

Psychological Contracts and Change in Organizations

A Systematic Review

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Abstract

A large body of studies on psychological contracts has accumulated over the last 25 years, and there is a growing need for overview over the heterogenous field of research that has emerged. No previous literature review has explained the relationship between psychological contracts as it pertains to restructurings, mergers, and other forms of change processes. In this thesis, quantitative and qualitative studies on the effects on psychological contracts in organizations undergoing change are investigated. The author reviewed studies published between 1995 and 2020, out of which 81 met pre-set criteria of relevance, language, and application of research methodology. Through the systematic review, the author concludes that organizational change increases the likelihood of psychological contract breach and violation. Some key outcomes of breach and violation are increased turnover intention, actual turnover, decreased commitment, increased job insecurity, and decreased trust. A main contribution of the review is its synthesis of empirical studies, and the connections relating them. Based on this review, the author concludes by proposing directions for future research and practical managerial implications that might benefit employers and employees undergoing change.

Keywords: psychological contract, organizational change, contract breach, contract violation, contract fulfilment, change management

*This thesis has followed the guidelines of the APA 7th manual.

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Introduction

Organizational change is an inherent part of daily life in contemporary organizations, and often necessary to ensure an organization's survival in an ever-changing, globalized, technologically developed society. Change initiatives produce specific challenges for actors within affected organizations (Eilam-Shamir & Yaakobi, 2014). The organization undergoing change needs to make their operations more effective with fewer resources, while at the same time operations must be performed with more flexibility so the organization might react quickly to changes in the environment. Oftentimes, organizations choose to inflict new practices on their employees to achieve these goals, resulting in more flexible employment practices and consequently an increased use of temporary employment relationships between organizations and their employees.

Psychological contracts are commonly defined as an individual's beliefs about the terms of the reciprocal exchange agreement between the employee and the organization (Rousseau, 1989). Many authors have now identified the importance of psychological contract theory as a useful framework to understand employment relationships during workplace transitions and its impact on organizational outcomes (Anderson & Schalk, 1998; Shore et al., 2004; Tomprou et al., 2015). It has been proposed that massive changes in organizations have profound psychological effects on employees who stay in the organization. Understanding how organizational change is influencing the psychological contracts of individuals should therefore be a priority for organizations aiming for successful change.

The term "psychological contract" was first introduced by Argyris (1960), who viewed the psychological contract as an implicit understanding between a group of employees and their foreman. The reconceptualization of psychological contracts by Rousseau in 1989 led to renewed interest and subsequently new research related to the term. The last 25 years have seen an exponential growth in research on psychological contracts and their functions. This fact is also reflected in previous literature syntheses (Zhao et al., 2007). Although research on psychological contract theory has significantly increased, the points of focus and measurements applied are quite diverse (Rousseau & Tijoriwala, 1998). Therefore, the field of research may appear disorganized and lacking in overview. For this reason, a systematic review is beneficial in which psychological contracts are the focus. An effective and well-conducted review as a research method creates a firm foundation for advancing knowledge and facilitating theory development (Webster & Watson, 2002). The systematic review,

specifically, provides a comprehensive, unbiased synthesis of all relevant studies in one single document (Aromataris & Pearson, 2014).

The aim of this paper is to provide a synthesis of the relationship between organizational change and the psychological contract of the individual, based on existing empirical literature on the topic. The main purpose is to answer the following research question: “What does the empirical literature within organizational psychology and management say about the relationship between organizational change and psychological contracts?”. The objective is to synthesize findings connecting the two topics to each other. Specific points of interest are relational and transactional contracts, and outcomes of psychological contract breach, violation, and fulfilment. Every included paper will be read thoroughly and summarized individually. The next step will be categorizing each study based on the aspects of psychological contracts and change emphasized, before comparisons are drawn to other papers. Comparisons will allow similarities and differences to emerge, which thereafter may bring to light new insights not visible in each separate study.

This paper has two main contributions. Its first contribution is an extensive overview of the current state of research on psychological contracts and organizational change. The relationship between various types of organizational change and different types of contracts is investigated more closely, as well as the outcomes that are reported in the literature. By specifically studying empirical literature in this manner, new areas of research might be uncovered, as well as identifying over- and under-investigated aspects of contracts during change. Second, conceptual struggles related to organizational change theory and limitations of the current research are highlighted. There are many measurements and combinations of variables in the psychological contract literature, and an application of an array of methodologies, both in the data gathering process and the analysis of data. Synthesizing existing papers and finding connections between them may bring clarity to the field. In addition to the two explicitly stated contributions, the review may be of relevance for practitioners who are about to initiate, or in the process of performing, an organizational change. The suggestions made here may function as guidelines for how to supervise employees during a restructuring process.

Theory

Organizational change

There are just about as many ways of experiencing organizational change as there are terms used to describe the process. The various change terms applied when discussing change show the many ways of defining and, subsequently, understanding change. As stated by Walker et al. (2007), researchers have been attempting to understand change dynamics and help organizations successfully implement change for half a century. Consequently, a number of theories and approaches have developed on the topic, including well-known and influential theories such as Lewin's field theory (Burnes & Bargal, 2017) and Kotter's eight steps to change (Kotter, 2012). Lewin's theory of planned change takes into consideration that change occurs because of an actual want or need for change. Three main phases are suggested: unfreeze, move, and refreeze. The purpose of the first phase is to "unfreeze" the current routines, customs and organizational norms that define the organization to identify what needs to be adjusted. The next phase is concerned with "moving" the organization from one state to the next. Lastly, the new change implementations need to be "refreezed" for the changes to take hold. Explaining the phases of planned change serves, in this context, to illustrate the way reorganizations often occur. The change may involve new approaches to a company's structure, strategy, policies, procedures, technology, or culture. The change may be planned years in advance or may be forced on an organization because of a shift in the environment. Oftentimes, unplanned changes occur as a reaction to societal factors, such as economic fluctuations, technological improvements, or even pandemics. Some changes that may occur because of such factors are layoffs, downsizings, or relocations. Based on the descriptions of change presented here, the guiding definition of this paper is the one put forth by Lewin and Cartwright (1951): "Organizational change refers to the transition of the organization from one state to another".

According to a proposed model by Porras and Silvers (1991), organizational change is typically triggered by an environmental shift that, once sensed by the organization, leads to a response. These responses are often referred to as planned organizational changes and consist of four specific and highly interrelated variables: change interventions, organizational variables, organizational members, and organizational outcomes. Change interventions alter target variables, which subsequently impact organizational members and their work behaviours – which then result in specific organizational outcomes. The organizational variables, vision and work setting, create the organizational environment in which employees

function. During change, individuals within the organization must alter their behaviours according to newly implemented changes, which in the final instance affect organizational outcomes. Specifically, organizational performance and individual development are the two central organizational outcomes presented by Porras and Silvers (1991). This model reflects the complex nature of change and highlights an important point: change may be initiated at the top level but is always affecting the actors of the organization.

A review by Oreg et al. (2011) found that change recipients' reactions to change is a main determinant for the success of that change. This fact is essential when considering the success rates of change initiatives. Researchers have highlighted the fact that approximately 70 per cent of all changes fail (Beer & Nohria, 2000; Keller & Aiken, 2015; Kotter, 2008; Senturia et al., 2008), though the accuracy of these numbers have been challenged (Hughes, 2011). Similarly, mergers and acquisitions are popular, although only 50-60 per cent are successful (Cartwright & Schoenberg, 2006; Weber & Tarba, 2010) and the failure is mainly attributed to the human resource practices and the cultural issues (Bauer et al., 2016; Creasy et al., 2009). Whenever a change is undergone, the reactions of employees may vary based on the frequency and impact of change, as well as the reasons for it (Akhtar et al., 2016). It has been proposed that massive changes in organizations have profound psychological effects on employees who stay in the organization. For instance, a study of Brockner et al. (2004) showed that survivors of downsizing were less committed after downsizing had taken place. The fact that changes so often result in failure, and that employees' reactions have a central role in its success, shows that the way human resources (HR) are handled during change is important.

