

Psychological Contracts Revisited: Providing a New Framework and Example

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Although there is a large body of theoretical and empirical research on psychological contracts, scholars have devoted little time to developing transactional and relational elements. We provide definitions of transactional and relational contracts and develop a psychological contract violation model that can be used to determine the overall strength of an employee's perceived violation of psychological contracts. Finally, we extend psychological contract to a group level by discussing the effect of group violation of individual psychological contracts and offer an example of how introduction of a large scale technology can cause such an event.

INTRODUCTION

An employee's psychological contract is composed of the perceived employer's obligations to the employee and reciprocally, the employee obligations back to the employer (Rousseau, 1989). These obligations form the foundations of the employment relationship, at least in the mind of the employee. In recent years considerable scholarly energy was expended in developing psychological contract theory as a framework for understanding the relationship between the employee and the employer. However, most of this research has been conducted in breach-outcome relationships, (Zhao et al, 2007), which focuses primarily on what Rousseau (1989) refers to as the "transactional" part of the contract.

The objective of this article is to provide a more complete understanding of the construction of the independent variables associated with psychological contract. Although there is a large body of theoretical and empirical research on psychological contracts, scholars have devoted little time to developing the transactional and relational (Grimmer & Oddy, 2007) aspects of an employee's psychological contract. These are important aspects of the psychological contract since they represent the independent variables that have not been fully tested.

This paper contributes to current research by providing a definition of transactional and relational contracts that should help prevent future misinterpretation. In addition, fifteen transactional terms and

conditions are presented and separated into two separate categories to allow for future empirical research. Similarly, twenty-seven relational terms and conditions are offered and then separated into seven categories. This paper extends this categorization by developing a psychological contract violation model that can be used to determine the overall strength of an employee's perceived violation of psychological contracts. Finally, this paper extends psychological contract to a group level by discussing the effect of group violation of individual psychological contracts and then offers an example of how introduction of a large scale technology can cause such an event.

BACKGROUND

Over the past twenty years there has been a surge in interest in psychological contracts (Conway & Briner, 2005). This concept can be traced back to Menninger's analysis (1958) of the relationship between patients and therapists which was based on Barnard's (1938) equilibrium model (Roehling, 1996). Two years after Menninger's analysis, Argyris (1960) first formally used the term "psychological contract" to characterize the implicit exchange between employers and employees. These concepts were finally combined into a more precise conception by Rousseau (1989). Rousseau's widely acknowledged work presented a fundamental shift in understanding the meaning and functioning of the psychological contract and how it could be empirically tested (Conway & Briner, 2005).

Conway and Briner (2005) state that Rousseau's work represented a major contribution for four reasons. First, a greater emphasis was placed on the promissory nature of the terms and conditions of the psychological contracts. Second, the shift from being viewed as a contract from the manager and employee perspectives to just the employee's perspective. Third, the movement from belief that psychological contracts are derived from needs to a deeper motive level of development. Finally, the proposition that violations are the main mechanism for linking psychological contracts to various outcomes.

Another salient contribution is Rousseau's addition of implied contracts (Rousseau, 1989). Rousseau (1989) defined implied contracts as a mutual obligation existing at the level of the relationship. These implied contracts arise from interactions between both parties and reside in the social structure in which the relationship occurs. Rousseau (1989) argued that psychological contracts and implied contracts differ since they occur at different levels and because psychological contracts "are highly subjective and parties to a relationship need not agree, whereas implied contracts exist as a result of a degree of social consensus regarding what constitutes a contractual obligation" (Rousseau, 1989 p. 124). Robinson, Kraatz, and Rousseau (1994) further refined these concepts by identifying two contract types: transactional and relational. They argued that transactional contracts involve specific, monetizable exchanges between parties over a finite and often brief period of time (Robinson, Kraatz & Rousseau, 1994). This is in large part due to the idea that employment can be primarily viewed as an economic transaction between employers and employees (Zhao et. al., 2007). The employer provides transactional rewards such as pay and wages, which is usually seen as the bottom-line obligation of employers to meet the requirements of the psychological contract. If the employer fails to deliver these extrinsic inducements the employee will perceive this action as a violation of the psychological contract which may cause immediate and extreme reactions from the employee.

