
THE IMPACT OF PSYCHOLOGICAL CONTRACT EFFECTS ON THREE DIMENSIONS OF ORGANIZATIONAL CHANGE

FERNANDO FUENTES HENRIQUEZ^{1,2}.

ABSTRACT

This paper attempts to analyze the causal relationships between three dimensions of organizational change (scope, cost, time) and three states of psychological contract (breach, violation, reinforcement). Existing work has not brought these literatures together and this paper attempts to bridge this theoretical gap. After reviewing the literature about organizational change and psychological contract, a theoretical framework is proposed that links these areas. Several propositions are suggested throughout the paper, and theoretical and practical implications are discussed in the conclusion.

Keywords: Organizational strategic change, Psychological contract violation, Psychological contract breach, and Psychological contract reinforcement.

I. INTRODUCTION.

The study of organizational change is an emergent area within such disciplines as strategic management, organizational behavior, organizational theory, sociology, political science, and industrial and organizational psychology (Burke, 2002). This burgeoning interest is mainly due to the increasing importance of many organizational trends (e.g. restructuring, downsizing, reengineering, demographic diversity, foreign competition, and so on) that have been influenced by changes in the external environment. Organizational change literature has focused a good deal of attention on an organization's human resources (Lewin, 1947; Friedlander & Brown, 1974; Schein, 1987; Beckhard & Harris, 1987; Porras, 1987; Porras & Silvers, 1991; Porras & Roberson, 1992; Weick & Quinn, 1999; Burke, 2002). In spite of the underlying role of human resources in organizational change literature, the employment relationship has not been explicitly considered. While researchers have focused attention on sources and factors increasing resistance to change, they have not considered the effects an employee's psychological contract has on the acceptance of change. Further, scholars have argued that

¹ Profesor del Departamento de Administración de la Universidad de Concepción. Realiza su doctorado en Sam Walton College of Business. Department of Management University of Arkansas.

² I am very grateful for the insightful comments of three reviewers from the Academy of Management of the USA and those of Dr. Alan Ellstrand and Dr. Anne O'Leary-Kelly, both of them professors of the Department of Management, Sam Walton College of Business, University of Arkansas. The suggestions and comments from all five were crucial in improving the quality of this paper.

changes in an employee's psychological contract (Kissler, 1994; Morrison, 1994) produce at least two negative effects: (a) increased uncertainty about what employees and organizations owe one another (Sims, 1994) and (b) increased difficulties, on the part of the organization, to fulfil its obligations to its employees (McLean Parks & Kidder, 1994 not in References!!). These two effects are likely to influence the degree to which any process of organizational change will succeed. Organizations function in a climate of change (Robinson, 1996), requiring them to undertake different types of change (i.e. continuous, incremental, radical) to survive and respond adequately to environmental challenges, the employment relationship, and the underlying psychological contracts; these are critical requisites to organizational success. As a result, organizations must almost continuously manage, renegotiate, and alter the terms of the employment agreement to fit changing circumstances (Altman & Post, 1996).

Researchers argue that, in light of trends towards globalization, restructuring, and downsizing, psychological contracts are playing an increasingly important role in contemporary employment relationships (Robinson & Rousseau, 1994; Robinson, 1996). In spite of these recent developments, little work has investigated the relationship between organizational change and the psychological contract (Robinson, 1996). The only exception is the exploratory study done by Pate, Martin & Staines (2000), which describes the link between psychological contract breach and resistance to strategic and organizational change. This study, which was based on a single case, highlights several insights concerning resistance to organizational change (i.e. unwillingness to cooperate in future organizational change). Moreover, researchers examining psychological contract violation consider it only in terms of employer or organization responsibility, without allowing for violation on the part of the employee. This issue is very important in analyzing the effects of employee behavior and attitudes on any dimension of organizational change. Finally, the literature highlights only one causal direction between organizational trends (downsizing, reengineering projects, and so on) and the psychological contract. The opposite effect – how the psychological contract may affect processes ongoing within an organization – has not been considered.

While some work links the psychological contract to organizational change, no explicit discussion of the psychological contract's role within strategic organizational change context has taken place. For instance, management theorists know relatively little about the factors that precipitate feelings of psychological contract violation, and they have not considered strategic change as a source leading to these feelings (Morrison & Robinson, 1997 see references). Therefore, based on the theoretical gaps that have been identified within both areas of research, the main research questions of this paper are how does organizational change affect the psychological contract, and at the same time, how do changes in the psychological contract affect the time, cost, and scope of organizational change?

In the following sections, we will review the literature concerning organizational change and the psychological contract, highlighting theoretical gaps in each area. We then present a framework linking the main dimensions of organizational change to the psychological contract. Here we suggest a variety of theoretical propositions to be tested in future field studies. Finally, the last section of this paper discusses theoretical and empirical implications of the framework.

II. THEORETICAL BACKGROUND

II.1. ORGANIZATIONAL CHANGE LITERATURE

Burke (2002) broadly defines “organizational change” as organizational transformations that shift the direction of an organization with the objective to improve the process of decision-making and accountability, while providing organizational members with a new vision for the future. Organizational change literature discusses three levels of analysis: individual, group, and organizational. Even though these three levels of analysis interact with one another, organizational change mainly focuses on people’s behavior, attitudes, values, and beliefs (Pfeffer & Salancik, 1978).

Early studies of organizational change stress the importance of understanding the role of human resources during organizational change. For instance, the Hawthorne Studies (1939) not in References!! provide a foundation for our understanding of organizational change and its connection with an organization’s human resources. These studies (a) demonstrated the importance of psychological and human factors, (b) signaled the criticality of several factors for worker satisfaction (autonomy, independence, feedback, rewards), (c) indicated the importance of humanistic treatment of workers, (d) provided evidence for Herzberg’s Motivation-Hygiene Theory, and finally, (e) provided a foundation for the study of group dynamics.

Organizational change literature includes several theoretical models that highlight the importance of human resources as a critical element of any organizational change. Leavitt’s (1965) not in References!! model of organizational change includes four major components: task, people, technology, and structure. According to Leavitt, all of these components are interrelated and human resources is one of the most dominant components. Friedlander and Brown’s (1974) framework identifies human resources, procedures, and technology as critical dimensions of the change process. In addition, Porras’s (1987) model, at present one of the most influential models in the literature, also highlights human resources as an important aspect of any organizational change process. This model lays out four main components: Organizing arrangements (goals, strategies, structure, systems), Social factors (culture, social networks, individual behaviors and attitudes), Technology (tools, equipment, machinery, job design, technical systems), and Physical setting (space, ambiance, interior design). Many others scholars have proposed additional theoretical perspectives that focus on organizational change; these include Mintzberg (1989; entrepreneurial, machine, diversified, professional, and innovative organizations) and Morgan (1997; deriving configurations). Each perspective has created an organizational change model in which human resources plays an important role. This brief literature review demonstrates the great importance of human assets in the process of organizational change. In spite of the relevant role of human resources, organizational change literature has focused little attention on the employment relationship.

II.1.1. Forms of Organizational Change: Types and Focus.

