

The Psychological Contract and Dissension in the Workplace

Sometimes dissension in the workplace is as a result of a breaking, perceived or otherwise, of the psychological contract. The psychological contract is a very subjective concept which influences employees' beliefs and behaviour in the workplace. A psychological contract is commonly understood as an individual's belief about the terms and conditions of a reciprocal exchange agreement with an employer or manager; a belief that some form of promise has been made and that the terms are accepted by all involved. Essentially, it is an unwritten set of expectations between everyone in an organisation and, unlike the written contract, is continually changing. By nature it is a highly flexible and undefined set of terms which are extremely interpretive by the individual. Although it is unwritten (being implicit), it can be a significant determinant of behaviour in organisations and perceptions of violation can have lasting effects.

It involves an individual's beliefs of reciprocal exchange between two parties pertaining to trust, loyalty and the well-being of all involved. In an ideal situation the employer respects and looks after the well-being of the employee throughout the duration of employment. In return the employee is loyal and trustworthy which consequently increases productive behaviour and thus the success of the organisation. An individual may form beliefs pertaining to their expectations and obligations in an organisation as soon as they enter the recruiting phase, or even before. Eager to recruit the best candidates, employers at this stage may exaggerate the details of some aspects of the position leading to the formation of incorrect opinions by the new employee.

Even with the best intentions from both the employer and employee, relations can break down and the psychological contract can be violated. Violation of the contract is a perceived failure to comply with its terms and conditions and can be potentially damaging to all involved. In order to establish if a violation has occurred, given the subjectivity of the psychological contract, one must first consider how an individual might interpret the circumstances in which the failure has happened. It is this interpretation which establishes whether or not a violation has actually been experienced.

Inadvertent violation occurs when both parties are willing and able to keep their part of the bargain, but conflicting interpretations lead one party to act in a manner at odds with the understanding of the other.

It is the interpretation of the cause or source of these types of violation which influences how the violation is experienced and consequently how the victims behave in response. Without discounting the potential importance of contract violation, many workers may have poor contracts, both formal employment contracts and psychological contracts, from the outset and it is the content of these rather than any violation of promises made that is the major source of dissatisfaction with the contract process.

Most employees feel that their psychological contracts have been violated in some way by their employer at some time. Violations are most commonly concerned with training and development, pay and benefits, and promotion opportunities. When employees feel that their employer has violated their psychological contract they are, not surprisingly, inclined to feel less sense of obligation and less commitment to their employing organisation. An employer's failure to fulfil their obligations can have a long-term impact on subsequent employee citizenship behaviour. Because contracts are continually being created and sustained, organisations and employees make accommodations for many inadvertent violations. Misunderstandings may be ignored and some remedied by rationalisation. However, when a violation takes a more serious form, such as breach of promise and trust, feelings of betrayal can occur. This may lead to a fall in job satisfaction, performance and motivation as the employee can no longer rely on promised inducements. Because psychological contracts are formed on the basis of trust, violation may lead to lower commitment to the organisation. The subjective nature of psychological contracts makes it easier to feel that a violation has occurred but harder to actually know if it really has.

A major problem in contract violation is understanding why some events, seemingly at odds with a contract, do not provoke adverse reactions, whilst other events that appear innocuous engender outrage and anger. How people respond to violation is largely a function of attributions made regarding the violator's motives, the behaviour of the violator, and the scope of losses incurred.

When an employee believes that their psychological contract has been violated they often feel a great sense of injustice. Consequently, they are likely to reduce their contribution to their organisation both in terms of their own work performance and other 'good citizen' behaviours.

The psychological contract's versatility shows that it has a central role in work behaviour by better specifying the dynamics of the employment relationship. It is clearly an important ingredient in the business relationship between employers and employees and can be a powerful determinant of workplace behaviour and attitudes. Such contracts are subject to change and development throughout the duration of employment but, due to their subjective nature, are potentially prone to violation by both sides. Organisations trying to improve quality or efficiency of employees' work can gain a great deal when taking into consideration the psychological contract and its abundant implications.