955, pp. 282–292), “acceptance of the universe of content as defining the variable to be measured is essential. … [Without] acceptance of a set of operations that define a construct … public validation becomes impossible.” Second, there is the problem of applying the theory to the workplace. Do practitioners focus on employee expectations, or the promises made by employers during recruitment, or the obligations that arise as the exchange relationship unfolds? Until there is agreement about what the psychological contract is, there may be little to gain in trying to explicate the laws governing how it develops and how it relates to observables such as behavior and other important phenomena, such as employee well-being. Without an understanding of the interlocking set of laws that govern its manifestation in the workplace, prediction will remain elusive and thus, as Roehling (1997) identified, researchers will not be able to prescribe for practitioners a particular type of psychological contract for a particular context.
Several researchers have attempted to resolve the ambiguity in the defining components of the psychological contract (see also Chapter 3 by Hansen), yet little headway appears to have been made. Conway and Briner (2009) reported that expectations will only form part of the psychological contract when they arise from an explicit or implicit promise. Rousseau (1990) argued that expectations are different to promises because unmet expectations are more easily remedied than broken promises. On the other hand, Rousseau (1990) also acknowledges that implicit promises can be inferred from past experiences and thus, by implication, expectations can exist in the absence of promises. Roehling (2008) concluded, following an empirical assessment of the equivalence of psychological contract measures of expectations, promises, and obligations, that while they evoke the same general 'mental framework' in the minds of respondents they are not fully interchangeable; for example, individuals who were more highly educated expected their employer to provide meaningful work, but did not perceive that they were obligated to do so.

In terms of practical considerations, more recently, studies have returned to Levinson and colleagues’ (1962) idea that it is unmet expectations that determine individuals’ emotional and behavioral reactions (e.g., Atkinson, Matthews, Henderson, & Spitzmueller, 2018; Proost, van Ruysseveldt, & van Dijke, 2011; Yang, Johnson, & Niven, 2018). For newcomers, Proost and colleagues (2011) suggest that previous experiences might be the strongest source of information that individuals have at their disposal to help them make sense of their employment relationship and thus realistic job previews are an important tool for preventing unmet expectations. For those individuals who are experiencing changes to their psychological contract, Atkinson and colleagues (2018) demonstrated, in an experimental field study, that the severity of the unmet expectations or unmet promises can explain how aggrieved individuals feel and determine the extent to which they withdraw organizationally beneficial behaviors. However, Atkinson and colleagues (2018) treat unmet expectations and unmet promises as synonymous. As a consequence, it is not clear whether practitioners should focus on the promises made at the time of hire or the expectations that organizational branding might give rise to. Lastly, Yang and colleagues (2018) investigated the job attitudes of career plateaued individuals and advised that organizations need to defend against making unrealistic promises to individuals as well as using performance appraisals to ensure that the unfolding relationship does not diverge in terms of employee expectations and manager’s assessments.
The above studies would seem to suggest that promises, expectations, and obligations are interrelated and thus it is likely that they all have a part to play in forming the beliefs of employees in regard to their employment. However, it is also clear that they are not interchangeable and their influence on attitudes and performance can vary according to the context of the individual, such as the employment market and individual attributes.

Are Psychological Contract Beliefs Only Those Shaped by the Employee’s Current Organization?

The psychological contract concept has been criticized on ideological grounds for failing to recognize the imbalance of power in contemporary employment relations (e.g., Cullinane & Dundon, 2006), on theoretical grounds for overlooking the significance of the drift away from collective to individual contract negotiations (e.g., Guest, 1998), and on conceptual grounds for the erroneous methodological assumption that psychological contracts are consciously perceived (e.g., Hansen & Griep, 2016; Meckler et al., 2003). In this subsection, we examine whether individuals have become, or were always, passive partners in their employment relationships dependent on their neo-liberalist organizations for their futures or at the mercy of their managers’ abilities to recognize and meet their unconscious, unspoken needs (see also Chapter 7 by Bal and Hornung). We also examine the alternative argument, that employees are in fact active partners acting with agency, crafting their own careers, empowered to enforce their side of the deal.

