

PSYCHOLOGICAL CONTRACTING PROCESS MODEL: TOWARDS A  
UNIFYING THEORY OF PSYCHOLOGICAL CONTRACT ^

BY

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## Declaration

This independent conceptual paper is my original work and has not been submitted to any college, institution or university for university credit.

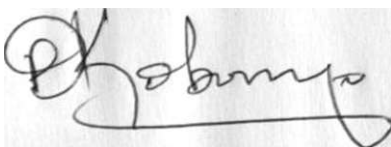


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This management research project has been submitted for examination with my approval as University Supervisor.

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## **Dedication**

To Yeshua, Agnes, Jemimah and Keziah.

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## **Abstract**

In contemporary literature of the psychological contract construct, there are numerous operational definitions adapted by researchers with little or no explicit consideration of other competing views on the subject (Del Campo, 2007). This paper aims to reconcile the divergent usage of the construct terminologies by developing in detail the theoretical process model for psychological contracting. The basic question addressed in this paper is the, what is psychological contract. Taking the term contract generally to be the cognate of the psychological contract construct, then hypothetically the term is an experience which has sequential process steps in its actualization. These steps constitute a model that the psychological contracting action follows. The model is a dyadic relationship which captures the realistic nature of a contractual relationship hence an epistemic departure from the present unilateral tract adapted by researchers. The process model has been developed through articulated understanding of other concepts and the knowledge of their blending (Bruner, 1960) by considering the antecedent of psychological contract namely linguistic theory of performative speech act or communicative action and its social psychological implication in context of contractual relationship in which a promise is taken as a contract, based on axiom of moral obligation to perform other than indemnified by the law.

The process model of psychological contracting has three essential imperatives that ontologically are necessary conditions for its existence. These are psychological contract formation/effort imperative (i.e. input layer comprising of communicative action), instrumentation/activation imperative (i.e. processing elements layer comprising of promissory obligations & expectations) and psychological contract state (output layer). The three imperatives constitute the priori of the psychological contract and the posteriori constitutes of the two intertwined domains presented as outcome and impact of the contract

state, which manifests as affections and subsequent behaviors of the dyads. The two intertwined domains represent contract valence as result of the dyads' expectations inconsistency/dissonance or consistency/consonance as result of the contract state. The basic overarching goal of promise making is primarily building trust and resultant loyalty which secondarily encapsulates cooperative, coordination and commitment, in the dyadic relationship caused by the contextual consequence of psychological contract outcome's affections and impact's behaviors (i.e. at the posteriori phase of the psychological contract). The process model signifies a unifying theory of psychological contract which is an epistemic bridging of the knowledge gap that has yielded to numerous contemporary definitions of the construct.



# SECTION ONE: THE NATURE OF PSYCHOLOGICAL CONTRACT

## 1.1 Introduction

Although the terminology of psychological contract was introduced in organization behavior study by Argyis (1960), attempts on theory building could be traced on the writings of Schein (1970) and Rousseau (1989). Since then, the proliferation of the writings on psychological contract has increased tremendously, but in a manner that has taken the usage of the term way out of its original context, right from the study by Levinson, et al (1962) and subsequent research works that followed up to the contemporary studies. During the terminology evolutionary life including the contemporary literature it has been used to describe different phenomena. As a result of this in the literature there are numerous operational definitions and respective measurements focusing on the specific phenomena. Indeed each researcher or writer adapts a definition of the construct subjectively with little or no explicit consideration of other competing views on the subject (Del Campo, 2007). So far there has been no recognition or even an attempt on reconciliation of the divergent usage of the psychological contract terminology (Roehling, 1997). The lack of consensus according Del Campo (2007) is what has lead to numerous definitions and measurements to match the diverse studies. It suffices then to state that there is no epistemic operational definition and thus a knowledge gap has yielded which could lead to measuring the wrong thing avid correctly (Del Campo, 2007).

Nothing captures the moment in the history of the psychological contract terminology usage and the gap in knowledge better than the two academic articles by Guest (1998a, b): "Is the psychological contract worth taking seriously?" and "On meaning, metaphor and the psychological contract: a response to Rousseau (1998)". In the two academic articles the scholar stated that, "the concept of the psychological contract is an inappropriate use of a

legal metaphor" and "is beset with conceptual problems and still has to establish itself as a useful and valid psycho-logical construct". So far there has not been satisfactory or appropriate response to issues of clarity and validity of the construct underscored by Guest. In particular there is the issue of unilateral track approach where the measurement of psychological contract is only from the perspective of the one contractual party (i.e. the employee) contrary to dyadic nature of contracts as an avowed exchange relationship of two or more partners. This is what Guest (1998, citing Morgan, 1986) refers to as 'kind of one-sided insight' and he further states that,

"The anxiety about anthropomorphizing the organization is allowed to dominate and as a result the two-sided nature of the notion of exchange and of a contract is neglected". (Guest, 1998b)

Guest (1998 a) has also raised a very fundamental issue regarding the lack of distinction between the term organizational commitment and psychological contract. The status of the debate to date is hanging on a non-epistemic argument that the terminology is "omnipresent" and firmly placed on the lexicon in human resource management (Cullinane and Dundon, 2006) and should hence be retained in its present form (Rousseau, 1998; Del Campo, 2007). However this contention is not philosophically right since in words of David Guest the "concept risks becoming diffuse, losing analytic rigor and being devalued as a powerful explanatory concept". Finally another gap in knowledge is the manner in which the authors have evaded the phenomenology of the contracting process (i.e. systematic sub-components) that forms or constitute the psychological contracting experience in usage context.