Psychological contract theory

The most general description of a contract is the belief in obligations existing between two or more parties (Rousseau, 1995). Psychological contracts arise when individuals infer promises that lead to beliefs about the existence of reciprocal obligations, typically between individual employees and their employer. Whenever an individual perceives that contributions he or she makes obligate the organization to reciprocity, a psychological contract emerges (Rousseau, 1989). These employee beliefs are of a promissory nature and are fundamental for employment relationships. Psychological contracts are tied to the individual's commitment to the organization. Commitment, in turn, has been characterized by three factors (Rousseau, 1989): (1) Acceptance of the organization's values, (2) willingness to exert effort on behalf of the organization, and (3) desire to remain an employee. In a situation where the individual

perceives changes in the contract, the consequence may be weakened employee commitment, shown in the individual's reduced efforts or increased turnover intention.

Typically, we divide psychological contracts into two main categories: the transactional and relational contract (Rousseau, 1989). Transactional contracts can be understood as *a fair day's work for a fair day's pay*, as employees with transactional contracts typically focus on short-term and monetizable exchanges. Typical contract terms are economic conditions (e.g., wage rate), limited personal involvement in the job (e.g., working relatively few hours, or with low emotional investment), work commitments with a close-ended time frame (e.g., seasonal employment, few years in the same job). Those holding transactional contracts often have commitments with clear-cut, specified conditions, and little flexibility. Work is performed using already existing skills, and there is little focus on developing new skills. Transactional contracts have unambiguous terms easily understood by outsiders.

The other main contract type is the relational contract, which is characterized by open-ended relationships that involve considerable investments by both employees and employers (Rousseau, 1989). Employees may contribute to the work relationship through acquiring company-specific skills and dedicating them to long-term career development. Employers may put in similar efforts for skill development and offer extensive training to their employees. Typical relational terms would be emotional involvement as well as economic exchange (e.g., personal support, concern for family well-being), and a focus on growth and development for employees. Employment contracts often have open-ended time frames, allowing them to stay indefinitely. Additionally, relational contracts typically consist of both written and unwritten terms, wherein some terms emerge over time. Since such contracts occur in longer employments, they are often subjected to change during the life of the contract. These contracts contain subjective and implicitly understood conditions that might be difficult for a third party to understand.

In practice, the explicit content of contracts vary from organization to organization, as well as from one individual employee to the next – where some arrangements are almost fully transactional while others are highly relational in nature (Rousseau, 1995). Balanced contracts have emerged as a middle-ground between the two main contracts, in which employment is open-ended and relationship-oriented, with well-specified performance terms. Performance terms show the contract's transactional elements, while the open-ended timeframe is

reminiscent of a relational contract. This blend of transactional and relational elements balances the contract to a greater extent, giving it its name.

The psychological contracts held by employees shape their attitudes and behaviours at work. Transactional contracts have clearly defined expectations related to the employee's and employers' obligations. Employees perform their work based on explicit task goals, work descriptions and responsibilities, and clearly stated performance outcomes. The relational contract, in contrast, is based on trust, care, respect and justice which is not limited to the exchange of economic resources. An expectation for individuals holding this type of contract would be that the organization values loyalty – whatever you give of your time, effort and competence will be rewarded with security and justice. Whenever the individual perceives other organizational actors as fulfilling their promises, this results in a fulfilment of contract terms. Contract fulfilment generally leads to positive behavioural outcomes, meaning that the employee's performance is maintained because promises have been kept.

A breach of the psychological contract occurs when the employee or the employer believes that the other party has failed to meet obligations within the psychological contract (Morrison & Robinson, 1997). It has been found that a majority of employees have experienced contract breach at some point during their careers (Coyle-Shapiro & Kessler, 2000). Whenever psychological contract violations occur, the employee first has the cognitive appraisal that the contract has been breached, followed by a negative affective reaction to this breach. Examples of such reactions would be feelings of bitterness, anger, resentment, or outrage. There is a relationship between contract violation and employee behaviour; violations are related to decreased trust in one's employer (Robinson, 1996; Robinson & Rousseau, 1994), increased employee cynicism (Andersson, 1996), and reluctance of the employee to invest in the employment relationship (Robinson, 1996).

There is an important distinction between breach and violation; breach represents a perceived imbalance in the social exchange process where the employee does not receive the expected outcomes from the organization. This distinction is not always clear, as the terms have been used interchangeably by some (Zhao et al., 2007). Here, whenever breach is followed by feelings of anger, distress, injustice and mistrust, it is classified as a violation (Raja et al., 2004). Whether a breach is converted into violation depends on the scale of the size and importance of the (broken) promise. Violation is the main mechanism through which perceptions of contract breach are translated into outcomes such as organizational commitment and intentions to quit (Arshad & Sparrow, 2010). According to Rousseau (1989),

violations are considered the central mechanism linking the psychological contract to important outcomes. It is the infringement of the psychological contract, rather than just the perception of fair or unfair treatment or one's personality disposition, that negatively affects the attitudes and behaviours of employees.

Psychological contracts in the context of change

Whatever level the change is implemented on, whether it be departmental, divisional, or organization-wide, people are ultimately at the receiving end of it. For change initiatives to work, people need to adjust their routines, attitudes, and behaviours. Organizational change is, in some ways, large-scale individual change. Organizational changes also increase the likelihood of psychological contract breach and violation (Magano & Thomas, 2017; Turnley & Feldman, 1998). Responses to violation have been divided into four main categories: voice, loyalty, neglect and exit (Rousseau, 1995). Different responses may be induced by predispositions of the individual, as well as situational factors. Exit, or turnover, occurs when the employee voluntarily terminates the work relationship and is more likely to happen when a contract is transactional, or if there are many other job opportunities available. According to Rousseau (1995), it is also easier to exit when others are exiting. The actions taken by an individual to repair the violation has been coined "voice". Complaints to the HR department or directly to superiors are some examples of voice behaviour. Voice is likely to occur when a positive relationship exists and where others are expressing voice. The organization also needs to have specific channels through which it is possible to express voice. As opposed to voice, silence characterizes the 'loyalty' response. Loyalty may be manifested as avoidance and endurance of unfavourable situations. This response can occur whenever employees feel that there are no other alternatives available. Lastly, neglect responses may be prevalent where there is a history of conflict or violation. Neglect comes in the form of passive-aggressiveness, or sometimes in more aggressive forms of destructive work behaviours. Previous research on psychological contracts have focused on work-related outcomes and the relevance of contracts in connection to that (Johnson & O'Leary-Kelly, 2003; Restubog et al., 2008). These four responses, exit, voice, loyalty, and neglect, encompass many of the work outcomes that may be negatively affected by organizational change – through the psychological contract. Other work outcomes are organizational commitment, organizational citizenship behaviour, trust, and job performance. These have been researched extensively in the context of psychological contracts and change. A closer inspection of work outcomes follows in the results section.

This review aims to identify effects of organizational change on psychological contracts. In addition, the review focuses on effects of different forms of organizational change on psychological contracts and on breach, violation, and fulfilment. There is also interest in investigating possible consequences of contract breach, violation, and fulfilment in the context of organizational change. Understanding how organizational changes can be executed in a way that benefits both parties of the employment relationship another point of interest. Based on the current knowledge and the theory presented in this section, I therefore inquire:

1. *Which characteristics are prominent in the relationship between psychological contracts and organizational change?*
2. *With psychological contracts in mind, what are the specific outcomes of change?*
3. *How might organizational change be managed successfully, based on the literature on psychological contracts in the context of organizational change?*

These research questions will guide the systematic review performed in this thesis.