First, we briefly revisit the critics’ arguments. In contemporary research, the psychological contract has been framed as a set of beliefs that reside in the mind of the employee, influenced by the communications and behaviors of various representatives within the employing organization. Employees choose to enter into the relationship and can choose to withdraw or leave if their experiences are not in line with their exchange expectations. It is this question of choice that is the main sticking point for the critics. Cullinane and Dundon (2006) question the idea that employees are equal exchange partners able to shape their psychological contract, because the information that employees draw on to construct their beliefs about the benefits they should receive is shaped by management and is unfavorably justified on the basis of market forces. According to Cullinane and Dundon (2006), it is this capitalist ideology that sets the bar on employees’ exchange expectations, not employees’ own idiosyncratic goals, needs, or beliefs.
Guest (1998) also expressed concern about the uncritical manner in which scholars apply psychological contract theory to modern workplaces. Rather than studying how individuals' psychological contracts are shaped, he invites us to consider the bigger question of why employees no longer have the power to shape their psychological contracts and ensure that their share of the surplus is fair through the unions. For the clinicians, employees' expectations are shaped by their previous life experiences and unresolved development needs. The hapless employer either affords or denies individuals the opportunity to fulfill their needs through the process of reciprocation. Given that this takes place largely in the subconscious, is it accurate to say that one party or the other ‘shapes’ the psychological contract? If we accept these views, we might conclude that employees are either powerless or incapable of shaping their psychological contracts because of the structural inequalities in society or because of a lack of self-awareness. But is it really that one-sided? Do employees simply absorb the information communicated through management messages and behavior into their existing schema, or are employees able to exert control over their employment relationship?

The alternative argument, forwarded by Rousseau (2001), is that there is signaling, promise making, and information gathering by both parties. Both the employee and the employer, through its agents such as line managers, seek to shape the employment relationship, but again this process is likely shaped by happenstance rather than design. Essentially, it is the process of reciprocation that shapes the psychological contract, and the longer the relationship endures the wider the array of reciprocal obligations that are assimilated into the mental model of the employment relationship.

Very few studies have looked at employee agency and the influence that employees have over their work experiences. Primarily, it seems, researchers have opted for the quantitative analysis of employee perceptions of fulfillment and breach of their psychological contract and the attitudinal and behavioral correlates of those perceptions. This methodology assumes a rational, logical approach to psychological contracting, one that does not generally contribute to theory building and underplays the significance of the loss of collective bargaining structures (Guest, 1998). Furthermore, as Hallier and James (1997) demonstrated, managers are themselves employees and thus have their own psychological contracts to contend with, as well as being pivotal in shaping their subordinates’ perceptions. They can end up very conflicted as to where their allegiances lie in periods of organizational change.

While recent attempts have been made to understand how some employees, cognizant of their power, craft so-called ‘I-deals’ (for
example, Rousseau, 2005; see also Chapter 7 by Bal and Hornung), the notion of employee agency does not generally feature in psychological contract research (Seeck & Parzefall, 2008). However, even Cullinane and Dundon (2006, p. 122) acknowledge that employees can and will form their own reference groups to covertly, as well as overtly, challenge management decisions, which suggests that employees will find ways and means to enforce their interests, either through counterproductive behavior (e.g., Bordia et al., 2014; Bordia, Restubog, & Tang, 2008; Restubog, Zagenczyk, Bordia, Bordia, & Chapman, 2015) or through voice (e.g., Ng, Feldman, & Butts, 2014; Turnley & Feldman, 1999).

From this brief review, it has become apparent that the direction of causality is still seen to be one where employer behaviors precede employee behaviors. As Conway and Briner (2009) noted, the exchange process can be very messy and conceivably, therefore, employees can have an impact on their organizations as their organizations do on them. What is clear is there is an urgent need to focus on theory building rather than theory testing and a need to adopt research designs that examine the process and in both directions as some scholars are beginning to do (Bankins, 2015; Seeck & Parzefall, 2008).

Agreement/Mutuality—Do Psychological Contracts Require Strong or Weak Forms of Agreement?

Another difference in conceptualization that is evident when reviewing the work of early and contemporary scholars is the way in which the relationship between the employer and employee is both constructed and analyzed. Given that early writers were influenced by the work of clinicians, the focus was on the relationship and the subjectivity of parties to the exchange. According to Levinson and colleagues (1962, p. 22), “The psychological or unwritten contract is a product of mutual expectations.” The psychological contract forms when the relationship between the employer and employee is mutually beneficial, satisfying both parties’ psychological needs and thereby contributing to the emotional health of both (Meckler et al., 2003, p. 222). The focus is on mutuality, not agreement (see also Chapter 2 by Schalk and De Ruiter).