## 1.2 Psychological Contracting Process Approach

There is a magnitude of disagreement among scholars regarding an accepted universal definition (Anderson and Schalk, 1998), measurement and process of the construct (De

campo, 2007). And so far there is no solution to carry the debate forward instead it currently settled as De campo (2007) puts it, "diffused through Rousseau's diplomacy". A simple logical approach could be applied showing the psychological contracting process steps (phases) of the concept construction. This approach describes systematic sub-components phases that constitute the processes which forms the phenomenon of psychological contracting. The experience of psychological contracting could be synthesized into hypothetical layers or phases describing the dyadic processes starting with priori sub-components which includes; input (contract conception phase), processing elements or instrumentation/activation phase, output phase (contract state) and, then the posteriori sub-components in form of outcome domain (affective state) and lastly the impact domain (behavioral state).

This is the view adapted in this conceptual paper referred to as "Psychological contracting process model". Much of the research has dealt with posteriori issues of the contract (Winter and Jackson, 2006) on affective and behavioral aspects based on unilateral track (i.e. perception of single party in the contract - employee in work situation). When it comes to psychological contracting process there is no known theoretical description of the phenomenon so far. In this paper I will systematically seek to define the contracting process based on the original phenomenon which was researched on by Chris Argyris (1960). In meantime let's have overview of some of the diverse definitions of the construct

### **1.3 Terminologies of Psychological Contract**

Argyris (1960) defined psychological contract as an "implicit shared understanding between a group of employees and their foreman". Whereas Levinson et al. (1962) defined psychological contract as a "series of mutual expectations between parties which they may not be dimly aware but which still govern their relationship". Another researcher Schein

(1970) citing both Argyris and Levinson et al. introduced the notion that psychological contract as, "individual's and an organization's mutual expectations and obligations between themselves". Gibson (1966, cited by Roehling, 1997) defined the psychological contract as "quasi contract (less formal, not agreed upon and based on individual's perception) involving unwritten understanding of the rights and duties of contracting parties". Meanwhile Kotter (1973) introduced the notion of 'matching parties' expectations to each other after agreeing and defined psychological contract as "an implicit contract between an individual and his organization which specifies what each expect to give and receive from each other in their relationship". There are other definitions by scholars, but Rousseau's (1989) who has popularized the construct, ever since the works of Schein (1978), defines the term psychological contract as 'An individual's belief regarding the terms and conditions of a reciprocal exchange agreement between the focal person and another party. A psychological contract emerges when one party believes that a promise of future returns has been made, a contribution has been given and thus, an obligation has been created to provide future benefits'(Rousseau, 1989).

#### **1.4 Psychological Contract as a Hypothetical Construct**

Critical review of these definitions is beyond the scope of this paper, but there are some terms that stand out across. That is terms like understanding, expectations, obligations, promise and reciprocal exchange agreement, which are not explicitly defined by (or reduced to) their respective empirical relations. These terms are themselves concepts not directly observable and when they are decomposed to the construct's (i.e. psychological contract) definition, the thesis is hypothetical. This means that the construct is defined through the concepts introduced by definition. The implication of using these multiple operative definitions as constituents that define psychological contract means it is a hypothetical construct just like

organizational commitment, job satisfaction, libido, personality etc (Weiner, Graham and Naglieri, 2003; Maccorquodale and Meehl, 1948). Certainly the term psychological contract does not represent an entity nor a process but rather a hypothetical conscious experience. However it's worth noting that the psychological contracting hypothetically will constitute a process. Hence it behooves to state that the construct itself is an explanatory variable used to explain a conscious experience in a situation of contractual relationship. Psychological contract (i.e. understanding as used by Argyris, 1960) is generally conceived from interactive relation between parties, and thus cannot be seen but supposed. And this all the more emphasize that the psycho-logical dimension of this construct is hypothetical. The term is hypothetical in the sense that it is a conscious experience which supposes systematic processes that are not among the observed.

I posit that the supposition of unobservable systematic processes that compose this experience dubbed as "psychological contract" is the missing link towards the theory building. And hence the systematic theorization of psychological contracting process in one epistemologically unchallenged peak in the scaling of knowledge heights of this popularly acclaimed construct. In this paper, the intension is to show that terms like promise, obligations and expectations do have a convergence that defines dyadic elements typical of a contract conceptualization. That is the promisor makes known (realizes) his/her intension about a promise (which can be non conditional/elementary or conditional) and in so doing takes or assumes a responsibility/obligation to perform and deliver on the promise; while on the other side of the contractual relations, the promisee having recognized and covertly relied on the promise, will develop an expectation of what to get/receive upon delivery on the promise (i.e. promisee's goal/desired output that the promisor had adopted). When overtly the phenomenon is assessed it will be in terms of beliefs about fulfillment held by promisor (i.e.

self analysis of promise fulfillment status) and promisee (i.e. a perceptual judgment on promise fulfillment status).

The diverse definitions and usage of psychological contract terminology, truly has been moved too far from its original meaning, and as Guest (1998a, b) suggested there is need to explore it from a different perspective in order to build a meaningful theory. At this juncture it is worth noting that the construct as currently used, generalizes to a variety of relationships (Roehling, 1997) for example patient -therapist, student-teacher, consultant-client, tenant-landlord, customer-marketer etc. However my discussion is for the purpose of this independent conceptual paper based on 'work' relations as it were originally applied by Chris Argyris. But the process model developed could as well be employed in other contractual contexts and relations.