Methods

An introduction to systematic reviews

The systematic review as a method was developed within medical science to synthesize research findings in a systematic way. Systematic reviews are characterized by a methodical, replicable, and transparent approach (Gusenbauer & Haddaway, 2020). Siddaway et al. (2019) recommend doing a systematic review whenever possible because the nature of the systematic review ensures that they tend to be of higher quality, more comprehensive, and less biased than other types of literature reviews. Typically, the aim of a systematic review is to identify all empirical evidence that fits pre-specified inclusion criteria to answer a particular research question. By using explicit and systematic methods when reviewing articles and available evidence, bias can be minimized, thus providing findings from which reliable conclusions can be drawn (Moher et al., 2009).

Breslin and Gatrell (2020) present two main approaches to theory development. These approaches are presented as the miner-pro prospector continuum. The focus of the miner approach is outlining and synthesizing a given field or “excavating” already discovered knowledge mines to gather all the available information that might exist there. The researcher working as a miner should extract from an existing mine (or scholarly field) sufficient material to make a

living (or make a scientific contribution). The underlying goal of the miner is to continue research in an unexploited field of research. A prospector, on the other hand, does not look at existing concepts in need of further development, but rather for new ideas, connections, or insights in the hope of “striking gold” (Nugent, 2011). The main goal of a researcher with a prospector approach is to find a larger, productive mine, which has many future seams of mineral of varying quality extending beyond the core source. In a research context, the prospector would try to find new fields of interest that the researcher might investigate more closely, hoping to discover something completely new. By doing this, the prospector might discover new connections, which in turn could lead to new insights and perspectives on a given topic.

My goal in this review is to apply strategies associated with both the miner and the prospector approach. I am trying to expand the knowledge in an already-discovered field, by identifying conceptual gaps, organizing and problematizing literatures, as well as identifying contradictions. This is central in academic research, due to the rapid pace of knowledge production. Still, the purpose of this review is to perform a literature review on a subject which has not been investigated before. One could argue that this is in the spirit of the prospector approach.

Performing the systematic review

In this paper, empirical studies on psychological contracts in changing organizations have been reviewed systematically. I have reviewed all accessible empirical studies within organizational psychology and management. When applying this method, researchers need to search for all relevant literature, published and unpublished, and critically assess the papers according to a predetermined research question (Siddaway et al., 2019). An important goal of the systematic review is to identify all or as many relevant sources as possible. For this reason, the chosen research topic should have the greatest coverage possible (Gusenbauer & Haddaway, 2020).

When performing a systematic review, the sample selection of relevant studies determines the study’s outcome, validity, and explanatory power. It is important that the chosen search systems include adequate levels of relevant publications; meaning that search systems should be purposefully selected based on the fields of research they cover. I selected four search systems that fulfil criteria of coverage, recall, and precision, following a specific study in which the authors reviewed 28 different search systems (Gusenbauer & Haddaway,

2020). The result was my selection of the following search systems, which scored high on necessary criteria: Web of Science Core Collection, PsycINFO, PubPsych, and Scopus. Some of these search systems, such as Web of Science Core Collection and PsycINFO, cover highly credited journals within psychology. PsycINFO also covers books and book chapters. Scopus, on the other hand, was included in the hopes of covering grey literature in the form of unpublished materials. By including grey literature, I could investigate whether there was any indication of publication bias within the research field. In the final selection of papers, the inclusion of a PhD dissertation indicates that there does exist valuable unpublished material on the topic.

Defining organizational change

Researchers have used a variety of words for conceptualizing and describing organizational change. In most papers, the authors simply refer to “organizational change” and then continue reporting on the measurements of the individuals undergoing the said change. An organization going through a layoff will be facing different challenges than one experiencing a quality improvement. Still, both layoffs and quality improvements can be classified as transitioning the organization from one state to another. As a means for organizing the terms employed in the papers for describing organizational change processes, I used existing reviews on organizational change (Oreg & Berson, 2019; Oreg et al., 2011) to structure forms of change. The terms elected and their definitions have guided the search process, systematization and understanding of organizational change in the review. After the initial search, I clustered together synonyms for identical change types. Initially, I had more organizational change terms than the ones listed here (see Appendix 1), striving for maximum coverage during the search process.

Table 1 contains definitions of various change types, extracted from papers on change (Oreg & Berson, 2019; Raeder, 2019). Terms applied often lack specific definitions from academic literature, but their applications are generally understood through context. Terms such as “transformation”, or “relocation” are widely used in practice, and I therefore rely on the readers’ general knowledge in this review.

Table 1*Change types and their definitions (Oreg & Berson, 2019)*

Change type	Definition
Organizational change	The transition of the organization from one state to another (Lewin & Cartwright, 1951).
Strategic change	Encompasses the realization of strategic intent through a process of organizational alignment. Strategic intent comprises the intentions of organizational members concerning the creation of a competitive advantage in the particular environment in which the business operates (Hardy, 1996).
Change initiative	An initiative aimed at transitioning the organization from one state to another.
Change implementation	Initiative to change an organization, in which specific, predetermined steps in the form of a change implementation plan may be applied.
Restructuring	Effective and efficient reorganization of the components of corporate work, typically involving the positive language of reducing costs, increasing profits, improving product and service quality, increasing share price, and responding quickly to new opportunities (Hirsch & Soucey, 2006).
Downsizing	The planned elimination of positions or jobs (Cascio, 1993).
Layoff	Like downsizing, the planned elimination of positions or jobs (Cascio, 1993).
Relocation	An organization moves employees from one location to another.
Organizational reform	Refers to an improvement or set of improvements made to a system, law, organization, etc. in order to make it more modern or effective (Cambridge University Press & Combley, 2011, p. 705). Often applied by public organizations to describe change processes.
Transformation	The process of transforming and changing the existing organization.
Quality improvement (Q1)	Consists of systematic and continuous actions that lead to a measurable improvement in health care services and the health status of targeted patient groups (U.S. Department of Health and Human Services HRSA, 2011).
Job redesign	Planned change initiatives that aim to modify job characteristics as a means of enhancing employee outcomes such as well-being and job performance (Holman & Axtell, 2016).
New technology	Any initiative aimed at developing the current technological state of an organization.
(Organizational) growth	A dynamic measure of change over time, by some identified as the most commonly used measure of organizational performance (Hubbard & Bromiley, 1995; Weinzimmer et al., 1998).
Mergers and acquisitions (M&A)	Refers to cases of joint activities where minimum two or more, separate legal entities convert into a single entity (Bari et al., 2016; Duijsters & Hagedoorn, 2002; Yan & Zhu, 2013).

Divestiture	A firm's adjustments of its ownership and business portfolio via spin-off, equity carve-out, split-up, or unit sell-off. The reduction of a firm's assets for the sake of adaptive change and adjustment (Brauer, 2006).
Culture change	Group culture is "a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems" (Schein, 2010, p. 17). In an organizational setting, cultural change refers to activities taken to adjust the current culture of the organization.

Performing the search

To identify studies for this review, I searched the literature using terminology typically associated with organizational change. By including all the words presented in Table 1, I hoped to cover as many relevant publications as possible. In the Web of Science Core Collection, PsycInfo, PubPsych and Scopus database, I conducted an electronic search of abstracts for the terms *psychological contract* and *organizational change*. No restrictions for timespan were set, allowing articles from 1900 to 2020 to be included. I searched all four search systems within the search fields *title*, *abstract*, *keywords*, and *extended keywords*, using the same search string in all databases (see Appendix 1).

This search strategy resulted in a total (k) of 695 hits, in which 238 were duplicates. After removing these, the final number of hits were 457. After initially screening these publications, many of the preliminary results were discarded due to lack of relevance for the research question. Based on the abstract and methods sections of articles, I excluded studies from the pool if they (a) were in other languages than Norwegian or English ($k = 30$), (b) they were theoretical or other review work ($k = 125$), or (c) were not in the context of organizational change ($k = 180$). These exclusion criteria guided the selection of review literature. In addition to this, I excluded conference papers due to the limited amount of information the papers yielded ($k = 37$). For the dissertations that were unavailable online but still relevant for the research question, I contacted the authors directly, asking them to send me their papers ($k = 5$). Only one author had their dissertation available. The others' studies were unfortunately excluded due to unavailability of papers ($k = 4$). Ultimately, the screening process resulted in the inclusion of 81 articles for the final systematic review.