In contrast, relational contracts involve long term, less specific, agreements that establish and maintain the relationship. These relational contracts are intrinsic and focus on aspects such as socio-emotional needs and have open ended timeframes (Rousseau, 1990). However, most psychological contracts are not one contract type versus another; instead they will most likely have elements of both types in each employee's psychological contract (Grimmer & Oddy, 2007).

Rousseau (2000) added a third contract type, the balanced contract. She argued that balanced contracts are dynamic and open-ended employment arrangements conditioned on economic success of the firm and the employee's opportunities to develop career advantages (Rousseau, 2000). In balanced contracts the rewards are based upon performance and contribution to the firm. These transactional

features (based on performance) center on clearly identified performance-reward contingencies (Hui, Lee, & Rousseau, 2004).

In summary, psychological contracts constitute the beliefs concerning the reciprocal obligations between employers and their employees. These contracts are currently separated into three categories. However, it is inevitably the employee that determines the terms and conditions that they perceive the employer liable to fulfill (Rousseau, 1989).

Contract Types

Psychological contracts may be viewed as legal contracts between the employee and the employer. This perspective drove psychological contract research to incorporate the terms transactional and relational which were taken from a legal review of contracts by MacNeil (1985). In contract law, contract terms and conditions are often referred to as formal or relational. Formal contracts are developed to specify *ex ante* in terms that can be verified *ex post* by a third party, whereas a relational contract can be based on outcomes that are observed by only the contracting parties *ex post*, and also on outcomes that are prohibitively costly to specify *ex ante*.

A relational contract allows the parties to utilize their detailed knowledge of their specific situation and to adapt to new information as it becomes available. For the same reasons, however, relational contracts cannot be enforced by a third party and are thus self-enforcing (Baker et al., 2001). This legal definition of contracts is easily applied to employment contracts. Transactional contracts are those formal contracts that specify the terms and conditions defined prior to employment. These items are usually associated with *quid pro quo* transactions that are anticipated to occur during the life of the contract. The employer promises to pay the employee for a specified work performance. In a legal world, a violation of this type of contract would be easy for a third party to evaluate and adjudicate based on the terms and conditions of the agreement.

On the other hand, relational contracts are not specified by both parties *ex ante*. Instead these conditions are added as they occur throughout the life of the contract. Baker et al. (2001) argued that this is necessary for two reasons. First, neither party could predict the specific occurrence at the time the employment contract was written. Or second, the process of identifying all the terms and conditions would be too costly for either, or both, of the parties. These relational terms and conditions become informal *quid pro quos* that allow the relationship to continue without frequent interruptions to formally renegotiate the terms and conditions of the employment contract.

An obvious weakness of relational contracts is that they make it impossible for a third party to make a judgment *ex post*. Therefore, the employee and employer must trust the other party to meet the terms and conditions so that arbitration is avoided. This argument addresses the formal and informal terms and conditions of the employment contract for both the employee and employer. However, the psychological contract of concern resides only with the employee (Rousseau, 1989). Therefore, the employee makes unilateral amendments to the terms and conditions throughout the life of the contract based upon their perception of obligations between both parties. This means that both parties believe they share a common understanding of the terms of the contract but in reality these contracts may differ substantially (Robinson & Rousseau, 1994). Further, if these contracts are amended by either party, this amendment may not be communicated. If the employee chooses to forget an initial employment condition or does not perceive the same condition to be in the contract, the condition is removed from the psychological contract without arbitration. Similarly, if the employee decides to add a term or condition, the term is automatically added. This creates a tenuous situation for the employer since they are not aware of all of the terms and conditions of each employee's psychological contract (Zhao et al., 2007). Additionally, the psychological contract evaluation process involves two parts: breach and violation. Breaches are perceived discrepancies relating to the employee's psychological contract. These breaches precede violations. Violations are emotional states that may result from psychological contract breaches. Once a breach occurs, employees engage in sensemaking to determine if the breach is severe enough to result in the negative emotions of a violation (see Robinson & Morrison, 2000 for discussion). This article focuses primarily on incidents that have already moved to the violation category.

