

Towards Understanding Psychological Contract Breach from Employees' Perspective in Pakistan (A Sense Making Model Approach)

SANA ARZ BHUTTO¹ AURANZEB² ASIF IQBAL KHAN³ MUHAMMAD AMIR KHUBAIB⁴

¹ M. PHIL, Assistant Professor Faculty of Management, Business Administration & Commerce, Sindh Madressatul Islam University

² PhD. (Economics), LLB, Dean Faculty of Management, Business Administration & Commerce, Sindh Madressatul Islam University

³ MS, Lecturer Faculty of Management, Business Administration & Commerce, Sindh Madressatul Islam University

⁴ Data Analyst, Quality Enhancement Cell, Sindh Madressatul Islam University

Abstract

This research aims to study psychological contract breach using sense making from the employees' perspective. In the subject of human resources management, the term 'Psychological Contract' refers to the actual but unwritten expectancy of an employee toward their employer (Shruthi, & Hemanth, 2012). This study involves the data collection from twelve interviews following critical incident technique. The findings support the survey on psychological contract breach that how employees feel when their promises breach and feel betray and revealing both the prevalence and the negative consequences of contract breach. This study focuses on the important but neglected issue of when perceptions of psychological contract breach and feelings of violation are likely to arise. The results provide insight into when psychological contract breach and violation are most likely to be experienced. How people get neglected by management and no interest to work anymore. The results are useful for the employers to prepare the Human Resource policy for their organizations.

Keywords: psychological contracts, breach of contract, critical incident technique, interviews, employees, Pakistan

Introduction

Organizational behavior theories propose that the psychological contract in all employment relationship amongst worker (Ballou, 2013) and their firm emerge and build up and the managers should be aware of such type of contract as this kind of contract are thought to be take a paramount importance because their breaches bring into being too severe consequences (Newton & Nowak, 2010).

The term 'Psychological Contract' was first emerged in the 1960s and has become increasingly significant aspect of workplace interaction and human behaviour (Cooper, Quick, & Schabracq, 2009). The different research on this context has been utilized for the purpose of understanding employees' relationships with their employers and their related consequences including their employment and Performance of the job (Robinson et al., 2000).

Principally, it indicates that it is an association among an employer and its employees, and also about the communal expectations of outcome (Adams, 2011). It is considered as a philosophy not count as a process or a formula. Like the philosophy of Respect, kindness, trust, equality. Simply, the Psychological Contract in an employee's perspective includes the fairness or balance between how the employees are taken care by their employer and what the employee invest towards the success of their organization (Raulapati, Vipparthi & Neti, 2010).

In the subject of human resources management, the terminology 'Psychological Contract' also refers to the actual but unwritten expectancy of an employee toward their employer (Shruthi, & Hemanth, 2012). It often represents the human rights, awards, etc, that an employee thinks that he/she can receive by their employer, in return for their work and loyalty (Vance, 2006). Michael Armstrong's defines Psychological Contract in their Handbook of Human Resource Management Practice (10th Ed., 2006) is: "The employment relationship consist of a union of beliefs held by an employee and his employer with reference to what they have been expecting from each other"

Like an employer might be make a promise to their workforce that they can provide the job security and training, and on the other hand the employee may promise to fulfill their task on time and to be trustworthy towards their organization (Rousseau & Tijoriwala, 1998). Mostly individual do not get what they expect or desire in their employment relationships this would leads to the breach. (Gakovic & Tetric, 2003), defined psychological contract breach as: "An employee's view that their firm has failed to complete one or more terms of contract related to perceived communal promises"

In recent years the breach in Psychological contract has gained much attention (Grimmer & Oddy, 2007). If any of the employees expectations are unfulfilled this would leads to the breach of the Psychological contract in

which employee thinks that their organization and employer has failed to convey their promised or the dissimilarity among the expectation of the manager and their subordinates or vice versa (Morrison & Robinson, 1997; Ballou, 2013). The Workforces who observe a breach is more likely to react negatively, in the shape of lower their faithfulness; commitment, an increase employee's turnover etc. (Turnley & Feldman, 2000; Omoruyi, Chipunza, & Samuel, 2011) and ultimately the image and performance of an organization are largely distressed, if the morale of their employee is affected as a result of any breach happened (Dietz, & Gillespie, 2012). According to Conway & Briner (2005) breaches will be caused by poor HR policies, Lack of manager support, confusion of the terms of the psychological contract etc. In recent past, authors have been proposed that these relations are influenced by number of incidents that occur in the workplace. As a result of breach that represent an unexpected incident that interrupt the relationship among employer and employees, it is likely to impose a sense-making processes (Morrison & Robinson, 1997) and it's define as: "It's a process in which an individual give a meanings to their experience"