### **1.5 Chris Argyris Research Observations**

In a field research on organization behavior Argyris (1960) observed at operational level, a working relationship between managers and employees, whereby the foremen (immediate supervisors) had an "understanding" with the employees. There was mutual state of agreement (compact) of a private kind, between the employees and the foremen. The foremen were committed to a behavior of none violation of the "informal employee culture" by adapting "passive" leadership style as a basis of getting the subordinate workers to cooperate and this ensured their optimal performance. The commitment and maintenance of this passive leadership style by the foremen was a significant inducement to the workers to cooperate or reciprocate by working optimally. The researcher attributed this to the fact that all the foremen had come up through the ranks, and in the process, they had been influenced by the informal employee culture. Through the experience the foremen realized that the way to get the employees to behave in the desired manner was to maintain that informal employee

culture through none violation of the culture's norms. This relationship defined commitment by the management on one part and the resultant cooperation or reciprocation by workers on the other, is what Argyris (1960) referred to as phenomenon dominated by "psychological work contract". He described the contract as follows:

"Since the foremen realize that this system will tend to produce optimally under passive leadership, and since the employees agreed, a relationship may be hypothesized to evolve between the employees and the foremen which might be called the "psychological work contract". The employee will maintain the high production, low grievances, etc., if the foreman guarantees and respect the norms of the employee informal culture (i.e., let the employees alone, make certain they make adequate wages, and have secure jobs)" (Argyris, 1960).

According to Argyris (1960) the psychological work contract between the employees and their foremen was deemed to have been violated when the foremen were required, by upper management, to implement a budgeting system that usurped employees' sense of control over their work. The parties involved in the psychological work contract that Argyris identified were a group of rank and file employees who shared certain norms and their immediate supervisors, who were at least aware of the employees' norms. Argyris further stated that the "predispositions" of employees which were the basis for the contract were shaped by the employee culture. But according to Argyris (1960) the extent to which the relevant predispositions brought by employees to the work place were shaped by the work place was uncertain. The terminology was thus additively invented in the sense to describe the experience to the extent it briefly correlated the observations. And in this sense the term was a hypothesis and not an abstraction (Boring, 1923). As earlier stated the "psychological work contract" is a hypothetical construct. Hence one may need to discuss the antecedent that lead

to the "understanding" between the foremen and the workers in order to establish the causality of this relationship.

## **1.6 Antecedent of "Understanding" - A Common Sense Distinction**

What Argyris hypothetically referred to as "psychological work contract" presuppose an interaction between the foremen and the workers under their supervision. The efficacy of such interaction is driven by communicative action (Habermas, 1981) closely intertwined with the trust (i.e. confidence in intension and motive of exchange partners according to (Moorman et al. 1992; Lewicki, McAllister, and Bies, 1998) and understanding binding the two parties together. In this sense the contract is formed in the social psychological realm other than legal realm. The performance of communicative action is through the use of language device. Thus the speech act (i.e. performative act) (Austin, 1962) is the antecedent of causality of the psychological contract. In other words the speech act grants the meeting of the minds of the foremen and the workers which enabled them clinch and seal the deal (i.e. the understanding). This from the perspective of speech act theory (philosophy of linguistics) is a typical utterance or performative act of commissive nature by one party to another, agreeing to do or not to do something of cognitive significant value. In the situation observed by Argyris (1960) the foremen had avowed (promised) to guarantee and respect the norms of the employee informal culture as an inducement in return for optimal performance and low grievances from the workers. That is why the foremen adapted a "passive leadership style". The communicative act through which the promise (adoption of value goal or desire of another) was made is a performative speech act.



## SECTION TWO: THEORETICAL BASE

### 2.1 Contract Theory and Speech Act Theory

The term contract is often defined either as a promise or as an agreement enforceable in law. However the terminology of psychological contract in the context and perspective in which it was applied by Argyris (1960) need not be perceived as a legal concept of contract. That is simply put, a contract is generally a promise or agreement where the parties have moral obligation to keep and censure the breach thereof (Samek, 1965) through secondary affections and behaviors. Even in the sense the term contract is defined here, we need to make distinction between promise and agreement.

There are two theories namely classical and reliance theory of law from which we can draw distinction between promise and agreement. Under the classical theory, contract law is based on promising. To promise is to assume an obligation to the promisee by means of a communication to the promisee to that effect (Raz, 1977). Samek (1965) posited that in United States "promise" is regarded as the basic unit of contract "to allow for the growing number of cases of promissory liability without agreement". He states that 'contract as a promise' is a unilateral track and for those who consider promise as the basic unit of a contract, the doctrine of consideration (bargain and mutual contribution) is given very little regard.

On the other hand, an agreement may be formed through making of a promise in return for a promise or for performance (i.e. reciprocal promise exchange), but as Samek (1965) says this does not reduce it to the concept of promise. And if an agreement is recognized as a contract in law, a contracting party is taken to have incurred a legal obligation to perform his/her promise. Jaffey (1997) states,

"Under the reliance theory, an agreement specifies the performance of a contracting party, but that party does not promise the performance and does not incur an obligation to provide it. In this case contract is not based on promising (assumption of obligation) but on what will be described as the "assumption of responsibility".

Thus in an agreement the contracting party assumes responsibility for reliance incurred by the other party on the assumption that the specified performance will be provided. In this case an assumption of responsibility is, analogous to a promise (assumption of responsibility). That is the exercise of a normative power through the communication of an intention to assume responsibility. The implication is that the agreement (as a contract) is bilateral or multilateral and is geared towards bargain and thus the doctrine of consideration (mutuality or reciprocity) is a basic fabric of contract as an agreement (Jaffey, 1977).

Samek (1965) argues that the commonality between both promises and agreement is based on a code of morality which sanctions the making of binding commitment and censures their breach. Also in both instances the commitments among the parties are made by means of communicative action or speech act classified as performative utterances (Austin, 1962) or by conduct which take place of such utterances. An utterance classified as performative act means doing something other than merely saying something which is either true or false (i.e. in case of constative act). Performative acts are further categorized as illocutionary and perlocutionary acts. The promise falls under the illocutionary act of commissive sub class (Austin, 1962; Searle, 1969).