To further distinguish between transactional and relational aspects of a contract, we examine the development of a psychological contract from the perspective of a new employee. Contract development begins before the perspective employee is hired. The perspective employee starts out with expectations about what employment will be like with this organization. The perspective employee will start to gather facts from the vacancy announcement, newspaper advertisement, on-line job posting, etc. Most of these facts are concerned with the economic transactions that bound the position. Next, during the interview process the perspective employee gains more knowledge about the aspects of the job. These details are often related to the organizational culture, the roles and responsibilities of the position, the current management, resources available, promotion opportunities, etc. All, or part, of these facts are retained by the perspective employee who uses them to start building aspects of the psychological contract. At the conclusion of the interview, if the perspective employee is hired, additional details may be shared. These additional details may not coincide with the expectations but this does not affect the contract because they are, at this point, expectations, not obligations (Rousseau, 1990). Rousseau (1995) stated that the only operative contract is the one they were hired under and this contract is already composed of transactional and relational aspects from the moment the new employee is hired.

In legal terms these conditions could be separated as transactional or relational based on the formality of the argument. Transactional terms and conditions are those that have been specified formally or in writing. These consist of terms and conditions in the offer letter, the job description as posted, etc. The relational terms and conditions are some of the other items (i.e. opportunity for growth, long term employment) that the employee believes to be implied during the hiring process (Grimmer & Oddy, 2007). A legal litmus test that can be applied to determine if a term or condition is transactional or relational is whether the employee is able to present documentation in a court of law that the promise was made by the employer. If the employee can produce documentation, then the term is transactional. If the employee cannot present documentation, then the term is relational.

TRANSACTIONAL AND RELATIONAL CONTRACTS EXTENDED

The current psychological literature has provided the framework to conduct a multitude of studies. However, current knowledge of the actual contents of the psychological contract, their formation, and how they affect various outcomes is quite limited (Conway & Briner, 2005). This is due, at least in part, to the lack of categorization of the independent variables.

A thorough review of the psychological contract literature revealed the following categorizations of transactional and relational psychological contracts. Transactional contracts include payment for services (Morrison & Robinson, 1997), monetary (Grimmer & Oddy, 2007) and monetizable agreements (Robinson et al, 1994). While relational contracts include loyalty and support (Morrison & Robinson, 1997); job security and loyalty (Rosseau & Tijoriwala, 1999); training, development opportunities, and a long term career path (Robinson et al, 1994).

It is easy to see from this collection that all of the terms and conditions for transactional and relational contracts are not included. It is also easy to show that little consistency exists among the terms and conditions. Millward and Hopkins (1998) attempted to avoid this omission in the theory by developing a Psychological Contract Scale (PCS) that helps determine whether a term or condition is relational or transactional. From this approach Grimmer and Oddy (2007) tested the relationship of violation of relational contracts and organizational commitment and trust versus the violation of transactional contracts and organizational commitment and trust. However, further granular detail of which terms and conditions have the most influence on organizational commitment and trust is impossible due to the lack of categorization that has currently been offered.

Transactional Terms and Conditions

A comprehensive list of transactional aspects of the psychological contract would be almost impossible to construct since it is based on the actions of countless employees and employers. However, for the sake of future research it is necessary to categorize transactional terms and conditions and then to

provide a list of the currently accepted terms and conditions. Current research (Grimmer & Oddy, 2007) suggests that this could be separated into the compensation provided by the employer and the job expectations that are expected from the employee.

In a previous study (Grimmer & Oddy, 2007), all transactional items were included together. This separation allowed for a more detailed testing of the psychological contract model by focusing on what the employer promised (compensation) and what the employee believes was promised (job expectation). Both of these categorizations are included in every individual's psychological contract. However, it is possible that one or more individual terms and conditions, inside these categorizations, may not be formally negotiated during the employment process and therefore the term or condition may instead become a part of the employee's relational contract. Extending this research, we identified fifteen common transactional terms and conditions which we placed into the appropriate transactional categorization. A summary of this list is offered in Table 1.

**TABLE 1
CONTRACT TERMS AND CONDITIONS**

Transactional Contracts		Relational Contracts						
Compensation	Job Expectation	Affirmation	Supervision	Coworkers	Altruism	Status	Environment	Job Security
Salary	Required Tasks	Promotion	Good Supervisor	Enjoyable	Value	Prestige	Comfort	Stable Company
Bonus	Responsibilities	Career Development Opportunities	Good Manager	Responsible	Help Others	Power	Safety	Stable Job
Insurance	Collateral Duties	Appreciated	Good Leadership		Moral Cause	Fame	Working Conditions	
Retirement	Working Hours	Recognition	Current Supervisor			Affiliation		
Profit Sharing	Required	Awards						
	Qualifications							
Paid Time Off	Dress Code	Achieving Potential						
Company Car	Location of	Self Development						
Cell Phone	Employment	Self Growth						
		Training						

Most of these items are self-explanatory so a detailed listing is not offered. However, the most important concept for transactional terms and conditions is that the employer has specific obligations as indicated by *compensation* and the employee has specific obligations that are categorized as *job expectations*. This list should act as a framework for identifying the types of terms and conditions that are often associated with transactional contracts but is not expected to be comprehensive for every individual.