Striving for validity in the screening process, two other individuals verified all the screened articles to make sure that there were no ambiguities related to the final selection of

papers: Sabine Raeder, a professor in organizational psychology, and Fredrik Ruben Lamøy, a fellow-student writing a thesis on psychological contracts. Their parallel screening ensures inter-rater reliability. Another review, in which both organizational change and psychological contracts were considered, guided the selection of articles for this review. Every included empirical study from that review are included in my own review (Raeder et al., 2019).

Coding scheme

The initial categorization of articles consisted of identifying the types of psychological contract content focused on in each study. Each paper could be listed for several types of contracts, as some researchers had investigated more than one form of psychological contract content. Next, I categorized all papers according to the type of organizational change context they were in. For this categorization, I applied the definitions previously listed (see Table 1). I also noted which papers had applied which methodology. Quantitative, qualitative and mixed-methods design were placed in separate categories. I also looked at the outcomes measured, and the findings made in each paper – allowing for information on which relationships the different forms of change had with contract types. Examples of outcomes related to changes were turnover intention, organizational citizenship behaviour (OCB), organizational commitment, stress, and motivation. The research questions also played an important part in the categorization of studies. Each article was allocated to one (or more) research question(s), depending on information revealed in the study. The most prominent similarities and differences were summarized in tables for the sake of overview, while the qualitative similarities and differences are highlighted in the results section. See Appendix 2 for a sample of how studies in the review have been coded.

Results

The data extracted from 81 papers reveals a multifaceted research material. Table 2 presents an overview of characteristics of the studies in this review. The methodology of the investigations is shown in the first column, revealing that 61.7 per cent of the articles have applied a quantitative methodology (e.g., cross-sectional or longitudinal self-report questionnaires), while 35.8 per cent have used qualitative methodology (e.g., case studies, interviews). The majority of the studies were published in various journals (96.2 per cent). All studies were placed both in a “contract type” category, and an “organizational change type” category. Some authors were specific in their focus with regards to psychological contracts, mentioning that the paper was concerned with either violation, fulfilment, or relational or

transactional aspects of contracts. Others were more general, stating their use of “psychological contract theory” (e.g., Cho et al., 2017), or that they would look at data using “psychological contracts as an analytical framework” (Tietze & Nadin, 2011). Similarly, there was diversity in terms that described the change undergone in each study.

“Organizational change” was used in 30.9 per cent of the studies, while “restructuring” and “mergers and acquisitions” were other change forms typically investigated. Not all change types had eligible papers associated with it in the final review. See for example “organizational reform”, “new technology”, and “relocation”. Table 3 contains an overview of the relationship between different forms of organizational change and types of psychological contracts – as they are presented in the literature.

The relationship between organizational change and the psychological contract

A specific question guiding this review were concerned with the prominent characteristics in the relationship between psychological contracts and organizational change. Investigations into the nature of contracts during change yielded general agreement on one thing: change affects psychological contracts. Managers who were working in organizations undergoing various forms of change (e.g., downsizings, reorganizations, or mergers and acquisitions) were significantly more likely to feel that their psychological contract had been violated than those working in unchanged organizations (Turnley & Feldman, 1998). While researchers initially suspected that there might be significant differences in the employees’ perceptions of change as it pertained to the psychological contract, no such differences were apparent. The term “psychological contract” originated in The United States of America and has mainly been studied in North American and European context. Studies performed in countries such as Hong Kong, Pakistan, and Malaysia suggest that the influence of change on contracts were the same for employees in various cultural contexts in Asia (Arshad & Sparow, 2009; Bari et al., 2016; Lo & Aryee, 2003). Not much research has been initiated in other contexts, such as in these Asian countries, which makes the contributions especially interesting.

Table 2*Overview of Psychological Contract Study Characteristics (k = 81 Studies)*

	Study characteristics	k	Ratio (%)
Methodology	Qualitative	29	35.8
	Quantitative	50	61.7
	Mixed methods	2	2.5
Type of publication	Journal article	78	96.2
	Ph.D. dissertation	1	1.2
	Book, or book chapter	2	2.5
Type of contract	Psychological contract, unspecified	41	50.6
	Relational contract	3	3.7
	Transactional contract	1	1.2
	Balanced contract	0	0
	Relational and transactional contract	3	3.7
	Balanced, relational and transactional contract	2	2.5
	Psychological contract breach	15	12.5
	Psychological contract violation	8	9.9
	Psychological contract fulfilment	7	8.6
	Other (“anticipatory psychological contract”)	1	1.2
Type of organizational change	Organizational change	25	30.9
	Strategic change	2	2.5
	Change initiative	5	6.2
	Change implementation	0	0
	Restructuring	16	19.8
	Layoff	8	9.9
	Downsizing	5	6.2
	Relocation	0	0
	Organizational reform	0	0
	Transformation	2	2.5
	Quality improvement (Q1)	2	2.5
	Job redesign	1	1.2
	New technology	0	0
	(Organizational) growth	0	0
	Mergers and acquisitions (M&A)	15	15.5
	Divestiture	0	0
Culture change	0	0	

Table 3

Overview of the relationship between forms of organizational change and types of psychological contracts (k = 81)

Psychological contract focus	Organizational change	Measured outcome(s)	All identified studies	k	Ratio (%)
Transactional contract	Organizational change	Level of agreement with components of the “new PC”	(Cavanaugh & Noe, 1999)	1	1.2
Relational contract	Organizational change	Employee commitment to change	(Jing et al., 2014)	1	1.2
	Downsizing	Employee reactions to downsizing events	(De Vries & Balazs, 1997)	1	1.2
	Strategic change	Restoring trust	(Sverdrup & Stensaker, 2018)	1	1.2
Balanced contract	-	-	-	0	0
Both relational and transactional	Organizational change	Perceived legitimacy of change	(Rousseau & Tijoriwala, 1999)	1	1.2
	M&A	Upwards and downwards psychological contracts Commitment to organizational change	(Bligh & Carsten, 2005) (Cho et al., 2017)	2	2.5
Relational, transactional and balanced	Organizational change	Contract changes	(Chaudhry et al., 2011)	2	2.5
		Decreased employee performance	(Chaudhry & Song, 2014)		
Anticipatory psychological contract	Layoff	Expectations of (relational, transactional) contract nature future in employments	(Eilam-Shamir & Yaakobi, 2014)	1	1.2
Psychological contract fulfilment	Organizational change	Exit, voice, loyalty, neglect	(Akhtar et al., 2016)	3	3.7
		Attitude towards change, turnover intention	(van den Heuvel et al., 2017)		
		Contract fulfilment, employee attitudes towards change	(van der Smissen et al., 2013)		
	Change initiative	Job satisfaction, affective organizational commitment	(Syrek & Antoni, 2017)	1	1.2
	Transformation	Resistance to change	(Van den Heuvel & Schalk, 2009)	1	1.2

