

UC Irvine

UC Irvine Previously Published Works

Title

Psychological contracts in organizations: Understanding written and unwritten agreements.

Permalink

<https://escholarship.org/uc/item/4cr4x3qx>

Journal

ADMINISTRATIVE SCIENCE QUARTERLY, 43(1)

ISSN

0001-8392

Author

Pearce, JL

Publication Date

1998

DOI

10.2307/2393595

Copyright Information

This work is made available under the terms of a Creative Commons Attribution License, available at <https://creativecommons.org/licenses/by/4.0/>

Peer reviewed

2 Reviews on Trust and Contracting

Psychological Contracts in Organizations: Understanding Written and Unwritten Agreements.

Denise M. Rousseau. Thousand Oaks, CA: Sage, 1995. 242 pp. \$44.00, cloth; \$21.00, paper.

Many hundreds of scholarly books are published in the fields that compose organizational science every year, yet only a handful make it onto our bookshelves, and only a miniscule proportion of these show up on required reading lists for our doctoral students. What is it that makes those few books more valuable? Rarely is it that they provide a "new idea," certainly it is not that they put familiar concepts in boxes linked by arrows, nor do they get there by concluding that people should be more thoughtful in their organizational dealings. More often, books become valuable because they provide us with clarity at a key moment in a scholarly debate. Even better is a book that can make us proud of our intellectual corner by lucidly explaining matters. Rousseau's book does this and, therefore, has as fair a chance as I have seen to become a required-reading classic. It is not just me that thinks so: this book received the 1996 George R. Terry Book Award from the Academy of Management.

In this book, Rousseau analyzes and elaborates on the psychological contract—a popular metaphor used to describe an employee's relationship with his or her organization. Like all good metaphors, this one has provided insights into how employees' informal expectations are established and has helped direct attention to important organizational issues. Nevertheless, it is imperfect. After all, one "side" to the agreement is a fictional person (the organization), and so it has been unclear who (among the many) could commit it to deals with employees, or even whether "it" recognizes that it has made certain deals with employees. Rousseau did not dodge the difficult questions in the use of this metaphor but, rather, confronted and explored them, providing a richer and more useful conceptualization of the psychological contracts concept than we have had to date.

The introduction begins by addressing the paradoxes and challenges associated with the idea of psychological contracts. Rousseau addresses dilemmas like the following: contracts are voluntary commitments to limit one's future actions, and psychological contracts are necessarily open-ended and need to be flexible enough to accommodate change without breaking. She follows this, in chapter 1, with theory building by drawing on work in social psychology to explain the distinctions between the vantage points of the parties to the contract and the outside observers and among normative, implied, and social contracts. She uses specifics not only to illustrate her points but to elaborate on the complexity of her undertaking. For example, in the first chapter, she discusses the problem of the blurring of implied contracts with more general cultural beliefs and refers to a telephone survey in which the majority of respondents replied "no" when asked if organizations had the right to terminate employees without cause, despite the fact their local law supported "employment at-will" (giving that right to employ-

Book Reviews

ers). She shows by example that employers and potential employees can enter into employment relationships with dramatically opposing views of one another's rights. Illustrations like this throughout the book not only serve to ground the arguments, they also provide a useful subtext on the ambiguity and disappointment involved in employees' psychological contracts.

The first three chapters provide an unprecedented intellectual foundation for understanding the metaphor of psychological contracts. In the second chapter, she discusses why people would bind themselves by agreements to future constraints ("Contract Making"), and in the third ("The Contract Makers"), she grapples with how the different reports, statements, and actions of organizational representatives contribute to employees' perceptions of the psychological contract. These three chapters are the intelligent discussions of employment relationships as contracts that we (and our students) need. What the author has done is all too rare: used the book-length format to thoroughly analyze and discuss complex intellectual issues.

Although the book is intended for a scholarly audience, it also uses the contract metaphor to address several current practical problems. Chapters 5 ("Violating the Contract") and 6 ("Changing the Contract") provide advice on problems human resource managers face—how an increase in performance pressures on employees in formerly sleepy organizations can be seen as a contract violation for longer-tenured employees, and what organizations can do to rewrite contracts to minimize opposition and resentment among employees. This is not to say that the book has no limitations, but those there are primarily stem from the limitations of the contract metaphor. To develop a coherent account of psychological contracts, Rousseau decided to focus on psychological contracts as understood by a given employee. By placing the deal so thoroughly in the employee's mind, she has tended to treat any differences in perceptions between the organization's representatives and the employee as faults of the organization—either the organization's representatives changed the deal to take advantage of their greater power in the relationship, or they haven't communicated their own expectations clearly enough. Yet, clearly, employees have their own preferences, and these are not always benign for others in the workplace. While employers' making unilateral changes in the terms of long-tenured employees' contracts in a way that is disadvantageous to them is a visible social problem, that doesn't mean that the organization is at fault anytime an employee doesn't get what he or she wants.

There is another noticeable limitation to this treatment of the contract metaphor. The metaphor implies that all differences in expectations would be resolved with a more complete understanding of the contract agreement. Yet employees rarely approach their workplace so dispassionately. Even lawyers must undergo extensive socialization to enable them to control their feelings so as to establish and maintain a critical professional distance (and they rarely have to work daily with "the opposition" for decades on end). People get angry, betrayal is one of the most devastating experiences a person

can have, and employees may experience many betrayals over the course of their employment. These feelings are powerful, and they cannot be wished away with a corporate communication campaign. But the failing here is not Rousseau's, it is the metaphor's. Perhaps since Rousseau has completed such a masterful treatment of psychological contracts, the metaphor will move to the background in our intellectual debates, much as expectancy theory has done. Perhaps now we could take up a metaphor that promises to draw attention to the emotional dynamics in the workplace. If so, I respectfully suggest that we could think of organizations as social gatherings. These events have hosts, and hosts invite others to attend. Invitees come to them with certain emotional and physiological expectations. Invitees tend to be on their best behavior when they first arrive, but some deteriorate markedly during the course of the event. Throughout the social occasion, participants jockey for status and esteem. Most importantly, if your highest expectations for emotional or physiological fulfillment were not met, you wouldn't think of suing the host.

Jone L. Pearce

Professor of Organizational Behavior
University of California, Irvine
Irvine, CA 92697-3125

Trust in Organizations: Frontiers of Theory and Research.
Roderick M. Kramer and Tom R. Tyler, eds. Thousand Oaks, CA: Sage, 1996. 430 pp. \$56.00, cloth; \$27.95, paper.

Trust in Organizations is the product of a two-day conference at Stanford, and after reading this book, I came away envious: what a terrific intellectual experience those two days must have been. These authors have pushed the edge of the envelope in advancing our thinking on trust in both social psychology and organizational research. Kramer and Tyler frame their focus as an alternative to the rational choice model dominant in social/public policy and prevailing models of the independent individual in economics and psychology and in intellectual discourse. Trust is, by definition, interpersonal and rarely private. A central theme in this book is a novel one in both social psychology and organizational behavior: the role of obligations in social life. For a long while, I have been struck by the general absence of the word "obligation" in the lexicons of social psychology and organizational behavior, yet anthropologists, with a perhaps broader scope of study and possibly a less atomistic view of people, can seldom describe a society without evoking the concept. Obligations are front and center in this book's development of issues surrounding trust. While Kramer's chapter notes that faith in the binding power of obligations has declined as we move from no-fault divorce to no-fault job loss, the central role of trust in others to fulfill their commitments is critical to all forms of social capital. Tyler and DeGoey make a compelling case for the link between trust in authorities and belief in the obligation to obey the law. Trust