QIC·WD QUALITY IMPROVEMENT CENTER FOR WORKFORCE DEVELOPMENT

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Umbrella Summary

Psychological Contract Breach

A Summary of Workforce Research Evidence Relevant to the Child Welfare Field

What is psychological contract breach?

A psychological contract is defined as "individual beliefs, shaped by the organization, regarding terms of an exchange agreement between individuals and their organization" (Rousseau, 1995, p. 9, as cited in Zhao, Wayne, Glibkowski, & Bravo, 2007, p. 649). Psychological contracts do not necessarily involve legal contracts; they reflect promissory expectations that are the upshot of perceived implicit or explicit promises by one's employer (Robinson, Kraatz, & Rousseau, 1996, p. 575). By extension, a psychological contract breach is an employee's perception that their employer has failed to fulfill promises or expectations (Zhao et al., 2007). A breach is distinguished from a violation; the former reflects a cognitive assessment that identifies the failure, while a violation reflects the affective and emotional state that results from a breach. The term psychological contract fulfillment is considered an interchangeable concept with psychological contract breach, although the nature of the relationship is reversed. Psychological contract breach can be transactional or relational in nature (Rousseau, 1990). A transactional breach refers to concrete, "monetizable exchanges over a limited period of time (e.g., obligations about high pay and merit pay)" whereas a relational breach is composed of "long-term exchanges that maintain the employee-employer relationship (e.g., obligations about personal support and a meaningful job)" (Zhao et al., 2007, p. 657).

Psychological contract breach can be measured in a variety of ways using: 1) a singular, global measure (e.g., whether or not all promises made during hiring have been fulfilled); 2) a composite measure, using multiple questions to constitute a measure (e.g., whether or not promised training, pay, advancement opportunities, and/or job security have been realized); or 3) using a weighted composite measure, where individuals can indicate what type of breach occurred and indicate, using a Likert scale, their perspective on the relative importance of each factor (Zhao et al., 2007). Composite measures can explore nuanced aspects of breach compared to a singular, global query. However, composite measures often cannot be generalized across work environments, and individuals are unlikely to weight the importance of component items equally (Zhao et al., 2007). Although weighted approaches enable a prioritization of factors, they are typically still dependent on a predetermined list that may not identify factors of importance to every individual (Zhao et al., 2007).

Why is psychological contract breach important?

Psychological contract breach is important because it is associated with affective reactions, work attitudes, and employee effectiveness. It has strong, positive associations with affective reactions such as psychological contract violation and mistrust toward management (Zhao et al., 2007). Psychological contract breach has a strong negative association with job satisfaction, a moderate negative association with organizational commitment, and a moderate positive association with intention to leave (Zhao et al., 2007). With respect to more tangible work behaviors, such as organizational citizenship behavior (i.e., elective behaviors that benefit the organization, such as voluntarily helping others; Organ, 1988) and in-role performance, psychological contract breach has modest negative correlations (Zhao et al., 2007). Affect, in turn, mediates breach's relationship with work attitudes and individual effectiveness (Zhao et al., 2007). Although psychological contract breach is moderately associated with intent to leave, it is not associated with actual turnover (Zhao et al., 2007).

The type of breach (transactional vs. relational) matters, too, but it depends on the outcome being examined. Transactional breaches have a stronger association with organizational commitment compared to relational breaches (Zhao et al., 2007). On the other hand, compared to transactional breaches, relational breaches have a stronger association with job satisfaction, turnover intentions, and organizational citizenship behavior (Zhao et al., 2007).

How can psychological contract breach be reduced?

Although there are associations between psychological contract breach and many outcomes, the research to date is correlational; thus, no conclusions about causation can be made. We have much to learn about how psychological contract breach works in tandem with other personal and professional dynamics, such as which comes first—one's perceptions of breach or affective emotional proclivities that make one more likely to perceive breach? Still, to reduce the likelihood of a psychological contract breach, managers could: (a) avoid unrealistic promises during recruitment, socialization, and routine work interactions; (b) attend to promises made; and (c) carefully assess their employees' needs and make sincere efforts at fulfilling obligations, as long as the psychological contract held by employees is reasonable.

QIC-WD Takeaways

- Psychological contract breach has strong, positive associations with affective reactions such as psychological contract violation and mistrust toward management.
- Psychological contract breach has a strong negative association with job satisfaction, a moderate negative association with organizational commitment, and a moderate positive association with intention to leave.
- With respect to more tangible work behaviors, such as organizational citizenship and in role performance, psychological contract breach has modest negative correlations.
- Affect, in turn, mediates breach's relationship with work attitudes and individual effectiveness.

- Although psychological contract breach has an association with intent to leave, it is not associated with actual turnover.
- Transactional breaches have a stronger association with organizational commitment compared to relational breaches.
- Compared to transactional breaches, relational breaches have a stronger association with job satisfaction, turnover intentions, and organizational citizenship behavior.
- To reduce the likelihood of a psychological contract breach, managers could: (a) avoid unrealistic promises during recruitment, socialization, and routine work interactions; (b) attend to promises made; and (c) carefully assess their employees' needs and make sincere efforts at fulfilling obligations, as long as the psychological contract held by employees is reasonable.

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