Sense making aims to understand the life of organization in the perspectives of their employees (Chaudhry et al., 2009). It provides a ways in which employee understand, translate their experience based on information available to them (Weick, 1995). Different research shows that making Sense in Psychology is an essential (Johnstone & Dallos, 2013). It supposes that every individual is the specialist on their own globe, or experience of it, by which individual give importance to their experience. It acts as a precursor in order to provide extra efficient action towards unusual situation. In an organization context it is refers to the process of generating collective awareness and understanding with respect to varied employee's interest and its fit for the study of psychological contracts breach (Chaudhry et al., 2009). The approach Sense making postulate when something happens unexpectedly, so the explanation is needed (Weick, 1995). So, conflicting incidents activate the concept of sense making (Louis, 1980).

In the light of the above literature this study tries to expand this line of research in the shape that how the employees translate and react to contract breach by portrayal a sense making process to give their voice that how contract breach is experienced and describe. So the aim of this study is to expand this research with a qualitative technique on "psychological contract breach using a sense making in employee's perspective". So to address the gap employees are interviewed by asking questions like who had been involved in the incident, what had happened before the incident, how they had felt about it, and what had happened after the incident so that they can share their reaction and experience with respect to the incidents that forms a psychological contract breach by examining different types of incidents if one existed, discusses in greater detail.

Literature Review

The term 'breach in Psychological contract' is the intellectual that the firm has not fulfill one or more of its commitment (Morrison & Robinson, 1997) and it has been seen as unlike from violation. While the negative outcome of contract breach have gained the maximum empirical consideration (Conway & Briner, 2009) and when something happens unexpectedly, so the explanation is needed so it's needed to impose a sense-making process. The term 'Sense making' aims to understand the life of organization in the perspectives of their employees (Chaudhry et al., 2009). It provides a ways in which employee understand, translate their experience based on information available to them and also make out 7 sense making properties that are valuable for demonstrating how workers can experience and describe an employer's failure to accomplish its responsibility (Weick, 1995).

So for this reason various researches had been conducted on this topic which shows the importance of psychological contract that if the organization are not fulfilled the expectancy of their employees this would result negatively in the form of change in employees behaviour, attitudes, performance at workplace, like Ozan Buyukyilmaz et al.(2003) in their study which was conducted in turkey on the topic "direct and indirect effects of psychological contract breach on academicians' turnover intention" to investigate the direct and indirect relationship amongst breach and turnover. For the purpose of testing their study hypothesis regression analysis was applied and their results show that the violation in physiological contract plays the mediating role between breach and turnover intention.

Long ago the term psychological contracts has become widespread so it's required to completely understand this and for this purpose Robert G. Del Campo (2007) in their paper "Understanding the psychological contract: a direction for the future ". Review a literature of psychological contract in order to develop understandings about the nature of present employee's work-related contract and also the environment and provide the direction and ways for upcoming research on psychological contract.

Similarly, the Janet Smithson & Suzan Lewis (2000) in their paper examined the experience of adults in relation to job security including both the perspectives objective insecurity and perceived uncertainty by conducting interviews. The effect of insecurity and uncertainty of on future work planning and also the lives of employees and shows the impact of individual experience of job security on youth expectations of work are considered in terms of a changing psychological contract.

In recent years the term "Psychological contract violation" has gained paramount importance for this

reason a research was conducted on topic “The impact of psychological contract violation on employee attitudes and behaviour in industrial textiles”. The underlying question of this paper is: “at what degree does psychological contract breach impact on the attitude and behaviour of employee? and their findings shows that the violation impact on the attitudes of the employee but not on their behaviour (Judy Pate et al., 2003).