Burke (2002) notes that the literature uses different terms to compare different types of orga-

nizational change: revolutionary vs. evolutionary, discontinuous vs. continuous, episodic vs. continuing flow, transformational vs. transactional, strategic vs. operational, and finally, total system vs. local options. It is important to clearly differentiate these types of organizational change because each requires different tools and techniques in order to be successful. Organizational change occurs quite differently, depending on the goal (e.g. to improve operations or to turn the organization in an entirely new direction). We will focus our attention in this paper on two very different types of changes: revolutionary and evolutionary. Revolutionary change (also known as transformational, second-order, strategic, radical, and large-scale change) focuses on significant changes in mission, strategy, structure, leadership, and culture (Burke, 2002). Evolutionary change (or incremental, continuous, and first-order change), however, focuses on gradual and small changes in products and services, work flow processes, reward systems, management practices, and information technology (Burke, 2002). Thus, revolutionary and evolutionary organizational changes differ in scope and depth of change efforts.

Gersick's (1991) punctuated equilibrium model helps to explain the difference between revolutionary and evolutionary change. According to Gersick (1991), the process of revolutionary change results in a period of change in the deep structure (i.e. the implicit structure or the basic configuration of a system's units) followed by periods of equilibrium. The equilibrium periods, which may be considered as an evolutionary change process, involve maintenance of the system. During this period, the level of existing organizational inertia opposing organization change is an important issue. Finally, Gersick argues that the process goes through a period of revolutionary change, which occurs when internal disruptions and changes in the system's environment threaten its ability to obtain resources. The period of revolutionary change results in changes to the organization's mission, also affecting other important dimensions (e.g. leadership, strategy, structure, culture). Thus, during the period of revolutionary change, the deep structure is significantly affected.

II.1.2. Organization Change: Schools of Thought and Perspectives.

Organizational change literature also highlights the difference between two schools of thought. The first school is concerned with organizational change content; this school uses a rational approach to focus on the history and consequences of organizational change. The content of the organizational change (i.e. what to change) determines its vision and overall direction (Rajagopalan & Spreitzer, 1996; Burke, 2002). The second school is concerned with the organizational change process; this school uses a learning and cognitive approach to focus on the managerial role in organizational change. The kinds of behavior required for content change differ from those required for process change (Burke, 2002). The process of organizational change (i.e. how to bring about the change) involves several stages such as formulation, implementation, and control (Rajagopalan & Spreitzer, 1996; Burke, 2002). The implementation phase, for example, is defined as the process through which the organization moves from its current strategic orientation to the desired future state (Worley, Hitchin & Ross, 1996); research centers on the role of leadership, resource allocation, and the method of control (Worley, Hitchin & Ross, 1996).

According Rajagopalan & Spreitzer's (1996) meta-analysis, organizational change has been studied from three perspectives: rational, cognitive, and learning. Of these, they argue that the cognitive lens perspective is the most theoretically developed. Because it is concerned with organizational ideologies and psychological issues, which are directly related to the main content of the psychological contract, we will use the cognitive lens perspective to describe both the effect of organizational change on the psychological contract and the effect of changes in the psychological contract on several dimension of organizational change (time, scope, and cost). It is important to note that most studies about organizational change have examined several organizational variables (e.g. firm size, age, prior performance, prior strategy, top management characteristics, structures). However, researchers have not considered the influence of psychological contract effects on any dimensions of organizational change.

The cognitive lens perspective is defined as the approach in which the role of managerial cognitions (i.e. knowledge structures, core beliefs, schemas) in the organizational change process is explicit (Walsh, 1995). This perspective defines strategic change (or revolutionary change) in term of shifts in organizational ideologies; these shifts involve changes in cause maps, knowledge structures, core beliefs, and schemas (Rajagopalan & Spreitzer, 1996). The particular interests of cognitive researchers are enduring changes in organizational belief structures (Johnson, 1987). The belief structure is the sum of each organization's individual's beliefs. One component of belief structures is beliefs about the reciprocal obligation between employees and their organization or, strictly speaking, the individual's psychological contract. Therefore, psychological contracts are part of the organizational belief structure. Studies have indicated that strategic changes occur when changes in environmental conditions are accompanied by major changes in employee and top managerial cognitions (i.e. perception, interpretation) and beliefs (Ginsberg & Abrahamson, 1991; Grinyer & McKiernan, 1990 not in References!!). Many scholars would agree that any true and effective strategic change should be accompanied by changes in organizational beliefs, and consequently, in psychological contracts. Van de Ven & Poole (1995) argued that many complex factors, both internal and external, influence the organizational change process. This complexity is influenced by the multiple variables that come to play a specific role in each dimension of organizational change, including the psychological contract.

II.1.3. Dimensions of Organization Change.

Organizational change studies have explicitly and implicitly considered several dimensions of organizational change, most commonly cost, scope, direction, and likelihood. Cost is the economic, financial, and psychological cost necessary to undertake organizational change, for instance, the cost of new technology, those associated with a new plant, and the costs of hiring high-performing people. Scope is related to the magnitude and degree of organizational change. For instance, a revolutionary change implies a deep change affecting the organization's culture, structure, leadership, and strategy. In contrast, an evolutionary change implies very minor organizational changes. Thus, revolutionary and evolutionary changes differ in their scope of change. Time is concerned with the amount of time necessary to formulate

and implement organizational change. The length of time required to implement a strategic change, especially in cases of highly dynamic industry, may be considered a measure of effectiveness; the longer the implementation time, the less successful the process (Burke, 2002). Direction is very closely related to scope. Any change that is wide in scope (e.g. radical change, which may involve major changes in strategy, leadership, or structure) implies that the organization is moving in a new direction. In other words, in organizational change, scope and direction are closely related and overlap. Finally, likelihood refers to the degree of occurrence of organizational change; this dimension has not been widely used in the literature. Burke (2002) argues that radical changes rarely occur in an organization because they require great effort and risk. In this paper, we will consider only the three first dimensions of organizational change (i.e. cost, scope, time).

II.2. PSYCHOLOGICAL CONTRACT LITERATURE.

II.2.1 Definitions and Characteristics.

Burke (2002) sees organizations as being socially constructed, largely dependant on individual actions. These actions are regulated, explicitly or implicitly, by the employment contract, including the psychological contract. The term psychological contract was introduced in the early 1960's by Levinson, Price, Munden, Mandl & Solley (1962) not in References!! and by Schein (1965) not in References!!. Psychological contract is defined as the expectations about the reciprocal obligations that compose an employee-organization exchange relationship. More specifically, the psychological contract held by an employee consists of a set of beliefs about the terms and conditions of a reciprocal exchange agreement between an employee and his/her organization (Levinson et al, 1962; Schein, 1965; Rousseau, 1989 not in References!!; Robinson & Rousseau, 1994; Robinson, 1996). Note that these are beliefs or perceptions regarding promises and acceptances. Each party believes that both parties have made promises and that both parties have accepted the same contract terms. However, this does not necessarily mean that both parties share a common understanding of all contract terms (Robinson & Rousseau, 1994; Robinson, 1996). Parties are thus likely to possess somewhat different and possibly unique beliefs about what each owes to the other. These beliefs can arise from overt promises (e.g. bonus systems discussed in the recruitment process), interpretations of patterns of past exchange, and vicarious learning (e.g. witnessing other employees' experiences), as well as from various factors that each party may take for granted (e.g. good faith or fairness) (MacNeil, 1985). The psychological contract, unlike formal employment contracts, is not made once but rather is revised throughout the employee's tenure in the organization (Rousseau & Parks, 1993).

