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WHEN EMPLOYEES FEEL BETRAYED: A MODEL OF HOW PSYCHOLOGICAL CONTRACT VIOLATION DEVELOPS

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The psychological contract held by an employee consists of beliefs about the reciprocal obligations between that employee and his or her organization. Violation refers to the feelings of anger and betrayal that are often experienced when an employee believes that the organization has failed to fulfill one or more of those obligations. This article provides a model outlining the psychological sensemaking processes preceding an employee's experience of psychological contract violation. It also identifies factors that affect those processes with the aim of encouraging future empirical research.

Psychological contracts, made up of employees' beliefs about the reciprocal obligations between them and their organization, lay at the foundation of employment relationships (Rousseau, 1989; Schein, 1965). Yet a variety of trends—restructuring, downsizing, increased reliance on temporary workers, demographic diversity, and foreign competition—are having profound effects on employees' psychological contracts (Kissler, 1994; Morrison, 1994). First, these trends make it increasingly unclear what employees and organizations owe one another, because traditional assurance of job security and steady rewards in return for hard work and loyalty no longer exist in most cases (Sims, 1994). Second, the state of turbulence and uncertainty makes it difficult for organizations to fulfill all of the obligations that they make to employees (McLean Parks & Kidder, 1994). Not surprisingly, the result of these two factors is a perception on the part of many employees that the terms of their psychological contracts have not been adequately fulfilled (McLean Parks & Schmedemann, 1994; Robinson, Kraatz, & Rousseau, 1994). Robinson and Rousseau (1994) found that among a sample of recent MBA graduates, 55% believed that some aspect of their psychological contracts had been broken by their employers during the previous two years. One might conjecture that as trends

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toward downsizing, restructuring, and other sources of turbulence continue, even more employees will perceive that their organizations have failed to adequately fulfill their psychological contracts. The term that has been used for this belief is *psychological contract violation*.

The objective of this article is to provide an understanding of psychological contract violation and how it develops.¹ Although there is a growing body of theoretical and empirical research on psychological contracts, scholars have devoted limited attention to the development of contract violation. Yet this is an important issue to understand, because the experience of violation can have serious individual and organizational implications. Researchers have found that violation decreases employees' trust toward their employers, satisfaction with their jobs and organizations, perceived obligation to their organizations, and intentions to remain (Robinson, In press; Robinson & Morrison, 1995; Robinson & Rousseau, 1994). Moreover, violation has been found to have a negative impact on employee behavior, causing potentially valuable employees either to reduce their contributions to their organizations or to exit the employment relationship altogether (Robinson et al., 1994; Robinson & Rousseau, 1994). In a recent study, authors found that extra-role or citizenship behavior in particular may suffer following violation (Robinson & Morrison, 1995). There is also evidence that in extreme cases of violation, employees may seek revenge or retaliation, engaging in sabotage, theft, or aggressive behavior (Fisher & Baron, 1982; Greenberg, 1990; Robinson & Bennett, In press; Tripp & Bies, In press). Violation also may lead to expensive lawsuits, which, if publicized, may damage an organization's external reputation (McLean Parks & Schmedemann, 1994). In light of the above information, we argue that it is of both practical and theoretical importance to understand how psychological contract violation develops.

We begin this article by clarifying how researchers have typically conceptualized and studied psychological contracts and contract violation. We then depart from the existing literature by proposing a more precise definition of violation. Following that, we present a model of the sense-making process by which one comes to experience violation. We discuss each component of the process in detail and highlight some of the many variables that are likely to affect the development of violation. We conclude with a discussion of theoretical contributions, boundary conditions, and implications for both research and practice.

WHAT IS A PSYCHOLOGICAL CONTRACT?

The term *psychological contract* was introduced in the early 1960s by Levinson, Price, Munden, Mandl, and Solley (1962) and by Schein (1965).

¹ Consistent with the literature, we define *psychological contract violation* as inherently perceptual. Thus, whenever we use the term *violation* we are talking about violation as experienced by the employee. This experience does not necessarily correspond to "objective reality," because psychological contracts, by definition, are in the minds of employees.

These scholars defined a psychological contract as expectations about the reciprocal obligations that compose an employee-organization exchange relationship. More specifically, they defined a psychological contract as a set of beliefs about what each party is entitled to receive, and obligated to give, in exchange for another party's contributions (Levinson et al., 1962).

During the last several years, there has been a renewed interest in the psychological contract between employee and organization (e.g., Lucero & Allen, 1994; McLean Parks & Schmedemann, 1994; Robinson, *In press*; Robinson et al., 1994; Robinson & Morrison, 1995; Robinson & Rousseau, 1994; Rousseau, 1989; Rousseau & McLean Parks, 1993; Shore & Tetrick, 1994). These works clarify and emphasize several aspects of psychological contracts that distinguish them from related constructs. First, the perceptual and idiosyncratic nature of psychological contracts has been highlighted, with researchers emphasizing that an employee's beliefs about the obligations underlying his or her employment relationship are not necessarily shared by agents of the organization (Lucero & Allen, 1994; McLean Parks & Schmedemann, 1994; Rousseau, 1989; Shore & Tetrick, 1994). Early writings on psychological contracts were vague on this issue, with some implying that they consist of mutual perceptions (Kotter, 1973; Levinson et al., 1962; Schein, 1965). Rousseau (1989), however, made a clear distinction between psychological contracts, composed of expectations held by an individual that may or may not be shared by others, and implied contracts, which consist of commonly understood or shared expectations.

A second feature of psychological contracts that has been emphasized is that they are based on perceived promises, where a promise is defined as any communication of future intent (Rousseau, 1989). This intent can be conveyed through several means: written document, oral discussion, organizational practices or policies, and so on (Rousseau & Greller, 1994; Rousseau & McLean Parks, 1993). These varied sources imply that the psychological contract is a very broad construct, encompassing not only obligations established via a formal or an implied contract, but also perceived obligations that result from more implicit means. Yet according to most researchers, if a perceived obligation is not accompanied by the belief that a promise has been conveyed (e.g., if the perceived obligation is based solely on past experience in other employment relationships), then it falls outside of the psychological contract (McLean Parks & Schmedemann, 1994; Rousseau & Greller, 1994; Shore & Tetrick, 1994).

Researchers also have emphasized that psychological contracts are held by employees, representing employees' beliefs about obligations between them and "the organization" rather than any specific agent of the organization (Levinson et al., 1962; Rousseau, 1989; Schein, 1965; Sims, 1994). In a sense, the organization assumes an anthropomorphic identity in the eyes of the employee. Nonetheless, the organization is not seen as possessing a psychological contract of its own. In early writings (e.g.,

Levinson et al., 1962; Schein, 1965), authors were less clear on this issue and implied that both parties to the exchange relationship (employee and organization) had their own psychological contract. More recently, however, scholars have emphasized that whereas organizational agents (e.g., supervisors) may have their own understanding of the psychological contract between employee and organization, they are not actually parties to that contract. In other words, researchers view the psychological contract as held by employees alone (e.g., McLean Parks & Kidder, 1994; Robinson et al., 1994; Robinson & Rousseau, 1994; Sims, 1994; Shore & Tetrick, 1994). Rousseau (1989: 126) made the following argument:

The organization, as the other party in the relationship, provides the context for the creation of a psychological contract, but cannot in turn have a psychological contract with its members. Organizations cannot "perceive," though their individual managers can themselves personally perceive a psychological contract with employees and respond accordingly.

Finally, there is an important distinction in the literature between psychological contracts that are largely transactional in nature and those that are largely relational. A contract at the transactional end of the continuum is composed of specific, short-term, and monetizable obligations entailing limited involvement of the parties. A contract at the relational end of the continuum, in contrast, entails broad, open-ended, and long-term obligations, and it is based on the exchange of not only monetizable elements (e.g., pay for service) but also socioemotional elements such as loyalty and support (Rousseau & McLean Parks, 1993).