### **2.1.1 Performatives Acts and Work Operations**

The research observation made by Argyris (1960) was at operations level of the organization. In the process of actual performance of management operations a lot of communicative acts take place between managers and the workers (operatives). This is done by way of utterances

in spoken or written form and in so doing it may be construed that managers do things with words. The utterances actually do modify the social relationships among parties and also do create or recreate the world (i.e. normative situation) around the parties involved in the discourse. These spoken words or written texts as used in management operations are in actual fact performative acts.

The linguistic notion of performative act was initially introduced by linguistic philosopher Austin (1962) and later on developed by Searle (1969) and recently modified by others like Habermas (1981, 1988). Austin (1962) introduced the theory of speech act where he distinguished two types of speech acts: constative and performative act. The constative speech acts describe a situation and can be evaluated for how well they describe the world, in which case they can be true or false. But performative acts produce an action (e.g. "I sack you from employment"). Later the performative acts were further classified as illocutionary and perlocutionary. That is illocutionary speech act (communicative action) constitute the action like for example the classical "I pronounce you man and wife" whereas perlocutionary (i.e. strategic action according to Habermas, 1988) speech act generates the action as an effect (e.g. "Pass the salt").

Speech act theory has generally undergone severe criticism for not considering the actual realization of the acts (Fiorito, 2006). For example when a person makes a promise one does this within the framework of performative act known as illocutionary act of the type commissive, whereby the utterances by the speaker (promisor) commits him/her to future conduct of certain description or intentions (i.e. communicative action by speaker). But also commissive act of promising (adopting the goal/desire of promisee) has perlocutionary dimension, since in effect, it generates a psychological covert action by raising the hearer's expectancy about the benefits accrued on promise fulfillment. Thus the promise commits the

hearer to expect an output of value or desired by self within anticipated time interval. That is from inception of the promise, the hearer lives in anticipatory state that controls his/her affection, physiology and behavior even after the promise fulfillment. From psychological standpoint this view eliminates the unilateral track label by Samek (1965). The promisor commits self to some future action by adopting goal/desire of the promisee, upon realization (communication of this intension) and then the promisee (hearer) recognize and covertly relies on the promise which in effect lays the foundations for development of his/her expectation/s. Both the promisor and promisee are bound with and to each other. Thus performative act of commissive category for example promise, is actually a dyadic contract that is morally enforceable. In this sense Samek, (1965, citing M. P. Sharp, 1991) states that, "Promises should be enforced unless some intelligible and controlling practical reason for not enforcing them is made to appear". Hence the measurement of a psychological contract on the basis of promise should hence capture the dyadic nature of the contract.

### **2.1.2 Sources of Promises and Agreements at Work Place**

Generally performative speech acts of commissive nature - promises and even bargains (that yield agreements) in employment situations, take place during interactions that involve communicative acts. The instances during which promises and agreements likely arise in work environment are very important because they define the dimension of conceptualizing psychological contract in manner hypothesized in this article. The promises spoken and written arise during organizational employment process like recruitment interviews (e.g. promises on career prospects etc.), job orientations or induction exercises, training programs and activities, strategy implementation (operations and performance contracts), performance appraisals exercises and organization transition contexts etc.

Agreements are formulated during hiring, employee relations negotiations (e.g. CBAs) and are also crafted in HRM policy and practices documents, prospectus and other corporate announcements. Most agreements formed arise out of bargain are written to avoid contentions and as such they potentially can be enforceable in law or the law may likely provide remedy in the case of their breach.

### **2.1.3 Commissive Speech Act - Promise**

The communicative action of promising begins by relationship between two or more parties. The party that initiates the process is the promisor (during the initiation he/she is addresser or speaker) who makes the utterance having ascertained the right conditions that enables the comprehension by the promisee (during the process of initiation he/she is addressee or listener/receiver). Generally a contract is a promise that should be morally sanctioned. In theory of speech act (Austin 1962, Searle, 1969) a promise is, a illocutionary classification of "commissive" speech act in which an utterance (declaration written or verbal) is realized by promisor, indicating to the promisee the intention of performing a certain action presumed to be valued goal or desirable to the promisee, and in so doing one voluntarily (or willingly) assumes obligation of fulfilling the action uttered within a time interval (declared).

Webster Dictionary has also defined promise as: "In general, a declaration, written or verbal, made by one person to another, which binds (obligates) the person who makes it to do, or to forbear to do, a specified act; a declaration which gives to the person to whom it is made a right to expect or to claim the performance or forbearance of a specified act". A promise is hence a speech act with whom promisor take the responsibility for the truth of what he is declaring about a future event that is presupposed to be under his control, and in favor of promisee thus about his intention and action for producing such an event. The consequence of such is that the promisee develops expectation and anticipation of promise satisfaction.