	Job redesign	Employee outcomes (well-being, contract fulfilment, supervisor-rated job performance)	(Holman & Axtell, 2016)	1	1.2	
	M&A	Perceptions of fulfilment	(Senior et al., 2017)	1	1.2	
Psychological contract breach	Organizational change	Workplace bullying	(Baillien et al., 2019)	7	8.6	
		Decreased contribution towards organization	(Conway et al., 2014)			
		Commitment to change	(Erkutlu & Chafra, 2016)			
		Turnover intentions, psychological withdrawal behaviour, civic virtue behaviours	(Lo & Aryee, 2003)			
			Job satisfaction	(Noblet & Rodwell, 2009)		
			Job demands, (social) support, control, expectations, justice perceptions, psychological well-being, organizational commitment	(Rodwell et al., 2011)		
			Contract violation as a mediator between contract breach and attitudinal outcomes	(Tomprou et al., 2012)		
	Restructuring	Job involvement, organizational citizenship behaviour	(Arunachalam, 2020)	2	2.5	
		Increased innovative work behaviour	(Niesen et al., 2018)			
	Change initiative	Resistance to change, engagement during anticipatory phase of change	(De Ruiter et al., 2017)	2	2.5	
		Intrinsic and extrinsic outcomes of contract breach	(Kickul et al., 2002)			
M&A	Civic virtue, turnover intention	(Bellou, 2008)	2	2.5		
		Unmet expectations in acquisitions	(Hubbard & Purcell, 2001)			
Layoff	Job performance, organizational citizenship behaviour	(Bohle et al., 2017)	2	2.5		
		Resilience and job insecurity	(Shoss et al., 2018)			
Psychological contract violation	Organizational change	Over- and under-fulfilment of PC	(Cassar, 2001)	2	2.5	
		Exit, voice, neglect and loyalty behaviours	(Turnley & Feldman, 1999)			
	Restructuring	Change appraisals, turnover intention, voluntary employee turnover	(Rafferty & Restubog, 2017)	3	3.7	
		Job insecurity, decision making, opportunities for advancement, amount of responsibility, turnover intention, decreased loyalty	(Turnley & Feldman, 1998)			
		Perceptions of organizational culture, attitudinal/behavioural reactions to restructuring	(Way et al., 2007)			
Downsizing	Increased turnover intention	(Arshad, 2016)	1	1.2		

	M&A	Changes in interpersonal trust	(Yan & Zhu, 2013)	1	1.2
	Layoff	Attitudes towards employer (trust, loyalty, commitment)	(Pate & Malone, 2000)	1	1.2
Psychological contract, unspecified	Organizational change	Changes in organizational contributions and obligations	(Bellou, 2007)	8	9.9
		Turnover intention, organizational commitment	(Freese et al., 2011)		
		Organizational learning	(Lucas & Kline, 2008)		
		Psychological contract breach	(Nugraha et al., 2016)		
		Perceptions of the psychological contract	(Sparrow, 1996)		
		Perceptions of breach and violation	(Robinson & Morrison, 2000)		
		Attitudes towards change	(Van den Heuvel et al., 2016; Van den Heuvel et al., 2015)		
	Restructuring	Knowledge sharing and transfer within organization	(Finnegan & Willcocks, 2006)	11	13.6
		Psychological contract changes of “endurers”	(McLachlan et al., 2020)		
		Staff expectations	(Morgan, 2009)		
Changes in obligations, changes in work boundaries		(Tietze & Nadin, 2011)			
Generational differences in expectations		(Nelson & Duxbury, 2020)			
Psychological contract breach		(Newell & Dopson, 1996)			
Investment of self, acceptance of culture change initiative, acceptance of culture change values		(Whiteley et al., 2013)			
Change initiative	Manager communication to subordinates	(Hallier, 1998)			
	Security abeyance	(Hallier, 2000)			
	Construction and enactment of the psychological contract	(Hallier & James, 1997)			
Transformation	Survivor reactions (psychological, emotional, behavioural)	(Benson, 1994)			
	Employee attitudes and behaviour	(Schalk et al., 1998)	2	2.5	
Downsizing	Disillusionment	(Snell, 2002)			
	Perceptions of organizational change, social interactions	(Van der Schaft et al., 2020)	1	1.2	
Strategic change	Changes in employee expectations	(McGovern et al., 1996)	3	3.7	
	Psychological contract violation	(Arshad & Sparrow, 2009; Arshad & Sparrow, 2010)			
		Employee beliefs in organization obligations	(Korsgaard et al., 2002)	1	1.2

Quality improvement	Older workers' reactions and perceptions of change initiatives	(Kidwell, 2003)	2	2.5
	Employee perceptions of implementation of quality policy	(Newton, 2002)		
Mergers and acquisitions (M&A)	Financial performance and non-performance	(Bari et al., 2016)	9	11.1
	Commitment to organizational change	(Conway & Monks, 2008)		
	Psychological contract breach and violation	(Cortvriend, 2004)		
	Influence of previous employment relationship on current psychological contract	(Linde & Schalk, 2008)		
	Employee perceptions of impact of change on the psychological contract (turnover of talent, culture clashes, breach)	(Magano & Thomas, 2017)		
	Trust and distrust	(Searle & Ball, 2004)		
	Organizational commitment	(Theron & Dodd, 2011)		
Layoff	Talent retention	(Holland & Scullion, 2019)		
	Impact of a merger on changes in the psychological contract and workplace attitudes	(Schalk et al., 2001)		
	Perceptions and experiences of layoff pressures	(Parzefall, 2012)	4	4.9
	Increased turnover, demoralized workforce	(Ranganathan & Outlay, 2009)		
	Psychological contract breach	(Rust & McKinley, 2005)		
	Subjective health, depressive symptoms, felt obligations, turnover intentions	(Stengard et al., 2015)		

Relational and transactional psychological contracts

According to Rousseau and Tijoriwala (1999), the type of psychological contracts held by actors play a particularly important role in influencing legitimacy of change perceived by the affected employees. During change, transactional contracts can lead to a greater focus on the monetary nature of the exchange and less willingness to accept new responsibilities without increased compensation. Since the relational contract reflects other-oriented and need-based thinking, employees with strongly relational contracts have been theorized by the authors to create a greater zone of acceptance – meaning that they would accommodate to needs and requests expressed by the employer to a greater extent. A point worth noting is that the transactional contract may assume primacy over the relational contract as violation occurs (Pate & Malone, 2000). In essence, a negative experience with one employer can lead to negative perceptions of employers in terms of trust, loyalty, and commitment. Evidence by Pate and Malone (2000) also suggests that negative outcomes, such as the ones mentioned above, are persistent. Whenever negative changes occur, resulting in violation of contract terms, the outcomes might remain unchanged for a longer period, affecting several core employee behaviours and cognitions.

The perception of what constitutes a contract violation varies across individuals, because the individual's understanding of contract terms is based on subjective appraisals. Turnley and Feldman (1998) identified four groups within their sample who all had differing perceptions while undergoing the same change. Approximately 25 per cent of the sample felt that they had received less (or *much less*) than they had been promised. A second group perceived that their employer never had made any commitments to them to begin with, and therefore the organization had no commitments that could be broken. The third group in the sample saw a discrepancy in the work experiences as compared to the expectations they initially held but did not feel that the discrepancies were a violation of their psychological contracts. Many of the participants in this group highlighted the fact that they felt that change was a normal part of doing business, and thus expecting such changes to occur. Lastly, the fourth group thought that their contract had been seriously violated, affecting their satisfaction with their jobs. This study highlights the subjectiveness of psychological contract beliefs.

Research has shown that change had a significant impact on employee relationships characterized by loyalty and a long-term perspective, while the influence on contracts with transactional terms were less impactful (Chaudhry et al., 2011). In a study by Chaudhry and Song (2014), employees who had formed a relational or balanced contract with their employer

significantly reduced their contributions to the organization during change, compared to those with transactional contracts. Perceived job insecurity did play a part in this. It is also worth noting that employees are more likely to depend on resources that are clear and tangible during unstable situations, making them focus more on the relational aspects rather than the transactional aspects of their psychological contracts (Cho et al., 2017).

Psychological contract breach, violation, and fulfilment

Many of the studies in this review specifically focused on factors that increase the likelihood of fulfilment, breach, or violation, or in other ways affect the relationship. The factors have been divided into two main types: (1) organizational factors (e.g., management, change characteristics), and (2) factors related to the individual. First, the following organizational factors have been found to be relevant: organizational change types and whether the change was planned or not (Van den Heuvel & Schalk, 2009), the impact and frequency of change (Akhtar et al., 2016), the degree to which employees experience support, communication and encouragement from management (Schalk et al., 1998), and the management's intent to resolve abeyance feelings (Hallier, 2000). Secondly, individual factors are affecting the appraisals of the change. Previous experiences have a strong influence on the individual's expectations of change (Eilam-Shamir & Yaakobi, 2014; Linde & Schalk, 2008; Rafferty & Restubog, 2017). The experiences referred to here are previous experiences of witnessing layoffs (Eilam-Shamir & Yaakobi, 2014), having had negative experiences with change (Rafferty & Restubog, 2017), and differing experiences with employers due to social differences in post-Apartheid South Africa (Linde & Schalk, 2008). Additional factors that have been identified as relevant in the relationship between change and contracts, are personality disposition (Arshad & Sparrow, 2010), individual resilience (Shoss et al., 2018), employee self-reliance (Rust & McKinley, 2005), and gender differences in expectations (Sparrow, 1996).

