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The Role of Remediation in Mitigating the Negative Consequences of Psychological Contract Breach: A Qualitative Study in the Banking Sector

Erika van Gilst[a], René Schalk[a,b], Tom Kluijtmans[a] and Rob Poell[a]

[a]Department of Human Resource Studies, Tilburg University, Tilburg, Netherlands; [b]Faculty of Economic and Management Sciences, North West University, Potchefstroom, South Africa

ABSTRACT

This study examined whether remediation (providing another inducement to compensate for an undelivered obligation in the psychological contract) was perceived as a useful way to deal with the consequences of a psychological contract breach in the context of organizational change. Data was collected by means of semi-structured face-to-face focus-group sessions and individual interviews in a restructuring organization in the Dutch banking sector. Fourteen focus groups and eight individual interviews were conducted with 30 non-managerial employees and 48 supervisors/professionals. The results bring the potential of offering compensating inducements to remedy psychological contract breach to the fore and highlight the role of other factors such as communication and the availability of job alternatives. Suggestions are provided for improving employee relations in situations of organizational change by taking the psychological contract into account.

MAD statement

This article sets out to Make A Difference (MAD) through describing views of employees of different hierarchical levels of a Dutch Bank on how to cope with expected organizational changes and less beneficial employment benefits in the future. The question of 'how to change the deal while keeping the people' by remediating breach of the psychological contract is addressed from different perspectives. When organizations are forced to implement changes, taking the mutual obligations in the psychological contract into account can avoid reactive, and unsuccessful management of change. A psychological contract breach can be remediated by providing other inducements for the mutual benefit of organization and employee. Since there are differences between employees in the meaning attached to obligations, an individual approach is necessary.

CONTACT René Schalk ✉ m.j.d.schalk@uvt.nl 🖅 Department of Human Resource Studies, Tilburg University, PO Box 90153, 5000 LE, Tilburg, Netherlands

Before the global financial crisis took hold around ten years ago, employees' expectations of what their employers should provide them were generally fulfilled. Massive layoffs and organizational bankruptcies changed that situation and the frequency of organizational changes increased. These changes have an impact on obligations included in the psychological contract. Employees' psychological contracts still, however, include high expectations based on their past experiences. Creating new psychological contracts is a highly required skill. A reactive, discontinuous, and *ad hoc* reaction to this situation by the organization is not what successful management of change implies (By, 2005).

Psychological contract breach, that is, not meeting the obligations based on implicit and perceived promises made previously by employers, has been shown to have adverse effects on employee attitudes and behaviours (Restubog et al., 2011). Negative reactions that follow breach are for example lower performance of employees, poor work attitudes, more withdrawal behaviours, increased turnover intention, and lower organizational trust (Van den Heuvel, 2012; Zhao et al., 2007).

Regarding the question of how these negative reactions can be mitigated, the literature provides some preliminary indications. First, moderators have been identified that influence the relationship between breach and outcomes, such as age (Bal et al., 2008), type of breach and content of the psychological contract (Zhao et al., 2007), and type of organizational change (Van den Heuvel, 2012). Second, there is evidence for mediating effects of variables such as trust and commitment to the organization (e.g. Van den Heuvel et al., 2017). Trust is needed to maintain a productive employee – organization relationship over a longer period of time (Brown et al., 2015). Third, recent literature has paid attention to the processes occurring after breach and process models have been developed (e.g. Bankins, 2015; Schalk et al., 2018). Literature on changes in the psychological contract among newcomers in an organization suggests that the effects of psychological contract breach can be mitigated by providing other inducements to employees to remedy the breach (Lee et al., 2011). Doing this would enable the employee to maintain trust in the organization. Bankins (2015) suggests that a process of remediation can occur after breach when coping actions are effective. The options for remediation of potential future breaches associated with organizational changes among tenured employees, however, have not yet been examined.

The first aim of this study was, therefore, to gain more insight into how psychological contract breach can be mitigated and trust be maintained in situations of organizational change by remediation, that is, by providing other inducements when the psychological contract has been breached.

The central research question is: *How can remediation (providing other inducements) mitigate the negative consequences of psychological contract breach?*

In addition, since communication (Guest & Conway, 2002) and the availability of job alternatives have been suggested to play an important role in employee reactions to breach (Freese et al., 2011), we will examine whether these play a role in a changing organization in the banking sector.