To summarize, a psychological contract is commonly defined as an employee's beliefs about the reciprocal obligations between that employee and his or her organization, where these obligations are based on perceived promises and are not necessarily recognized by agents of the organization. Our conceptualization of psychological contracts is consistent with this definition. We also draw on the distinction between transactional and relational contracts. This distinction has implications for both the likelihood of an employee perceiving that his or her contract has been broken and the way in which the employee responds to this perception.

CONCEPTUALIZING VIOLATION

Although there is a growing body of research on psychological contracts, there has been little explicit discussion of what violation is or how it develops. Much of the theoretical literature on psychological contracts, for example, has been focused on the nature of psychological contracts and how they are formed (McLean Parks & Smith, 1994; Rousseau & Greller, 1994; Rousseau & McLean Parks, 1993; Shore & Tetrick, 1994). In addition, empirical research has been focused on the effects of contract

violation (Robinson & Morrison, 1995; Robinson & Rousseau, 1994). Management theorists know relatively little, however, about the factors that precipitate feelings of violation. In this article, we address that important issue. In so doing, we provide insight into how violation can be minimized or prevented.

Before presenting our model of the dynamics that lead employees to experience violation, we must define violation. Although psychological contract violation has been discussed by several authors, its conceptualization has been unclear. On one hand, *violation* has been defined, particularly in empirical studies, as the perception that one's organization has failed to fulfill one or more obligations composing one's psychological contract (Robinson & Morrison, 1995; Robinson & Rousseau, 1994; Rousseau & McLean Parks, 1993). This definition suggests that violation is cognitive, reflecting a mental calculation of what one has received relative to what one was promised. On the other hand, the term *violation* conveys a strong emotional experience. Violation has been described as involving "feelings of betrayal and deeper psychological distress [whereby] . . . the victim experiences anger, resentment, a sense of injustice and wrongful harm" (Rousseau, 1989: 129). This description implies that violation goes far beyond the mere cognition that a promise has been broken, and it is reasonable to assume that employees can perceive that their organization has failed to fulfill an obligation without experiencing the strong affective response associated with the term *violation*. Consistent with research on emotions (e.g., Oatley, 1992), we argue that feelings of violation are distinct from the cognitive evaluations that underlie them and that a complex interpretation process intercedes between the two. Thus, we believe that in order to obtain a clear understanding of how violation develops, it is necessary to tease apart these two related but distinct phenomena.

In light of the above information, in our model we make a distinction between violation and what we call perceived breach, and we identify a set of interceding judgments. *Perceived breach* refers to the *cognition* that one's organization has failed to meet one or more obligations within one's psychological contract in a manner commensurate with one's contributions. As we elaborate in our model, perceived breach represents a cognitive assessment of contract fulfillment that is based on an employee's perception of what each party has promised and provided to the other. We reserve the term *violation* for the *emotional and affective state* that may, under certain conditions, follow from the belief that one's organization has failed to adequately maintain the psychological contract. This conceptualization is consistent with research within the psychology literature, in which emotions are viewed as based on cognitive appraisals of particular events (Frijda, 1988; Oatley, 1992; Ortony, Clore, & Collins, 1988). Thus, violation is an emotional experience, yet it arises from an interpretation process that is cognitive in nature. Like any cognitive activity, however, including that underlying the generation of emotions in general, this

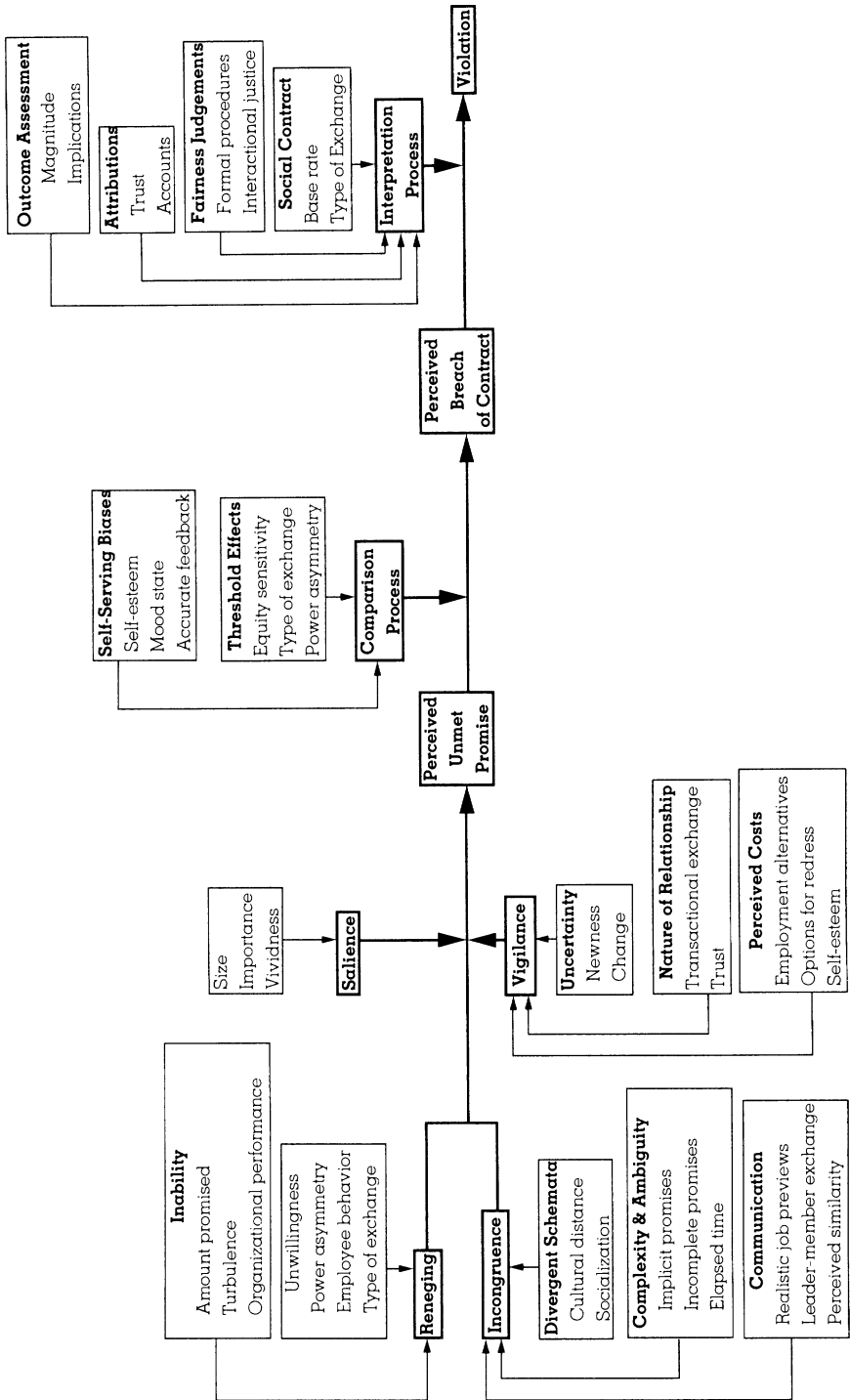
process is imperfect and does not require deliberate reflection or awareness on the part of the individual who is involved (Fiske & Taylor, 1984; Lazarus, 1982).