The percentage of the workforce on the contract of temporary employment is rising; different researches show that the psychological contract of temporary staff are quite different from the permanent ones like temporary staff has a transactional while permanent has a relational contract. so David et al. (2000) wrote a paper in relation to the “psychological contract, organizational commitment and job satisfaction of temporary staff”, and their findings suggest that the relational and transactional contracts of permanent and temporary staff did not vary significantly.

Similarly the study which was conducted in Mexico on the topic “Psychological contracts and performance management” utilized the theory of Psychological contracts in order to discover the performance management practices in Mexico. The paper are based on three themes i.e.; the system of performance appraisal, the promises and the terms and conditions of psychological contracts for managing the system of performance evaluation. And examine the contract of both the employee and employers point of views in the context of performance appraisals in three different organizations by conducting group interviews (Davila, Marta & Elvira, 2007). The term psychological contract also relates with the personality of an individual so the research on the topic. “Relating employees’ psychological contracts to their personality “is conducted for the purpose of increasing an understanding between employee personality and the contract by considering the influence of gender on psychological contract. The findings shows that gender pose a significant impact in which Women held stronger obligation attitudes than a men did, So the men’s personality in relation with changeable obligation attitudes, while, the attitudes of women’s attitudes did not vary within personality dimensions and suggests that the psychological contracts of employees are emotionally based (Rick , Tallman & Bruning, 2008).

Noblet et al. (2009) conducted a unique study by taking a member of operational police officers of Australian police force “the role of the psychological contract and perceptions of fairness”. The main purpose of this study is to investigate the level of breaches in psychological contracts and also the perceptions of fairness, which is measured by psychological distress and performance of the employees. Results of hierarchical multiple regression test is applies which show s that the variance in psychological distress and extra-role performance effects the job characteristics such as demand, control, and support. And it’s suggested that these characteristics should be kept in mind while making strategies to reduce stress in job in police services.

It has also seen that the changes in organization has a huge impact on the psychological contract so the research was conducted on the topic “The impact of organizational changes on psychological contracts”, by taking 450 health care workers employed questioner as a research instrument which covers a question in relation with perceived organizational obligations and employee too. The main purpose of this research is to see the impact of organizational changes on psychological contracts by investigating the exchange of obligations amongst employer and employee and organizational commitment and also turnover intention. The findings shows that organizational changes negatively affect the fulfillment and perceived organizational obligations but the not on the employee side. The perceived completion of Organizational Policies and psychological contract violations are most powerfully affected (Freese et al., 2011).

Similarly a study is conducted in Information Technology Professionals of Pakistan on the topic “Effect of breach of psychological contract on workplace deviant behavior” for the purpose of understanding the effect of breach of psychological contract on unexpected workplace behavior of their employees, by employed a Questionnaire survey technique. The findings of this study shows that the breach of psychological contract tends to show negative employee behaviors and their attitudes which in turn reduced devotion also decrease their commitment level towards their organization and enhance workplace unexpected behavior (Anwar Hussain). In a view of preceding review of literature that describe the contract breach is an incident that interrupt the continuing mutual exchange relationship and generate a sense making procedure (Chaudhry et al., 2009).

Theoretical Framework

The model for this is based on the Parzefall & Coyle-Shapiro (2013) research who have designed the framework to explain the complex behaviour of employees using sense making theory. We have adopted this model for this study.