To conclude, change affects the psychological contract. Prominent in the relationship between contracts and change is the fact that employees are more likely to experience contract breach or violation when their work organizations are undergoing change. An individual with a mainly relational contract will often be more accommodating to change than those with transactional contract, supporting the notion that relational contracts are desired in employees. Transactional contracts may assume primacy over the relational if violation occurs, and such changes in employees' contracts have been found to be durable. As contracts are subjectively held, the probability of breach, violation, or fulfilment occurring depend on several factors.

Among these are the scale and frequency that changes occur, and the employee's perceptions of organizational support.

Outcomes of change

As stated in the second research question, a main interest in this review is to identify possible outcomes of psychological contract breach, violation, and fulfilment in the context of organizational change. Whenever a breach or violation occurs this may affect the relationship between employer and employee. According to Freese et al. (2011), empirical research on the effects of changes in organizations is scarce. Still, some research exists – all of which have met the criteria for inclusion in this review (Kickul et al., 2002; Pate & Malone, 2000; Turnley & Feldman, 1998). Several articles specifically focused on investigating psychological contract breach (e.g., Cortvriend, 2004; Kickul et al., 2002; Newell & Dopson, 1996; Nugraha et al., 2016; Rust & McKinley, 2005; Tomprou et al., 2012). Some of these have empirically investigated the consequences of psychological contract breach as it concerns organizational agents.

Psychological contract breach

Findings by Magano and Thomas (2017) indicate that organizational change increases the likelihood of contract breach. More generally, employee perceptions regarding organizational obligations change during a restructuring (Bellou, 2007). Breach has been shown to negatively influence many employee work outcomes, such as civic virtue behaviour (Bellou, 2008; Lo & Aryee, 2003), turnover intention (Arshad, 2016; Rafferty & Restubog, 2017; Stengard et al., 2015; van den Heuvel et al., 2017; Way et al., 2007), and actual turnover (Akhtar et al., 2016; Ranganathan & Outlay, 2009; Turnley & Feldman, 1999). For this reason, breach is deemed an unwanted outcome of change – and should therefore be avoided when possible. Contract breach has been found to predict a change in contributions towards the organization (Conway et al., 2014) and increasing employees' resistance to change (De Ruiter et al., 2017). Commitment to the organization may also be affected, as shown in a study by Erkutlu and Chafra (2016). In the event of a layoff or downsizing, there is an increase in job insecurity (Bohle et al., 2017; Senior et al., 2017). Job insecurity, in turn, leads to a higher likelihood of employee perceptions of contract breach. A longitudinal study performed on possible consequences of contract breach revealed that exposure to organizational change during Time 1 was positively related to being a perpetrator of workplace bullying at Time 3. This relationship was mediated through perceptions of

psychological contract breach at Time 2 (Baillien et al., 2019). These findings indicate that breach that occurs due to organizational change may have explicit effects on the work environment experienced by employees, which may affect work environments further.

Psychological contract violation

Investigations of studies yielded information on outcomes following violations during change processes. Similarly to breach, violation of the psychological contract increases the possibility of employee turnover (Turnley & Feldman, 1998; Turnley & Feldman, 1999) and turnover intention (Arshad, 2016; Freese et al., 2011). Employees that perceive their contracts to be violated may experience lower levels of perceived justice, and consequently lower organizational commitment (Theron & Dodd, 2011) and reduced willingness to participate in organizational citizenship behaviour (Arshad & Sparrow, 2010; Morgan, 2009). Among other outcomes that happen due to violation, Yan and Zhu (2013) found that perceived violation has a negative impact on organizational trust, while others still found a decrease in job satisfaction (Cavanaugh & Noe, 1999). These negative feelings and behaviours associated with change, and as a consequence, violation, may lead to phenomena known as “survivor syndrome” (Newell & Dopson, 1996). “Survivor syndrome” specifically refers to managers who reported feeling demotivated, working longer hours, experiencing lack of control and information, often after a layoff. Layoffs in itself may be considered a violation. However, results from a study by Niesen et al. (2018) show that employees with a violated psychological contract displayed more acts of idea generation – innovation – in comparison with employees whose contracts were not violated. This finding is an indication that positive outcomes of violation can occur, making the complete picture more nuanced.

Psychological contract fulfilment

Although papers measured the degree to which contracts were fulfilled to identify contract breach in the form of non-fulfilment, few papers specifically discussed the concept of contract fulfilment. A main objective in the context of change is achieving contract fulfilment, which has been an area of interest for several of the authors in this review (Holman & Axtell, 2016; Senior et al., 2017; van der Smissen et al., 2013). In these studies, fulfilment was applied as an opposite to contract breach, to be able to measure extent to which breach had occurred. One study did explore under- and over-fulfilment of contracts (Cassar, 2001). Employees who over-fulfilled their part of the psychological contract did not experience significantly improved outcomes. Compared to under-fulfilled contracts, the over-fulfilled

contracts did not affect the employees' work outcomes as positively as under-fulfilled did affect them negatively.

To answer the second research question: with psychological contracts in mind, some specific outcomes of change are an increased likelihood of breach and violation. Work outcomes affected by breach are civic virtue behaviour, turnover intention, and actual turnover. Employees contributions to organization may also be lessened, which typically affects productivity. Violation, similarly, increases likelihood of turnover, lowers commitment, and has been related to a phenomenon known as "survivor syndrome". Contract fulfilment is often used as a basis for judging whether contract have been breached or violated. One article investigated fulfilment of contracts and found that over-fulfilment of contracts did not lead to better outcomes for employees. Referring to the research question, negative outcomes of change are likely to occur whenever breach or violation occur. However, though fulfilment may be an ideal for positive employee outcomes, excessive efforts may lead to over-fulfilment, which may not yield correspondingly great outcomes.

Managing successful change

The final research question is concerned with how organizational change can be executed in a way that benefits the employee and the employer. Main topics that emerged were purposeful management practices before, during, and after the change process, cases in which specific initiatives aimed reducing negative consequences of change and guidelines on how to proceed in a sustainable way (Ranganathan & Outlay, 2009).

Careful and thoughtful human resource management (HRM) has been deemed imperative for the success of organizational change (Bellou, 2008). A positive correlation between the number of management practices initiated by HR management and normative employee commitment was found in a study by Theron and Dodd (2011). Whenever change occurs, implementing initiatives may alleviate some of the stress that will inevitably be induced. In agreement with this, Yan and Zhu (2013) conclude that managers can adopt HR strategies to reduce the likelihood of contract violation and enhance trust. The sort of HRM initiatives suggested in the literature to positively affect change outcomes for employees, are due diligence exercises prior to mergers and acquisitions (Holland & Scullion, 2019; Magano & Thomas, 2017), and strategic communication from top-levels of management to the front-line supervisors (Bligh & Carsten, 2005). The more useful, timely, and adequate the information about a change, the more fulfilled the psychological contract, the higher the trust,

and the higher the perceived need for change will be (Van den Heuvel et al., 2015). As previously discussed, when violation occurs, this may lead to a decrease in employee trust. Sverdrup and Stensaker (2018) reveal specific measures for trust restoration between employers and management.