We view violation itself as multifaceted. Using terminology from the emotions literature, violation reflects an "an emotional blend," or a combination of first-order feelings (Averill, 1985; Ekman, Friesen, & Ellsworth, 1982). More specifically, violation is a combination of disappointment emotions and anger emotions (Ortony et al., 1988). At its most basic level, violation involves disappointment, frustration, and distress stemming from the perceived failure to receive something that is both expected and desired (Ortony et al., 1988; Robinson & Morrison, 1995; Robinson & Rousseau, 1994). In addition, central to the experience of violation are feelings of anger, resentment, bitterness, indignation, and even outrage that emanate from the perception that one has been betrayed or mistreated (Ortony et al., 1988; Rousseau, 1989; Schein, 1965). Like the first-order negative emotions that compose it, violation represents a mental state of readiness for action, with a distinctive phenomenological tone—a "feeling" that is experienced at a deep visceral level (Frijda, 1988; Oatley, 1992). This feeling state may be accompanied by the following: inability to stop thinking about the issue that gave rise to the emotion, outward expressions of anger and distress (facial gestures, posture, tone of voice), and bodily disturbance involving the autonomic nervous system (e.g., increased blood pressure and heart rate; Oatley, 1992). Together, these components can be deeply distressing and can lead to the attitudinal and behavioral responses already noted.

DYNAMICS UNDERLYING VIOLATION: A MODEL

Figure 1 provides an overview of our model. As illustrated, two conditions may eventually give rise to violation: renegeing and incongruence. Renegeing is when an agent or agents of the organization knowingly break a promise to an employee. Incongruence is when the employee and agent(s) have different understandings about a promise. Either incongruence or renegeing may lead to a perceived unmet promise by creating a discrepancy between an employee's understanding of what was promised and the employee's perception of what he or she has actually received. The perception of this discrepancy, in turn, serves as a trigger for a comparison process, whereby the employee considers how well each of the parties has upheld its respective promises. A perceived breach of contract is more likely to result if the employee perceives that he or she has made contributions as promised, yet those contributions have not been adequately reciprocated. Finally, whether a perceived contract breach leads to violation depends on the meaning that the employee attaches to the breach. As shown in Figure 1, the link between perceived contract breach and violation is moderated by an interpretation process, through which the employee takes into account outcome issues, why and

FIGURE 1
The Development of Violation



how the breach occurred, and the social contract governing the relationship. Next, we elaborate on each component of our model, beginning with renegeing and incongruence.

Renegeing: One Factor That May Lead to a Perceived Unmet Promise

Any instance of violation is ultimately rooted in either incongruence or renegeing. *Renegeing* is when agents of the organization recognize that an obligation exists but they knowingly fail to follow through on that obligation. Renegeing occurs either because the organization is unable to fulfill a promise or because it is unwilling to do so.

Inability. There are cases in which organizational agents find it impossible to fulfill promises that they make at earlier points in time. For example, recruiters may promise rapid advancement to new recruits, even though the organization can only promote a few of them in a given year. This notion suggests that the likelihood of renegeing will increase according to the number of promises made, because it will be more difficult for the organization to fulfill each and every promise. In other cases, an organization may be unable to fulfill obligations because of unexpected circumstances. Even when promises are made in good faith, a changing internal or external environment or an unanticipated decrease in the availability of resources may preclude the organization from keeping them. This idea suggests that the likelihood of renegeing will increase as the rate of organizational turbulence increases or as a firm's performance declines.

Unwillingness. Renegeing also may occur because agents do not *want* to fulfill specific terms of the employment agreement. Agents may make a promise with no intention of fulfilling it, or they may decide to purposefully renege on a promise that they had originally intended to keep. Although breaking an employment promise clearly entails potential costs to an organization, such as reduced employee commitment or performance, loss of a valued employee, a damaged reputation, retaliation, or even a lawsuit (McLean Parks & Schmedemann, 1994), fulfilling a promise also may be costly, because promises to employees often entail scarce resources. Because parties to a contract often behave opportunistically (McLean Parks & Smith, *In press*), we expect that an organization will be more willing to renege if its agents believe that the benefits of renegeing outweigh the costs.

Several factors affect the costs and benefits and, hence, the likelihood of renegeing. One is the level and direction of power asymmetry within the employment relationship. Within the context of an exchange relationship, power is a function of unequal dependence (Emerson, 1962). In an employment relationship, an employee will have more power if, for example, he or she possesses critical skills or expertise that create dependence on the part of the organization (Hickson, Hinings, Lee, Schneck, & Pennings, 1971). In many cases, however, the employee is the more dependent and, hence, the less powerful party—the employer can easily replace the

employee, whereas the employee cannot easily exit the employment relationship (McLean Parks & Kidder, 1994).

The direction of power asymmetry in the employment relationship will have an important impact on the perceived costs and benefits of renegeing. When the employee is the more powerful party, for example, we expect that renegeing will be seen as more costly, because it will be more detrimental to the organization if the employee withdraws his or her contributions. We thus expect that organizations will be more likely to renege on promises made to employees with less power vis-à-vis the organization than to employees with relatively greater power. Nonetheless, as we discuss later, more powerful employees may feel a greater sense of entitlement than employees with limited power, and thus they may be more likely to perceive that their psychological contract has been breached. This possibility highlights an important aspect of our model: Violation may derive from factors that have little to do with the "objective facts" of the situation.

A second factor that will affect the perceived costs and benefits of renegeing is how organizational agents view the employee's behavior, in particular, their assessment of how well the employee has met his or her obligations. If an employee is perceived to have not adequately fulfilled his or her obligations, agents within the organization may consider the costs associated with breaching the contract as lower. For example, agents may believe that the employee and third-party observers will not respond negatively to the organization's actions because renegeing will be understood as justified. The agents assume, of course, that the employee and any third-party observers share their perspective on the situation. Yet if the employee and others perceive that the employee was meeting his or her obligations, the organization's actions may result in a damaged reputation or even retaliation by the employee.

The type of exchange relationship also may influence the costs and benefits of renegeing and, hence, its likelihood. Relational exchange encourages a collective or "other" interest rather than solely self-interest (McLean Parks & Smith, *In press*). Further, those in a relational exchange value not only that which is exchanged, but the relationship itself (Robinson & Rousseau, 1994). Thus, the costs of renegeing (i.e., potentially damaging or destroying the relationship) will be considered as greater when the contract is viewed as relational, and renegeing will be far less likely (McLean Parks & Kidder, 1994; McLean Parks & Schmedemann, 1994; McLean Parks & Smith, *In press*).

Incongruence: A Less Obvious Condition Leading to a Perceived Unmet Promise

Whereas renegeing accounts for many instances of breaching a psychological contract, in some situations, the organizational agents responsible for fulfilling obligations to an employee sincerely believe that they have fulfilled every promise. Nonetheless, the employee believes that the

organization has fallen short on a promise or promises. In cases such as this, the perception of breach of contract is rooted in what we call incongruence. Incongruence is when an employee has perceptions of a given promise that differ from those held by the organizational agent or agents responsible for fulfilling that promise. These different perceptions result because the terms of a psychological contract are inherently perceptual.²

Incongruence can result when a promise is established, or it can develop as time elapses and perceptions of promises decay or become distorted in memory (Klatzky, 1980). Three primary factors play a role in creating incongruence: the degree to which employee and organization agent(s) bring different cognitive schemata to the situation, the complexity or ambiguity of the obligations between the two parties, and communication.

Divergent schemata. Schemata are cognitive frameworks that represent organized knowledge about a given concept or type of stimulus (Taylor & Crocker, 1981). They guide how people take in, remember, and make inferences about raw data, thereby simplifying the process by which people make sense of events and situations (Fiske & Taylor, 1984). One type of schema that individuals hold relates to employment relationships. This schema helps individuals to define what a typical employment relationship entails, and it guides their interpretation and recollection of the promises that exist within any specific employment relationship. For example, how an employee interprets information about employment security within his or her own organization will depend on whether security is part of his or her schema for employee-organization relationships in general.

Schemata are idiosyncratic to the person holding them. Hence, two individuals (e.g., an employee and an agent of the organization) may possess very different schemata for what an employment relationship should entail. When this is the case, it creates the potential for incongruence because the two parties' perceptions, interpretations, and memories of promises are likely to be very different. The parties may hold incongruent beliefs not only about the nature of a given promise, but also about whether a given promise was actually made.