On the other hand, Rousseau and her contemporaries concentrate on how the individual employee holds the relationship in his or her mind’s eye and whether this is an accurate representation of the promissory obligations that exist between the employee and the employer. The focus for these scholars is on the perceived agreements communicated via explicit and implicit promises. Rousseau (2001) explains that, at first,
these exchanges evoke pre-existing legal schemas that inform expectations about contracts of employment and then, over time, develop into more elaborate schemas that represent the employment relationship (i.e., the psychological contract). According to Rousseau (2001, p. 537), “Agreement is a function of shared information and common schemas or frames of reference. ... Shared information is critical to perceptual agreement between parties and therefore to their mutual understanding regarding promises and obligations.” Consequently, there are two ways of viewing the psychological contract and the strength of the ‘agreements’ it might contain.

Critics have taken issue with both conceptualizations; for example, Conway and Briner (2009, p. 83) suggest that, if there is strong mutuality, then there should be an outward sign of agreement. However, Meckler and colleagues (2003) counter this argument, questioning where is the ‘psychological’ dimension in such explicit agreements. On the other hand, Conway and Briner (2009) ask, if there is weak mutuality, where neither party is aware of the contract’s terms, how can it be called a contract?

There does not appear to have been much convergence of opinion in the research community on either side of the fence. A positivist paradigm continues to dominate contemporary psychological contract research and one that concentrates on the individual as the unit of analysis. There is a large body of evidence that suggests that schemas and scripts, resting on semantic memory structures, are fundamental to understanding purposeful human behavior, but little attempt has been made to understand how episodic memory and the autobiographical information it contains influence the psychological contracting process and the strength of the agreements that ensue (see Tulving, 1972, 2002 for a discussion of the differences between semantic and episodic memory). Episodic memory might be the basis for the expectations that pre-date the employment relationship but are nonetheless fundamental to understanding employee distress, as argued by Levinson and colleagues (1962).

Although there have been attempts to understand the emotional consequences of dysfunctional employment relationships (e.g., Chambel & Oliveira-Cruz, 2010; Gakovic & Tetrick, 2003; Piccoli & De Witte, 2015), few strides have been taken toward understanding the intersubjectivity and interdependence of the relations between employer and employee that were the focus of the early scholars. It is conceivable that mutuality represents a level of emotional maturity that fosters an ability to sustain and nurture relationships at work (Jordan, 1986). Thus, positive outcomes might be a function of maturity rather than a function of the strength of the agreement between the parties. In order to further
understand the bonding process between employer and employee, consideration of alternative research paradigms, such as phenomenology, might bear fruit.

What Are the Specific Links in the Reciprocal Exchange between the Employer and the Employee?

Psychological contracts consist of exchange-based promises. While we know a lot about the kinds of items exchanged, we know almost nothing about the more precise links between employee and organization inputs referred to in these promises (Conway & Briner, 2005; see also Chapter 15 by Weinhardt, Griep, and Sosnowska and Chapter 16 by Vantilborgh). This lack of understanding is reflected in psychological contract theory, in that it is unclear whether we would expect precise links between employee and organization inputs, and whether there is something intrinsic to certain employee inputs that would make them in theory likely to be reciprocated by something the organization may provide. The lack of understanding about the exchange is also reflected in empirical research on the contents of psychological contracts, which typically measure lists of employee and organization inputs independently, but do not specify how the items in the lists may be linked (e.g., an employee working excessive hours promised an exchange for time off in lieu).

This issue is important because if more precise exchanges can be specified then this suggests that employees have fairly well-developed mental models of their psychological contracts (as proposed by Rousseau, 2001); if the precise exchange cannot be specified, then psychological contracts would appear to offer little beyond much more general social exchange predictions, in that people feel obliged to reciprocate when they receive things, but it’s very difficult to predict when or what form the reciprocation will take.

The issue of more precisely specifying the exchange links between employee contributions and organizational inducements is very under-researched (for exceptions see Seeck & Parzefall, 2010; Solberg & Dysvik, 2016). We know in very general terms that employees’ broad aggregated assessments of the contents of their psychological contracts over many items have been found to correlate with certain outcomes (e.g., Raja, Johns, & Ntalianis, 2004), but have little insight as to whether the exchange can be more precisely specified. Future research should therefore seek to develop theory about how exchange items may be linked (for example, by drawing from the Foa, 1971 resource configurations), and empirical efforts could use methods such as cognitive mapping (Eden, 1992) to examine employees’ mental models of their
Psychological contracts (see also Chapter 16 by Vantilborgh). It may be that more precise exchange links are so contextually specific to individuals/individual organizations that any degree of generalization is impossible.

