

**Psychological Contracts and Professional Ideologies:
A model for Psychological Contract alignment.**

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Abstract: *This conceptual paper explores changes in the employment relationship, that indicate a need to consider the inclusion of an ideological component in the psychological contract. It responds to theoretical calls to identify the components of the employment relationship, in order to achieve closer alignment between the parties. The approach utilises a literature review, to develop a conceptual model adapting the psychological contract from a two dimensional construct, composed of transactional and relational components, to a three dimensional construct, which includes an ideological component. This paper proposes that the inclusion of an ideological currency in the psychological contract strengthens the relationship, making it more relevant for contemporary professionals and adds a dimension that HRM can utilise when strategising for improved attraction and retention.*

Key Words: Psychological Contracts, Professional Ideologies, HRM, Attraction and Retention.

BACKGROUND

Changes in the employment context, partly due to the increasing numbers of professionals being employed, are prompting both individuals and organisations to look for closer alignment between those involved in the employment relationship (Bunderson 2011). These changes suggest that a review of the conceptual boundaries of the psychological contract are warranted. Constructive research into the construct of the contemporary psychological contract will contribute to the advancement of psychological contract theory and aid practitioners as they strategise for more sustainable workforces. Linking ideology and the psychological contract is currently at the forefront of psychological contract research and focus on the individual perspective of the employment

relationship is to be encouraged. This paper explores conceptual realities around expanding the psychological contract from the historical approach of a two dimensional construct, composed of transactional and relational components, to include a third dimension of an ideological component. Coherent theory around the construct of the psychological contract will assist organisations to interpret and manage the effects of various influences on the employment relationship.

Retrieval strategies

The research predominately examined secondary data and included empirical and conceptual studies in relation to psychological contract theory, professional ideologies and HRM practices.

PSYCHOLOGICAL CONTRACTS AND SHARED IDEOLOGIES

Psychological contract contentions and elusive definitions

Contention has existed for decades about the construct of the psychological contract. There has also been criticism for many years that psychological contract theory lacks scientific rigour (Guest 1998; Coyle-Shapiro 2004) and researchers have long acknowledged that psychological contracts change over time (Robinson & Rousseau 1994; Rousseau 1995; Sparrow 1996) suggesting that continued research is required to bring psychological contract theory in line with the workplace in the 21st century.

Definitions remain elusive and until there is alignment on what these are, studies hoping to ascertain what builds a healthy balanced psychological contract will have difficulties (Dadi 2012). Notwithstanding the importance of the psychological contract, definitions have varied throughout the decades (Rousseau 1989; Coyle-Shapiro 2004; Guest & Conway 2002) and clarity as to what really constitutes the construct of the psychological contract and how to manage it effectively, continues to be elusive. Rousseau led the charge to bring some clarity, by developing a scientific and

measurable construct which narrowed the definition into a two dimensional form, that of transactional and relational components (Rousseau 1989). Critics of the two dimensional construct propose that changes in the 21st century suggest that shared ideologies are becoming an increasingly important part of a successful employment relationship (O'Donohue, Donohue & Grimmer 2007; O'Donohue & Nelson 2007; Thompson & Bunderson 2003; Vantilborgh, Bidee, Pepermans, Willems, Huybrechts & Jegers 2014).

American authors, Thompson and Bunderson (2003) were among the earliest researchers to introduce an ideological component in their conceptual paper; more recent empirical research by Australian authors, O'Donohue et al. (2007) and Belgium authors, Vantilborgh et al. (2014) have added weight to the significance of the inclusion of an ideological component. The concept of a shared ideological currency as part of the construct is relatively new to theory and suggests that employees want more than transactional and relational rewards, they want to be aligned with an organisation that shares their ideologies.

The purpose of this research is to analyse available literature to build a framework to underpin the hypothesis that the psychological contract supports a third dimension of shared ideologies and considers its importance to professional employees. Definitions of ideology are varied and for the purposes of this review a long-standing definition adequately defines it as a "relatively coherent sets of beliefs that bind some people together and that explain their worlds in terms of cause and effect relationships" (Beyer 1981).

Research by American authors, Thompson and Bunderson (2003) suggests that employees want more than transactional and relational rewards, they want to be aligned with an organisation that shares their ideologies. Australian authors, O'Donohue and Nelson (2007) provide support for this hypothesis, suggesting that Australians want to see meaning and their place in the bigger picture, they also contend that adjustments in social values and beliefs are changing the content and context of the

psychological contract. Keeping within the Australian context, a study by O'Donohue, Sheehan, Hecker and Holland (2007) into the psychological contracts of Australian knowledge workers indicated that participants had a greater leaning towards ideological and societal concerns than they did toward transactional or relational concerns. Building on Australian research, O'Donohue et al. (2007) present findings from a qualitative investigation into the psychological contracts of Australian Government Research Scientist and a quantitative study of Australian MBA Graduates, they found that a shared undertaking to a broader professional ideology impacts positively on the professional employment relationship. This is supported by a quantitative study by Vantilborogh et al. (2014) which concluded that the psychological contract of volunteers in the NFP sector was strengthened by the sharing of an ideological currency, such as a commitment to a mission or cause. They found that a shared commitment to a mission or cause lowered the likelihood of perceived contract breaches of the volunteers.