Cognitive schemata form mainly through experiences (Fiske & Taylor, 1984). Thus, if an employee and an agent have different prior experiences, they are more likely to have different schemata, and the likelihood of incongruence is greater. This notion suggests some interesting

² In this section we are discussing the *actual* reasons why employees may perceive a breach of contract, not why they *think* the breach has occurred. In a later section we discuss how an employee's attributions for a perceived breach of contract affect his or her reactions. As we will note, the attributions that an employee makes do not necessarily match the true reason why the employee perceives a breach of contract. Thus, even when a perceived breach of contract is rooted in incongruence, the employee may assume that the organization purposefully reneged on a promise.

hypotheses. One such hypothesis relates to cultural distance. If the cultures of an employee and an organizational agent are characterized by very different assumptions and beliefs about employment obligations, there is apt to be greater incongruence. For example, if a Japanese manager is sent to work in a U.S. firm, that manager may have a schemata about employment relationships that differs markedly from the one held by the American managers within the firm. For instance, the manager will be more apt to expect security in return for loyalty. These beliefs, which will differ from the expectations held by the manager's employer, will affect how that manager interprets and remembers many of the explicit and implicit promises made by the firm and, thus, may give rise to incongruence. Professional and organizational socialization also may affect the extent to which an employee's cognitive schema differs from those held by organizational agents. Socialization is a process whereby newcomers learn the values, beliefs, and assumptions appropriate for a chosen profession or organization (Van Maanen & Schein, 1979). In contexts where employees experience fairly intense socialization, we expect that there will be less divergence in their schemata about employment relationships and thus less potential for incongruence with respect to any given promise.

Complexity and ambiguity of obligations. Whereas the cognitive frameworks that people bring to the employment relationship can create incongruence, so can the nature of the obligations between them. Divergent perceptions increase with the complexity and ambiguity of the stimulus being perceived (Griffin & Ross, 1991). Two interrelated processes account for these divergent perceptions. First, when individuals must attend to, make sense of, and store either a large number of stimuli or stimuli with a large number of features, they are likely to overlook or forget certain pieces of information. Thus, any two individuals perceiving the same set of stimuli are likely to perceive, store, and ultimately recall somewhat different representations, which will lead to incongruence. Second, when individuals must make sense of ambiguous stimuli, they engage in a construal process, whereby they fill in missing gaps by relying on contextual cues and prior information (Griffin & Ross, 1991).

This construal process suggests that employees and organizational agents may hold similar perceptions at the time an agreement is formed, but subsequently they come to possess different understandings of that agreement over time as their mental representations of the agreement change. Promises that are implicit rather than explicit, conveyed through past practice or casual remarks (Rousseau & Greller, 1994), will be particularly vulnerable to this construal process and, hence, to incongruent perceptions. The construal process also will have a stronger effect if the promises underlying the psychological contract are "incomplete" (Rousseau & McLean Parks, 1993), with contingencies and terms left unspecified, and if time has elapsed since those promises were made.

Communication. A factor that will minimize incongruence is communication between an employee and the agent(s) responsible for fulfilling

the terms of the employee's psychological contract. Because many terms of a psychological contract are established during recruitment (Rousseau & Greller, 1994; Shore & Tetrick, 1994), we expect that truthful and accurate communication regarding expected obligations will minimize incongruence. Therefore, employees who receive realistic job previews before they are hired (Wanous, 1977) will experience less incongruence than those who do not. Communication after an employee is hired is also important for minimizing incongruence. There is often a long time lag between when a promise is made and when it will be fulfilled, and this time lag may be characterized by a high level of turbulence. In addition, the agent who conveyed a particular promise to an employee may not be the same one responsible for fulfilling that promise. These factors all increase the likelihood of incongruence, because promises may be overlooked, forgotten, or distorted. Communication will help to prevent this incongruence, and it will also help to minimize the "false consensus effect," whereby people assume that they share the same perceptions (Ross, Greene, & House, 1977). Hence, we expect that any factor that facilitates ongoing communication, such as high leader-member exchange or perceived similarity, will reduce the likelihood of experienced violation by minimizing incongruence.

Will an Unmet Promise be Perceived? The Impact of Salience and Vigilance

Either incongruence or renegeing may lead to a discrepancy between the terms of an employee's psychological contract and outcomes that the employee actually receives. Yet an employee may not necessarily be aware of such a situation, particularly if the employee does not actively compare outcomes to his or her understanding of the contract. For example, suppose an employee is promised, implicitly or explicitly, that the organization will contribute a small percentage of his or her annual salary to the employee's retirement fund at year's end, but this fails to occur. Thus there will be a gap between "the contract" and what that employee actually receives. The employee, however, may not recognize this discrepancy if he or she does not attend to the amount of money being contributed to the fund.

Whether an employee actually recognizes that there is a discrepancy between his or her perceptions of what was promised and of what he or she has received will depend partly on the salience of that discrepancy. Salience refers to the degree to which a stimulus stands out from its immediate context (Fiske & Taylor, 1984). Salience will be affected by several factors, including the size of the discrepancy, the importance of the promise to the employee, and the extent to which the promise is vivid in the employee's mind because it was either very explicit or recently made.

In addition to the salience of the discrepancy, whether an employee perceives an unmet promise also will depend on employee vigilance, or

the extent to which the employee monitors how well the organization has been fulfilling the terms of his or her psychological contract. Vigilance, an activity analogous to environmental scanning (e.g., Kiesler & Sproull, 1982), is common in exchange relationships, in which each party is typically concerned with the other's ability and willingness to fulfill its obligations (Rousseau & McLean Parks, 1993). Because vigilance requires energy, however, its level will vary over time and across persons. We expect that three factors in particular will affect vigilance: uncertainty, the nature of the employee-organization relationship, and the perceived costs of discovering an unmet promise.

Uncertainty. There are many situations in which employees are faced with uncertainty about whether their psychological contracts will be maintained. This uncertainty will be anxiety arousing, and as a result, employees will be motivated to reduce it. One of the most common ways in which individuals can engage in uncertainty reduction is by monitoring for information (Berger, 1979). We thus predict that employees will be more vigilant in monitoring psychological contract fulfillment when uncertainty about fulfillment is high. An example might be when employees are new to their position. Uncertainty also may lead to greater vigilance if it arouses suspicions that certain terms of one's psychological contract will not be met. Many types of change can create uncertainty about contract fulfillment—an economic downturn, new legislation, a layoff announcement, a change in work structure, or new human resources policies. This uncertainty, in turn, will cause employees to be more vigilant, so that they can detect and respond to any contract breaches that these events may cause (McLean Parks & Kidder, 1994).

Nature of relationship. Vigilance also is related to the nature of the employee-organization relationship. In particular, it will depend on whether the relationship is based on relational or transactional exchange. Whereas relational exchange is governed by "norms of noninstrumental concern," whereby the parties do not care much about immediate repayment, transactional exchange is governed by *quid pro quo* norms, whereby obligations are clearly defined and parties expect direct and immediate compensation for their contributions (Ekeh, 1974; O'Connell, 1984). Hence, balance and repayment are much more important when the exchange agreement is transactional, suggesting that employees will be more vigilant about contract fulfillment when the employment relationship is based on transactional rather than relational exchange.

The degree to which the employment relationship is characterized by trust also will affect vigilance. Trust refers to expectations or beliefs regarding the likelihood that another's future actions will be favorable, or at least not detrimental, to one's interests (Barber, 1983; Gambetta, 1988). It is based in large part on past experience (Dasgupta, 1988), such that employees who have experienced a breach of contract either within their current employment relationship or in prior employment relationships will tend to have less trust in their organization (Robinson, *In press*). The

lower an employee's trust, the more likely he or she will be to expect that promises will be reneged on. In an effort to prevent such renegeing, or to respond to it if it does occur, the employee will be likely to vigilantly monitor how well the organization is fulfilling its promised obligations.