Relational Terms and Conditions

For the same reasons stated above for transactional terms and conditions, a comprehensive list of relational terms and conditions would be impossible to construct. Since most relational expectations

revolve around the job, we used the job characteristics model (Hackman & Oldham, 1976) to categorize 27 common relational terms and conditions. A description of the seven JCM characteristics follows.

Affirmation allows an employee to believe that their work was judged as worth-while. Included in this category are recognitions, awards, training, individual growth, and other similar terms and conditions.

Supervision has two major aspects. The first is based on the supervisor and the second on the overall management team. Employees are often attracted to a job based on the hiring supervisor and the anticipated supervision provided by that supervisor (Burch, Humphrey, & Batchelor, 2013). A second consideration comes from the supervision provided by the entire management team, who are expected to provide adequate management to handle the day to day operations, good leadership to provide the necessary goals, and direction and good supervision to facilitate proper work flow and function.

Coworkers should be both enjoyable and responsible.

Altruism allows employees to believe that their job has value in helping others or is dedicated to a moral cause to which the employee is dedicated.

Status is the level of elevated position that the job offers the employee. Common terms and conditions include power, prestige, fame, or affiliation with others that are perceived to have power.

Environment is a function of the overall working conditions. This is most often associated with comfort, safety, and overall working conditions.

Job Security has two major components. The first is the stability of the company, or the belief that the company will be in business in the future. The second is the stability of the job or belief that the particular job will be included in the company in the future.

Developing this relational categorization provides a framework to place the 27 terms and conditions that were identified.

INDIVIDUAL PSYCHOLOGICAL CONTRACT VIOLATION MODEL

This categorization of terms and conditions reveals the numerous potential terms and conditions that can be collected into a single employee's psychological contract. As previously mentioned, transactional and relational aspects have been empirically tested by grouping all of the transactional components and all of the relational components (Grimmer & Oddy, 2007). This presents an argument that an employee's overall perceived violation of the psychological contract could be determined by collecting all of the perceived violations of each of the terms and conditions and by calculating their associated strengths.

To accomplish this concept, each employee is allowed to add or remove terms and conditions. Thus, the employee's psychological contract will only be composed of the terms and conditions that the employee values. Similarly, within each contract (transactional or relational) the employee may have different values associated with each term or condition based upon their perceived strength of value. Such a concept allows for the following model for each of the two transactional categorizations and seven relational categorizations.

$$\text{Category}_1 = (V_1 \times C_1) + (V_2 \times C_2) + \dots \quad (1)$$

Category₁ = overall strength of the violation for that category

C₁ = the first term or condition in that category

V₁ = the value associated with C₁

C₂ = the second term or condition in that category

V₂ = the value associated with C₂

For example, the strength of a compensation violation is equal to the value the employee places on salary multiplied by the strength of the salary violation, plus the value the employee places on bonuses multiplied by the strength of the bonus violation, plus etc. This generic categorization equation would be applied to each of the nine categorizations which would be instantiated using the following variables:

T_1 = Total Violation of Compensation terms and conditions
 T_2 = Total Violation of Job Expectation terms and conditions
 R_1 = Total Violation of Affirmation terms and conditions
 R_2 = Total Violation of Supervision terms and conditions
 R_3 = Total Violation of Coworkers terms and conditions
 R_4 = Total Violation of Altruism terms and conditions
 R_5 = Total Violation of Status terms and conditions
 R_6 = Total Violation of Environment terms and conditions
 R_7 = Total Violation of Job Security terms and conditions

Upon determining the overall strength of each categorization, it is proposed that a total strength of the violation could be calculated by adding the categories together.

$$\text{Strength of Violation} = T_1 + T_2 + R_1 + R_2 + R_3 + R_4 + R_5 + R_6 + R_7 \quad (2)$$

The support for using an additive model is based on the idea that the strength of each term was included at the category level. This makes much more sense than multiplicative or other models where a value of zero for any one component would result in an overall score of zero. Therefore, if an individual has stronger attachment to the Total Violation of Altruism terms and conditions (R_4), the individual strengths (V_1 , V_2 , etc) associated with R_4 will be higher which will make the Total Violation of Altruism value higher.