## **SECTION THREE: PSYCHOLOGICAL CONTRACT FORMATION**

### **3.1 Effort (Input) Phase**

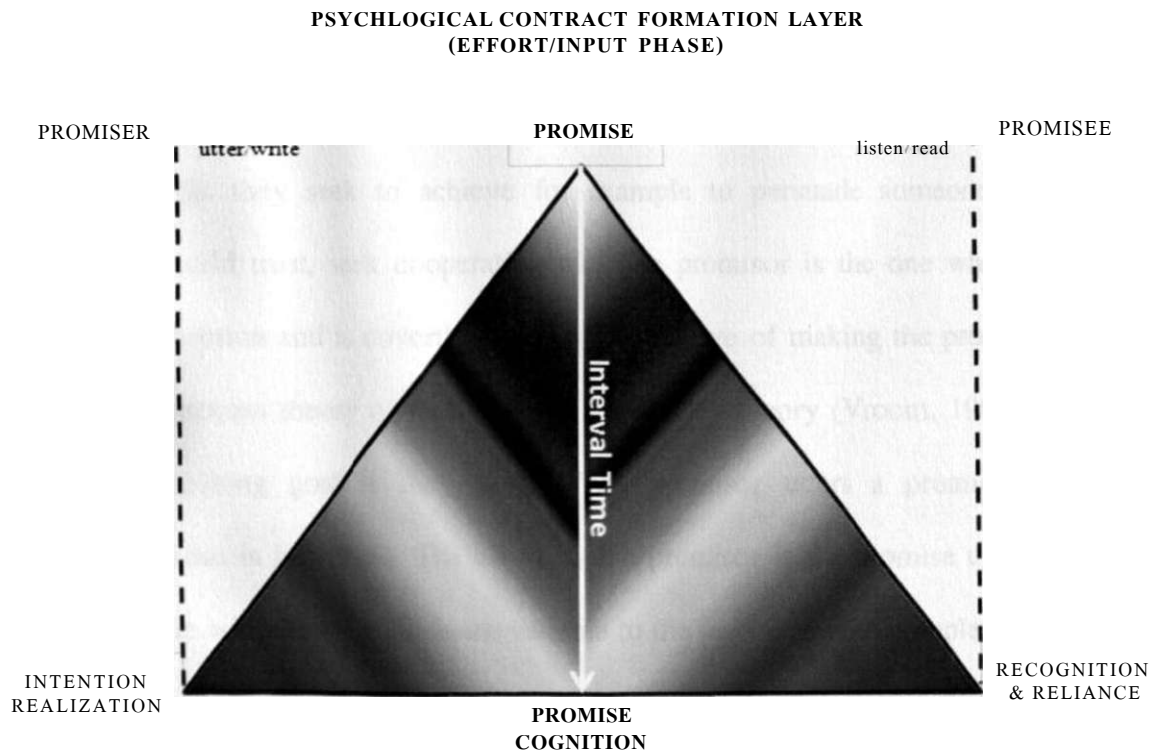
The initial situation of utterance of promise there is the speaker and the listener. And upon realization of the promise the speaker becomes the promisor and when comprehension is achieved the listener becomes the promisee. The input phase supposes existence of promise as the basis of contracting and subsequently interactive action geared to establishing a relationship between two persons/parties namely the promisor and promisee. The input phase is identified by the effort of parties in the relationship. The effort includes the promise in form of a message communicated by the promisor and comprehended by the promisee. The promise presupposes acceptance because whether the promise propositional content is elementary (unconditional) or conditional (which tend towards agreeing) in nature (Beller, 2002), it bears something of value/desirable to the promisee. Alternatively promise may not be something already desired by the promisee, but may be when listened to, it could as well elicit or activate non-active goal of value/desire (to the promisee) (Castelfranchi and Guerini, 2006). In order for promisee's motivation to act in reliance for a conditional promise, the value contained in the promise must more than offset the costs of satisfying the condition/s. In this sense conditional promise is rather empirical and like agreement it presupposes a negotiation.

The value element inherent in the promise (the gist of propositional content) when successfully communicated is used as means of persuading the promisee to covertly recognized and rely on the value to be delivered by the promisor (Guerini and Castelfranchi, 2006). Thus the promisor in making a promise adopts the promisee's goal/desire. For the promise making to commence, the effort process which involves intention realization by the promisor is basic and, the completion culminates with recognition of the intension and covert

reliance by the promisee. That is both the promisor and promisee should have cognitive congruence about the promise for logical contract formation. The beliefs held by the two parties in the contract regarding promise intension by promisor and recognition-reliance by promisee represented as promise cognition, and must have high correlation for contract formation to be ascertained.

The effort phase constitutes of the promise communication or performative act by the promisor whereby the intention is realized and in response to this stimulus and upon successful comprehension or recognition of the promise covertly acts in reliance. The process occurs within a time interval which the parties in the dyadic communicative action reach the psychological state of promise cognition. Both parties in the contractual relations have uniformity of beliefs regarding the promise intention/s. The effort/input phase of psychological contract formation is illustrated in Figure 1.0.

Figure 1.0: Psychological Contract Formation



Source: Researcher

Habermas (1981) philosophy of communication action as opposed to speech act raises distinction between strategic and communicative action. In case where people are involved in strategic action, they strive after their own private goals. That is they may either compete or cooperate depending on whether their goals oppose each other or rather coincide. When they cooperate their motivation is empirical, aimed at trying to maximize their own profit or minimize their own losses. Otherwise when involved in communicative action, the people are oriented towards mutual agreement. That is the basic condition for communication action is that the participants achieve a common definition of the situation in which they find themselves. This consensus is reached by negotiations about validity claims raised (Habermas, 1981). The effort packaged in the promise and translated into action by promisor's intention realization and recognized-relied upon by the promisee could be motivated by cooperation rather than rational consensus. The cooperation is value driven because the promisor makes promise that is entrenched with something of value to the promisee whose motive to act in reliance is motivated by this value.