This study contributes to the literature in three ways. First, it extends the work of Lee et al. (2011) by focusing on employees with longer tenure rather than on newcomers. The psychological contracts of newcomers are flexible and prone to change. This is in contrast with the psychological contracts of employees with longer tenure, which have been

developed over a longer period of time. Therefore, these contracts are more likely to comprise a rather fixed schema of mutual obligations, which is difficult to change. Second, it extends the study of Bankins (2015) by further examining effective coping actions for future changes. The literature has so far mainly studied cases of how employees coped with breach. How a breach can be prevented has hardly been the subject of study. Prevention is better than curing, and therefore it is important to examine potential compensating mechanisms to prevent future breaches. Third, in our study, the experiences of supervisors as well as non-managerial employees are considered, whereas previous studies have mainly focused on either the employee or managerial perspective. Both perspectives are needed to understand the shared responsibility (By, 2020). Employees and supervisors differ in the way they perceive breach, which is related to their different positions. Supervisors have, for example, more power to create, prevent, or remedy breaches. These different perspectives can lead to different perceptions of the same situation. For example, supervisors may not always be aware of breaches experienced by their subordinates. The context of the specific organization where this study took place (a changing organization with many more changes expected to occur in the future) is appropriate for examining the potential role of remediation.

Theoretical framework

An employee's perception of a failure to comply with the implicit and explicit promises made by an employer is a breach of the psychological contract (Robinson & Rousseau, 1994). The psychological contract refers to the individual beliefs relating to the terms of a reciprocal exchange agreement between an individual employee and the organization (Richard et al., 2009; Rousseau, 1995; Rousseau & Schalk, 2000). Based on the norm of reciprocity (Gouldner, 1960) employees are expected to adapt their contributions based on the extent to which the employer fulfils its obligations. The contents of the psychological contract include employees' perceptions of the contributions they promised to provide to the employer as well as what employees believe the organization has promised to them in return (Koh & Yer, 2000; Rousseau, 1990, 1995). The psychological contract can be of a transactional or relational nature (De Meuse et al., 2001), or a continuum of both (Coyle-Shapiro & Kessler, 2000). Transactional contracts are specific exchanges, with a focus on providing monetary remuneration for services provided (De Meuse et al., 2001). Relational contracts are open-ended, less specific agreements that establish and maintain a relationship, based on emotional involvement as well as a financial reward (Robinson & Rousseau, 1994). The psychological contract is a subjective perception rather than an actual or objective agreement (Robinson & Rousseau, 1994). The range of organizational obligations is likely to differ between employees (De Jong et al., 2009).

A psychological contract breach occurs when an employee perceives that the organization has failed to fulfil its obligations (Robinson & Rousseau, 1994). Breach, which is likely to happen in situations of organizational change, affects employee behaviour and attitudes (Morrison & Robinson, 1997; Robinson, 1996). A longitudinal three-wave study by Freese et al. (2011) in three organizations in the care sector showed that the perception of psychological contract breach increased during organizational transformations. The findings of other studies (e.g. Beaumont & Harris, 2002; Ghoshal & Bartlett, 2000) on downsizing, outsourcing, and using contingent work arrangements indicate that employees

perceived to a greater extent that the organization was failing to meet its obligations. Breaches of the psychological contract may change the nature of the social relationship as a whole (MacNeil, 1985; Robinson & Rousseau, 1994), leading to a decrease in trust. Trust is 'expectations or beliefs regarding the likelihood that another's future actions will be favourable, or at least not detrimental, to one's interests' (Morrison & Robinson, 1997, p. 238). Trust of an employee in the organization consists of several elements (Mayer et al., 1995): ability (e.g. financial resources and non-financial resources), benevolence (e.g. loyalty, openness, caring, and supportiveness), and integrity (e.g. fairness, justice, consistency, and promise fulfilment) of the organization. A meta-analysis showed that mistrust is an immediate affective response to a psychological contract breach (Zhao et al., 2007). There is strong support for an association between psychological contract breach, trust, and attitudinal and behavioural outcomes, such as job satisfaction, organizational commitment, and organizational citizenship behaviour (Bal et al., 2008; Kowalski & Cangemi, 2005; Robinson, 1996; Robinson & Morrison, 1995; Robinson & Rousseau, 1994; Van den Heuvel, 2012; Zhao et al., 2007). Literature falls short, however, in identifying how a psychological contract breach can be mitigated or remedied. Certain conditions or provisions may influence the perception of psychological contract breach. Previous research has identified remediation as an important factor influencing the psychological contract (Bankins, 2012; Rousseau, 1996; Turnley & Feldman, 1999). This is relevant for organizations that need to introduce financial retrenchments to cope with changes in the environment (as was the case for the organization where this study took place).