It is important to distinguish psychological contracts from expectations. Expectations are general beliefs held by employees about what they will find in their job and the organization, and these expectations emanate from a wide variety of sources, including past experience, social norms, and observations by friends, to name a few. Psychological contracts, in contrast,

entail beliefs about what employees believe they are entitled to receive, or should receive, because they perceive that their employer conveyed implicit or explicit promises to provide those things (Robinson, 1996).

Robinson & Morrison (1997) not in References!! argue that a psychological contract is distinguished from related contracts in several aspects. First, a psychological contract has a perceptual and idiosyncratic nature. Researchers emphasize that an employee's beliefs about obligations are not shared by other agents of the organization. Thus, a psychological contract is something unique between an employee and the organization. Second, a psychological contract is based on perceived promises. A promise is defined as any communication of future intent, which can be conveyed through a written document, oral discussion, or organizational practices or policies. It means that a psychological contract is a broad construct that includes not only a formal contract or obligation but also perceived obligations that result from more implicit means (Rousseau & Greller, 1994). In addition, a psychological contract is held by employees alone, representing an employee's beliefs about obligations between them and "the organization" rather than any specific agent of the organization (Rousseau, 1989) not in References!!. The organization is not seen as possessing a psychological contract of its own; it provides the context for the creation of a psychological contract, but cannot, in turn, have a psychological contract with its members (Robinson, & Rousseau, 1994; Robinson et al., 1994). Finally, a psychological contract can be transactional or relational in nature. Transactional contracts are specific, short-term, monetary obligations entailing limited involvement of the parties, whereas relational contracts are broad, open-ended, long-term obligations, based on the exchange of monetary elements (e.g. pay for service) as well as socioemotional elements (e.g. loyalty and support) (Rousseau & McLean?? Parks, 1993). Some research has suggested that responses to psychological contract breach will depend on the nature of the underlying contract, more specifically, on whether that contract involves transactional or relational obligations (Robinson et al, 1994; Turnley & Feldman, 2000 see References).

II.2.2. Types of Psychological Contract States: Breach, Violation and Reinforcement.

Psychological contract literature points out three types of psychological contract states or effects: breach, violation, and reinforcement. Morrison and Robinson (1997) define psychological contract breach as "perceived breach" of the psychological contract as a "cognition that one's organization has failed to meet one or more obligations within one's psychological contract" (p. 230). Thus, perceived breach represents a cognitive assessment of contract fulfillment that is based on an employee's interpretation of what each party has promised and provided to the other (Robinson, 1996). When a psychological contract breach has occurred, it is going to strongly affect the employees' behavior and attitudes.

In addition, psychological contract violation is defined as the perception that one's organization has failed to fulfill one or more obligations composing one's psychological contract (Rousseau & McLean?? Parks, 1993; Robinson & Rousseau, 1994; Robinson & Morrison, 1995). 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. Psychological contract violation is also defined 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 (Robinson & Rousseau, 1994; Robinson & Morrison, 1995). It seems that psychological contract violation, as an emotional experience, emerges after a cognitive evaluation of the relationship between the employee and the organization. If this is the situation, it's important to state that, before producing a psychological contract violation, a cognitive process is triggered. Finally, Morrison & Robinson (1997) claim that psychological contract violation leads to first-order feelings (anger, disappointment, frustration, distress, resentment, bitterness, indignation, betrayal, or sense of mistreatment) and deep-state feelings (outward expression and bodily disturbance). Therefore, given the foregoing discussion, a breach of psychological contract is a cognitive state that emerges after interpreting unmet promises, whereas violation of the psychological emerges after the psychological contract is breached, which is mainly characterized by different emotional feelings.

The third psychological contract effect is psychological contract reinforcement, a type of response that is mainly based on prior trust existing within the employee with regard to the employer's behavior. Robinson (1996) argues that the absence of prior trust may cause psychological contract breach because of the cognitive consistency bias of selective attention. People tend to seek out information that confirms their prior beliefs and avoid information that disconfirms them. Therefore, employees with high levels of prior trust will be less likely to perceive breaches and violations than employees with low levels of prior trust (Robinson, 1996). When employees have prior trust, it can be argued that the organization always undertakes changes that benefit them; as it is going to be difficult for the employees to believe that the current organizational change will negatively affect them, the psychological contract is reinforced. An employee with high prior trust will tend to perceive the breach in ways consistent with that prior trust, and thus interpret it in relatively neutral or positive terms (e.g. viewing it as an unintentional event, a misunderstanding, a temporary lapse, an opportunity, or outside the responsibility of the employer). As a result, the employee will be able to maintain a relatively high level of trust in the employer, despite the perceived transgression (Robinson, 1996). Thus, trust is a key element that regulates the relationship between parties.

According to Morrison & Robinson (1997), an interpretation process moderates the relationship between perceived contract breach and violation. In this process, the employee takes into account outcome issues, why and how the breach occurred, and the social contract governing the relationship. This process of interpretation is extremely important in understanding many of the theoretical propositions in the next section. During this process of interpretation, the employee evaluates whether the organization's agent is reneging on a promise. In addition, the employee tries to understand what the real reason was as to why the organization failed to fulfill its promises. In this additional reasoning, the employee takes into account several aspects associated with the survival and competitiveness of the organization. For example, the employee, after engaging in a cognitive process about the unmet promise, may conclude that it was the only way to preserve the organization, thereby reinforcing the psychological contract rather than creating a psychological contract violation.

II.2.3. Attitudinal and Behavioral Outcomes.

Research strongly suggests that any of the three psychological contract effects (i.e. breach, violation, reinforcement) can have significant implications for employee attitudes and behaviors including job satisfaction, organizational commitment, turnover, intent to quit, employee motivation, resistance to change, and citizenship behavior (Robinson & Rousseau, 1994; Robinson & Morrison, 1995; Robinson, 1996; Turnley & Feldman, 2000; Pate, Martin & Staines, 2000). For instance, prior research has demonstrated that psychological contract breach and violation are relatively common and that they are associated with serious individual and organizational implications such as (a) a decrease in employee trust toward the employer, (b) a decrease in employees satisfaction with the job and organization, (c) a decrease in employee perceptions about obligations to the organization, (d) a decrease in employees intentions to remain on the job and job commitment, (e) a decrease in employee in-role contributions (i.e. reduced contribution to prescribed roles), (f) the possibility of expensive lawsuits, which, if publicized, may damage the organization's external reputation (McLean Park & Schmedemann, 1994), and finally, (g) a decrease in employee organizational citizenship behavior (i.e. engaging in innovative and spontaneous behaviors that are not specified by job requirements but that facilitate organizational effectiveness) (Robinson & Rousseau, 1994; Robinson & Morrison, 1995; Robinson, 1996). In sum, all of these negative impacts can be grouped in two types of reactions: employee behavioral reactions and employee attitudinal reactions.

II.2.4. Social exchange context.

Finally, a psychological contract is inserted within a social exchange context that has a large influence on the relationship between organization and employees (Morrison and Robison, 1997). A social exchange context refers to the assumptions, beliefs, and norms about appropriate behavior within a particular social unit (Gough, 1963). Social exchange context can be clearly or ambiguously established in the organization. In the context of an employment relationship, the social exchange context entails beliefs about exchange, reciprocity, good faith, and fair dealing. Thus, the social exchange context refers to the terms and conditions governing the execution 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. Different psychological contracts are governed by the same social exchange context, which serves as the basis for the contractual relationship. Therefore, a strong social exchange context, which is characterized by having clear norms, beliefs, and assumptions, is a good indicator or predictor of what is going to happen when an agent of the organization undertakes a contractual relationship.