Insight into the construct of the psychological contract potentially holds a key to improved alignment between the parties to the employment relationship. This is particularly so for Generation Y, the youngest members of the professional workforce, where research suggests that ideologies, social values and beliefs are an important factor for this cohort (Gursoy, Maier & Chi 2008). Furthermore, researchers propose that this ideological trend will continue for Generation Z, the next generation of professionals to enter the workforce (Lub, Bal, Blomme & Schalk 2014; Ng, Schweitzer & Lyons 2010).

Empirical research demonstrating the importance of ideologies to the psychological contract will assist employers to develop initiatives to achieve improved attraction and retention strategies for the future. Being an employer of choice is becoming a challenge for employers in recent times (Benson & Brown 2011), as the younger generations want organisations to measure up to their

ideologies and values. Initiatives which address these factors may assist in the attraction and retention of these younger generations, ultimately contributing to more sustainable workforces. In sum, the limited research in regard to ideologies within the psychological contract of professional employees, is limiting progress in this area. Furthermore, a shortage of research analysing ideologically infused psychological contracts specific to Generations Y and Z (Lub, Bal, Blomme & Schalk 2014) may also hamper the building of successful employment relationships for future workforces.

Psychological contract framework

Psychological contract theory has gained momentum since Rousseau's (1989, 1990, 1995) prominent work in the eighties and nineties and researchers have agreed for some time that the psychological contract is an exchange of implicit promises and obligations (Guest & Conway 2002). Historically, research has largely focused on contract violation and breaches and the detrimental effects of the resulting behaviour and attitudinal issues (Coyle-Shapiro & Kessler 2000; Edwards, Rust, McKinley & Moon 2003; Robinson & Morrison 2000; Rousseau 1995, 2001). This focus in the literature on breaches and violation develops an understanding of a reactive response to the psychological contract. A proactive approach employed in the understanding and utility of the psychological contract, examines the benefits to be gained in the sharing of ideologies within the construct. Potentially shared ideologies can act as a means to strengthen the employment relationship and may make up for what might otherwise be considered breaches in transactional or relational components.

Professional Ideologies as part of the psychological contract

Consideration is given to the hypothesis that shared ideologies can act as a mechanism to strengthen the psychological contract relationship by moving it from what Burr & Thompson (2002)

refer to as a 'me' to 'we' perspective. Ideology has been studied in organisational behaviour literature at a macro level for decades, generally in relation to organisational culture; the focus here is at a micro level and relates to the concept of shared ideologies as part of the individual's psychological contract.

Recognising this shift in attitude, organisations are increasing their efforts in the areas of Corporate Social Responsibility, as this is reputed to enhance an organisation's attraction and retention possibilities (Bauman & Skitka 2012). In support of these initiatives, research suggests that an ideological infused psychological contract expands the traditional parameters to allow consideration of ethics and shared ideologies (O'Donohue & Nelson 2008; Vantilborgh et al. 2012, 2014), an important factor for the younger generations (Gursoy et al. 2008, Lub et al. 2014; Ng et al. 2010).

In sum, organisations can build on the skills and knowledge of their employees but what is in their hearts and minds pertinent to their personal ideologies is harder to recognise, therefore, the development of a construct that provides a vehicle for consideration of professional ideologies within the employment relationship will aid in the building of stronger psychological contracts.

HRM RELEVANCE

Organisations continually strategise about how to attract and retain staff, however, little is known about how shared professional ideologies influence the attraction and retention of today's workforce. An individual's ideologies typically exist irrespective of the employer and are therefore inherent in the relationship before the employee is employed (Rousseau 2001), however, the role of reciprocal or shared ideologies has been indicated to influence the formation of the psychological

contract (Coyle-Shapiro & Neuman 2004). HRM processes that help to identify future employee's professional ideologies, values and beliefs may achieve increased alignment between the individual and the organisation. Furthermore, employees who subscribe to a more self-reliant ideology are found to have fewer expectations of their employers (Edwards et al. 2003) and are therefore, more positively predisposed to their employer and less likely to have perceived breaches in their employment relationship. Similarly, volunteers committed to a greater cause, have fewer expectations, the result being they are less likely to have perceived breaches (Vantilborgh et al. 2012). This research proposes that a selection process that focuses on hiring individuals committed to the organisational ideologies or those with more self-reliant ideologies may aid retention.