When a changing organization has not fulfilled the promises on one or more obligations in the psychological contract, the organization can try to remediate this by offering employees other inducements (Turnley & Feldman, 1999). Remediation implies that the organization substitutes a new inducement for an obligation that cannot be fulfilled. In this way, an attempt is made to decrease the size of the loss perceived by the employee and therefore to reduce the consequences of an experienced loss on one or more obligations of the psychological contract (Rousseau, 1995). According to Social Exchange Theory (Cropanzano & Mitchell, 2005), reciprocal social exchanges are comprised of actions that are contingent on the reactions of others. These provide the basis for mutually rewarding transactions and further development of relationships. Gouldner (1960) suggests there is a universal 'norm of reciprocity' (Gouldner, 1960). The resource theory of Foa and Foa (1974, 1980) provides more specific propositions on which inducements can substitute one another. The resource theory distinguishes six types of resources that can be exchanged in an interpersonal relationship: love, status, information, money, goods, and services. These resources can be classified into two dimensions. The first dimension displays the particularism (vs. universalism) of a resource, which means that the worth of the resource depends on its source. Money scores relatively low on particularism since it does not matter from whom people receive the money. Love, however, scores high on particularism, because it matters a great deal from whom people receive love. The second dimension displays the concreteness of the resource, which means how specific or tangible the resource is versus how symbolic it is. Generally speaking, goods and services are at least somewhat concrete, since these are overtly tangible products or activities. Status and information, however, can be classified as less concrete resources that provide symbolic benefit. In addition to the identification of what is exchanged, Turner et al. (1971) argue that the resources proximal to each other in the classification will be

perceived as more similar and substitutable for one another. It seems likely that psychological contract obligations proximal in the categorization on the two dimensions of concreteness and particularism will compensate better than distal aspects. Bankins (2012) showed that an organization can buffer the negative effects of a psychological contract breach through facilitating positive workplace social relationships and through providing challenging and meaningful work, which are both parts of the psychological contract. Remedies, in the form of the fulfilment of other obligations, can repair the negative experiences of a psychological contract breach (Bankins, 2012). It is unknown, however, which specific inducement can compensate a breached obligation in the psychological contract. Although Foa and Foa (1974) provide a general guideline for substituting resources, there is a need for more empirical studies examining these ideas.

Communication seems to be critical to the psychological contract in situations of organizational change, because of its associations with uncertainty, incongruence, and attributions. In uncertain situations, employees are more vigilant and therefore they will be more likely to notice and react to psychological contract breaches (McLean Parks & Kidder, 1994). By giving accurate and timely information, uncertainty may be reduced or even eliminated, with lower chances of psychological contract breach being experienced (Chaudhry et al., 2009). Furthermore, truthful and accurate communication between an employee and the agent(s) responsible for fulfilling the employee's psychological contract is likely to reduce incongruence (Ross et al., 1977). Finally, when people are faced with unfavourable outcomes, individuals have the tendency to look for explanations that will enable them to attribute responsibility (Wong & Weiner, 1981). Managing attributions by providing appropriate and timely information can help to prevent negative reactions of the employee (Chaudhry et al., 2009). Bankins (2012) found that open and honest communication of organizational changes may buffer the negative consequences of a psychological contract breach. Therefore, the role of communication is examined in this study.

Regarding the quality and quantity of alternative jobs available to the employee, when an employee perceives few job alternatives, leaving is not a feasible action in case of a psychological contract breach, and therefore perceiving a breach becomes threatening (Robinson & Morrison, 2000). Conversely, when an employee perceives many job alternatives, (s)he will experience the perception of a breach as less threatening (Robinson & Morrison, 2000). Turnley and Feldman (1999) found that the availability of alternatives influences the relationship between a psychological contract breach and employee responses. Employees who can easily find a similar occupation elsewhere are more likely to experience negative responses to a breach than employees who cannot. Therefore, perceiving few attractive job alternatives is likely to play a role.

Studies so far have mainly focused on the consequences of psychological contract breach. Few studies examined *how* changing organizations, where a breach is inevitable, can reduce or offset the consequences of a psychological contract breach. Furthermore, most of the research on psychological contracts are carried out using cross-sectional questionnaire surveys (Conway & Briner, 2005), whereas the psychological contract is characterized by its dynamism, that is, by changes in the reciprocal exchange. The dynamic processes after psychological contract breach have been highlighted in conceptual and empirical studies (De Ruiter et al., 2016; Farnese et al., 2018; Schalk et al., 2018; Schalk & Roe, 2007; Solinger et al., 2016; Tomprou et al., 2015). Remediation as a dynamic

process, however, has been neglected. The present study employs a qualitative research design, which gives a deeper understanding of people's perspectives and does justice to the fact that social life is a contingent and emergent process (Hammersley, 2008).

Method

Design

A qualitative study was conducted to achieve an in-depth understanding of the main concepts and their relationships and to do justice to the process nature of the psychological contract. Data were collected using focus groups, for two reasons. First, group interaction moves the discussion to a deeper and more considered level of insight because participants have the ability to complement each other). By the interaction among the participants, the relationships can be unravelled and explored step by step. In addition, through the group interaction personal experiences can be exchanged and this provides the opportunity for participants to discuss differences in their experiences. Since the psychological contract is idiosyncratic in nature, the different perspectives bring the differences among employees to the fore. In addition to focus-group sessions with employees, supervisors, and HR professionals, individual interviews took place with the HR director, four HR managers, and four representatives of the Directorate Communication. By combining information of focus groups and individual interviews we capitalize on the advantages of group interviews (reactions on each other's personal experiences) as well as individual interviews (more opportunity to go into the interview topics in-depth).