What Is Meant by Implicit Promises?

Psychological contracts include largely implicit cognitions. Early writings on the psychological contract emphasized their implicitness (e.g., Levinson et al., 1962), and since Rousseau’s (1989) reconceptualization psychological contracts have remained implicit to an important albeit lesser degree. What ‘implicit’ means when attached to psychological contracts is however vague. Since Rousseau, ‘implicit’ has tended to be defined as “based upon both inferences and observations of past practice” (Rousseau, 1990, p. 390), which suggests conscious expectations (Meckler et al., 2003), whereas other psychological contract researchers present implicit psychological contracts as arising out of how employees and organizations fulfill each party’s unconscious needs (Meckler et al., 2003). Reference to terms such as ‘inference’, ‘observation’, and ‘needs’ which are unclearly defined could range across a very wide variety of things.

How we define implicit psychological contracts is hugely important. If we take a more restrictive definition of psychological contracts as based on less implicit and more explicit phenomena, such as spoken or written promises, then this greatly limits what is included in psychological contracts. In contrast, if we take a more extended view of ‘implicit’ to cover all inferences and links to needs then the contents of psychological contracts become unbounded (Conway & Briner, 2005). The various definitions perhaps suggest gradients of implicitness, from observation, to inference, to emerging from unconscious needs (Conway & Briner, 2009). Furthermore, how to empirically research very implicit phenomena is not currently understood in psychological contract research.

While there are thousands of psychological contract studies, most of them are based on questionnaire surveys and therefore not capable of capturing subtle implicit phenomena where, by definition, such phenomena are unlikely to be consciously and spontaneously available to employees when answering questionnaires. So questionnaire surveys tell us little, if anything, about implicit psychological contracts. There are very few studies that research implicit psychological contracts, and these use qualitative methods more amenable to examining highly interpretive beliefs. A good starting point to examine implicit psychological contracts is one of the first studies on the psychological contract—Levinson and
colleagues’ (1962) analysis of a US utility plant—and more recently Aldossari and Robertson’s (2016) case study analysis of a Saudi Arabian organization that examines breach of repatriates’ taken-for-granted assumptions about how they would be treated, with the disjunction between their experiences prior to expatriation and following their return.

Who, or What, Do Employees Perceive as the Organization? Do Employees Anthropomorphize Organizations?

Guest (1998, p. 650) noted the psychological contract is “concerned with the interaction between one specific and another nebulous party”. The nebulous party here refers to the organization. In small organizations, or where there is a single employer, the other party to the employee may be straightforward and embodied in a single individual. However, as organizations increase in size and complexity the psychological contract may be communicated by many possible organizational agents (e.g., line managers, senior managers, human resource directors) and signaling practices (human resource practices, organizational brand, organizational culture), which are unlikely to all be singing from the same hymn sheet and therefore sending very different messages about employees’ psychological contract.

Psychological contract researchers have made the very simplistic assumption that disparate representatives of the organization come together in the eyes of employees as they anthropomorphize the organization, where researchers assume that the various human and non-human agents are underpinned by the guiding hand of an organization responsible for its members and practices (Robinson & Morrison, 1995). The anthropomorphism process is argued as being driven by employees viewing their organization as a parental/authority figure according to theories of psychoanalytic transference (Meckler et al., 2003). The anthropomorphic assumption is not unique to psychological contract research as it also applies to any construct that requires individuals to regard organizations as having thoughts or feelings toward them (such as perceived organizational support).

The major problem here is that anthropomorphism is assumed and has never been empirically examined or critiqued. To many employees it will seem laughable that their organization is some kind of parental surrogate or that there is some kind of coherent logic behind the mixed messages raining down on them from managers in the organization. While we have examples of studies that refer to specific agents alone (e.g., Hill, Morganson, Matthews, & Atkinson, 2016; Lapalme, Simard, & Tremblay, 2011), most studies ignore complications arising from organizations and their
multiple agents and various other features of the organizational environment that signal psychological contract information. There have been very few attempts to theorize or explore how employees cognitively represent the organization or investigate the aggregating processes employees use to integrate different agents and signifiers of the organization. Future research should therefore examine this fundamental issue and whether it’s reasonable to assume that employees perceive the organization as a coherent single contract maker, or whether employees hold many distinct psychological contracts with agents within an organization.

Can Organizations Have Psychological Contracts?

