

Research on the Influencing Factors of Psychological Contract Breach

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Abstract

With the increasingly fierce competition of globalization and the change of the environment in which the organization operates, the Psychological Contract between employees and the organization has changed significantly, the likelihood that organizations will not be able to fulfill their responsibilities or commitments in the Psychological Contract has also been increasing. Multiple studies have validated the effects of Psychological Contract Breach on outcomes, among them, Psychological Contract Breach is negative correlated with Organic Commitment (Kickul et al., 2004), Organizational Identification (Shen Et al., 2007), Business Model Innovation (Wang Bingcheng et al., 2022), and positively correlated with Turnover Intention (Kickul et al., 2004), Anti-Production Work Behavior (Chao, Cheung, & Wu, 2011). In other words, when employees perceive Physical Contract Breach, they will not only lose trust in the organization, but also their sense of responsibility and loyalty will be reduced, which may lead to behaviors that are not conducive to the development of the enterprise. Based on this, this study summarizes the influencing factors of Psychological Contract Breach, and then proposes a solution to solve it.

Keywords

Psychological Contract Breach; Business Management.

1. Introduction

Due to the advent of the era of knowledge economy, in order to maintain the core competitiveness, the demand for highly-skill, high-level and high-knowledge employees in organizations continues to rise. The competition between organizations is essentially the competition of talents, the working attitude and work behavior of employees are the key to the development of enterprises, and how to manage and retain talents has become the focus and hotspot of enterprise human resource management.

However, many organizations do not meet the requirements and expectations of employees in the Psychological Contract, so that employees perceive the destruction of the Psychological contract, and the psychological contract as an important factor in determining the performance of the employee's workplace behavior, when the Psychological Contract is broken, the employee's willingness and behavior to actively participate in the work will be reduced, and even the phenomenon of resignation will occur.

Therefore, how to avoid Psychological Contracts Breach among employees is extremely significant and essential.

2. The Influencing Factors of Psychological Contract Breach

Psychological Contract refers to the implicit, informal, and undisclosed expectations and requirements of employees and organizations for the responsibilities or obligations of each party in addition to formal employment contracts, which profoundly affect employees' attitudes and behaviors towards the enterprise [1], and have the characteristics of subjectivity, dynamicness and two-way nature, Psychological Contract Breach arises when employees perceive that the organization has failed to fulfill one or more of the responsibilities of the psychological contract that are equal to their own contributions

3. Organizational Factors

3.1. Leadership Traits and Styles

Studies have pointed out that leaders play an important role in the construction and maintenance of employees' Psychological Contracts [2]. It can be seen that the traits and styles of leaders have an important impact on employees' Psychological Contracts.

Taking Abuse Management as an example, Abuse Management refers to the employee's perception of the hostile behavior (excluding physical contact) constantly displayed by the leader, such as deliberate ridicule and snub, public scolding, etc [3].

When leaders show too much abusive management of employees at work, employees' self-esteem and self-confidence will be seriously frustrated, and they believe that this is contrary to the fair treatment they expect and deserve, and violate the exchange principle of "equality and reciprocity" in the employment relationship, which will lead to serious Psychological Contract Breach.

Conversely, leadership styles such as Service Leadership and Humble leadership help mitigate the Psychological Contract Breach of employees.

3.2. Workplace Ostracism

According to the theory of social exchange, in the employment relationship, employees have the responsibility to pay to the organization in exchange for the return of the organization, such as promotion, reasonable salary, good working environment, fair treatment, etc [4],

If an employee perceives more rejection in the workplace (which may come from a leader or a colleague), the employee is actually treated less than he or she expects to receive, and the employee perceives that the leader has not fulfilled his commitments or responsibilities, which can lead to more serious psychological contract destruction.

3.3. Leader-Member-Exchange(LMX)

Leader-Member-Exchange (LMX) refers to the fact that due to the limited resources of the leader itself, the leader has established a special relationship with a small number of employees, dividing the employees and forming "outsiders" and "insiders". "Insiders" will receive more attention and privileges from leaders, and based on the theory of social exchange, they will also show more extra-role behavior in return.

In the case of low-quality leadership member exchange, employees who perceive that the organization has not fulfilled the psychological contract are usually defined by the leader as "outsiders", and employees are more likely to regard the organization's violation of the psychological contract as intentional, resulting in the destruction of the psychological contract. In the case of high-quality leadership member exchange, employees generally do not think that the organization is deliberately violating the psychological contract, so the possibility of the employee psychological contract being broken is also low [5].

3.4. Perceived Organizational Support

Perceived Organizational Support refers to the perception of how much employees value their contributions and their state of being [6].