In sum, the psychological contract includes ten basic elements:

1. The psychological contract consists of a set of expectations and beliefs about the terms, conditions, promises, and acceptances of a reciprocal exchange agreement between an employee and his/her organization.

2. The psychological contract is based on perceived promises, which are defined as any communication of future intent. In the psychological contract, both parties make promises and accept conditions.

3. The psychological contract implicitly assumes asymmetry of information because both parties do not share a common understanding of the all contract terms.

4. The psychological contract's set of beliefs are grounded in several factors (e.g. past experience, social norms, friendship within the organization) and they are revised throughout the employee's tenure.

5. The organization provides the social exchange context for the creation of the psychological contract. The social exchange context entails assumptions, values, norms, and beliefs about the appropriate behavior with a particular social unit.

6. Relational psychological contracts are broad, open-ended, long-term obligations, and are mainly based on socioemotional elements (e.g. loyalty and support).

7. Transactional psychological contracts are those psychological contracts that are specific, short-term, and mainly based on monetary obligations.

8. Psychological contract breach is a cognitive experience that one's organization has failed to meet one or more obligations within one's psychological contract. Psychological contract violation is an emotional experience that emerges after a cognitive evaluation that one's organization has failed to meet one or more obligations within one's psychological contract.

9. When the psychological contract is breached or violated, it will strongly affect the employee's behavior (e.g., silence, cynicism, resistance to change, intention to quit, neglect of in-role job duties, turnover, and absence) and employee's attitudes (e.g. job satisfaction, employee motivation, employee commitment, sense of security, employee loyalty, and employee distrust).

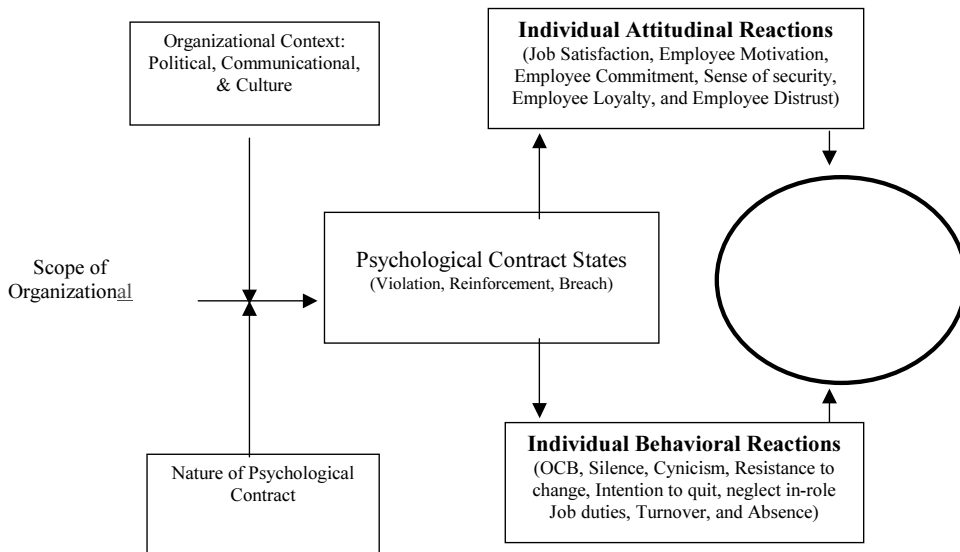
10. The psychological contract's parties carry out an interpretation process to explain how and why breach and violation occurred.

III. LINKING ORGANIZATION CHANGE DIMENSIONS AND PSYCHOLOGICAL CONTRACT STATES: A THEORETICAL MODEL.

The previous sections indicate that the existing literature has failed to recognize the importance of human resources in organizational change literature. In addition, the influences of the psychological contract effects have not been considered in the context of organizational change. As a result, this section attempts to bridge these identified gaps with a theoretical model that links both dimensions of organizational change and psychological contract states. This model presents six constructs: organizational context (i.e. culture, communication, politics), social exchange context (i.e. nature or characteristic of psychological contract), psychological contract states (i.e. breach, violation, reinforcement), organization change dimension (i.e. scope, cost, time), individual attitudinal reactions (i.e. job satisfaction, employee motivation, employee commitment, sense of security, employee loyalty, employee distrust), and

individual behavioral reactions (i.e. organizational citizenship behaviors, silence, cynicism, resistance to change, intention to quit, neglect of in-role job duties, turnover, absence). Organizational contexts (i.e. politics, communication, culture) affect the relationship between the scope of organizational change and the psychological contract affects. The other two constructs are the two types of employee reactions or responses (i.e. behavioral and attitudinal) that are raised when the psychological contract is affected. The scope of organizational change will be the only dimension included in the model that affects the state of psychological contract; the other dimensions (cost and time) do not have a relevant influence on the state of psychological contract because they are not the primary source of change in the state of psychological contract. Once the state of psychological contract is affected (breached, violated, reinforced) by the scope of organizational change, it influences the three organizational change dimensions (scope, cost, time). Thus, it is possible to argue that dual causality is seen in just one dimension of organizational change. In other words, the scope of organizational change directly affects the state of the psychological contract, and in turn, the new state of the psychological contract will affect the scope of organizational change.

THEORETICAL MODEL
STRATEGIC CHANGE DIMENSIONS AND PSYCHOLOGICAL CONTRACT STATES



The main argument behind the dual causality between scope and the psychological contract is that the magnitude and degree of change will directly affect the relationship between employee and employer. For instance, if an organization decides to initiate a very deep change, which includes a major change in the membership of the top management team

(TMT) and a new CEO with a new vision for the organization has recently assumed office, it is highly likely that the employee-organization relationship will be strongly affected. In contrast, if an organization decides to change some element of the work flow process in order to improve the quality of its products, which would be considered a type of evolutionary change, it is likely that the psychological contract will be less affected. Moreover, radical and transformational changes, which include changes within the structure, technology, mission, strategy, leadership, or culture, have tremendous consequences across the organization, including the psychological contract. Therefore, the scope of change will predict how much the psychological contract is going to be affected.

Proposition 1a: An organizational change that is wide in scope will strongly influence the state of the psychological contract (breach, violation, reinforcement).

Proposition 1b: An organizational change that is narrow in scope will weakly influence the state of psychological contract (breach, violation, reinforcement).

The underlying argument of this first proposition is that gradual changes will reinforce the existing psychological contract between employee and employer but will not violate or breach it, whereas large-scale changes will breach and violate the employee-employer psychological contract but will not reinforce it. Moderators, to be discussed in the next section, may change the relationships noted above.

III.1. PREDICTING PSYCHOLOGICAL CONTRACT STATES TO A DIFFERENT SCOPE OF ORGANIZATIONAL CHANGE.

III.1.1. Effect of incremental changes on psychological contract effect.

The implementation of incremental changes will have a positive effect on the state of the psychological contract. This positive effect, however, is moderated by two contextual factors: organizational context (culture, communication), and social exchange (nature of the psychological contract). Incremental changes will reinforce the psychological contract when the organizational context is characterized by both an organizational culture that emphasizes innovation and organizational communication that emphasizes openness. Further, incremental change will also positively affect the psychological contract when the social exchange context is characterized by reciprocal trust.