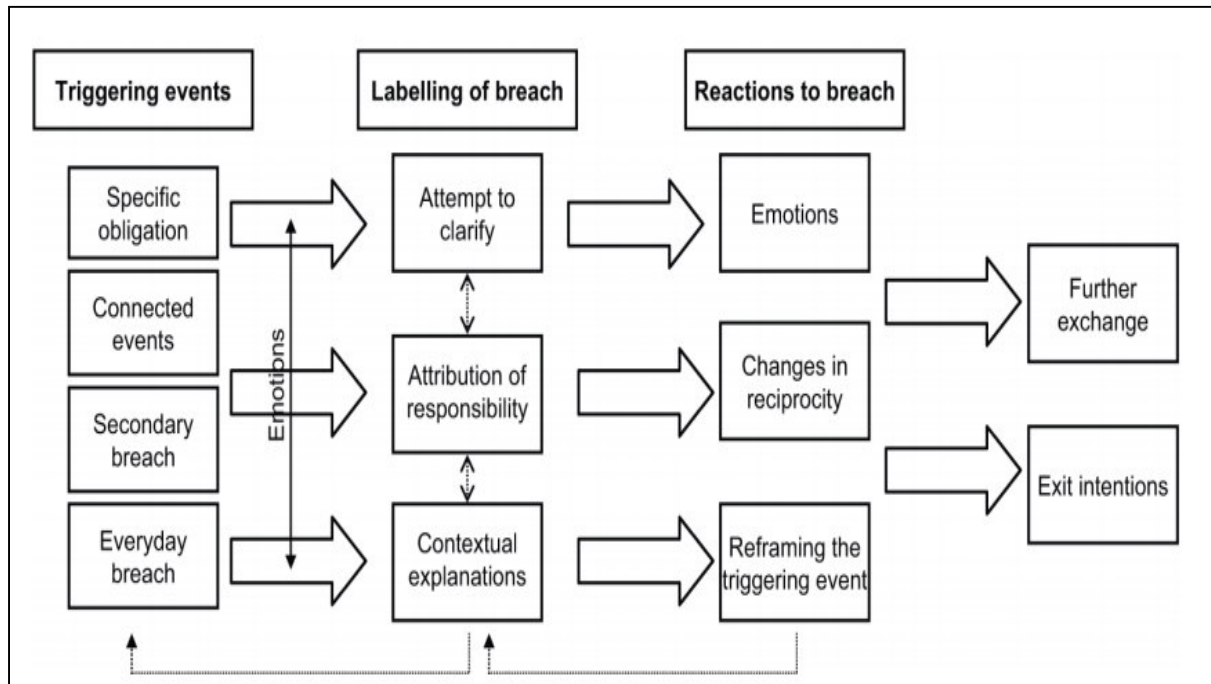


Figure 1: Source: Parzefall & Coyle-Shapiro, 2013

Methodology

We carried out our study in Pakistani companies which have almost 20 years of experience. We selected twelve employees for interviewing. All interviews were based on semi-structured questions using critical incident technique. Critical Incident Technique is applied to analyze the data. CIT is a qualitative interview procedure that is particularly suited for the investigation of significant events or processes as identified and experienced by the respondents (Chell, 1998). As CIT facilitates the understanding of the details of the processes and behaviors in the phenomenon under examination, it is suitable to understanding how employees interpret and respond to contract breach. Each interview lasted approximately an hour. They were recorded and transcribed. The interviews were conducted in English. The selected quotations were used for analysis.

Our interview guide was developed drawing on the seven properties of sense making (Weick, 1995) and the existing psychological contract research (e.g. Morrison and Robinson, 1997; Conway and Briner, 2002). At the beginning of each interview, the participant was told about the purpose of the study and assured of confidentiality. The interviews began with a few general questions that both provided demographic and background information and served to establish a relaxed atmosphere. The interviewees were then asked to describe an incident when they thought their employer had failed to fulfill an obligation towards them and to clarify when this had happened. Interviewees were probed with questions such as who had been involved in the incident, who they had held responsible, why they believed the incident had happened, what had happened prior to the incident, how they had felt about it, what had it meant for them, how and why they had responded, and what had happened after the incident.

Data analysis

The analysis procedure followed template analysis based on a set of pre-conceived categories for which evidence is sought in the data. Template analysis in turn consists of some initial codes, which are revised over-and-over-again during the analysis (Chell, 1998). We analyzed the data based on given themes of the Sense Making Model (Parzefall & Coyle-Shapiro, 2013)

The triggering event(s) for breach

Our analysis for the interviews revealed that the triggering event in few cases was a "Specific Obligation" which was not fulfilled by the management of the company. The respondents were able to pinpoint specific negotiation with their employers. This is evident from the following findings i.e. from the following words used by the respondents. The obligations most of them mentioned as breached were related to promotion which directly relates to salary and status where the employee has spent years with the organization. This event can be categorized as breach of relational psychological contract. This breach is more dangerous to organization as there is empirical evidence that the relational psychological contract is positively related with the culture of clan, acts as mediator between organizational culture and organizational commitment (Upasna & Shivganesh, 2013) among others and

its breach is related to intention to leave (Ebru, 2014).