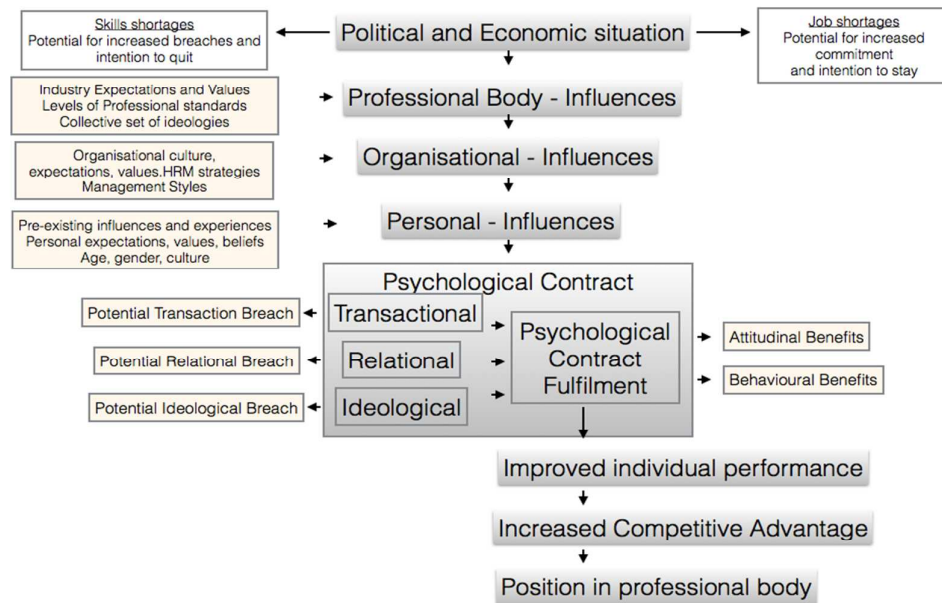
Twenty years ago Rousseau (1995, 2001) suggested that the formation of the psychological contract starts with the recruitment process and there is nothing to suggest that this is any different today. HRM can act as sense-givers to the psychological contract through the information and interpretations they give to the employee's reality both during recruitment and through the ongoing development of the employee. Representatives of the organisation rather than the organisation itself are the contract makers (Rousseau 1995, 2004), therefore, it is contended that HRM is well positioned to play a role in creating a positive influence on the formation and continued maintenance of the psychological contracts of its workforce.

EXPANDED INTERPRETATIVE FRAMEWORK

This paper supports the expansion of the psychological contract framework to include a third dimension of shared ideologies, effectively creating an avenue to allow consideration of influences outside of a purely transactional and relational construct. Thompson and Bunderson (2003, p.574) define ideologies as 'credible commitments to pursue a valued cause or principle (not limited to self-interest) that are complicity changed at the news of the individual/organisation relationship'.

For the professional employee the non-material influences on the employment relationship are many and potentially exist at three levels, individual, organisational and professional body. Influences at the individual level may include age, gender, culture, personal and professional ideologies, expectations, values and beliefs; added to this are influences at an organisational level, which potentially include, the organisational culture, management styles, work arrangements (flexible, full time, part time), organisational ideologies, expectations, values and mission. Outside of the employee-employer relationship, potential influences include a common set of professional ideologies, expectations and values, as well as external factors such as political, environmental and economic factors. Each profession potentially has its own set of idiosyncratic professional ideologies that will influence the individual, the organisation and the profession as a whole.

Ideologies will be inherently different between professionals and within different professions, as well as within different cultures, generational cohorts, genders and so on. However, organisations that can identify a range of shared ideologies that are important to their employees, their mission and their profession as a whole, potentially have an increased chance of improved attraction and retention. A proposed scaffolding for an ideologically infused psychological contract framework, depicting the three



dimensions, including many and varied influences, is shown in Figure 1.

Figure 1: Framework for an Ideologically infused Psychological Contract.

It is proposed that this extended approach has the potential to assist organisations and their HRM professionals, to develop more robust psychological contracts with employees. Increased empirical research into the inclusion of ideologies as a legitimate dimension of the psychological contract, will assist in the advancement of theory and practice. Research into the influence of HRM

practices on the formation of the psychological contract during the recruitment process, will assist in the building of a more robust employment relationship.

The future of the employment relationship

To progress the contemporary psychological contract the following questions are posed:

- Does fulfilment of an ideological component, aid retention, by compensating for transactional and relational breaches?
- What ideological components exist in the psychological contract of professionals?
- How strong is the pull of shared ideologies for Generation Y and Z professional employees?
- Does alignment of ideologies influence the choice of firms individuals wish to work for?
- What influence does HRM have on the formation of the psychological contract when it includes an ideological component?

Conclusion

This paper proposes that a contemporary perspective be given to psychological contract theory by expanding the construct beyond historical parameters to a more complex set of variables, from the two dimensional construct of transactional and relational currencies, to include a third dimension, that of an ideological currency.

Findings suggest that the inclusion of an ideological currency in the psychological contract strengthens the relationship and makes it more relevant for contemporary professionals. A proactive approach, searching for alignment on shared ideologies, between the employee, the organisation and the professional body as a whole, potentially leads to the creation of a more robust psychological contract which is less exposed to perceived breaches and violations.

The proposed expanded framework goes some way to demonstrating the complexities of the psychological contract and provides clarity as to why a two dimensional contract of purely transactional and relational components, does not meet todays complex set of variables for the contemporary workforce.

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