Perceived costs of discovering an unmet promise. Vigilance is driven by the desire to obtain accurate and useful information about how well one's psychological contract is being maintained. Research on information seeking, however, suggests that vigilance may not always be a rational utility-maximizing process. Rather, people often avoid information that they fear will be disquieting or that will threaten their ego, even if the information could be highly valuable to them (Janis & Mann, 1977; Meyer & Starke, 1983; Swann & Read, 1981). This is similar to the processes by which people try to avoid negative emotions through avoidance or denial (Frijda, 1988). Because evidence of a breach of contract can be disquieting or threatening, employees may sometimes try to avoid discovering a breach. Specifically, we expect that whenever the psychological costs of discovering an unmet promise are perceived to outweigh the information value of this discovery, employees will be less vigilant in monitoring contract fulfillment. Several factors will affect the perceived costs and benefits of discovering an unmet promise and hence the intensity of employee vigilance. We expect that vigilance will be positively related to the quality of an individual's employment alternatives, and it will be positively related to an employee's perception that organizational mechanisms exist for redressing violation. Because individuals with low self-esteem feel more threatened by negative self-relevant information (Brockner, 1988), we also expect that individuals with low self-esteem will be less vigilant than individuals with high self-esteem in trying to detect a breach of contract.

Comparison Process: From Unmet Promise to Perceived Contract Breach

Although vigilance increases the likelihood of an employee's perceiving an unmet promise, an employee will not necessarily define an unmet promise as a breach of contract. For a breach of contract to be perceived, an employee must determine not only that a promise has not been met, but also that he or she has made contributions in exchange for that promise that have not been adequately reciprocated. As shown in Figure 1, the relationship between an unmet promise and a perceived breach of contract is moderated by a comparison process, whereby an employee considers both parties' maintenance of the contract. The nature of this comparison process highlights one of the defining features of psychological contracts, which is that they entail perceptions of reciprocal obligations.

We posit that there is an implicit equation underlying an employee's determination of psychological contract breach that reflects the employee's perceptions of the two parties' contributions and promises. The equation is as follows:

$$\frac{\text{Benefits Provided by Organization}}{\text{Benefits Promised by Organization}} \quad \text{Compared to} \quad \frac{\text{Contributions Provided by Employee}}{\text{Contributions Promised by Employee}}$$

This equation indicates that an employee first considers the ratio of what he or she has received relative to what the organization promised and then compares this ratio to the ratio of what the employee has provided the organization relative to what he or she promised to provide. In other words, the comparison is between how well the organization has fulfilled its promised obligations to how well the employee has done so. If the ratio on the left side of the equation is perceived to be less than the ratio on the right, the employee will be more likely to determine that a breach of contract has occurred. In other words, there will be a threshold effect, whereby the greater the perceived imbalance, the more likely an employee will be to conclude that a breach of contract has occurred.³

Consider, for example, an employee who does not receive a promotion that he or she believes was promised. The employee will consider what he or she has already contributed in return for the expected promotion relative to what he or she promised to contribute. The employee may consider a single form of contribution or a whole set of contributions in cases where promises and obligations are less *quid pro quo* in nature. If the employee perceives that his or her level of contract maintenance is greater than that of the organization, there is a greater likelihood of the employee concluding that a breach of contract has occurred.

Self-serving biases. Our model highlights that even when an employee perceives that a promise has been unmet, this may not be defined as a breach of contract if the employee perceives that his or her own obligations have likewise not been fulfilled. In the previous example, the employee may realize that he or she has not been as willing to travel or work overtime as originally promised. However, there is strong evidence that individuals often engage in self-serving biases (Taylor & Brown, 1988). We thus expect that employees often hold distorted perceptions of how well they and their employer have fulfilled their respective obligations, recalling their past performance as more positive than it really was and overvaluing their contributions compared to those of the organization (Crary, 1966; Ross & Sicoly, 1979).

In contrast, there are factors that will minimize these self-serving

³ Two points must be emphasized. First, all elements of the equation reflect perceptions on the part of the employee, and these may not be accurate or shared with others within the organization. Second, the determination that a breach of contract has occurred results from only one type of imbalance: when the ratio on the left is less than the ratio on the right. Although an employee may perceive the opposite (i.e., that the organization has fulfilled its obligations, but the employee has not), this scenario falls outside the scope of this article. As defined in the literature, psychological contract violation results when an employee perceives that the organization has failed to adequately fulfill its promised obligations.

biases, such that employees will be more apt to recognize that their actions may have precipitated an unmet promise. For example, employees with low self-esteem will be more likely to believe that their contributions have been inadequate; thus, they are less likely to believe that an unmet promise represents a breach of contract. This is because individuals with low self-esteem rate their performance and accomplishments as much lower than those with high self-esteem and exhibit fewer self-serving biases in general (Vasta & Brockner, 1979). Similarly, employees will be less likely to overestimate how well they have met their obligations when their prior mood state is negative, because mood affects how people view their accomplishments (Kuiper, 1978). We also predict that employees will be more likely to recognize that their actions may have precipitated an unmet promise if they receive accurate feedback, because such feedback will make it more difficult for them to hold biased perceptions of their performance and contributions.

Threshold effects. Certain factors also affect an employee's threshold for determining that a breach of contract has occurred (i.e., how big the imbalance must be). One such factor is an individual difference known as equity sensitivity (Huseman, Hatfield, & Miles, 1987). Employees who are very low on equity sensitivity may consider a slightly unfavorable imbalance as preferable to a balanced equation; thus, they have a fairly high threshold for concluding that a breach of contract has occurred. In contrast, those who are very high on equity sensitivity typically feel that they deserve more than others; thus they may consider the slightest discrepancy as an indication that a breach of contract has occurred. The type of exchange relationship will also affect the threshold for determining that a breach of contract has occurred. Because individuals within transactional exchange relationships are more concerned with balance and immediate compensation (Ekeh, 1974; O'Connell, 1984), they will have a lower threshold for concluding that a control breach has occurred. As alluded to earlier, the nature of the power asymmetry between the employee and organization also will have an effect. Because more powerful employees may feel that they are entitled to more benefits, they are apt to have a lower threshold for a breach of contract.

In sum, the comparison process underlying the detection of a breach of contract is subjective and imperfect, influenced by cognitive biases, personal dispositions, and the nature of the relationship. As a result, an employee may determine that a contract breach has occurred, even when an objective evaluation of the situation would not support this conclusion. Conversely, there are conditions under which an employee may perceive that a promise was not upheld but not define this as a contract breach.

One may not see similarities between the comparison process interceding between perceived unmet promise and perceived breach of contract and the comparison process underlying equity theory (Adams, 1965). Both are based on the principle of balance, which entails comparison of two ratios (Sheppard, Lewicki, & Minton, 1992). However, there are

important distinctions between the process leading to the perception of psychological contract breach and the process leading to the perception of inequity. In particular, the ratios being compared are fundamentally different. Whereas equity is evaluated by considering ratios of inputs and outcomes, breach of contract is determined by comparing inputs and outcomes relative to what was promised. An employee's perception of past promises plays a prominent role in the determination of contract breach. In contrast, evaluations of equity include all job-relevant inputs and outcomes, regardless of perceived promises.

There is also an important difference between our model and equity theory with respect to the referent other. In most discussions of equity theory, the referent other is not in a direct exchange relationship with the focal employee. Rather, the referent is someone in a similar exchange relationship with a similar third party. For example, an employee may compare himself or herself to a co-worker who is also in an exchange relationship with the organization. In the determination of whether a breach of contract has occurred, in contrast, the only relevant parties are the employee and the organization. Consequently, it does not matter what others have received from the organization; an employee may perceive a contract breach even if co-workers have been treated similarly. It is also possible that an employee can have an input-outcome ratio that is much worse than co-workers', yet conclude that the psychological contract has been upheld. In sum, the process underlying the determination of psychological contract breach is more complex than the process underlying equity judgments, and it is embedded in a reciprocal relationship based on perceived obligations.