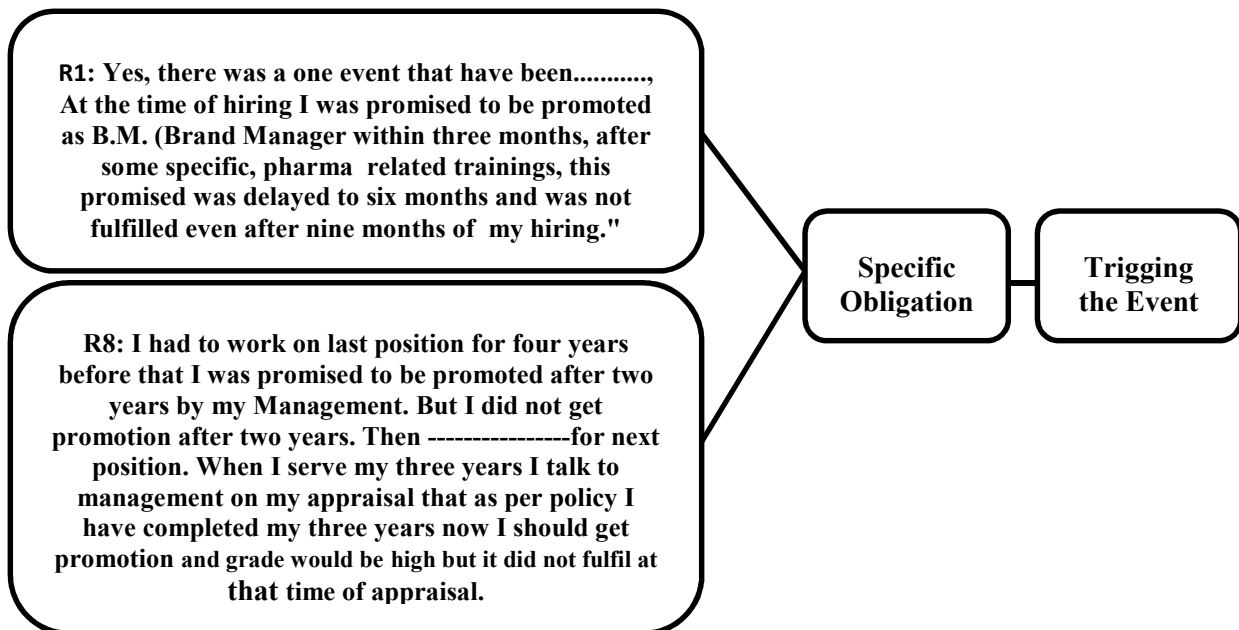


Figure 2: The triggering event(s) for breach

Labeling Of Breach

Our findings are consistent with Parzefall & Coyle-Shapiro, (2010) and Morrison and Robinson's (1997) models. Our findings suggest that the attribution to responsibility was mainly reason for contract breach. 7 out of 12 respondents addressed the same issue though a different manner (See figure 2). Commitment made towards them but later on it couldn't fulfill by Management. For the respondent # 5 GM marketing was responsible for this breach and they deny for their commitment. Respondent # 8 wanted to communicate in detail the reason of breach their commitment. In this case CEO held responsible for this. Such breach may cause the employer difficult to maintain relationship. It is very interesting to note from respondent R1 comment: "From that person Mr. (----) our G.M. Marketing, I was expecting this because he was doing the same with other employees." "We had some doctors I saw them fighting (arguing) for the same problem, with the same person during those nine months"

The behavior is consistent with Knobe and Male (2002) who describes the trait behavior of people. Trait explanations focus on "that is how he/she is" and therefore it implies that people behave something unintentionally. If the high level management may remove the culprit, the breach issue can be solved. This is somewhat trait theory allows the employee to isolate the event and attribute it to a disturbance caused by one person while maintaining a good relation with employees.