Some qualitative studies aimed at investigating alternative HR arrangements that might mitigate the negative effects of job loss after a downsizing event (Parzefall, 2012; Snell, 2002). One such initiative is named the “competence pool”, described in a study by Parzefall (2012). The competence pool helped to buffer against the worst outcomes of change, and to restore the balance in the psychological contract to some extent. As a result, the competence pool became an employer contribution that reduced contract violations. Interviewees agreed that the competence pool was an excellent solution to the given situation and allowed them to overcome the initial shock of losing their jobs without losing the employment relationship. In terms of the psychological contract, employees felt that the initiative had shown that the employer cared enough to provide them with such a solution. Employees therefore felt that the employer had tried to fulfil their end of the contract, even though the layoff in itself was a violation. A similar HR initiative is mentioned in Snell (2002), wherein displaced staff went into a pool during change implementation. These employees underwent retraining and matching to new posts and stayed in the pool pending replacement. This pool was associated with stigma, limbo, insecurity, and threats to individuals’ self-efficacy – which shows how important it would be for the organization considering such initiatives to *frame these* in a way that highlights positive aspects.

Inspired by an IT resizing event, Ranganathan and Outlay (2009) produced guidelines for managers to help them achieve change goals while restoring and renewing employees’ psychological contracts. The resizing of the organization had left employees with violated contracts, and subsequently, feeling demoralized. The authors claim that, even though an organizational change will have its impact on the employees’ contracts, there are ways to reduce the sense of uncertainty that compromises the workers’ engagement, loyalty, and job performance. For leaders who are about to engage in organizational change, the authors suggest the following guidelines:

1. Adopt a people-centric approach
2. Stay engaged, do not delegate to the human resources department
3. Provide advance and ongoing direct communications

4. Treat everyone fairly
5. Devise support systems for both displaced and retained workers
6. Do not underestimate outplacement impacts and support needs

These guidelines summarize many of the findings presented in the results section, providing an answer to the third research question. By adopting a people-centric approach, the likelihood of successful change improves, as we know that employees and initiatives aimed at them are highly important for successful change. Through purposeful management, it is possible to stay engaged in the actual processes undertaken – as well as making it easier to stay connected to employees, allowing for direct communication. Justice perceptions have been emphasized in several research studies (e.g., Arshad & Sparrow, 2010; Kickul et al., 2002). Examples of systems for displaced workers did appear in the research (Parzefall, 2012; Snell, 2002). Combining what is known about organizational change and its possible consequences, not underestimating the impact of change events, as well as the need for support before, during and after such events, should be a main takeaway from this review.

Discussion

This thesis has discussed psychological contracts, with an overarching aim of identifying what the empirical literature within organizational psychology and management says about the relationship between organizational change and psychological contracts. To summarize, organizational change affects psychological contracts, and the likelihood of breach and violation increases as employees are subjected to change. Individuals undergoing change often spend more time on trying to make sense of their work conditions, making them more alert to potential breach. Additionally, the type of contracts held by employees is significant for how the change itself is perceived. Individuals with mostly relational contracts tend to accept bigger changes, compared to those with transactional contracts. This has been referred to as them having a “greater zone of acceptance”. On the other hand, a more significant impact of change on employees with relational contracts has been found, compared to those with transactional contracts. Researchers have identified several factors that increase the likelihood of breach or violation, which in this study have been categorized as organizational factors and factors related to the individual. Organizational factors are, among others, impact and frequency of change, and perceived organizational support. Notable individual factors are previous experiences with change, personality disposition, individual resilience, and employee self-reliance. Furthermore, possible outcomes of change have been

identified. Occurrence of breach and violation have been found to affect various work outcomes, many of which are considered negative. Innovative behaviour has been found to increase as well as positive customer service behaviour, indicating that desirable outcomes also occur. For the management of change to be as beneficial as possible for all parties, researchers have found that purposeful human resource management, clear communication, and providing employees with information may alleviate some of the negative outcomes typically associated with change.

Theoretical contributions

The first contribution of this thesis is its extensive overview of the current state of research on psychological contracts and organizational change. Additionally, it showcases potential areas for further research. Through this review, the diversity in the research field has been made more visible. Overall findings reveal that several employee work outcomes are related to change. All sorts of topics have been investigated, from workplace bullying (Baillien et al., 2019), to working from home (Tietze & Nadin, 2011), to the specific impact of New Public Management on employee well-being in various parts of the public sector (Rodwell et al., 2011). Arguably, most of the empirical studies have investigated negative outcomes of change. Fulfilment in the context of change has been under-investigated in the literature sample presented here. Contracts have been researched through a vast array of methodologies, from qualitative cases from specific contexts, to field observations (Kidwell, 2003) and elaborate quantitative questionnaires, in which data is collected from thousands of workers. Empirical literature has been categorized and described in tables in a convenient manner. This is the first explicit contribution of the review. In the words of Breslin and Gatrell (2020); new areas for prospectors to explore have become more apparent (e.g., HR initiatives such as competence pools, innovation as an outcome of contract violation) as well as the areas where miners may exhaust knowledge mines further (e.g., psychological contract fulfilment in the context of change). Further research into these concepts may produce relevant knowledge for both research and practice.

A second notable contribution of this study is the conceptual struggles that are uncovered. A foundational requirement for any science, psychology included, is that it must work towards a coherent body of knowledge (Valentine, 1982). Due to the complex nature of human cognitions and behaviour, obtaining coherence during theorizing in psychology may prove challenging. Therefore, shedding light on conceptual strengths and weaknesses related to the review literature may provide guidance for researchers, as well as a higher degree of

coherence in future investigations into psychological contracts. In the case of this review, it became apparent that there are many measurements and combinations of variables in the psychological contract literature, and an application of an array of methodologies, both in the data gathering process and the analysis of data. Studies have been undertaken with both quantitative and qualitative approaches, with a total percentage of 61.7 being quantitative and 35.8 percent qualitative (see Table 1 for further information). Typical for qualitative studies is an approach in which the individual's own experiences and perceptions are at the centre. Such qualitative approaches generally allow the individuals to define and describe their own experiences. When using such methodology, for example a grounded theory approach, theory is generated through, and grounded in, interview data. Combining qualitative and quantitative methods allows for the individuals' own subjective experiences to be highlighted in the research, while also providing a clear overview large amount of data that can provide general knowledge across samples and contexts. Many scales were used to measure psychological contracts. Some authors have measured the extent to which contract have been breached (Robinson & Morrison, 2000), violated (Turnley & Feldman, 1998; Way et al., 2007), fulfilled (Syrek & Antoni, 2017; Van den Heuvel & Schalk, 2009). Some examples of other scales for measuring psychological contracts of employees are the Tilburg Psychological Contract Questionnaire, applied by Freese et al. (2011), and the Psychological Contract Scale used by Theron and Dodd (2011).

Another conceptual struggle is the application of terms. The terms applied in management literature related to change are rarely explained, and are often used interchangeably (e.g., mergers, restructurings, reorganizations, organizational change, etc.). The concept of jingle-jangle fallacies may possibly shed light on the problem (Block, 1995). The jingle fallacy occurs when different constructs are given the same label by different researchers, while the opposite happens when equivalent constructs are offered different labels. In the case of organizational change, being more precise with the applied terminology would help avoid spending time discussing seemingly different concepts, which are mostly the same at the core. The development of this thesis may have contributed positively to highlighting the pitfalls of getting lost in terminology. In contrast to application of change terms, almost every single paper refers to Rousseau's definition of psychological contracts. The only exceptions being papers who were published around the same time as Rousseau's research gained influence (De Vries & Balazs, 1997; MCGovern et al., 1996). The nearly universal application of her definition shows the influence of the researcher's work, and the

coherent understanding that form the foundation of psychological contract theory across the literature. In conclusion, conceptual struggles regarding methodology and terminology have been highlighted here, making it the second contribution of this review.

Limitations and suggestions for future research

The results of this study must be understood in the context of its limitations. For this reason, I have compiled an overview in this section of limitations present in the current study. Suggestions for how these may be remedied in future research are also included.