Interpretation Process: From Perceived Breach to Violation

We define *violation* as an affective and emotional experience of disappointment, frustration, anger, and resentment that may emanate from an employee's interpretation of a contract breach and its accompanying circumstances. This interpretation process represents an employee's attempt to make sense of, or attach meaning to, the event that has transpired (cf. Frijda, 1988; Ortony et al., 1988). Because people are especially likely to seek out sense-making information in response to events that are unexpected and negative (Wong & Weiner, 1981), we predict that the perception of a contract breach will serve as a trigger for this cognitive sense-making process. Nonetheless, an employee will in some cases make sense of a breach subconsciously, such that feelings of violation may be elicited without an employee's conscious awareness of the preceding judgments (Lazarus, 1982). In other words, an employee may feel intense anger or even outrage in response to a perceived breach but be unable to articulate the cognitive appraisals that underlie those emotions. In some cases, the employee may try to reconstruct those appraisals, whereas in other cases, he or she may remain unaware of the cognitions that have led to the feelings of violation.

As indicated in Figure 1, the interpretation process interceding between contract breach and violation involves an assessment of outcomes, attributions for why the contract breach occurred, judgments about how fairly one was treated, and the governing social contract. Each of these factors moderates the relationship between contract breach and violation. Because these factors are judgments, they are inherently subjective and prone to perceptual and cognitive biases. Thus, similar to the process preceding a perceived contract breach, the interpretation process is far from rational. For the sake of clarity, we describe the various elements of the process separately, although, in reality, the judgments may be intertwined.

Outcome assessment. An important part of the sense-making process leading to violation is an assessment of outcomes. In particular, the intensity of violation will be related to the perceived magnitude of the contract breach, defined as the size of the discrepancy between the two ratios of contract fulfillment. This prediction is consistent with the research on emotions, which indicates that feelings of disappointment, frustration, and distress typically emanate from the disconfirmation of the prospect of a desirable event, and are more intense if one has invested effort toward obtaining the desired event (Ortony et al., 1988). Judgments of magnitude come directly from the comparison process already discussed, and these are based on the principle of balance (Sheppard et al., 1992). The greater the perceived imbalance or discrepancy between the two parties' contributions, the stronger the relationship between perceived breach of contract and violation.

The evaluation of a contract breach, however, goes far beyond a balance framework; a person takes into account not only the magnitude of the contract breach, but also its implications. When a promise is fulfilled, it results in a number of second-order outcomes for the employee. These outcomes, which are not typically considered in an equity theory or distributive justice framework, each have an associated valence, or perceived level of attractiveness, to the employee (Nadler & Lawler, 1977). For example, an employee who does not receive a promised promotion will fail to receive not only the promotion but also related positive outcomes such as increased pay and recognition. Further, he or she may experience second-order negative outcomes such as lowered self-esteem or organizational status. We propose that violation will be intensified to the extent that a breach of contract results in outcomes that are negative in valence or the loss of outcomes that are positive in valence. This prediction is consistent with research showing that negative emotions such as anger, indignation, and contempt increase with the perceived undesirability and adverse impact of an event (Ortony et al., 1988).

Attributions. Attributions or judgments about why the contract breach occurred will also play a role in the interpretation process. Regardless of the actual conditions leading to a perceived breach (i.e., incongruence or renegeing), employees will experience more intense negative emotions if

they attribute it to purposeful renegeing. When faced with unfavorable or unexpected outcomes, people tend to search for explanations that will enable them to assign responsibility (Wong & Weiner, 1981), and the assignment of responsibility (or blame) has a direct effect on the intensity of their anger and contempt (Frijda, 1988; Ortony et al., 1988). Social psychological theory indicates that the assignment of responsibility is based on an analysis of the following factors: causality, control, foreseeability, and intentionality (Bell & Tetlock, 1989; Heider, 1958).

At a minimum, an employee must believe that a contract breach was caused by actions of the organization (Heider, 1958). If an employee perceives that a breach was due to his or her own misperceptions, the employee is less apt to "blame" the organization for the apparent breach and will experience less intense feelings of violation. The employee also may consider whether the agents involved could have controlled or foreseen the factors precipitating the contract breach (Bell & Tetlock, 1989; Heider, 1958). Finally, one of the most important factors affecting the judgment of responsibility is perceived intentionality (Bell & Tetlock, 1989; Heider, 1958). If the employee perceives that an organizational agent was aware that an agreement was being broken and that the breach of contract was a purposeful act (rather than an honest oversight), feelings of violation will be intensified.

It is important to note that this attribution process is not always accurate. Individuals tend to form causal explanations that reinforce their prior beliefs (Nisbett & Ross, 1980). In particular, they tend to make internal attributions when behavior is consistent with their expectations and external attributions when behavior is inconsistent with their expectations (Regan, Straus, & Fazio, 1974). The nature of this attribution process suggests that trust will play an important role. If an employee has a high level of trust in the organization and thus expects that the organization will not behave in a way detrimental to his or her interests (Gambetta, 1988), the employee will be more apt to attribute a breach to extenuating circumstances (Robinson, *In press*). Attributions of responsibility will also be affected by social accounts (i.e., justifications or excuses) offered by agents of the organization. Social accounts often minimize the apparent severity of an outcome, which has been found to reduce the assignment of blame (Walster, 1966). Accounts also can convey that a breach was not the organization's fault, thereby altering an employee's perception of causality, control, foreseeability, and intentionality (Bies, 1987). Given these effects, organizational agents often may use accounts intentionally as a way to minimize blame. In fact, we suspect that agents will rarely admit to purposeful renegeing. Instead, they will often try to convince the employee that a perceived breach of contract resulted from factors beyond the organization's control or that it was rooted in a mere misunderstanding (i.e., incongruence).

Fairness judgments. Another important input into the sense-making process following a perceived contract breach is an employee's perceptions

of how fairly he or she was treated. In cases where an employee can identify formal procedures that resulted in the breach of contract, feelings of violation will be influenced by factors that are known to influence judgments of procedural fairness, such as whether the procedures were consistent, whether the employee had a voice, and whether the decision was made in an impartial manner (Lind & Tyler, 1988). Under many circumstances, however, a breach of contract results from events, actions, and perceptions that have little to do with formal organizational procedures. Further, even when a contract breach is precipitated by formal procedures, employees will consider aspects of the event that have little to do with those procedures. Indeed, employees may not even be aware of the procedures precipitating a contract breach. Thus, judgments of fair treatment are often more aligned with what Bies and Moag (1986) termed *interactional justice*. *Interactional justice* refers to one's judgment regarding the interpersonal treatment one has experienced in the process of receiving an outcome. These judgments reflect the employee's beliefs about whether he or she has been dealt with honestly and respectfully and has received an adequate justification for the contract breach (Bies & Shapiro, 1987).

Although the development of violation will be affected by judgments about both outcomes (i.e., magnitude and implications) and process (i.e., attributions and fairness), the relative importance of these two types of judgments will vary, depending on the type of employment relationship. Outcome concerns, for example, should have a larger effect on the link between perceived contract breach and violation when the exchange is transactional rather than relational, because in transactional relationships employees are focused on direct and immediate reciprocity. This focus on direct reciprocity leads to an instrumental orientation, whereby employees are most concerned with outcomes or distributions (McLean Parks & Kidder, 1994). Conversely, we expect that judgments about why and how a contract breach occurred will be more important in creating a sense of violation when the exchange is relational. In relational exchange, reciprocity is indirect and long term in nature, which makes process issues far more important. If employees feel that they are fairly treated (i.e., that the process is fair), they can be more confident that in the long run their contributions will be adequately reciprocated (Blau, 1964).