Another finding is reported here about the behavior view of the actor consistent with Parzefall & Coyle-Shapiro, (2010) findings where the breach is intentional. In Respondent 2 case, the CEO was finally held responsible for the breach. He is the final authority and middle manager was informed by upper management to hold the case. In such case high management is expected to take corrective actions and measures by the employee perception.

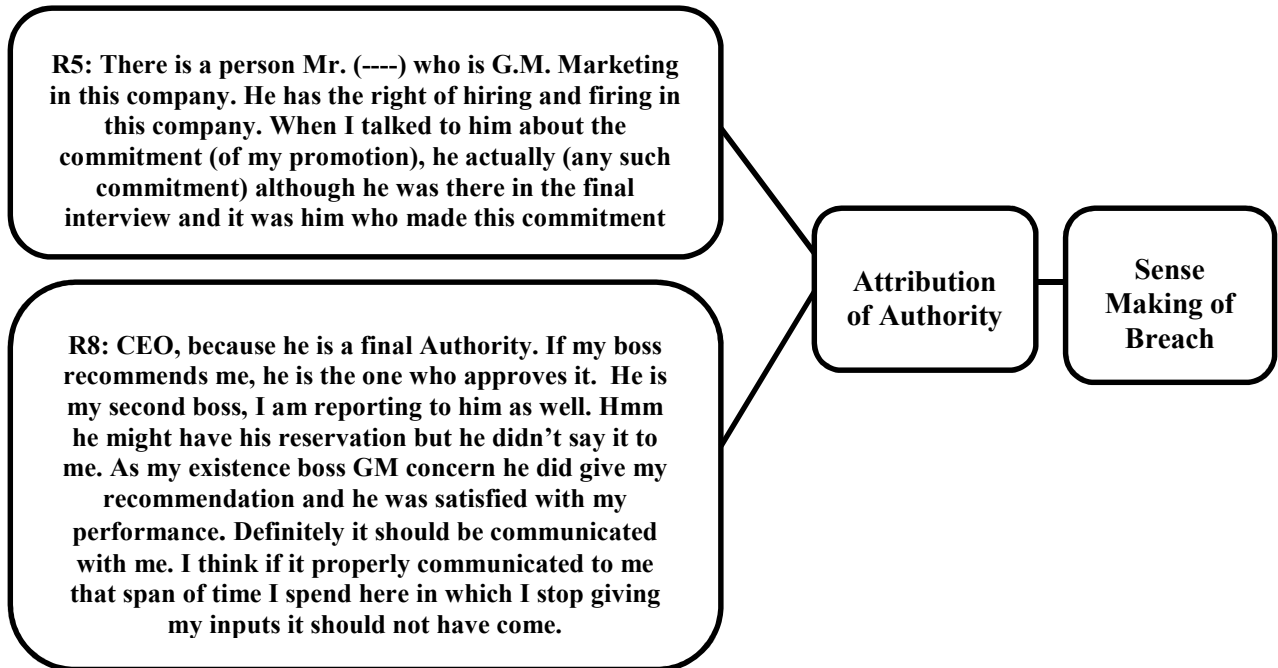


Figure 3: Labeling Of Breach

Respondents with intense responses are named these events of breach in the beginning of the interview highlight the role of emotion of breach. The breach that triggers the intense emotional reactions also had enduring as R1 quote:

I was in such a mental state that within that one week I had finally decided that either This Company should promote me as B.M. or I will quit this job."

This immediate emotional response is followed by a change of their behavior towards the company. After the events they reported they lost their trust in the organization or the manager which make it difficult for them to switch back to the pre breach mode of exchange. R1 responds the relation with his employee as:

It is a very casual kind of relation, I only complete my assigned tasks.....I deliberately don't contribute any innovative idea in our intra-department brands discussions..... I feel that I should share my innovative ideas at a place which acknowledges my hard Work."

Another respondent discusses also negative remarks about the relationship with his employer at present as a result the negative consequences came arise. It impacts his performance. The event impact on many ways including low morale, demotivation, not interested to do creative work. These results highlight the employer to understand the emotional, attitudinal and behavioral view so as to develop a good and productive relationship with their employees.