While the previous issue refers to how employees make sense of the organization as the other party to a psychological contract (see also Chapter 9 by Diehl and Coyle-Shapiro), this one refers to whether organizations can hold a psychological contract. Rousseau (1989) has argued that organizations cannot have psychological contracts because this would entail anthropomorphizing the psychological contract (i.e., assuming it has human qualities and can think and make and perceive promises). This makes sense at one level, in that organizations can be viewed as abstract entities and are therefore non-human. At another level, however, it is reasonable to consider organizations as having psychological contracts with their employees and that they achieve this through their various communicating channels, such as human resource policies and practices, human representatives of the organization, and organizational culture. Hence, notwithstanding a deeper debate about the reasonableness of anthropomorphizing organizations, the issue becomes how researchers should best conceptualize and measure the organization’s side to the psychological contract.

There have been some preliminary attempts to capture the organization’s side. For example, Guest and Conway (2002) examined how organizations communicate their psychological contracts. They surveyed 1306 senior UK human resource managers acting as organizational representatives, drawn from a wide range of organizations, and found that more extensive use of human resource practices and effective communication around the three areas of the organization’s goals, jobs, and recruitment were associated with more explicit psychological contracts (that is, more explicitly communicated promises) and a reduced likelihood of psychological contract breach. The survey also revealed that 90 percent of human resource managers reported the psychological contract to be a useful concept for managing the employment relationship and 36 percent said that they actively used it to manage people. The study
highlights that organizations do report actively managing psychological contracts and suggests important ways—through human resource management and organizational communication—as to how organizations manage psychological contracts.

Apart from a few exceptions, however, there is remarkably little research on the organization’s side to psychological contracts. The vast majority of psychological contract studies only consider the employee perspective. There is something inherently flawed in this approach because it suggests that, while researchers are hesitant to formulate the organization’s side to the psychological contract, they assume that employees can do so readily and ask employees to answer survey questions about whether their organization has made, kept, or broken promises (Conway & Briner, 2009). There is thus an opportunity for research to explore the organization’s side. In addition, future research should explore both employee and employer perspectives to shed light on important related psychological contract topics such as comparing actual versus perceived mutuality, matching, and agreement between employees and the organization.

The Breach–Fulfillment Continuum and Its Explanatory Value over Related Constructs

There appears to be a distinct lack of reflexivity in psychological contract research, particularly when it comes to the work on psychological contract fulfillment and breach. This may be symptomatic of a wider problem in the research literature and the conservative predilections of journal editors for papers that do not radically depart from received wisdom. Notwithstanding its potential origins, the problem that this subsection addresses is the continued use of measures that suggest fulfillment and breach are on a continuum, equal and opposite in their effects on employee outcomes (Conway & Briner, 2005, 2009).

Breach has taken center stage in the psychological contract research arena, with good cause. In meta-analytic studies, it has trumped other social exchange constructs as an explanatory variable for a whole host of employee outcomes, with population estimates of correlations ranging from –0.79 for trust (Bal, De Lange, Jansen, & van der Velde, 2008) to –0.20 for in-role behavior (Zhao et al., 2007). Fulfillment (and overfulfillment) has received far less empirical attention despite calls to understand its relationship with good mental health (e.g., Guerrero & Herrbach, 2008; Parzefall & Hakanen, 2010). Furthermore, underfulfillment is often treated as synonymous with breach despite the finding that fulfillment does no more than maintain levels of satisfaction in
longitudinal studies, whereas breach erodes the said levels of satisfaction (Conway et al., 2011). Moreover, breach has a far greater emotional impact on the individual than fulfillment does (Conway & Briner, 2002).

A review of recent studies indicates that Robinson and Morrison’s (2000) popular measure of breach continues to be used in surveys (e.g., Bordia, Restubog, Bordia, & Tang, 2017; Dulac, Coyle-Shapiro, Henderson, & Wayne, 2008; Rayton & Yalabik, 2014). This measure contains reverse-scored fulfillment items (e.g., “Almost all the promises made by my employer during recruitment have been kept so far”), as well as items that refer to broken promises (e.g., “I have not received everything promised to me in exchange for my contributions”). Additionally, studies purportedly of breach deploy measures that contain no mention of broken promises (e.g., Gakovic & Tetrick, 2003; Jensen, Opland, & Ryan, 2010).