We also predict an interaction effect between outcome assessments, on one hand, and attributions and fairness judgments, on the other. Specifically, the effects of magnitude and implications are likely to be stronger when the employee's evaluations of why and how the contract breach happened are highly negative. Similarly, perceptions of why and how the breach of contract occurred will have a larger impact on violation when the magnitude of the contract breach is large and its implications highly negative. These predictions are similar to the interaction effects found between distributive and procedural justice. Researchers have shown that the strongest reactions to injustice occur when an individual

perceives both unfair outcomes and unfair procedures, with these two factors having a multiplicative effect on perceived injustice (see Brockner & Wiesenfeld, In press).

The social contract: Breach in context. Each of the determinations discussed previously is ultimately rooted in the context of the employee-organization exchange relationship. Thus, the evaluations are made not in a vacuum but in relation to the *social contract* governing that relationship. A *social contract* refers to the assumptions, beliefs, and norms about appropriate behavior within a particular social unit (Gough, 1963; Homans, 1961). In the context of an employment relationship, the social contract entails beliefs about exchange, reciprocity, good faith, and fair dealing. The social contract indicates how the reciprocal exchange between the two parties has been conducted thus far and how it should be conducted in the future. In a sense, the social contract refers to the terms and conditions governing the executions of the psychological contract. Parties to a psychological contract not only exchange promised goods and services, but they also implicitly promise to execute the exchange according to a set of values, beliefs, and norms.

The social contract is relevant to the experience of violation because it serves as the backdrop against which an employee interprets a perceived breach of contract. Because different contexts are governed by different social contracts, behavior considered inappropriate in one context may be perfectly acceptable in another (Clark & Waddell, 1985). Therefore, when a contract breach is perceived, the employee considers its magnitude and implications, why and how it occurred and also whether that breach of contract and the means by which it occurred are consistent with the prevailing social contract. If the breach and the means by which it occurred are perceived to contradict the prevailing social contract, the feeling of violation emanating from the breach experience will be much more intense. Indeed, a basic law of emotions is that their intensity is dependent on the relationship between an event and some point of reference (Frijda, 1988). The social contract provides that point of reference.

Social contracts may vary across organizations such that a contract breach in one organization may not elicit the same feelings of violation as it does in another organization. Consider, for example, an employee who was promised future promotions but was subsequently laid off. In an organization where layoffs were previously unheard of, this breach of contract will elicit especially intense feelings of anger and outrage. In essence, we can expect that the higher the base rate with which a contract breach occurs in a given context, the less intense the experience of violation following a perceived contract breach. As another example, consider an employee who believes not only that a promise was unmet, but that he or she was intentionally deceived with little regard for his or her feelings. This employee will experience far more intense feelings of anger and betrayal if the organization has historically espoused values such as

integrity and concern for employees than if the organization is known for treating employees poorly. It may seem counterintuitive that employees will experience less violation in the face of greater ongoing injustice, but this is consistent with the observation that unexpected negative events lead to more intense emotional responses than do expected ones (Ortony et al., 1988). Our prediction highlights the important role played by the social and normative context and that a contract breach takes on meaning as a function of that context.

We also expect that, all else being equal, the experience of violation following a breach of contract will be more severe when the employment relationship is relational rather than transactional. Relational exchange implies norms opposing self-interested, opportunistic behavior (McLean Parks & Smith, In press). Thus, when a breach is perceived, it strongly violates the beliefs and assumptions governing that relationship. This argument is interesting in the context of the model as a whole. We have argued that employees will be less likely to determine that a breach of contract has occurred in a relational exchange, because this type of relationship discourages renegeing, reduces employee vigilance, and leads to a higher threshold for detecting a contract breach. We argue here, however, that if a contract breach is perceived in such a relationship it will create stronger feelings of violation because the breach of contract is highly inconsistent with the social contract.

CONTRIBUTIONS AND IMPLICATIONS

Although there has been a growing amount of research on the *effects* of violation, virtually no research has been devoted to the nature of violation, its antecedents, or the process by which it develops. We highlight that because of the perceptual nature of psychological contracts, the development of violation is a highly subjective and imperfect process of gathering information and making sense of that information. This process is affected by beliefs and perceptions that may be biased and by judgment processes that are often flawed. Regarding this sense-making process, we use our model to clarify the distinction between breach of contract and violation, demonstrating why some instances of contract breach may lead to little if any sense of violation, whereas others may lead to extreme anger and outrage.

Through our model, we make several significant contributions to the psychological contract literature. First, we identify and distinguish between the two key factors that may precipitate perceived contract breach: renegeing and incongruence. Although organizational agents often do purposefully renege and make promises that they know they will not be able to keep, we highlight that violation sometimes results not from actual contractual transgression but from the subjective and idiosyncratic nature of psychological contracts. Because employees are most likely to assume that a perceived contract breach was caused by renegeing, an

important issue for future researchers is how to get employees to recognize when a perceived contract breach was actually caused by incongruence. This awareness will change their interpretation of the contract breach and thereby minimize their feelings of violation.

Through our model we also identify the important role played by employee vigilance. If an employee is not vigilant, a perceived promise may go unfulfilled but the employee may not notice. The role of vigilance highlights the significance that perception plays in the experience of contract violation, and it helps to explain why some employees remain blind to, and thus unaffected by, considerable contractual transgressions, whereas others notice and respond to more minor and isolated breaches.

A third contribution of our model lies in the comparison process preceding the perception of a contract breach, which highlights the role of reciprocity in the development of violation. Although prior researchers have noted that reciprocity is a central aspect of psychological contracts, the role of reciprocity has been largely absent from research on psychological contract violation. A perceived contract breach occurs not merely when an employee perceives that he or she has failed to receive something that should have been forthcoming (i.e., an unmet expectation); it happens when the employee perceives that he or she has made contributions that have not been reciprocated as promised.

A fourth contribution of the model is our explication of the interpretation process following a perceived contract breach, which links the psychological contract literature to research on justice. In explicating this process, we draw upon, but also go beyond, what we know about the experience of injustice in general. First, our model includes a much broader and more integrated view of outcome and process concerns. Whereas the procedural justice literature is focused heavily on formal procedures, we consider a wider range of considerations pertaining to process. We also propose that violation is affected by the perceived implications of a contract breach, which goes beyond the balance principle emphasized in equity theory and other distributive justice frameworks. Second, through our model, we address how judgments of outcomes and process interact. Brockner and Wiesenfeld (In press) noted that justice researchers seem to be divided into two camps—those studying outcomes and those studying process—and argued for the value of integrating these two perspectives.

Another significant way in which our model includes more than what we know from the justice literature is in the importance we accord to the social contract. Because a contract breach occurs in the context of an exchange relationship based on implicit promises, the social contract is critical. In our model, we recognize that violation comes not only from the organization's presumed failure to reciprocate goods and services as promised, but also from its presumed failure to live up to the norms and standards of reciprocity and goodwill that govern the relationship. In the justice literature, in contrast, researchers largely neglect the role of the

social context in influencing judgments of distributive or procedural fairness. Although this is touched upon in Sheppard and colleagues' (1992) discussion of the correctness principle, whereby an action is judged based on whether it seems "right," justice researchers often give the impression that fairness judgments are made in a social vacuum. In sum, through our model we provide a framework that is more broad and integrative than existing models of justice, and one that is focused upon a unique organizational phenomenon—the experience of psychological contract violation.