### **3.2 Intention Realization-Promisor's Effort Perspective**

Holtgraves (2008) contends that speech acts from the perspective of the speaker have overarching goals they seek to achieve for example to persuade someone, make good impression or build trust, seek cooperation etc. The promisor is the one who initiates the communication action and is covertly aware of the motive of making the promise. This in accordance to process theory of motivation - expectancy theory (Vroom, 1969) means the promisor overarching goal is the effort. When promisor utters a promise the effort-performance phase is initialized. The effort by the promisor is the promise utterance itself. This effort is the adoption of goal/desire variable to the promisee with complete intension of its fulfillment. By adopting the promisee's goal/desire or activating it then ensuring its



comprehension the promisor aims at the goals coincidence and as such a dyadic cooperation based on trust is activated. The motivation from the perspective of the promisor is empirical and strategic more rational in nature. The effort is hence to get the promisee to cooperate in trust. The promise utterance (intension realization) is an overt behavior of commitment by promisor and psychologically affects the promisee to expect its fulfillment. The promissory fulfillment psychologically makes promisee feel indebted, and in order to attain equity one will cooperate in volition reciprocity by subjecting to the intentions of promisor.

Bouron (1992) and Cohen & Levesque (1990) define intention as the notion of internal commitment. The adoption of promisee's goal/desire should be a necessary motivating goal. The promisor is committed to the promisee and with the promisee. This means that the conditions of making a promise are presupposed as stipulated under theory by Grice (1975) on cooperation and four maxims and by Habermas (1981) in case of communicative action theory. In general there is no room for a legal dispute about the conditions and the shared beliefs for a real promise. The validity of the intension is that promisor is willing and lets the promisee comprehend his/her willingness and promisee believes that promisor is willing to perform that promise. Singh (1991) observes that the more implicit the communicative action (or illocutionary act) the more the contracting parties subject to different views and to contest.

### **3.3 Recognition and Reliance - Promisee's Perspective**

The most fundamental focus for the hearer (listener) of the speech act is the orientation towards intention recognition (Austin, 1962; Grice, 1957; Searle, 1969, 1979). This allows the understanding of speakers intention which is critical to the comprehension and memory of the speech act (Holtgraves, 2008). The scope of scientific processes involved in the processing of promise from the perspective of the promisee is beyond this paper. The sense of

notion meaning e.g. of promise is achieved when the utterance produce the intended effect in the hearer by means of the recognition of this intention (Grice, 1991). In the performance of an act of meaningful promise, the speaker/promisor intends to adopt and fulfill goal/desire (by the hearer) and so doing produce certain effect by means of getting the hearer/promisee to recognize his/her intention to produce that effect. The speaker (i.e. promisor) is involved in communicative action (illocutionary commissive act). But note in strategic act sense the commissive act of promising as eluded earlier, has covert perlocutionary effect on the hearer.

When a promisee recognizes the intension of the promisor the decision whether to rely on the promise uttered is based on how significant the goal/desire adopted by the promisor is to him/her and past experience with promisor trustworthiness in keeping promises (Rousseau et al., 1998). If the goal is positively significant and promisor can be trusted, the promisee disinhibits so that he/she covertly acts in reliance of the promise otherwise it inhibits. This implies that the motivation or decision to rely on the intention of the promisor and subsequently the promise is empirical in nature.

This then completes the cognitive formation of the psychological contract (formation phase). This kind of commitment establishes a relation between two entities: the promisor who adopts goal/desire of the promisee which he voluntarily assumes obligation (Habib, 2008) to fulfill in the next time interval. This is one critical effort phase since it confirms epistemologically (the truth about) the existence of contractual relation between promisor and promisee. The sub-components processes involved include; interconnectivity between the promise (prepositional content gist of the intention), the promisor effort perspective of realization of intension and. promisee effort of recognition and covert reliance of the promise as shown in Figure 1.0.

## **SECTION FOUR: THE PSYCHOLOGICAL CONTRACT INSTRUMENTATION**

### **4.1 The Nature of Psychological Contract Instrumentation**

Under the conditions in which promise is made in work situation, the promisor has normative power. The promisor upon conducting promissory action through successful realization of the intension (covert commitment to do or not do) and the promisee recognizing the intension thereof and covertly relying on it, both will have conceived relations of contractual nature psychologically. This shows the interpersonal and non-internal nature of this commitment, by the promisor's communicative action and followed through by a voluntary assumption of special promissory obligation to act. The promisor covertly assumes willingly an obligation, whereas promisee acquired a covert right (expectation) within time interval of communication receipt and comprehension of the truth thereof. The promisor thus becomes the obligor and the promisee transforms to an obligee. This can be conceived as the psychological contract activation phase, or what I refer to as instrumentation of the contract and critical process step in the contracting phenomenon.