Sample

The study was carried out at a Dutch bank (hereafter referred to as ADB). Before the financial crisis, the employment conditions of ADB employees were relatively advantageous. Employees received high wages, frequent salary increases, and numerous opportunities for development. Time after time, ADB won prizes for the best employer in the Netherlands. During the study (2013), ADB was facing the consequences of the financial crisis. An austerity programme was implemented that, among other cuts, required no collective wage increase for four years and other perks being retrenched. It was announced that in three years' time ADB would employ 8,000 fewer employees. The study took place among ADB employees, who were covered by a private collective labour agreement.

Non-managerial employees were included since they have the most accurate understanding of the content, functioning, and consequences of their psychological contracts. Supervisors and professionals shared their experiences on the expected effects of changes. The aim of the sampling of participants for the focus-group interviews was to obtain as much diversity as possible. Therefore, based on the structure of the organization and the job classification scheme, choices were made to select participants. There had to be diversity in work locations as well as in hierarchical levels. Based on these considerations, potential participants were identified and approached through the social network of two HR professionals of ADB and the first author of this study. The focus groups included either only non-managerial employees or only supervisors or HR professionals. Supervisors and professionals ($N = 48$) were selected based on their expertise and the positions they occupied. There were 23 men and 25 women, with an average

age of 44, an average tenure at ADB of 11 years, and an average work experience of 21 years. The non-managerial employees ($N = 30$) were selected based on representativeness for different positions and work locations. There were 16 men and 14 women, with an average age of 43 years, an average tenure at ADB of 17 years, and an average work experience of 21 years.

Instruments

An interview schedule was developed, both for non-managerial employees and supervisors/professionals, to assess the central concepts in this study. Employees were asked to start from their own experiences, whereas supervisors were asked to start from their expertise and experiences in supervising non-managerial employees. Based on the theoretical framework, psychological contract breach, remediation, communication, and availability of attractive job alternatives were important topics. Appendix 1 provides an overview of the questions used as a starting point for focus groups and interviews with supervisors and HR professionals. Examples of questions for employees were: Did you experience a psychological contract breach? Does the type of breach matter? Does the number of breaches matter? Can breaches of the psychological contract be mitigated or compensated? If so, how? What can compensate for what and to what extent? Does communication matter for the psychological contract and trust in ADB? Is it easy to find an attractive job at another organization? Does this matter for the psychological contract?

Which organizational changes would occur in the future was not a topic in the focus groups and interviews. The questions were focused on the effects of past changes on breach, the expected effects in the future, and ways to remedy negative effects in the future.

Procedure

Prior to data collection, participants received information on the relevance and design of the study, the problem, the central concepts of the study, and the way the results would be distributed. Before data gathering, a pilot focus-group session was organized to test and improve the interview schedule. Focus groups and interviews (22 in total) took place at ADB headquarters or at an affiliated branch. Sessions were chaired by the first author and one of two HR professionals. They were conducted in Dutch and took one to one and a half hours.

At the beginning of the session, participants were ensured that any quotes reported could not be traced back to them. All participants gave permission to audio record the sessions. They were asked to give their opinions based on their own experiences and/or expertise. Participants in the focus groups could react to each other's opinions and share their experiences. When participants differed in their experiences, possible explanations were explored.

Data analysis

All audio recordings of the interviews were transcribed verbatim by the first author. The transcripts of all focus groups and interviews were read precisely several times and initial codes were added gradually. Notable, declarative, and relevant words, sentences, and paragraphs about examples, processes, and relationships that could be classified

within one of the four core themes were coded. Atlas.ti software was used to support the coding of the transcripts. After coding the raw data, through a process of constant comparison (Miles & Huberman, 1994) all relevant quotes, keywords, and statements were categorized into three main themes (Theme 1: Psychological contract breach, Theme 2: Factors that can mitigate breach, Theme 3: Remediation). A simple form of template analysis (Brooks et al., 2015) was used to categorize the codes associated with the specific obligations that could be breached. Based on literature, the following employer obligations were used as a template: job content, rewards, job security, career development, work-life balance, leadership and social contacts, organizational policies. Next, all codes were merged into subcategories, which consisted mainly of descriptions of processes and relationships ventilated in the stories and opinions of the participants. These stories and general opinions that emerged from the data will be presented in the results section of this paper.

Results

The central research question is: How can remediation (providing other inducements) mitigate the negative consequences of psychological contract breach? This result section is organized as follows. First, information on the consequences of psychological contract breach is presented (theme 1). Next, general factors that were associated with mitigation are presented: communication, availability of alternative jobs, and other factors (theme 2). Finally, results associated with remediation are presented (theme 3). Table 1 presents a short overview of the themes, outcomes, and examples.

Table 1. Summary overview of themes and outcomes with examples.