Proposition 2: Organizations whose contextual condition is characterized by an innovative culture, communicative openness, and trust will reinforce the psychological contract when undertaking incremental changes.

As was stated earlier, the nature of the psychological contract is one of the characteristics that distinguishes it from other types of contracts. The nature of the psychological contract af-

fects employee perceptions about organizational change. If the majority of employees hold a relational psychological contract, employees may interpret the organizational change as having the intention of improving the contractual relationship, because they may see the organizational change as an opportunity. However, employees with a transactional psychological contract will see organizational change as a threat. Further, the nature of the psychological contract affects the individual's judgment about the outcome of the organization's change (implications and magnitude) and its process (attribution and fairness) (Morrison & Robison, 1997). When the exchange is transactional rather than relational, outcome concerns should have a larger effect on the link between perceived contract breach and violation, since employees are focused on direct and immediate reciprocity in transactional relationships. When the exchange is relational, the judgment about why and how a psychological contract was unfulfilled will be less important in creating a sense of violation. Therefore, the nature of the psychological contract holds that each individual is going to determine whether their psychological contract is violated, breached, or reinforced.

Proposition 2a: Organizations whose employees hold relational psychological contracts will reinforce the psychological contract when they undertake incremental organizational change.

Proposition 2b: Organizations whose employees hold transactional psychological contracts will breach or violate the psychological contract when they undertake incremental organizational change.

The organizational culture includes the beliefs, values, and mental models that are held by employees (Barney, 1986; Martin, 1992). One of the main functions of the organizational culture is that of moderating the employees' perceptions and behaviors (Martin, 1992). For instance, if an organization is characterized by a culture with a high level of innovation, any change undertaken by the organization may be seen as normal since the employees are working in an organizational culture whose processes, systems, managerial techniques, and products are constantly undergoing change. If this is the case, any change undertaken by the organization is going to produce a positive employee stimulus. However, if the organization is not characterized by constant change, it is likely that, when the organization decides to undertake organizational change, the employees may have the perception that their psychological contract has been violated or breached.

Proposition 2c: In an organizational culture characterized by a high level of innovation and change, any incremental change undertaken by the organization is going to reinforce the psychological contract of the employees.

Proposition 2d: In an organizational culture characterized by little change, any incremental change undertaken by the organization is going to violate or breach the psychological contract of the employees.

Furthermore, Morrison & Robison (1997) argue in their model that incongruence be-

tween employees and the organizational agent(s) may lead to psychological contract violation. Incongruence occurs when there are different perceptions or cognitive schemata of a given promise between agent(s) and the employee. Schemata are cognitive frameworks that represent organized knowledge about a given concept or type of stimulus. Cognitive differences may be associated with the existence of cultural distance among employees and employer. If the relationship between an employee and an organizational agent are characterized by very different assumptions, values, and beliefs about employment obligations, then there is incongruence between the employee and employer. Therefore, organizational culture plays an important role in creating cognitive differences.

Proposition 2e: An organization whose employment relationship is characterized by low cultural distances will reinforce the psychological contract when the organization undertakes incremental change.

Proposition 2f: An organization whose employment relationship is characterized by high cultural distances will violate or breach the psychological contract when the organization undertakes incremental change.

In addition, the social contract is considered a component of the organizational culture and it influences the relationship between the organization and the employees (Morrison & Robison, 1997). A social contract refers to the assumptions, beliefs, and norms about appropriate behavior within a particular social unit (Gough, 1963). A social contract can be clearly or ambiguously established in the organization. In the context of an employment relationship, the social contract entails beliefs about exchange, reciprocity, good faith, and fair dealing. Thus, 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. Different psychological contracts are governed by the same social contract, which serves as the basis for the contractual relationship. Therefore, a strong social contract, which is characterized by having clear norms, beliefs, and assumptions is a good indicator or predictor of what employees believe is going to happen when the organization undertakes changes.

Proposition 2g: An organization whose social contract is strong and predictable will reinforce the psychological contract when the organization undertakes incremental changes.

Proposition 2h: An organization whose social contract is weak (i.e. characterized by unclear norms, beliefs, and assumptions) and unpredictable will breach or violate the psychological contract when the organization undertakes incremental changes.

Furthermore, according Kilbourne, O'Leary-Kelly & Williams (1996), the organizational culture (values systems) influences the employee's perception of fairness. They suggest that

“employees may determine whether the new system is fair by matching it against their individual ethical standards regarding how employees should be treated”. It seems that organizational culture is likely to influence the employees’ perception of fair treatment during the implementation of the organizational changes.

Proposition 2i: An organization whose employees perceive its treatment as fair and just will reinforce the psychological contract when the organization undertakes incremental change.

Proposition 2j: An organization whose employees perceive its treatment as unfair and unjust will violate or breach the psychological contract when the organization undertakes incremental change.

Organizational communication is a factor that minimizes incongruence between an employee and the organization’s agent(s) in fulfilling the employee’s psychological contract. Truthful, open, and accurate communication regarding expected obligations will minimize incongruence. Moreover, communication will help to minimize the “false consensus effect”, whereby people assume that they share the same perceptions. Communication is facilitated by a high leader-member exchange that will reduce the likelihood of experiencing violation by minimizing incongruence.

Proposition 2k: An organization whose communication system is characterized by being truthful, open, and accurate will reinforce the psychological contract when the organization undertakes incremental changes.

Proposition 2l: An organization whose communication system is characterized by being untruthful, closed, and inaccurate will violate or breach the psychological contract when the organization undertakes incremental changes.

Finally, when the specific contextual conditions that are explained above are not present, incremental changes may negatively affect the psychological contract. For instance, when the social exchange is characterized by low levels of trust, it is highly likely that the prior trust of an employee will be very low. When the prior trust of an employee is low, constant small organizational change may produce constant contract change, which may mean increased opportunities for employees and employers to misunderstand the agreement and to perceive a contract breach even when an actual breach did not occur. Thus, when the level of trust is low in an employment relationship, it would be expected that the majority of employees believe that the employer has breached some aspect of their employment agreement (Robinson & Rousseau, 1994). Moreover, when the communication system within an organization is not open, the interpretation process carried out by employees is based on their own information that may lead to a misunderstanding about the purpose and objective of the organizational change. Further, when the culture of an organization is based on beliefs and values that are not consistent with innovation, it is highly likely that any process of incremental change will not reinforce the psychological contract, but will cause a breach or violation.

III.1.2. Effect of radical changes on psychological contract effect.

Even though radical changes (large-scale, transformational, revolutionary, strategic) are rare in organizations (Burke, 2002), those that do undertake them will always provoke a negative effect on the state of the psychological contract (violation and breach). The effect is negative in the sense that the status quo of an employee is affected and forced to change, and people are more likely to resist change than accept it. This negative effect, in contrast to the reaction to incremental change, is only moderated by organizational communication. Radical and strategic changes, according to the cognitive perspective, shift organizational ideologies, which are formed by core beliefs, schemas, and knowledge structures (Walsh, 1995). Thus, when radical change affects the organizational belief structure, it strongly affects the employee beliefs, or their psychological contract.

Proposition 3: Under any external and internal condition, it is highly likely that organizations will violate and breach the psychological contract when they undertake radical or strategic changes.