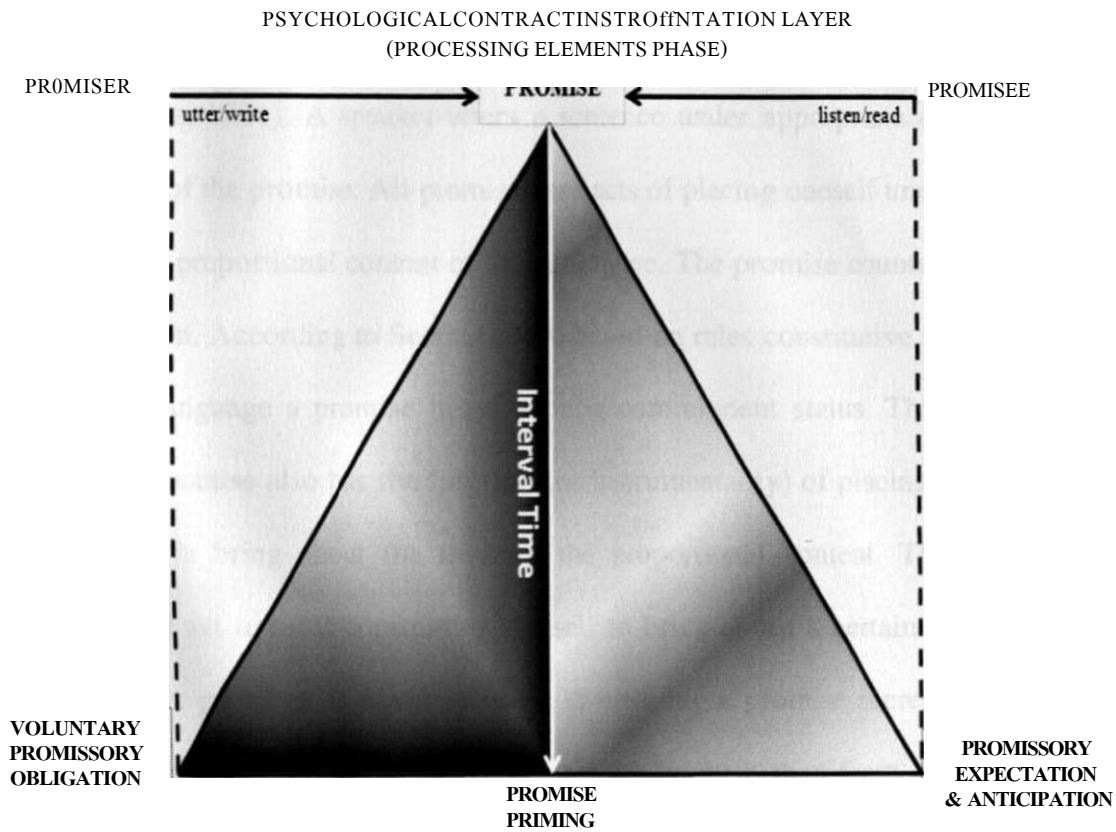
The assumption of obligation by the promisor and the development of expectation by the promisee is the instrumentation/activation of the contract. The contract processing elements emanates simultaneously from the promisor and promisee in form of genuine or voluntary obligation and expectation respectively. That is arising from commissioning of intension the promisor assume a voluntary obligation, but in case of an agreement one assumes a responsibility (i.e. based on classical and reliance theories of contract) (Raz, 1981). The recognition of the intension and covert reliance gives rise to expectation and anticipation. Note that the classical argument has been that the promisor upon making the promise causes the promisee's expectations to develop. But I argue that it is the promisee act of recognition

and reliance which trigger the expectations. However this does not mean that promising is the only performative act that causes formation of obligations and expectations, because they can also arise from threats, advising, warning etc. (Habib, 2008). That is why measuring obligations and expectation in organization generally guised as contractually formed is not epistemic.

The obligation by obligor arises out of the overt realization of the intension based on the successful utterance of the promise. Of course the promisee may recognize the intension of the promisor, but decline to rely on it because either the promise is valueless (is not a goal/desire of the promisee) or the past experience is such that the promisor cannot be trusted to keep promises. This means the two elements involved in the instrumentation (promise priming) of the psychological contract formed are the obligations and their respective expectations arising from mutual knowledge of the dyad about the promise (Steuten and Dietz, 1998). It's noteworthy that covertly, expectations are predictions of the future behavior or performance anticipated from obligor by obligee.

Obligation on the other hand, is defined the act of binding oneself by a social, legal, or moral tie (Free Dictionary, 2011). So conversely obligations are also predictions imposed to oneself. That is by voluntarily assuming obligation a promisor by implication assigns to bring into being or not to bring into being certain self predicted behavior or performance. This is actually a special expectation by self onto self (Smith, 2003). This has tremendous importance when we operationalized these two instrumentation concepts. The obligation could be captured by how well promisor is able to identify the expectation of the promisee and vice versa the promisee expectation can be captured by how well of the promisee is able to identify the obligation owed to him or her by promisor (i.e. his rights owed by the obligee). The psychological contract instrumentation layer is as illustrated in Figure 4.0.

Figure 4.0: Psychological Contract Instrumentation Phase/layer



Source: Researcher

How well the promise priming has been achieved can be operationalized as beliefs of the contract dyads. That is the obligor's awareness belief about expectations of the obligee and vice versa the beliefs of obligee awareness about obligations of the obligor with regard to promise shared. The awareness of each other's psychological situation created by the promise shared is measure of how well the promise priming has occurred. A high correlation between the two variables (obligations and the respective expectations) indicates positive priming and positive instrumentation/activation of the psychological contract.

## 4.2 Voluntary Assumption of Obligation

I will use "genuine or voluntary special obligation" to refer to an obligation arising from a promise (Jeske, 2008), although obligations generally can arise in other ways. The term "voluntary liability" is used with respect to assumptions of responsibility in case of agreements (Raz, 1981). A speaker utters a sentence under appropriate conditions to bring about the truth of the promise. All promises are acts of placing oneself under an obligation to bring about the propositional content of that utterance. The promise counts as an undertaking of a future action. According to Searle (1969) based on rules constitutive (not convention) to every human language a promise has a deontic commitment status. That is any utterance counting as a promise also has the function (or instrumentality) of placing the speaker under the obligation to bring about the truth of the propositional content. The performance of promise speech act aims at committing oneself to bring about a certain state of affairs. In other words, the promisor is never justified in breaking a promise merely because slightly more good would result from his/her breaking the promise than from his/her keeping the promise (Jeske, 2008). Jeske further states that,

"Common sense morality seems to understand us as having special obligations to those to whom we stand in some sort of special relationship, e.g., our friends, our family members, our colleagues, our fellow citizens, and those to whom we have made promises or commitments of some sort"

The psychological grounding in from obligor's dimension according to Habib (2008) is that, psychological theories and experimental evidences do support the hypothesis that person predicting e.g. promising something, require validating their prediction in order to avoid anxiety, disorientation and distress. The person tends to want to realize what he/she predicts to and when prediction is invalidated the feelings are distressful (Cooper and Fazio (1984).