Theme	Outcomes	Examples
Consequences of psychological contract breach	– Depends on which obligation is breached. – Depends on who or what is the cause of the breach (supervisor, organization). – - Depends on the accumulation of breaches.	Lack of appreciation leads to less trust in the supervisor. Less job security leads to less trust in the organization. When multiple breaches occur, trust declines very quickly.
Factors that can mitigate psychological contract breach	– Open communication. – Low availability of job alternatives. – Low importance of breached obligation. – Longer tenure. – - Trust in the supervisor.	Open communication leads to higher credibility of the message. Explaining why a breach occurs has an influence on how it is perceived. Trust in the supervisor can diminish the consequences of a breach (partly).
Potential remediation	– Depends on the importance of breached obligations. – There are differences between obligations regarding which factors can compensate. – - Compensation can be short term only, or longer lasting.	Organizational policies, job content, and employment security can not easily be compensated. Loss of employment security can be compensated by providing career development opportunities, and good organizational policies. Career development is expected to have a long lasting effect, whereas leadership and social contacts are expected to have short-term effects.

Theme 1: consequences of psychological contract breach

In the focus groups, participants maintained that the type of obligation that was breached and by which party determined the consequences. Breaches of obligations, such as (lack of) appreciation, were seen as having consequences for trust in the supervisor, whereas a breach in job security and clear and fair rules had consequences for trust in the organization. The reasons given were a feeling of losing control and the uncertainty about their future prospects. Participants expressed it like this: 'I thought our bank would surely take care of me'. And: 'Oh help, my world, my safety'. And: 'We are dependent on the whims of the supervisor, giving a feeling of instability and loss of grip'. And: 'You get a feeling of 'give up', I cannot do anything'. And: 'They even dare not to indicate that they might be interested in another job'.

When, for instance, a breach occurred related to the obligation to provide career opportunities, the consequences were perceived as less or non-existent. Some employees felt that they could influence this themselves and this made the breach far less severe. An employee formulated it as follows:

> For me it has a different effect compared to dissatisfaction with organizational policies. Regarding career development I have a bit more the feeling that I can control it. I have to make sure that I stick to the points, stay strong, continue to acquire knowledge etc. By doing this I have the idea that I can influence my job, my career, my work.

However, a breach of the obligation 'assistance with the career' has more impact according to the participants. When a breach occurs on this obligation, employees were more likely to doubt the intentions of the organization and feel loss of control. A participant expressed on the following about a breach on 'assistance with the career': 'I lose confidence for the long term. A kind of button within me turned off and a fire in me stopped burning'.

When a breach occurred on rewards, trust was expected to be on a lower level only temporarily. An HR manager, talking about a breach of rewards, formulated it in the following way: 'A part of the employees, perhaps a large part, experience this retrenchment as unpleasant and they become angry. But these emotions will disappear in the end'.

The participants indicated that when a breach occurs for the first time, it will not have consequences for trust in the organization. When employees experience a breach, they primarily attribute this to a one-time incident. Only when obligations are not fulfilled several times, trust in the organization will decrease. However, the participants indicated that when multiple breaches occur, trust declines very quickly. A participant mentioned: 'The first time you became alert, but it does not directly have an impact on your trust. You think it's an incident. When it appears multiple times, it's getting an influence on your trust'.

Theme 2: factors associated with mitigation

Participants expressed that when the employer did not communicate openly, they experienced increasing cynicism in relation to the messages. In short, it seemed that they distrusted the credibility of the messages. The experience of not getting the right information timely was accompanied by a substantial loss of trust. A participant who had gone through a reorganization process in which redundancies occurred and in

which she experienced that the communication was not open and clear and fair rules were missing, stated the following: 'A kind of basic trust diminished, and I think this decrease still exists to some extent. For me it was unexpected and therefore I do not know how I should have avoided it. Maybe the next time is tomorrow'.

Communication can play a role in changing the perception of breach. First, when a breach occurs, communication can provide an understanding of the situation by showing the need to change, the cause, and the context, according to the participants. By communicating, employees can get a better understanding of why the change takes place and why the breach is necessary. In that case, the consequences were said to be less severe. One participant expressed it as follows:

> People are less likely to experience negative emotions when they understand why the changes are necessary. I think that through communication you can create a little bit of under-standing why certain decisions are made and subsequently, you accept them more than when you do not have that insight.

Second, the participants mentioned that when a breach occurs, communication can be used to emphasize parts of the psychological contract that are not under pressure. By showing that the employer still cares about its employees, the employee can place the breach in perspective and becomes more aware of what is still provided by the employer. An employee from the Directorate Communication formulated it as follows: 'Communi-cation can emphasize that it is fun to work at the bank: you play major league, you have an awesome job with lots of challenging issues, and you have to solve complex problems'.

Third, communication can offer hope and a promising perspective, which makes that employees experience the breach as less severe. By emphasizing that the change is necessary to achieve a just and valuable goal in the end, the breach becomes better accepted. An employee from the Directorate Communication stated:

> I think where communication really can do something is, communicating the new role of the bank and its meaning for society, private customers, and business customers and how the new bank works. Let's see the new possibilities the change creates.