Is it possible to change employee beliefs when the organization undertakes strategic change? If so, it is central to any manager to address employee beliefs concerning the change before, during, and after any strategic change in order to avoid any violation or breach of the employee's psychological contract. The concept of reciprocal obligation that is present in any psychological contract would imply that, in circumstances of strategic change, not only can the employers fail to fulfill obligations, but the employees can as well. Employees may disagree with the strategic changes undertaken by the organization and they may not be willing to change their beliefs and perceptions. If that is the case, several dimension of organizational change (scope, cost, time) should be reevaluated. For instance, a radical change that is not successfully implemented may be more costly (organizations may decide to change personnel and hire new employees) and will take more time.

Although the prior proposition states that it is highly likely that an employees' psychological contract will be violated when the organization decides to implement radical change, it is important to point out that, under certain circumstances, this may not be the case. Depending on the employee's interpretation of psychological contract change, violation may or may not occur in certain circumstances. The meaning given by an employee to radical change is developed through the employee's cognitive evaluation. If the employee is well-informed through the organization's formal channels of communication, it is highly likely that the employee will not perceive any failure from the employer, and thus, will not feel emotionally betrayed. Incongruence occurs when there are different perceptions of a given promise between agent(s) and employee. According to Robinson & Morrison (1995), there are three factors that play a role in creating incongruence: (a) the degree to which employees and organizational agent(s) bring different cognitive schemata to a situation, (b) the complexity or ambiguity of the obligation between the parties, and (c) communication. When employees are well-informed through formal channels of communication, it is highly likely that employees

and employer will have similar cognitive schemata. Likewise, the high organizational uncertainty or ambiguity created by radical change is decreased when the lines of organizational communication are open in an organization. Based on the foregoing arguments, an open communication system may be a powerful tool for decreasing feelings of violation or breach in the employees' psychological contracts.

Proposition 4: An efficient formal communication channel during a period of radical change will decrease the negative effects of radical change on the psychological contract.

Morrison & Robinson (1997) define fairness judgment as the employees' perceptions of how fairly he or she has been treated. It is an important element in the sense-making process following a perceived contract breach. Judgments of fair treatment are often more aligned with interactional justice (Bies & Moag, 1986 not in References!!). Interactional justice refers to one's judgment regarding the interpersonal treatment one has experienced in the process of radical change. These judgments reflect the employee's belief about whether he or she has been dealt with honestly and respectfully and whether he or she has received an adequate justification for the contract breach. It focuses attention upon the leaders of an organization; their accurate justification of a radical change will minimize its possible negative effects on an employee's perception. Moreover, the leader of an organization, before undertaking any strategic change, should manage the employee perceptions through a strong communicative process in order to minimize any misunderstanding. This should be a part of the change management process. The agent of change should clearly explain any strategic change in order to manage employee perceptions and beliefs.

Whether or not the majority of employees hold a relational psychological contract, any radical change undertaken by the organization may be interpreted as an intention of improving and employees can see this change as an opportunity to them, but employees whose psychological contract is transactional in nature will likely see radical change as a threat to them.

III.2. PREDICTING THE EFFECTS OF EMPLOYEE ATTITUDINAL RESPONSES ON STRATEGIC CHANGE DIMENSIONS.

Psychological contract literature highlights six employee attitudinal reactions when the psychological contract is negatively affected. Those negative attitudes are: low job satisfaction, low employee motivation, low employee commitment, low sense of security, low employee loyalty, and high employee distrust. Each of these employee attitudes is going to affect each dimension of organizational change in a different way. The relationship between each negative attitude and each dimension of organizational change is presented in the following table.

TABLE 1
EFFECTS OF EMPLOYEE ATTITUDINAL REACTION ON DIMENSIONS OF ORGANIZATION CHANGE

		Dimension of Organization Change		
		Scope	Cost	Time
Employee Attitudinal Reactions	Low Job Satisfaction	+	-	-
	Low Employee Motivation	+	-	-
	Low Employee Commitment	+	-	-
	Low Sense of Security	+	-	-
	Low Employee Loyalty	+	-	-
	High Employee Distrust	-	-	-

(A positive (+) sign means positive relationship, while a negative sign (-) means negative relationship)

According to job satisfaction and employee motivation literature, any organizational change that is designed to lead to organizational improvement will result in changes in several role and task dimensions such as autonomy, independence, feedback, and rewards and will positively affect motivation and job satisfaction (for more information, see the results of the Hawthorne studies). Additionally, if the employees are working in an organization with low motivation, security, and loyalty, then they will not be willing to help the agent of change or leaders of change in saving financial and economics resources. Likewise, an employee with a low level of job satisfaction and commitment will not take part in management teamwork (i.e. quality circles, TQM project teams) and they will not be involved in any other activities that imply additional work. Under these circumstances, organizations will need to spend a lot of time and economic resources convincing, motivating, and training employees in order to involve all members of the organization in the change. Therefore, low motivation, job satisfaction, commitment, security, and loyalty will increase the cost and time of any organizational change. In addition, organizational managers will be forced to decrease the scope of any organizational change when employees have low motivation, job satisfaction, commitment, security, and loyalty because employees are more willing to be part of small changes than large ones. In other words, people normally resist change, and therefore, they will be more willing to undertake small organizational changes than more significant ones. This last argument is based on the assumption that the organization considers its human assets highly valuable, and thus, it is not willing to terminate employees but prefers to retain employees when possible.

From the preceding table, two general theoretical propositions emerge:

Proposition 5: All employee attitudinal reactions, which are caused by psychological contract violation and breach, will negatively affect the cost and time of organizational change.

Proposition 6: The scope of organizational change is positively affected by all employee attitudinal reactions, with the only exception of high employee distrust.

A closer analysis of the cost dimension of organizational change provides some additional insight. The cost of any organizational change is affected by several factors. Morrison & Robinson (1997) suggest that three specific factors may affect the costs and benefits. First is power asymmetry: in an employment relationship, an employee will have more power if he or she possesses critical skills or expertise that creates dependence by the organization. In many cases, however, the employee is the more dependent and, hence, less powerful party. In this case, the employer can easily replace the employee, whereas the employee cannot easily exit the employment relationship (McLean Park & Kidder, 1994 not in References!!). When the employee is the more powerful party, any organizational change that depends on key people (agent of change, team leader, CEO) will be seen as more costly. Second, the agent of change's assessment about the adequate fulfillment of the employee's obligation may be considered more costly than the employee's perception. Finally is the nature of the exchange relationship. Relational exchange encourages a collective interest rather than solely self-interest. Thus the cost of organizational change will be considered as greater when the contract is viewed as relational (McLean Park & Kidder, 1994; McLean Park & Schmedemann, 1994).

Moreover, Morrison & Robinson (1997) suggest that 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 Park & Schmedemann, 1994). Fulfilling a promise also may be costly, because promises to employees often entail scarce resources. It seems that, in some cases, the organization will have to evaluate cost effectiveness when deciding whether to undertake strategic change.

III.3. PREDICTING THE EFFECT OF EMPLOYEE BEHAVIORAL RESPONSES ON STRATEGIC CHANGE DIMENSIONS.