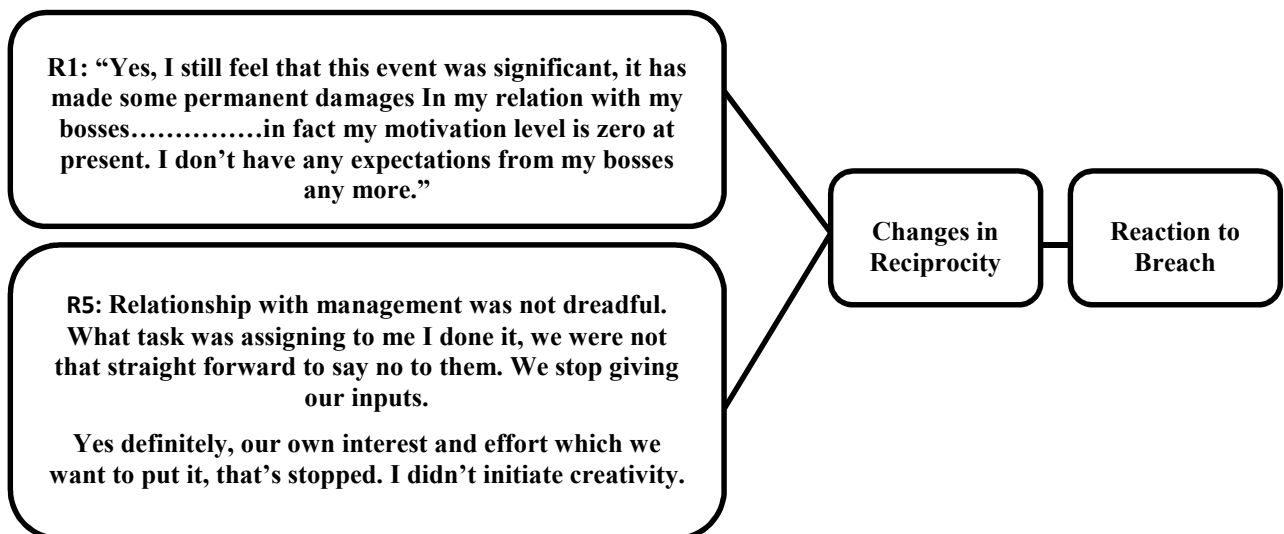


Figure 4: Reactions to Breach

Discussion

Our study commence by asking employee what they perceive about psychological contract breach, how employee make sense of and react to such breach. The findings are consistent with prior work with offering a better understanding about the employee experience of psychological contract breach. The study highlights the breach causing the changing the relationship between employer and employee. Employees want to understand and explain why these breaches happen to them and they respond the emotional reaction which reduces their commitment and trust with the organization.

This study also makes a contribution in the literature of psychological contract. It provides the evidence that contract breach is not necessary to be a discrete event which is operationalized in the majority of previous studies whereas it supports the idea that other ways are also viable to understand such phenomenon.

Breach is indeed a complex phenomenon which may produce the serious consequences. Rigotti (2009) suggest that employees have a certain zone for tolerating negative behaviors. This research highlights the importance of extending the current view of psychological contract breach. Central to sense making is attribution (Weick, 1995) and finding a culprit. Previous research has suggested that intentional breach has more severe outcomes than a breach that is perceived to be a result of external factors or misunderstanding (Rousseau, 1995; Morrison and Robinson, 1997). In this study intentional breach is viewed by employee reflecting unchangeable manager characteristics. This allows them to protect their overall employee-employer relationship and to isolate the cause of the breach to one person.

A final contribution to psychological contract theory is the consideration of employee reciprocity as integral to sense making. While the questions “what happened and why?” bring an event into existence, they are followed by another question regarding what the individual should do next (Weick et al., 2005).

Conclusion

Our findings support the survey on psychological Contract breach that how employee feel when their promises breach and feel betray. Study of two people within the same organization, the research on psychological contracts has focused exclusively on the outcomes of perceived contract breach and violation, revealing both their prevalence and their negative consequence. In contrast, this study focused on the important but neglected issue of when perceptions of psychological contract breach and feelings of violation are likely to arise. The results provide insight into when psychological contract breach and violation are most likely to be experienced. How people get neglected by management and no interest to work anymore.

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