Furthermore, the data revealed that the communication is not evaluated positively in cases when people do not appreciate the content of the message. It was considered crucial for the organization to give more consideration to communication in hard financial circumstances. It can be expected, however, that employees indicate that the communication had shortcomings simply because they see the outcomes of the changes as negative. Another issue that was raised was that employees may tend to ignore negative messages they do not want to hear. Finally, it was indicated that when employees are unable or unwilling to understand the context or reason for a change, com-munication is likely to be less effective.

The focus groups indicated that employees are more sensitive to a breach when they think they have many job alternatives available. One supervisor stated about employees who have job alternatives: 'They have a higher tolerance for a breach because they see a potential alternative'. Another supervisor stated: 'I think it creates a kind of cognitive dis-sonance; these are nice things about my work and that compensates a lot, because you just know that you have no choice to go anywhere else'. The employees did not indicate,

however, that the availability of job alternatives would have an influence on the relationship between psychological contract breach and trust.

In the focus-group sessions, the dynamic nature of the psychological contract was put forward frequently. The participants indicated that expectations could change. The participants mentioned that communication about what the employee can expect from the employer can make the employee modify the expectations. An HR manager said:

> When we are constantly incorporated in the movement, I think no cracks or breaks can arise, because you are yourself in that movement. So managing the expectations. This prevents a breach. Supervisors have a crucial role in clearly expressing what one can expect.

A number of other factors that could have an influence were identified. The data showed that the experience of breach was said to depend on the importance of the obligation to an employee, tenure, and trust in the supervisor. What is important to an employee depends on the stage of life, career stage, education level, age, and background, according to the participants. A breach of an issue that is very important to a person was said to lead to a greater drop in trust than when a breach occurred on a less important issue. A participant stated in this respect: 'I think it depends on which obligations in the psychological contract are most important to you at this stage of your life'.

With respect to tenure, the level of trust was indicated not to decrease drastically for employees who have already worked for the organization for a long period, since they have witnessed many honest and benevolent actions of the organization over the years and have built trust in the organization over time. For them, it is more difficult to become convinced that the organization is no longer honest and benevolent. A participant expressed it as follows: 'Through the years much loyalty and pride has been built. With a breach this is not easily gone'.

Finally, trust in the supervisor is important, since employees then trust that the supervisor is benevolent and just, and will guide them through the change process. As one participant pointed out concerning the role of a supervisor in a period of job insecurity: 'The consequences of a breach for my job security can be offset partly by the trust in my supervisor; that he helps me sincerely and that he has no hidden agenda'.

Participants often referred to negative emotions in response to a breach. They expressed that a breach may lead to emotions such as frustration, disappointment, fear, feeling damaged, insecure, and betrayed. The participants also indicated that in addition to the importance of an obligation, communication, and the availability of job alternatives, the way an employee tends to cope with events in his or her life matters. Some employees seem to cope with a breach in a rational way, whereas other employees react more emotionally to a breach.

Theme 3: remediation

The participants indicated that it depends on the importance to them whether the breach can be remediated or not. When a breach occurs on an important obligation, the breach is difficult to remediate. Job content, appreciation, organizational policies, and employment security were considered as important by almost all participants. When a breach occurs on these obligations, it is difficult to remediate.

Participants were asked to what extent a breach on an obligation can be compensated by another inducement. The remediation of breaches on the following specific obligations was discussed: job content, career development, organizational policies, leadership and social contacts, work-life balance, job security, and rewards. One participant said: 'Once a month you see your salary, but the other 30 days you have to work too. You become quickly accustomed to a salary increase, but a compliment is never boring'.

Table 1 summarizes the results on remediation, specifying the level of difficulty to compensate, the compensating inducements, and the duration of the compensation. For instance, a breach of job content was indicated to be compensated partly by career development, since employees will be more employable and are more likely to find another job. Social atmosphere and work-life balance may compensate temporarily a breach on job content. The participants stated that if their job content is not on a good level, they will not stay in their job for a long time, even if leadership and social contacts and work-life balance are very good. Other examples of remediation that were put forward are: 'When I'm busy, it helps if I experience pleasure in work, see results, and get appreciation'. An HR manager:

> Meaningful work is very important to people, you have to focus on this in the future. How you can contribute to the meaningfulness of life, which is very personal. It's strongly dependent on personal preference, orientation, background, and education level.

Table 2 presents an overview of statements on remediation. Table 2 highlights three important issues. First, some obligations are more difficult to compensate than other ones. Organizational policies, job content, and employment security are considered important and valuable resources that cannot easily be compensated. Loss of rewards, work-life balance, and leadership and social contacts are easier to compensate according to the respondents. Second, there are differences in the inducements that could work as a compensating mechanism. For example, the respondents see no potential compensation for the obligation to take care of good organizational policies. The obligation to provide interesting and challenging job content can be compensated by providing career development opportunities, leadership and social contacts, and work-life balance. Loss of employment

Table 2. Remediation.