Psychological contract literature highlights eight employee behavioral responses when the psychological contract is negatively affected. Those negative behavior responses are low employee citizenship behavior, high employee silence, high employee cynicism, high resistance to change, high employee intention to quit, high employee neglect of in-role job duties, high employee turnover, and high employee absence. Each of these behavioral responses affects each dimension of organizational change in different ways. The relationship between each negative behavior and each dimension of organizational change is presented in the following table.

TABLE 2
EFFECTS OF EMPLOYEE BEHAVIORAL RESPONSES ON DIMENSIONS OF ORGANIZATION CHANGE

		Dimension of Organization Change		
		Scope	Cost	Time
Employee Behavioral Responses	Low Employee Citizenship Behavior	+	-	-
	High Employee Silence	-	+	+
	High Employee Cynicism	-	+	+
	High Resistance to Change	-	+	+
	High Employee Intention To Quit	-	+	+
	High Employee Neglect In-Role Job Duties	-	+	+
	High Employee Turnover	-	+	+
	High Employee Absence	-	+	+

(A positive (+) sign means positive relationship, while a negative sign (-) means negative relationship)

As explained in the theoretical review of organizational change literature, the human resources of an organization are considered to be a key component in any process of organizational change. Based on this assumption, actions or behaviors undertaken by an employee will directly affect any organizational outcome. For instance, if the employees of an organization show a low level of extra role and prosocial behavior, such as organizational citizenship behavior, then any organizational change will be more costly and will take more time because most of the organizational changes involve extra work and time. Additionally, if employers see that their employees are not willing to spend time engaging in extra role behavior, then it is highly likely that employers may decide to decrease the scope of change. In contrast, when the organization undertakes change with employees who possess high levels of organizational citizenship behaviors, it is likely that the organization will not need to spend additional resources and time to convince and involve employees in its strategy of change. In addition, the organization will not need to decrease the scope of change because the employees will be motivated to carry out any additional and extra-role behavior that is normally unrewarded.

From the preceding table, two general theoretical propositions emerge:

Proposition 7: All of the employee behavioral responses that are caused by psychological contract violation and breach will positively affect the cost and time of organizational change, with the exception of organizational citizenship behavior.

Proposition 8: The scope of organizational change is negatively affected by all employee

behavioral responses, with the exception of organizational citizenship behavior.

Looking at resistance to change as an individual response to organizational change, Burke (2002) suggests that resistance to change comes from one's experiencing a lack of choice, that is, the imposition of change, or forced movement to some new state of being and acting. Resistance should be analyzed to determine whether the resistance is blind, political, or ideological. According to Burke (2002), resistance dominates the organizational change process and there are five examples of resistance to large-scale change:

- Revolution becomes, at best, evolution: When a transformational change occurs, only some organizational components are changed. The old culture is too powerful.
- Insufficient sense of urgency: People are not motivated to accept organizational changes.
- "This too shall pass": A function of history, people believe that "the more things change, the more they stay the same".
- Diversionary tactics: Organizational members may experience a strong desire to sabotage the effort in one way or another.
- Lack of fellowship: Followers and potential followers collude or even conspire with one another to find fault with the leader.

One fundamental way of resolving perceived inequities in the exchange relationship with one's employing organization is to withdraw from that relationship (Robinson et al., 1994). Researchers have tended to strongly support the hypothesis that psychological contract breaches are associated with thoughts of quitting (i.e. turnover intentions). Rousseau (1995) argued that turnover intentions will be a more common response to psychological contract breaches that involve transactional obligations rather than relational obligations. Furthermore, because transactional exchange agreements do not involve investments of identity and involvement, the costs of employee turnover are lower (Rousseau, 1995: 135).

Proposition 9: In a context in which a high proportion of the employment relationships between employee and employer are mainly transactional, any strategic change will be more costly when most of the employees intend to quit the organization.

IV. THEORETICAL CONTRIBUTIONS AND CONCLUSION.

This paper has several theoretical and practical contributions. First, the issues of psychological contract states (breach, violation, reinforcement) and their relationships with organizational change have been largely ignored in the literature. For instance, the length of time

necessary to implement strategic changes may be strongly affected by violations and breaches of an employee's psychological contract. As this paper has suggests, the psychological contract not only affects the time of organizational change, but it also impacts its cost and scope as well. Psychological contract literature has examined factors that intervene in psychological contract violation, psychological contract breach, the nature of the psychological contract (relational and transactional), and its implications for the organization and its employees. Until now, organizational theorists have not recognized the role played by the psychological contract in the strategic change process, particularly when related to how different dimensions of organization change (time, scope, cost) are affected by psychological contract violation, breach, and reinforcement. Therefore, this paper has tried to give a clear explanation of this issue through a theoretical framework which emphasizes the two-directional causal relationship between the dimension of organizational change and psychological contract effects.

In addition, many of the employee's behavioral and attitudinal responses to psychological breach and violation have not been studied in relation to organizational change dimensions. For instance, organizational citizenship behavior literature has not been considered in the context of organizational change. Finally, within psychological contract literature, the large group of negative outcomes associated with the psychological contract effect have not been considered. The theoretical framework proposed in this paper brings together the fourteen main negative outcomes (six attitudinal and eight behavioral) to be associated with each dimension of organizational change. Therefore, based on these three main theoretical contributions, this paper constitutes a real advance in the theoretical development of both psychological contract and strategic change literature. The challenge now is to validate these theoretical hypotheses in the field.

REFERENCES.

- ALTMAN , B.W. & PPST, J.E. 1996. Beyond the social contract: An analysis of executive's view at 25 large companies. In Douglas T Hall (Ed), *The Career is Dead- Long live the career: A relational approach to career*: p.6-71. San Francisco: Jossey-Bass.
- BARNEY, J. 1986. Organizational Culture: Can it be a source of sustained competitive advantage? *Academy of Management Review*, 9: 71-78.
- BECKHARD R. & HARRIS, R.T. 1987. *Organizational Transitions: Managing Complex Change*. 2nd Editions. Reading, MA: Addison-Wesley.
- BIGLEY, G.A. & PEARCE, J. 1998. Straining for shared meaning in organizational science: problems of trust and distrust. *Academy of Management Review*, Vol. 23: 405-432.
- BUNDERSON, S.J. 2001. How Work Ideologies Shape the Psychological Contracts of Professional Employees: Doctors' Responses to Perceived Breach. *Journal of Organiza-*

- tional Behavior, Vol.22: 717-741.
- BURKE, W.W. 2002. Organization Change: Theory and Practice. London: SAGE Publications.
- FRIEDLANDER, F. & BROWN, L.D. 1974. Organization Development. Annual Review of Psychology, 25: 313-341.
- GERSICK, C.J.G. 1991. Revolutionary Change Theories: A Multilevel Exploration of Punctuated Equilibrium Paradigm. Academy of Management Review, Vol.16 (1: 10-36.
- GOUGH, J.W. 1963. The Social Contract. Oxford, England: Oxford University Express.
- Grinyer, P. & McKiernan, P. 1991. Generating major changes in stagnating companies. Strategic Management Journal. Vol.11: 131-146.
- GUZZO, R.A. & NOONAN, K.A 1994, Human Resource Practices as Communications and Psychological Contract, Human Resource Management, 33(3): 447-462.
- JOHNSON, G. 1987. Strategic Change and Management Process. Mew York: Basil Blachwell.
- KILBOURNE, L.M.; O'LEARY-KELLY, A.M. & WILLIAMS, S.D. 1996. Employee Perceptions or Fairness when Human Resource Systems Change: The case of Employee Layoffs. Research in Organizational Change and Development, 9: 25-48
- KISSLERr, G.D. 1994. The New Employment Contract. Human Resource Management, 33(3): 335-352.
- LEWIN, K. 1947. Group decision and social change. In T.M. Mewcomb, E.L.Hartley, & Others, Readings in Social Psychology, pp.330-344. New York: Henry Holt.
- LIEBERMAN, M.B., & MONTGOMERY, D.B. 1988. First-Mover advantages. Strategic Management Journal, 9: 41-58
- LUCERO, M.A. & ALLEN, R.E. 1994. Employees benefits: A growing Source of Psychological Contract Violations. Human Resource Management, 33(3): 425-446.
- MACNEIL, I.R. 1985. Relational Contract: What we do and do not know. Wisconsin Law Review: 483-525.
- MARTIN, J. 1992. Culture in Organizations: Three perspectives. Oxford University Press
- MINTZBERG, H. 1989. Mintzberg on management. Inside our strange world or organizations. New York; Fress Press.