Conway and Briner (2005) considered this issue in depth, and their advice to clean up psychological contract measures so that they measure what they purport to measure appears to have gone unheeded. While psychological contract breach has been heralded as a powerful tool for enhancing our understanding of workplace outcomes, it still sometimes remains difficult to grasp what studies are actually basing their conclusions upon owing to inconsistencies in its operationalization. Furthermore, the simple parsimony and power of psychological contract breach are compromised by the plethora of studies that find the effects and aftermath of breach are moderated and mediated by many factors. Indeed, misgivings about the fundamental process of promise making surfaced sometime back; promises appear to matter little for employee outcomes; what matters to employees it seems is what is delivered rather than what was promised (Lambert, 2011; Montes & Zweig, 2009).

The blind adoption of measures in empirical studies on the basis of their popularity in the literature is not serving psychological contract research well. What is needed is clarification of the independent relationships of fulfillment and breach with outcomes, elaboration of the differential effects of the two constructs on attitudes and behavior, and an understanding of interrelationships of the two; for example, can fulfillment on some items compensate for breach on others, or is breach sufficient to erase all sense of fulfillment of one’s psychological contract? In order to answer these questions, the construct validity of existing measures needs to be further investigated to ascertain if they are in fact measuring breach or fulfillment.
Is It ‘Better’ to Make Psychological Contracts Explicit rather than Leaving Them Implicit?

Very little research explores the distinction between implicit and explicit promises. Research participants tend to be asked about promises their organization has made to them without the requirement to explain whether the promises are implicit or explicit. In such cases, participants probably report their ideas about explicit promises, as verbal and written promises are often how promises are represented in popular social discourse.

An enduring dilemma for anyone wishing to manage psychological contracts—employees or organizations—is whether it is desirable to make psychological contracts more explicit than implicit (Conway & Briner, 2005). In other words, is it desirable for parties to a psychological contract to explicitly articulate their implicit beliefs through, for example, verbalizing them or writing them down? Herriot and Pemberton (1997) argue that more explicit psychological contracts would result in greater trust between employees and their organization and better enable each party to articulate their needs and how they can be met. More recent work on idiosyncratic deals (Rousseau, 2015) makes similar assumptions about the benefits of explicit deals. However, on the few occasions when researchers have contrasted explicit and implicit deals (e.g., Purvis & Cropley, 2003), findings suggest that implicit psychological contracts can result in greater trust than explicit contracts because both parties adopt positions of good faith toward the other to regulate psychological contract delivery. Explicit promises have also been found to more likely be broken than implicit promises (Conway & Briner, 2002). Research on agency theory would also suggest the possible benefits of implicit over explicit deals because parties recommend more transactional deals when they do not sufficiently trust the other and therefore seek explicit contracts to better enforce the other party to deliver.

Future research should seek to contrast explicit and implicit promises and explore their interplay. For example, in what kinds of employment relationships are explicit promises preferable to implicit promises and vice versa? What does preferable mean here: enhanced trust, flexibility, the delivery of promises? Is making psychological contracts explicit more likely to benefit one party over another, such as the more powerful party who can control the other party with explicit promises? And, given that implicit promises are inferred from explicit promises, would making promises more explicit lead to an ever-increasing number of new implicit promises, making the mission of arriving at a fully explicit psychological contract impossible?
CONCLUSION

Psychological contract research continues apace. For instance, a search on the term ‘psychological contract’ in the title or abstract of journal articles in Business Source Complete, a popular database of academic business journal articles, reveals over 500 articles published in the last ten years alone. The vast majority of studies do, however, take a very similar and formulaic approach to researching psychological contracts, relying typically on Rousseau’s conceptualization and using rather basic quantitative, cross-sectional research designs. While there have been several major critiques of the psychological contract, from which we have outlined some key concerns above, the recommendations from these critiques in terms of addressing fundamental aspects of the psychological contract, such as its implicitness, the nature of the exchange, and the interaction of the two parties, have been largely ignored. We believe that the best way to advance our understanding of psychological contracts is to revisit the challenges we summarize in this chapter and the associated challenges of designing empirical research to investigate complex implicit, multiparty, intersubjective phenomena. In the 1990s Rousseau reconceptualized the psychological contract, and this led to tremendous researcher and practitioner interest in the psychological contract, an idea which had lain largely dormant up until then. Over time, however, psychological contract research, while still thriving and voluminous, has become rather narrowly oriented around explicit promises. Perhaps it is time for another reboot and to conceptualize those parts of the psychological contract that were there at its outset but have been neglected in the last 30 years—such as its implicitness, its two-party focus, and its relation to positive mental health.

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