Similar to Leader-Member-Exchange (LMX), employees with low Perceived Organizational Support often have difficulty in perceiving the importance that the organization attaches to their work, so employees with lower Perceived Organizational Support under the same conditions are more likely to have Psychological Contract Breach.

In addition to the above factors, organizational culture, organizational atmosphere and other factors will also have a certain impact on the destruction of the psychological contract.

4. Individual Factors

4.1. Justice Sensitivity

Fairness sensitivity reflects how easily or difficultly an individual perceives an unfair event and how strongly it reacts to an unfair event. [7]

When the organization does not fulfill its responsibilities in the Psychological Contract, or does not meet the expectations and requirements of employees in the Psychological Contract, employees with higher Justice Sensitivity are more likely to perceive that the organization violates the principle of "equality and reciprocity", and the response to unfair events is stronger, so it is easier to produce a deeper degree of Psychological Contract Breach and then make anti-production behaviors that are not conducive to the development of the organization.

4.2. Perceived Overqualification

Overqualification is divided into Objective Overqualification and Subjective Overqualification, Subjective Overqualification refers to the individual's belief that the knowledge, experience and skills they have exceed the standards required by the work [8], also known as Perceived Overqualification.

When employees have Perceived Overqualification, they will consider that their talents are not being fully utilized, resulting in the perception that the organization has failed to honor the Psychological Contract. At the same time, employees with Perceived Overqualification are generally highly educated and have a high level of knowledge and skills, so they have higher requirements and expectations for the organization in the Psychological Contract, that is, the organization is more likely to violate the psychological contract when facing the employee with over-qualification perception, resulting in Psychological Contract Breach.

When employees perceive that the requirements of their position are lower than their own capabilities, it means that the best match of "people-work" does not been achieved. This low-quality matching leads to the perception that the organization is not delivering on the promise of the Psychological Contract (The company fails to provide a position that suits its own qualification level) [9].

4.3. Traditional Values

Traditional values are defined as commitment, respect for and acceptance of social norms or customs.

Employees with high traditional values respect authority and have a high level of acceptance of situations that are not equal to or unequal with the rights and interests of leaders [10]. In other words, even if the organization does fail to fulfill the commitments or responsibilities agreed in the psychological contract, employees with high traditional values are less likely to have the psychological contract damage than employees with low traditional values.

4.4. Moderate Thinking

"What is not impartial is medium, and what is not easy is mediocre; The right way of the middle world, the righteousness of the mediocre world", Moderate thinking requires people to always remain impartial when dealing with the world, which is considered to be a philosophy of life that regulates contradictions to achieve neutrality.

Cognitive-emotional Processing System theory believes that there are two processing systems (cool/hot-system) in the individual, namely cognition-based cold processing system and emotion-based heat processing system [11]. When the organization has behaviors that are not conducive to the maintenance of the Psychological Contract, moderate thinking can help employees activate the cold processing system and evaluate the behavior of the organization from a cognitive point of view, so the possibility of generating a psychological contract is less likely to be generated by high school mediocrity thinking [12].

In addition to the factors described above, gender, position, job category, etc. can also have a certain impact on the destruction of the psychological contract.

5. Summary

The above summary of the influencing factors of Psychological Contract Breach has important implications for the development of enterprises. Although the psychological contract is characterized by ambiguity and implicitness, it is an important determinant of employee behavior. Based on the complexity, large number and difficulty of controlling the individual factors of employees, the author will make suggestions from the organizational side to avoid the occurrence of the destruction of employees' psychological contracts.

1. Organizations should strengthen the construction of the leadership team, improve the quality of the leadership group, and change the management style that leads to Psychological Contract Breach of employees.

2. Organizations should establish and improve the system for employees to complain about workplace exclusion, punish workplace exclusion that has already occurred, and reduce the unfair treatment of employees in the workplace.

3. Organizations should strengthen support for employees' efforts and achievements in their work to enhance their Perceived Organizational Support.

4. Organizations should establish high-quality leadership-member-exchange, give employees trust and emotional support, and increase employees' sense of identification with leadership.

5. Organization should understand the psychological demands of employees and expectations of the organization, establish and maintain a psychological contract with employees, comply with the exchange principle of "equality and reciprocity" in the employment relationship, and give and fulfill the commitment of equality with employees.

Due to lack of experience, there are still many shortcomings in this study: 1. The division of the influencing factors of psychological contract disruption is not complete and comprehensive, and future research can be explored from a new perspective (such as demographic variables, etc.). 2. This study does not consider the impact of different structural types of psychological contracts on the destruction of psychological contracts, and future research can study the impact of each dimension under different structures on psychological contract destruction from the perspective of two-dimensional structure, three-dimensional structure and multi-dimensional structure of psychological contract.

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