This model demonstrates the complex task associated with managing each employee's psychological contract. To add to the complexity, each individual in the organization maintains a version of the psychological contract. Rousseau (1995) contrasted the psychological contracts of newcomers to an organization, under different economics situations, with those of the veterans of the company. The veterans may view changes made to the compensation practices and to the performance expectations very differently from the newcomers since they are performing under their initial hiring psychological contract. Similarly, since many of the relational inducements of the psychological contract are personality driven (Raja et al, 2004), the possible collection of terms and conditions for each employee's psychological contract are innumerable.

Perhaps it is this daunting organizational and human resource task to predict the unpredictable that has contributed to the lack of research in this area. Conway and Briner (2005) argued that organizations and human resource managers are aware of and use the concept of the psychological contract, although very little is known about how they use this idea in their practice. Indications are that most of the emphasis has been placed on managing the contents of the psychological contract, imposing change, communicating promises, and negotiation. In addition, some ways of managing or preventing breach were also considered, including monitoring for early signs of breach and redressing breach.

GROUP PSYCHOLOGICAL CONTRACT VIOLATION

All of the previous information was gathered and presented at the micro-level of organizational behavior. In this regard we are looking at a single individual in an organization with a single breach of their psychological contract. It is undoubtedly important to address the individual needs of this employee to ensure the violation does not decrease the employee's motivation. However, what if an organizational event potentially affects the psychological contract of many, if not all, employees? Such an event has the potential to significantly diminish motivation across the entire organization (Rousseau & Tijoriwala, 1999).

All organizations depend on the performance of each individual member. Good leaders and good policies are capable of focusing the individual organization member's energy in a way to meet the organization's performance goals (Denison, 1984). Therefore, since a single leader or culture is capable

of affecting performance in a positive way, it is also possible for a single event to decrease the organization performance by negatively affecting a significant number of employees.

Morrison and Robinson (1997) offered such a scenario by discussing the current corporate trends of restructuring, downsizing, increased reliance on temporary workers, increased demographic diversity, and increased foreign competition. Their argument was that such events could have profound effects on the individual employee's psychological contract and subsequently on the organization's performance since a large number of organizational members could be affected at the same time. Rousseau (1989) continued by adding that institutions that were contemplating reductions in force, wage cutbacks, or any new personnel policies first look at trying to alter their employee's psychological contract to avoid, or minimize, the negative effects.

Each of the events mentioned above (restructuring, down-sizing, reductions in force, wage cutbacks, etc.) has the potential to significantly affect the psychological contract of many employees because they introduce change. March (1971) proposed that any change made by the organization was a breach in the contract between the employee and employer since the initial conditions under which the employee was hired are altered and could lead to a violation. A more troubling note for the employee is that these changes are made unilaterally by the employer and therefore the employee must accept the new conditions of the contract without negotiation. This one-sided change may have a significant, negative affect to the employees' group psychological contract.

There are several reasons why significant organizational changes can be devastating for organizations (Rousseau & Tijoriwala, 1999). A listing of some of these items, and their associated impacts are listed below.

Simultaneous Violations of Multiple Organizational Members' Psychological Contract

Most of the significant organizational changes listed above have the potential of affecting multiple members of the organization. Rousseau (1995) stated that groups sometimes agree on events and their meanings. The examples that she offered argued that individuals have some common interpretation or social construction of organizational events and their meaning. It is this agreement between the employees that helps foster the view that a promise, or violation of the promise, is real. Therefore, when an organization makes a decision to significantly alter the conditions under which most of the employees were hired, the organization should expect that the organizational group will develop an organizational meaning for the act. If the organization does not manage the alteration of the psychological contract properly, a significant number of employees may feel that the organizational change is a violation of their individual psychological contracts.

Cumulative Effect of the Violation

Many of the organizational changes have the potential of affecting many transactional and relational items in the employee's psychological contract. An example would be a restructuring of the organization that impacts employees by altering terms and conditions of the relational psychological contract. During a restructuring, an individual employee may be assigned to a different division within the organization (Tekleab et al., 2005). Such a move may be insignificant in the eyes of management, but to the individual employee a violation of the contract has occurred since their roles and responsibilities have changed, their management has changed, their assumptions of organizational instability have changed, and they may have an altered perception of career development and promotion opportunities.