A noteworthy strength of our model is its generalizability. There is undoubtedly considerable variance across occupations, organizations, industries, and countries with respect to the number and types of obligations that exist between employees and organizations. The prevalence of violation is also likely to vary across these contexts. Despite this variance, we maintain that the process outlined in our model is applicable to any employee-organization relationship where a sense of obligation and reciprocity exists, including part-time and contingent work relationships. Further, the model is appropriate to the dynamic nature of psychological contracts, and it can be applied regardless of how long a contract has existed or whether the contract has been renegotiated over time. Employees evaluate contract fulfillment relative to their current understanding of the employment agreement, which may differ substantially from the agreement that was originally formed.

Limitations and Boundary Conditions

Because of the complexity and scope of the processes that we are trying to explain, we have not addressed possible feedback loops. We can, however, speculate about feedback loops that may exist. For example, it is likely that the feelings of anger and betrayal associated with violation will often lead to a heightened state of vigilance, thus increasing the likelihood of subsequent perceptions of a breach of contract. It is also possible that these emotions may feed back into a secondary interpretation process, coloring how the employee makes further sense of the event that has transpired. Although we do not explicitly address such feedback loops in this article, we believe that they provide an interesting topic for future research.

As with any model, this one has boundary conditions. Consistent with the psychological contract literature, we have focused on employee perceptions of contract breach in relation to the employee's psychological contract. It is important to recognize, however, that agents of the organization will have their own interpretation of the situation, which we have not addressed. We also have not addressed cases in which organizational agents believe that an employee has failed to fulfill an obligation. The process by which an employee breach of contract is perceived and interpreted may be quite different from the process outlined here. The notions of contract breach and violation may even take on very different

meanings when viewed from the perspective of organizational agents. It is unlikely, for example, that unmet obligations on the part of an employee will elicit the same type of emotional response by organizational agents that often occurs when an organization violates an employee's psychological contract. Although outside the scope of this article, this is an interesting and important issue for future research.

Implications for Future Research

The model outlined in this article not only provides a conceptual framework heretofore lacking in the literature, but it also provides an agenda for future empirical research on psychological contract violation and guidelines for how such research should be conducted. For each part of the model, we have identified variables that are likely to affect the development of perceived breach of contract and violation. Although some of the more intrapsychic components of the model might be difficult to measure (e.g., incongruence, comparison process), the exogenous variables that we have identified can be easily operationalized. In the future, empirical researchers should assess the effects of these variables on perceived contract breach and violation.

Empirical researchers also should focus on the distinction between perceived breach of contract and violation. To date, researchers studying the effects of psychological contract violation have blurred this distinction by theorizing about violation while measuring contract breach, or perceptions of unfulfilled promises (Robinson et al., 1994; Robinson & Morrison, 1995; Robinson & Rousseau, 1994). This approach poses two problems. First, researchers have failed to consider the many factors that intervene between perceived contract breach and violation. Failure to consider these factors may account for some of the unexplained variance in studies used to assess the effects of violation. Through our model, we suggest a more refined way to examine violation that should enable researchers to better predict its effects. Second, by assessing perceptions of unfulfilled promises, empirical researchers have ignored the highly emotional nature of violation. Although it will no doubt be a challenge to operationalize and assess the emotions inherent in violation, it is important that researchers attempt to measure actual feelings of violation rather than only perceived contract breach. One way in which this may be done is through more qualitative techniques, such as in-depth interviews or assessments of verbal protocols. Because violation is an emotional and a multifaceted concept, traditional survey methods and quantitative analyses may not be able to adequately capture it.

Implications for Practice

Our model also has practical implications for both employees and organizations regarding how to reduce the incidence of a perceived contract breach and the intense emotions that may accompany it. Employees, for example, can play an active role in minimizing incongruence by

engaging organizational agents in explicit discussions of obligations to ensure both that their perceptions of the terms of the employment relationship are shared and that those terms are as clear as possible. Such discussions are especially important when there are cultural differences between the employee and the organizational agents responsible for executing the terms of the psychological contract and when the employee lacks knowledge regarding the norms of the organization or industry. They are also important when promises are vague or open-ended and when significant time has elapsed since certain promises were made. In our model, we also suggest factors that should alert employees to the possibility of renegeing. In particular, employees should be wary of contract breach whenever promises seem too good to be true and during periods of organizational upheaval. Through heightened vigilance, employees may be better able to detect (and we hope redress) a contract breach.

Organizational agents such as supervisors and human resource managers play a critical role in defining and executing employees' psychological contracts (Guzzo & Noonan, 1994; Rousseau & Greller, 1994). As such, they can play a critical role in minimizing violation. Agents can reduce incongruence by providing realistic job previews to new employees and frequent communication regarding obligations and expectations after employees have been hired. Special attention should be given to managing employees' perceptions of obligations and promises over time and during periods of organizational change, because perceptions and beliefs (both employees' and agents') are prone to distortion and decay.

Agents also can minimize renegeing by exercising caution when they convey promises. We maintain that one of the best ways to reduce psychological contract violation is through better management of the contract-formation process. Recruiters are often reluctant to provide accurate information, and the temptation is high to promise more than can be delivered in order to attract desired job candidates (Porter, Lawler, & Hackman, 1975). Given the damaging implications of violation, however, it is better for agents to make no promises than to make ones that they cannot keep. Organizational agents also can recognize the conditions under which renegeing is more likely to occur (e.g., turbulence, declining performance); they can then reassess the types of promises they make to employees when these conditions are present. Agents also should provide clear feedback to employees who they believe are failing to uphold their side of the employment agreement. This feedback will minimize self-serving biases that may cause employees to erroneously perceive an unjustified breach of contract by their organization.

Through our model, we suggest both ways to minimize perceptions of breach and ways in which supervisors and other organizational agents should respond when employees report that a breach of contract has occurred. Psychological contract breach is sometimes unavoidable, yet the destructive reactions that often follow are not. Organizational agents

can reduce feelings of anger and betrayal following a contract breach by managing the employee's attributions for the breach of contract and by offering honest and adequate explanations for why it occurred. For example, agents can try to ensure that when a contract breach is due to either incongruence or unavoidable circumstances, it is recognized as such. This is particularly important because employees are biased toward attributing contract breaches to purposeful and deliberate renegeing, which will intensify their feelings of violation.

We also caution organizations against misrepresenting purposeful renegeing by trying to convince the employee that it was due to either uncontrollable factors or incongruence. Although in our model we suggest that this behavior may minimize violation, it is highly risky and may backfire if employees fail to accept the explanation and consider it as one more act of deception. This perception will further undermine, and perhaps even destroy, the trust that is critical to the maintenance of the psychological contract. An erosion of trust will increase not only the likelihood of an employee's searching for and perceiving future unmet promises, but also the likelihood that the employee will view those unmet promises as due to renegeing, even when they may have been rooted in incongruence.

How organizational agents manage the social contract governing the employee-organization exchange also can influence the intensity of the violation following a breach of contract. Agents may not be able to influence assumptions and beliefs rooted in the larger societal or industry context, but they may be able to shape the assumptions and beliefs rooted in the organization's past practices or culture. Moreover, even when agents cannot influence the social contract, it is important that they are at least cognizant of that contract and the role it plays in influencing employees' emotions following a breach of contract. For example, our model highlights the dangers of breaching an employee's psychological contract when the employee-organization relationship is relational rather than transactional. Under this type of exchange, employees are especially likely to react with outrage if they perceive a breach of contract.

Conclusions

Researchers have demonstrated that psychological contract violation is a common occurrence that has serious individual and organizational implications (McLean Parks & Schmedemann, 1994; Robinson & Morrison, 1995; Robinson & Rousseau, 1994). Despite its apparent prevalence and costs, there is limited understanding of this phenomenon. In this article we have clarified the nature of psychological contract breach and violation and the perceptual and cognitive processes by which each develops. In so doing, we have provided a foundation for future empirical research. We also suggest ways in which a perceived contract breach might be avoided or feelings of violation might be minimized in cases where the contract breach is unavoidable.

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