- MORGAN, G. 1997. *Images of Organizations*. 2nd Ed. Thousand Oaks, CA: SAGE.
- MORRISON, D.E. 1994. Psychological Contract and Change. *Human Resource Management*, 33(3): 353-372.
- MORRISON, E.W. & Milliken, F.J. 2000. Organizational Silence: A Barrier to Change and Development in a Pluralistic World. *Academy of Management Review*, 25 (4): 706-725.
- MORRISON, E.W. & Robinson, S.L. 1997. When Employees feel betrayed: A model of How Psychological Contract Violation develops. *Academy of Management Review*, 22 (1): 226-256.
- MORISHIMA, M. 1996. Renegotiating Psychological Contracts: Japanese Style, Trends in Organizational Behavior, Vol.3, Edited by C.L. Cooper & D.M. Rousseau, John Wiley & Sons Ltd.
- PARK, J.M. & Schmedemann, D.A. 1994. When Promise Become Contract: Implied Contract and Handbook Provisions on Job Security. *Human Resource Management*, 33 (3): 403-423.
- PATE, J., MARTIN, G., & Staines, H. 2000. Exploring the relationship between psychological contract and organizational change: a process model and case study evidence. *Strategic Change*, Vol. 9:481-493.
- PIDERIT, S.K. 2000. Rethinking Resistance and Recognizing Ambivalence: A multidimensional view of attitudes toward and organizational change. *Academy of Management Review*, 25 (4): 783-794.
- PFEFFER, J. 1981. *Power in Organization*. Marshfield, Massachusetts: Pitman Publications.
- PFEFFER, J. & Salancik, G.R. 1978. *The external Control of Organizations: A Resources Dependence Perspective*. New York: Harper & Row.
- PORRAS, J.L. 1987. *Stream Analysis: A powerful way to diagnose and manage organization change*. Reading, MA: Addison-Wesley.
- PORRAS, J.L. & SILVERS, R.C. 1991. Organization Development and Transformation. *Annual Review of Psychology*, Vol. 42:51-78.
- PORRAS, J.L. & ROBERSON, P.J. 1992. Organizacional Development; Theory, practice and Research. In M.D. DUNNETTE & L.M. HOUGH (Eds.), *Handbook of industrial and organizational psychology*, Vol. 3, 2 nd ediction, pp.719-822. Palo Alto, CA:

Consulting Psychology Press.

- RAJAGOPALAN, N. & SPREITZER, G. 1996. Toward a Theory of Strategic Change: A Multi-lends Perspective and Integrative Framework. *Academy of Management Review*, 22 (1): 48-79.
- ROBINSON, S.L. 1996. Trust and Breach of Psychological Contract. *Administrative Science Quarterly*, Vol. 41: 574-599.
- ROBINSON, S.L. & MORRISON, E. W. 1995. Psychological Contract and OCB: The Effect of Unfulfilled Obligations on Civic Virtue Behavior, *Journal of Organizational Behavior*, 16:289-298
- ROBINSON, S.L. & ROUSSEAU, D.M. 1994. Violating the Psychological Contract: Not the Exception but the Norm. *Journal of Organizational Behavior*, Vol. 15: 245-259
- ROBINSON, S.L., KRAATZ, M.S.& ROUSSEAU, D.M. 1994. Changing Obligations and Psychological Contract: A longitudinal study, *Academic Management Journal*, 37(1): 137-152.
- ROBINSON, S.L. & ROUSSEAU, D.M. 1994. Violating the Psychological Contract: Not the exception but the norm, *Journal of Organizational Behavior*, 15: 245-259.
- ROUSSEAU, D. M. 1995. *Psychological Contract in Organizations*. SAGE Publications, Inc. California.
- ROUSSEAU, D.M & GRELLER, M.M. 1994. Human Resource Practice: Administrative Contract Makers, *Human Resource Management*, 33(3): 385-401.
- ROUSSEAU, D.M. & PARKS, J.1992. The contracts of individual and organizations. *Research in Organizational Behavior*, V.15.p.1-43
- ROUSSEAU, D.M. & WADE-BENZONI, K.A. 1994. Linking Strategy and Human Resource Practice: How employee and Customer Contract are created, *Human Resource Management*, 33(3): 463-489.
- SCHEIN, E.H. 1987. *Process Consultation: Its role in Organization Development*. Vol. 2. 2nd Edition. Reading, MA: Addison-Wesley.
- SHORE, L.M. & TETRICK, L.E. 1994. The Psychological Contract as an Explanatory Framework in the Employment Relationship, *Trends in Organizational Behavior*, Vol.1, Edited by C.L. Cooper & D.M. Rousseau, John Wiley & Sons Ltd.
- SIMS, R.R 1994. *Human Resource Management's Role in Clarifying the New Psychological*

Contract, *Human Resource Management*, 33(3): 373-382.

SPINDLER, G.S. 1994. Psychological Contract in the Workplace: A Lawyer's view, *Human Resource Management*, 33(3): 325-333.

TURNLEY, W.H. & Feldman, D.C. 2000. Re-examining the effects of Psychological Contract Violations: Unmet expectations and Job Dissatisfaction as a mediators, *Journal of Organizational Behavior*, 21: 25-42

VAN de VEN, A.H. 1995. Organizational change. *Encyclopedic Dictionary of Organizational Behavior*, Edit by Nigel Nicholson. Cambridge, MA: Blackwell Publishers. 366-373.

VAN de VEN, A. & POOLE, S.M. 1995. Explaining Development and Change in Organizations. *Academy of Management Review*, 20 (3): 510-540.

WALSH, J.P. 1995. Managerial and organizational cognition: Notes from a trip down memory lane. *Organization Science*, Vol.6:280-321

WEICK, K.E. & QUINN, R.E. 1999. Organizational Change and Development. *Annual Review of Psychology*. Vol. 50:361-386

WHITENER, E.M., BRODT, S. E, KORSGAARD, M.A. & WERNER, J.M. 1998. Managers as initiators of trust: An exchange relationship framework for understanding managerial trustworthy behavior. *Academy of Management Review*, Vol. 23 (3): 513-530.

WORLEY, C.G., HITCHIN, D.E. , & Ross, W.L.1996. *Integrated Strategic Change*. Addison-Wesley Publishing Company Inc. Massachusetts.