Therefore, it is easy to make the case that significant organizational changes may affect multiple terms and conditions of the psychological contract, and that each of these violations may have a cumulative effect on the perceived violation of the employee's psychological contract.

Reinforcement of Breach by Talking to Other Violated Employees

Weiss and Cropanzano (1996) argued that individuals may not develop rational appraisals of an event immediately after the event occurrence. The employees first respond in terms of negative affect or emotional arousals such as anger or fear. During this time the employees are still trying to make sense of

the breach and determine if it is a violation of their psychological contract. In a large organizational change many employees experience this process simultaneously. Inevitably, employees will discuss the situation. These conversations have the potential to significantly increase the salience of the breach based on the multiplicative and validative effect of the conversations as many members may have and share the same feeling of violation. Rousseau (1995) stated that the messages that organizations send, and social cues gathered from the coworkers are the basic external contributors to psychological contracts. Therefore, it is also within reason to believe that the social cues gathered from the coworkers about the salience of their individual violations will affect the employee's overall negative affect.

This cumulative effect combined with commiserating amongst fellow coworkers show that large organizational changes can affect large groups within the organization. However, prior to the implementation of these organizational changes the leaders and human resource managers may have already considered the potential harm that could occur to the organizational performance. This increased sensitivity at least heightens the awareness of potentially devastating effects and allows the managers to respond in ways to mitigate the effects. However, there are many other organizational events that can significantly change the psychological contract of most of the employee's that do not receive as much attention. An example of such an event is the introduction of a large scale Enterprise Resource Planning (ERP) system or technology system.

EXAMPLE – VIOLATION OF THE GROUP PSYCHOLOGICAL CONTRACT

The introduction of a new technology system will often be seen by leaders and human resource managers as a positive event for the organization. The organization invests considerable profits toward technological advances. However, leaders often overlook the potential negative impact caused by the large-scale changes in the organization. Each of these changes may be either viewed as positive by the manager, or not even considered at all. However, each change has the potential to be perceived as a violation of employees' psychological contracts.

Cumulative Effect of the Violation

As mentioned above, the cumulative effect of downsizing and restructuring violations affects many terms and conditions of the relational contract. During implementation of large scale technology systems there are potentially more terms and conditions that may be violated due to the nature of the system. Since many technology systems create reorganization and restructuring that affect the employee's job expectations, it is anticipated that there may be an increase in the strength of the violation for the Total Violation of Job Expectation terms and conditions (T_2). In addition more relational conditions may suffer a violation. Examples are insufficient training to accomplish the new job, inadequate resources to complete new tasks, change in environments, etc. This may affect any of the relational strength of violations ($R_1, R_2, R_3, R_4, R_5, R_6,$ and R_7). This increase in both transactional terms and conditions show that there is a greater chance that the reorganization will increase the overall strength of the perceived strength of the violation. See equation 2.

Reinforcement of Violation by Talking to Other Violated Employees

During the implementation of technology systems, a significant number of employees are subjected to the new technology. This may be in stark contrast to restructuring and downsizing which may only affect a smaller percentage of the organization. This increase in the total percentage of employees affected increases the possibility that a single individual feels the change is a violation of their psychological contract. Additionally, since employees interact with each other (Rousseau & Tijoriwali, 1999) there is an increased number of potential interactions between disgruntled employees and other employees. Therefore, there is an increased chance that employees who feel they have had their psychological contracts violated may increase the overall salience of the violation (increase V_1) for other individual employees. This creates a potential for each of the categories to have an increased strength of violation for that category for the individual employees since an increase in V_1 will cause an increase in Category₁.

Organization's Commitment to Implement New Technology at Any Cost

During significant organizational changes, employees can voice their displeasure and plea for potential litigation. Zhao et al. (2007) stated that employees could engage in voice by complaining both internally (e.g. to management or the union) and externally (e.g. to the media) in hope that the organization would pay attention to and correct the perceived violations. However, it is up to the organization to respond to the pleas and to mitigate the effect of these perceived violations. During the implementation of technology systems the organization has usually committed large sums of profit. This commitment from the leaders may drive leaders to neglect the employee's pleas and attribute the resistance as mere roadblocks. The decision to pursue the technology system at any cost, including violations of numerous psychological contracts, will reinforce the salience (increase V_1) of the violation in the employee's eyes.