Obligation	Level of difficulty to compensate	Compensating Inducements	To compensate permanently
Job content	High	Career development	Yes
		Leadership and social contacts	No
		Work-life balance	No
Career development	High/medium	Job content	No
		Leadership and social contacts	No
Organizational policies	High		
Leadership and social contacts	Medium	Job content	Yes
		Career development	Yes
		Work-life balance	Yes
Work-life balance	Medium	Appreciation[1]	Yes
Employment security	High	Career development	Yes
Rewards	Medium/low	Organizational policies	Yes
		All other inducements	Yes

[1]Subcategory of social atmosphere.

security can be compensated by providing career development opportunities and good organizational policies. There are many inducements that can be used to compensate for loss of rewards. Third, there are differences in the expected duration of the effect of the compensation. Career development, for example, is expected to have a long-lasting effect, whereas leadership and social contacts had only a short-term effect.

In addition to these general compensating mechanisms, respondents indicated that remediation is also determined by individual factors since for every employee other obligations are important. Participants stated that they take the total of all obligations in their psychological contract into consideration in their response to a breach. This influences the opportunity to remediate the breach as well. As an employee said during a focus group: 'You always make a tradeoff. A little less salary, but a nice job or good career, can give a balance'.

Finally, for the majority of obligations, the participants indicated that there is a limit to what they accept regarding breaches and, therefore, remediation has only a limited scope. According to a participant: 'It will also be a percentage, I think. For example, you accept 20% wage cut combined with a challenging job. When it becomes 30%, I think I'll become concerned'.

Discussion

The aim of the study was to find out how non-managerial employees and supervisors/professionals in a changing organization think that remediation (providing other inducements) can mitigate the negative consequences of psychological contract breach. Fourteen focus groups and eight individual interviews were held with 30 employees and 48 supervisors/professionals of a Dutch bank facing financial turmoil.

Participants indicated that they perceived breaches on different obligations of the psychological contract once or several times. In line with the norm of reciprocity (Gouldner, 1960) a breach of the psychological contract was reported to have negative consequences (e.g. Robinson & Morrison, 1995; Robinson & Rousseau, 1994; Zhao et al., 2007). In addition, the findings indicate that responses to breach are shaped by which obligation of the psychological contract is concerned, the frequency of breaches, the importance of the obligation, tenure, trust in the supervisor, and communication and availability of alternative jobs.

Higher frequency of breaches as well as breaches of more important obligations is associated with stronger reactions. Employees with longer tenure and more trust in the supervisor are likely to react less strongly to breaches. Communication plays a crucial role in the way employees respond. The availability of other job opportunities also came forward as an important factor.

Remediation can reduce the impact of a breach (Bankins, 2012; Rousseau, 1995; Turnley & Feldman, 1999). The present study showed, however, that remediation works only in a limited number of situations. It is, for instance, difficult to remedy a breach of an obligation in the psychological contract that is very important to an employee. Employees consider the total obligations of their psychological contract. This overall view determines whether a breach of a specific obligation can be remedied. It influences the intensity of the response to the breach. Remediation often has only a temporary and partial effect.

The data provide no support for the resource theory of Foa and Foa (1971). This theory assumes that resources that are close to each other in terms of universalism and concreteness will compensate each other better than more distal resources. Our results showed that less salary can be compensated well by appreciation; a resource that scores much lower on universalism and concreteness than salary. Regarding factors that can mitigate responses to breach, our results confirm previous studies (Conway & Briner, 2005; Rousseau, 1996; Van den Heuvel, 2012) in that communication can decrease the uncertainty, reduce incongruence, and manage attributions. In addition to internal communication, external communication can manage expectations as well. This is in line with the findings of Bankins (2012), which indicate that the corporate reputation influences the psychological contract. In addition, our results showed four other purposes of communication: stressing the positive aspects of the psychological contract, outlining a hopeful future, underlining the ethical and societal actions of the organization, and building trust.

Employees are less vigilant in monitoring breaches when they have no alternative jobs available. The availability of job alternatives was associated with trust. This is partly in line with the findings of Turnley and Feldman (1999), who found that the availability of job alternatives moderated the effects of a breach. It was found that the availability of job alternatives influences the occurrence of emotions. These emotions as response to a breach are experienced as a violation when a discrepancy is perceived between promises and actual revenues (Dulac et al., 2008; Morrison & Robinson, 1997; Restubog et al., 2015). These emotions may include feelings of anger, frustration and betrayal in various intensities (Bordia et al., 2008; Morrison & Robinson, 1997).