Having wide search coverage is a quality criterion in systematic reviews. Still, striving for this may have resulted in a search that was too broad. This led to excessive hits, limiting the time available to spend on analysis. In the initial phases of the search process, a decision was made to pursue as many potentially relevant terms for “organizational change” as possible. To ensure maximum coverage, as is an ideal for the systematic review, the search string included search terms of a more general nature (see Appendix 1). This strategy during the search process led to a number of irrelevant hits. The term “growth” can be used as an example. Many of the articles in which “growth” appeared were excluded immediately due to lack of relevance. Ensuring their irrelevance meant spending time and resources on reading through abstracts and method sections, in some cases having to investigate terms, fields of research outside the scope of this review. A suggestion for future research would be to apply fewer, more precise search terms and avoid general terms, such as “new technology”, or “growth” when developing search terms. One could argue that the risk of losing important information by cutting out one or two search terms is lower than the risk of losing important information due to noise during the screening process.

Even though an aim of the review was to access and include unpublished material, challenges did arise that made it hard to achieve the ideal of maximum coverage. There were small amounts of grey literature on contracts and change, which may indicate that there is a low likelihood of publication bias for the research topic. However, those studies that were unpublished, mainly in the form of dissertations, proved difficult to access. Many dissertations simply had an author and an abstract available in the database, and all other information were inaccessible. For the studies that were considered relevant (based on title and abstract), contact information for study authors were hard to come by. For those who had their contact information available, few were answering my inquiries, providing little opportunity to include their (mostly) unavailable material. This, in turn, affected the coverage

of the systematic review. Any findings disclosed here are purely based on the available material, and whether more information should have been included is impossible to say with the available resources. The challenge of access is likely to occur in other review work but may be somewhat remedied if future reviewers try reaching out to authors early in the screening process or use academic networks to ascertain whether others have the contact information of the specific author, or the study itself available.

Research approaches on the thesis topic are diverse, thus the findings presented by researchers are equally so. For empirical research with this degree of diversity, generalizing findings across studies is not possible – even for those studies that are seemingly measuring the same factors. The timespan, contexts of organizational change, and combination of variables investigated, provide generous amounts of information, while at the same time showcasing the lack of unity in the research. Still, there is value in summarizing such a heterogeneous field, as it shows the untapped knowledge potential waiting to be investigated more closely. For this review with its stated aim, generalizability is not the objective either. Still, a suggestion for future research may be to limit the scope of the review in some way. A solution could be narrowing down the reviewed literature to only include either qualitative or quantitative studies, which is a strategy often used by researchers. This strategy is adopted by Spurk et al. (2019) and Oreg et al. (2011), among others.

Practical implications

As psychological contracts are central in the effectiveness and general success of change, organizations must increasingly implement change with contractual theory in mind. The results of the review may be of relevance for practitioners who are about to initiate, or in the process of performing, an organizational change. The suggestions made here may function as guidelines for how to supervise employees during a restructuring process. As stated in the results, outcomes such as turnover intention, actual turnover, OCB, trust, loyalty, and job satisfaction are directly related to breach and violation. A main objective would therefore be to minimize the likelihood of breach during change. Although fulfilling the expectations of contracts is important, perfect execution is not necessarily the only solution; showing employees support in a difficult time, being respectful and fair may go a long way for individuals experiencing breach. This knowledge may be further used to develop managerial strategies and HR initiatives which alleviates the negative effects of change on the psychological contract. Here, competence pools may act as an example of such an initiative that alleviates some of the negative impacts of breach.

There are some practical implications related to future research as well. The last few years have seen a massive change in the functions of working life for employees across the globe. With the outbreak of the coronavirus pandemic (COVID-19), major changes were implemented in the everyday routines of people over-night. This introduced a new digital workday. The concept of working from home have become a staple in many employees' lives, and various researchers have already initiated investigations into the implications of this (Kramer & Kramer, 2020; Zhang et al., 2020). A specific study from this review explored how the transition from office-based to home-based work impacts upon the contracts of the affected individuals (Tietze & Nadin, 2011). While the article was published in 2011, its focus is still relevant today, looking into the effects of working from home and the impact that changed work routines may have on the psychological contracts of individuals. As shown in their study, the relationship employees held with their employer became increasingly transactional, enabling participants to redefine the status of work in relation to their other priorities. In other words: employees perceived work boundaries and obligations changed. This study illustrates the practical value of contract theory. Further studies into similar contexts may provide valuable knowledge in the aftermath of the pandemic.

Conclusion

Results from the systematic review of 81 studies show that organizational change affects the employment relationship through breach and violation of the psychological contract. There are large variations in methodological approaches, selections of sample, specific measures, and findings between investigated studies. When considering the review by Alcover et al. (2017), this finding is not too surprising. The authors then advocated a multiple-foci approach to the study of psychological contracts due to the complex nature of exchange relationships in the 21st century. The main contributions of the thesis have been the synthesis itself, and connections the larger lines revealed. The kind of relationship that exists between organizational change and psychological contracts have been explored closely, as well as what the effects of different types of organizational change on the different forms of psychological contracts. Insight has also been shed on the ways organizational change should be executed for both the organization and the employees themselves. This review provides specific, applicable guidelines based on a thorough review of 81 change processes. I would argue that the findings of this study may be of relevance to researchers and practitioners alike. If there is one thing this research has shown, it is the importance of the employees' perceptions of their psychological contracts during change processes.

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Appendix 1. Search string

(“psychological contract” OR “psychological contracts”) AND (“organizational change” OR “restructuring” OR “structural change” OR “organizational reform” OR “change initiative” OR “transformation” OR “transformational change” OR “job redesign” OR “downsizing” OR “growth” OR “strategic change” OR “quality improvement” OR “new technology” OR “merger” OR “acquisition” OR “divestiture” OR “reorganization” OR “culture change” OR “layoff” OR “change implementation” OR “implementation of change” OR “relocation”)

Appendix 2. Sample of a coded article

Table 4

Sample of Coded Article

Reference	Bari, M. W., Fanchen, M., & Baloch, M. A. (2016). Management practices and performance of mergers and acquisitions in Pakistan: mediating role of psychological contract. <i>SpringerPlus</i> , 5(1), 1-16. https://doi.org/10.1186/s40064-016-3184-3
Organizational context	Bank in Pakistan undergoing a M&A-process
Change content	Management procedures during a merger and acquisition (M&A) process
Research design	Correlational design
Type of data	Self-report, structured interviews
Sample	536 bank employees of different management cadres, response rate 76 %
Internal context (e.g., organizational conditions)	Soft issues within the organization; weak corporate culture, and feeble justice system have led to an increased need for HRM measures
Change process (how the change is/was implemented)	Authors selected 15 commercial banks that observed and experienced the whole process of M&A transactions from 2002 to 2011 – change was implemented through a large-scale merger.
Psychological contract content	Psychological contract (PC) acts as a mediator between Management practices and M&A performance
Change consequences (outcomes)	Financial performance (FP) and non-performance (FNP).
	<p>Hypothesis verification for direct relationships</p> <ul style="list-style-type: none"> • CA, CS AND PJ has a direct significant effect on M&A FP (→ confirms H1a, H3a, H5a) • CP and IS does not have a significant effect on M&A FP (→ no support for H2a, H4a) • CA, CP, CS, PJ have direct effects on M&A NFP (→ support for H1b, H2b, H3b, H5b). • IS has not a significant effect on M&A (→ H4b not supported). <p>Hypothesis verification for indirect relationships</p> <ul style="list-style-type: none"> • CA has partial mediation effect on M&A FP through PC (→ H6a supported) • CP has indirect effect on M&A FP and NFP through PC (→ H6b, H7b supported) • CS does not support H6c and H7c • IS has an indirect effect on M&A FP and NFP through PC (→ H6d and H7d supported) • PJ has a partial mediation effect on M&A FP and NFP through PC (supports H6e and H7e)

Findings

Procedural justice is a key strategy which has highly significant direct and indirect effect on M&A performance. Psychological contracts perform partial mediation at different levels between management practices and M&A financial and non-financial performance.

Notes

Purpose of study was to examine the direct and indirect effect of management practices (procedural justice, coordination approach, communication system, integration strategy, and coping programs) on M&A performance in the Pakistan banking industry.