Age of Companies That Implement New Technology Systems

Many companies that can afford to implement large scale technology systems have been in business for many years (Yang, et. al., 2007). With this stability, usually comes a senior and tenured work force. Rousseau (1989) stated that this seniority in employment is perhaps the best organizational example of investments made between the organizations and their members. Each party of the contract has invested considerable time and opportunity costs along the way. This longer period of commitment increases the likelihood that individuals perceive obligations of reciprocity. This may increase the number of items in the terms and conditions and the perceived salience in any violation of the accumulated psychological contract.

Therefore, companies with senior employees are at greater risk of having perceived violations in individual psychological contracts. Another potential characteristic of companies that can afford new technology systems is that they are "make-oriented organizations" (Rousseau, 1989, p. 135). This implies that the organizations believe in developing the members of the organization, as opposed to buying employees with known skills. Make-oriented organizations can have stronger corporate cultures and would be expected to employ fairly elaborate implied contracts (Detert et al., 2000) in their relationships with employees. In response the employees will most likely have increased terms and conditions in their psychological contracts.

Both of these employee concepts show that companies positioned to introduce new technology systems may have a work force with stronger terms and conditions associated with their psychological contract. Therefore, these organizations are at higher risk of creating a perceived violation of the psychological contract of most, if not all, of their employees.

Organization is Not Prepared to See Changes in Performance

The introduction of many new technology systems, especially Enterprise Resource Planning Systems (ERPs), carries with it new measures of performance (Karimi, et. al., 2007). The new technology can be a significant change in the way that the company performs tasks and accounts for contributions. The new system would require a different suite of measures of performance for the organization and individual employees. During the initial implementation phase managers no longer have a sensible baseline of performance to compare old system performance to the new system (Karimi et al., 2007). Managers may begin to make sense of the new measurements using the same ideas that were used in the old system. Similarly, each individual employee was accustomed to the old system production levels. They knew what was expected and whether the goals were accomplishable. With the new system comes new individual expectations and unknown individual capabilities. The employee may no longer understand how their role fits in the overall process (Hendricks, et. al., 2007). The employees may be at risk of losing their sense of contribution and worth to the company which may cause the employee to perceive a relational violation in the psychological contract. Perhaps of even greater importance is that managers may not have a reliable measure of organizational performance and may therefore miss the overall reduction in organizational motivation and production.

Simplification of Tasks

A number of new technology systems are very efficient in their development of roles and responsibilities for organizational members. This efficiency may often introduce a significant simplification of tasks, but may also reduce the variety of tasks that the employee is responsible to perform. Therefore, the new system may no longer allow the employee the job satisfaction (Hackman & Oldham, 1976) of having a job with a large variety of tasks. In return, the employee may feel that the job they were hired to do is no longer the same. Such a feeling could be seen as a violation in the employee's psychological contract.

The introduction of a new technology, especially an Enterprise Resource Planning (ERP) System, has the potential to cause violations of numerous terms and conditions for each individual member. Since these individual violations are anticipated to be cumulative, an increased chance that an individual's motivation may suffer is also anticipated. Additionally, since the ERP is often implemented across large groups of the company an increased chance exists that many of the individual members will suffer a loss of motivation which can affect the overall motivation of the company.

CONTRIBUTIONS AND IMPLICATIONS

Although there has been a growing amount of research conducted on psychological contracts, almost no research has been conducted on the individual construct development. This paper provides a definition of transactional and relational contracts that should help prevent future misinterpretation. In addition, fifteen transactional terms and conditions are presented and then separated into two separate categories to allow for future empirical research. Similarly, twenty-seven relational terms and conditions are offered and then separated into seven categories. This paper extends this categorization by developing a psychological contract violation model that can be used to determine the overall strength of an employee's perceived violation. Finally, this paper offers an example of how introduction of a large scale technology can cause a group level violation of psychological contract.

CONCLUSION

Researchers have demonstrated that damaged psychological contracts can negatively affect the motivation of employees. Despite these findings, there is limited understanding of this phenomena (Zhao et al., 2007). In this article, we clarified the constructs, offered additional detail to the model, constructed a method for calculating the strength of the violation, offered discussions about the impact of group change, and presented an example of a group change event that could cause significant group psychological contract violations. These concepts are meant to provide a new framework to allow for future research that will increase the understanding of psychological contracts.

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