Psychological Contracts and Organizational Commitment

Subjects: Psychology
Contributor: Stefania Fantinelli, Teresa Galanti, Gloria Guidetti, Federica Conserva, Veronica Giffi, Michela Cortini, Teresa Di Fiore

With the increasing complexity and dynamism of the modern work experience, the importance of the psychological contract has become increasingly clear. Organizations and researchers alike have recognized the implications of this contract for employee performance, satisfaction and well-being.

Keywords: psychological contracts; commitment; work environment

1. Psychological Contract

The psychological contract can be defined as the individual's conviction regarding the reciprocal duties between management and workers, or as a sort of implicit contract among parties (Rousseau 2001, 2004). Despite its unwritten and essentially implicit nature, the psychological contract has important consequences in terms of organizational behavior, individual choice and motivational implications at work. Several studies have shown the positive effects of the psychological contract on both role and extra role behaviors (Zhao et al. 2007; Ahmad et al. 2019; Soares and Mosquera 2019). Therefore, organizations and, even more so, human resource management should be particularly interested in understanding if and how it is possible to establish this reciprocal deal or pact of reciprocity between employee and employer and how it could be sustained over time.

However, sudden changes in the world of work require new contractual models that are able to be read with greater sensitivity to address emerging phenomena in employment relations. Processes of deregulation and contractual flexibility marked by economic exchange have gradually substituted the once-long-term contractual and psychological relationship based on relational aspects, concrete recognition, and opportunities for satisfactory work identity development. In this vein, the flexibility of work contracts represents a risk factor in terms of employees' job satisfaction and well-being (Manuti et al. 2016).

In fact, when employees are hired under a flexible work contract, they may experience uncertainty regarding the duration and conditions of their employment, leading to a sense of insecurity and lack of stability. This can have negative impacts on their mental health, as they may experience higher levels of stress and anxiety. Additionally, employees with flexible contracts may face challenges in planning and balancing their personal and professional lives, as they may have unpredictable work schedules or a lack of benefits and protections that are typically afforded to full-time employees. This can further impact their well-being and satisfaction with their work, potentially leading to lower levels of motivation and productivity. According to Manuti et al. (2016), the psychological contract can play an important role in managing the risks associated with work contract flexibility. A well-managed psychological contract can help ensure that both employees and the organization have clear expectations about what is required in terms of performance and support, which can help reduce the potential for misunderstandings or conflicts that may arise due to the nature of flexible work arrangements. The literature differentiates three types of psychological contract: transactional, relational and balanced (Rousseau 2004). The first type refers to those work relations based mainly upon economic exchange, which are limited in time or in the quality of the activities. There could be short-term contracts or very specific and narrow tasks for the workers. According to Aggarwal and Bhargava (2010), a transactional psychological contract is often characterized by an emphasis on the exchange of specific, tangible benefits between an employee and their employer. Examples of this type of contract include a short-term or fixed-term employment agreement, in which the employee's work is tied to a specific project or timeline, or a contract that only guarantees a certain number of hours per week or a certain wage without any promises of job security or benefits beyond what is required by law. Another example could be a commission-based agreement, in which the employee's compensation is directly tied to their sales or performance, thereby creating a purely economic exchange. Overall, in a transactional psychological contract, the relationship between the employee and employer is often seen as more temporary and transactional rather than long-term and based on mutual commitment and trust (Grimmer and Oddy...
The relational psychological contract is focused on loyalty and stability in a reciprocal view: both the worker and the employer feel committed and obligated to support each other according to needs, interests and well-being. This type of psychological contract is less defined than transactional contracts, which implies the establishment of trust-based and durable relationships in various HR management practices. There are several HR management practices that promote a relational psychological contract, including empowerment, which allows employees to make decisions and have control over their work, which can help build trust and foster a sense of loyalty towards the organization; communication between management and employees, which can help build mutual trust and respect; training and development, which provides employees with opportunities to learn and grow within the organization and can signal a long-term commitment to their career development, which can increase their sense of loyalty; finally, recognition and rewards to employees for their contributions in order to reinforce a positive relationship between employees and the organization. Overall, the relational psychological contract emphasizes the importance of building positive relationships between employees and the organization through HR practices that foster trust, respect and mutual benefit.

The last type of psychological contract is the balanced type, which is characterized by an open-ended form of relationship, and it depends on learning and development opportunities that both employer and worker carry out for each other's success. Indeed, nowadays, it is difficult to find this typology of contract, which requires an accurate individual and collective negotiation process (De Cuyper and De Witte 2006; Grimmer and Oddy 2007; Aggarwal and Bhargava 2010; Handy et al. 2020). More recent studies have confirmed that a mismatch between employees and organizations in terms of psychological contracts can lead to counterproductive work behavior (Ma et al. 2019); both dispositional and contextual characteristics—such as management procedures and labor market conditions—represent a mediating variable between psychological contract violations and employee behavior (Peng 2022).

2. Organizational Commitment

The psychological contract can have a significant impact on organizational commitment, which is defined as the employee's psychological attachment toward the organization and the personal internalization of corporate values and objectives (Cohen 2007). Allen and Meyer (1990) described the three components of organizational commitment, which are affective, continuance and normative commitment. They are different components rather than different kinds of commitment; thus, they can all be experienced by workers, even if to varying intensities. The affective commitment is defined as the emotional attachment to the organization, personal identification and joyful integration with the organization. The continuance commitment is the willingness of a worker to stay in the organization because of the costs associated with leaving it. The normative commitment refers to the individual's responsibility toward the organization, which is comparable to an obligation. Each of these components is affected by several individuals and contextual variables, resulting in different experiences and attitudes for employees in the same organization (Allen and Meyer 1990). Although past studies have already highlighted the relations between psychological contract and organizational commitment (Behery et al. 2012; Manuti et al. 2016), it is important to depict this relation in-depth because there is a lack of studies that specifically consider each dimension and component of the two constructs. Even if there is research investigating those specific relations in atypical work environments, such as the call center context (i.e., Manuti et al. 2016; Chambel and Alcover 2011), there is not yet a specific link among each single component, nor have there been examinations of their specific impacts on each other. Thus, some typical characteristics of call centers, such as flexible forms of contract and the presence of simple and repetitive tasks, would stimulate a transactional psychological contract, and this, in turn, would negatively impact affective organizational commitment. According to the literature cited previously, in call centers, employees are often hired on a temporary or part-time basis, which can lead to a greater emphasis on the economic exchange aspect of the employment relationship. Additionally, the nature of the work in call centers tends to be highly routinized and focused on completing simple and repetitive tasks, which may further reinforce the transactional nature of the psychological contract. These factors, in turn, can contribute to a weaker sense of affective commitment to the organization, as employees may feel less connected to the organization and their coworkers, and they may view their work as a temporary means to an end rather than as a meaningful and fulfilling job.

References


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