The results highlighted the dynamic nature of the psychological contract. The psychological contract is adapted constantly, since inter alia internal and external communication, remediation, and availability of attractive job alternatives change employees' expectations of the employer. By communicating in every possible way through different agents of the organization, employee expectations are created and modified. The behaviour of the employer in offering obligations will have an impact on the expectations of the employee. Furthermore, what is important to an employee depends on context conditions such as their stage of life. Most young employees have a psychological contract that includes important obligations career development and financial rewards and focuses more on the short term. For older employees important obligations centre around work-life balance and social contacts, and focus more on the long term (Bal et al., 2008). An employee with long tenure has developed trust and loyalty over time, which is frequently long lasting. This is in line with Dulac et al. (2008), who argue that a long-term relationship is able to buffer the responses to a psychological contract breach. Employees tend to attribute a breach to unforeseen circumstances since people have the tendency to interpret events in line with existing beliefs. Our research findings are in contrast, however, with the intensification hypothesis of inter alia Restubog and Bordia (2006), who state that an intensification process occurs when events are contrary to the long-term relationship between employer and employee.

Implications

Implications for future research. The present study makes a contribution to the existing literature by providing new insights into the dynamic processes associated with psychological

contract breach, especially regarding the feasibility of potential ways for remediation. Despite the limitations of the present study (limited generalizability because of the specific context of the organization under study), some directions for further research can be provided. Future studies could focus on investigating additional factors that are associated with psychological contract breach, such as characteristics of the changes and the change process. Van der Smissen et al. (2013), for example, found that characteristics of organizational changes, such as the type of change, frequency of changes, impact, and former experience with organizational changes can have an influence on the attitude towards change and experiences of psychological contract breach.

Our findings indicate the important role of the supervisor, of clear and fair rules, and of open and honest communication. Future studies can, therefore, focus on leader-member exchange (LMX) and on procedural and interactional fairness.

Although we found indications for opportunities for remediation, further research is needed to identify more precisely when and how remediation is an appropriate method to reduce breach and its consequences.

Practical implications. When organizations are forced to implement changes, they can benefit from taking the mutual obligations in the psychological contract into account. This can avoid reactive, discontinuous, and *ad hoc* reactions to the situation, and unsuccessful management of change (By, 2005). Based on the results of the present study, it seems important to try to avoid or minimize breaches on employment security, appreciation, and organizational policies as much as possible, since breaches on these obligations are closely associated with negative consequences.

Employers should be aware of the opportunities for remediating a breach by providing other inducements. However, since there are differences in importance of obligations between employees, an individual approach is necessary. If a breach occurs on a less important obligation, this can be compensated by other inducements.

An important tool in case of breach is open communication about what an employee can expect from the employer. Through communicating openly about expectations, employees can adjust their expectations even before a breach actually occurs. If a breach does occur, it is crucial to pay attention to communication, since communication can partially restore the breach by explaining why the change is necessary (e.g. given the organizational context), by taking away uncertainty about the future; by offering a new perspective, and by stressing the positive inducements in the contract.

Conclusion

This article described views of employees of different hierarchical levels of a Dutch Bank on how to cope with future expected organizational changes and less beneficial employment benefits. The question 'how to change the deal while keeping the people' was addressed by integrating perspectives of employees of different hierarchical levels. The results imply that to maintain reciprocity, new ways of remediation are needed to cope with the expected changing circumstances.

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Notes on contributor

Professor René Schalk is associated with the departments of Human Resource Studies and Tranzo, Tilburg University, the Netherlands. He is extraordinary professor at the Faculty of Economic and Management Sciences of North West University, South Africa. His research focuses on psychological contracts, organizations, and social work.

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Appendix I – Questions for supervisors/HR professionals

Introduction

Introducing the study and the researchers; asking permission to record the interview with a voice recorder; guaranteeing anonymity and confidentiality; introductions by the participant(s).

Researchers explain what the psychological contract entails: the beliefs of the employees about the reciprocal obligations in the employment relationship, and what psychological contract breach is: when the employee experiences that the employer has not fulfilled their obligations.

The content of the psychological contract can include several obligations (hand-out is presented with an overview). Are there any other obligations that are not included on this list?

Are you of the opinion that at this moment the psychological contract of the employees of ADB is breached because ADB does not fulfil the employee's expectations about the obligations? If so, on which obligations?

Are there any negative consequences?

Do you expect that in the future the psychological contracts of employees will be breached? If so, on which obligations?

Would psychological contract breach influence employee's trust in ADB?

Would the influence on trust be different for breaches of different obligations?

What would be the effect of an accumulation of breaches of different obligations?

Remediation

Would it be possible that the breached obligations can be compensated by fulfilling other inducements in the psychological contract? If so, which inducements can compensate for breaches of which obligations, and to what extent?

Communication

What are, in your opinion, the characteristics of good internal communication towards employees and good external communication?

Could this communication have an influence of the consequences of psychological contract breach?

Availability of job alternatives

Is it easy for employees to find a job in another organization?

Would the situation on the external labour market influence the consequences of psychological contract breach?

Are there any other things that can influence the consequences of psychological contract breach?

Thank the participant for participating