This principle of predictability is considered as the cognitive component of self-efficacy (Bandura 1982) where subjects anticipate future events and validate them. To avoid cognitive dissonance and distress people assume obligations voluntarily and desire not to invalidate them.

These two variables (obligation and respective expectation) have weight. That is the significance attached by the promisor to realization of expectations of the promisee is the weight of the obligation. Similarly the significance of the expectations of the promisee is proportionate to the feelings at the priori and posteriori level. Conversely significance of the assumed obligation is proportionate to the promise fulfillment or mitigation efforts by obligor, in case of unavoidable failure to realize/fulfill.

#### **4.3 Expectations - Promisee Perspective**

The promisee's mental state as result of recognition (comprehension of the promise) and the covert reliance on the intension of the promisor causes the creation of promissory expectations (Habib, 2008). This is referred to as mental state expectation (Lorinil and Falcone, 2008) which has the two basic components namely belief and goal and is different from simple forecast or prediction. Lorinil and Falcone further states that expectation has two independent quantitative dimensions and variables that must be considered and related to the emergent function. That is expectation beliefs have strength, a degree of subjective certainty; the subject is more or less sure and committed about their content. On the other hand goals have a value, a subjective importance for the promisee. The recipient of promise thus enters into a state of expectancy (hopeful or belief) arising from recognizing and relying on the goal effort adopted by the promisor. The promisee adjusts the mental plans (covert performance) in preparedness to acquire the valuable output of the promise.

In case of conditional promise the promisee initiates plans to perform his/her part of (the condition) in anticipation of an empirical reciprocation by the promisor. Jeske (2002) argues that since promises creates expectations in their recipients then the harm of unrealized expectations, need to be taken into account when considering whether the breaking of a promise has better consequences than the keeping of a promise. There is need for the promisor to proactively and morally mitigate for any probable harm that may arise out any unavoidable failure to fulfill a promise through preemptive communicative action. The expectationism theories (Habib, 2008) have established that generally promises are the sort of things that are designed to invite the trust of promisee and royalty and the betrayal thereof cause harm to the promisee and also the dyad relationship. The mental state of promissory expectation is characterized by mental state with capacity to evoke various feeling state (Huron D., 2006) or emotions like surprise, disappointment and relief (Lorinil and Falcone. 2008) etc. Smith (2003, citing Reinach. 1913) that the relational character of the promise lie in mutual dependency arising from obligations versus claims (expectations) which reflects the reciprocity nature of promisor and promisee. This is what Reinach (1913, cited by Smith, 2003) as collective intentionality.



## SECTION FIVE: THE PSYCHOLOGICAL CONTRACT STATE

### 5.1 Output Layer

The promisor in this phase is the contractor and the promisee is the client. From the perspective of the promisor upon promise intension realization and assumption of obligation to bring to pass this belief and in so doing satisfy the expectations of the promisee thereby hopeful attain the overarching goal, will assess the extent of intension (promise) and the reality (promise fulfillment state). To operationalize the variable the promisor should evaluate the extent to which he/she has satisfied the expectations that the act of promising activated in the promisor. If the promisor belief that the adopted goal/desire of the promisee was fulfilled (i.e. degree of output) then this is a positive valence between the uttered promise and the realized promise.

The obligations executed by the promisor are meant to attain the goal or desire of the promisee and if realized or otherwise the expectations of promisee will have been met or unmet. This means that, the promisee also develops a belief by passing judgment of the fulfillment status of the promise. This can be operationalized by measuring the belief variable or promise fulfillment state and timeliness appropriateness of the latency time taken to deliver the deal (i.e. from promisee's perspective) as depicted in figure 5.0. These three layers namely, psychological contract, formation, instrumentation and state is what could be referred to as cognitive layers that form the priori of psychological contracting process.

## 5.2 Anticipation - Latency Time

Borysiuk and Sadowski (2007) have defined anticipation as a mental process consisting in foreseeing future events and situations. In psychological contracting there is usually period lapse between the time the effort stimulation (i.e. promise cognition), the instrumentation (promise priming), and finally promissory fulfillment state. This is what I have referred to as latency time defined by anticipation. Latency time marks the loci of a continuum between the uttered promise and realized promise. It is an anticipatory period with emotions ranging from mild excitement and desire, anxiety to apathy, distress to frustration and anger (Huron, 2006) plus retaliation at posteriori stage when expectations fail to materialize.

The anticipation process involves, giving prior thought or foreseeing something and taking action (Poli R., 2009). Thus it suggests a period of waiting for something to happen. A salient close link between anticipation and expectation exist. When there is a wait period or anticipation, the expectations are raised. That is the anticipation makes the event more significant and enhances value to an expected event, but when the threshold is reached, the significance value dwindle, then despair and finally extinction/forget.

In view of the three phases namely the psychological contract effort/formulation, instrumentation and state phases they constitute what I refer to as the priori of psychological contract. Then the posteriori of psychological contract commence after psychological contract state. This is defined by psychological contract outcome which is the affective domain and the psychological contract impact which is the behavioral domain of the relationship. The affection and behavioral aspects of the contract may manifest concurrently in distinct phases or simultaneously. This variation could be as result of other variables for example significance of promise, preemptive communication action taken by the parties or personality differences etc.

## **SECTION SIX: DOMAINS OF PSYCHOLOGICAL CONTRACT OUTCOME AND IMPACT**

### **6.1 Affective Domain**

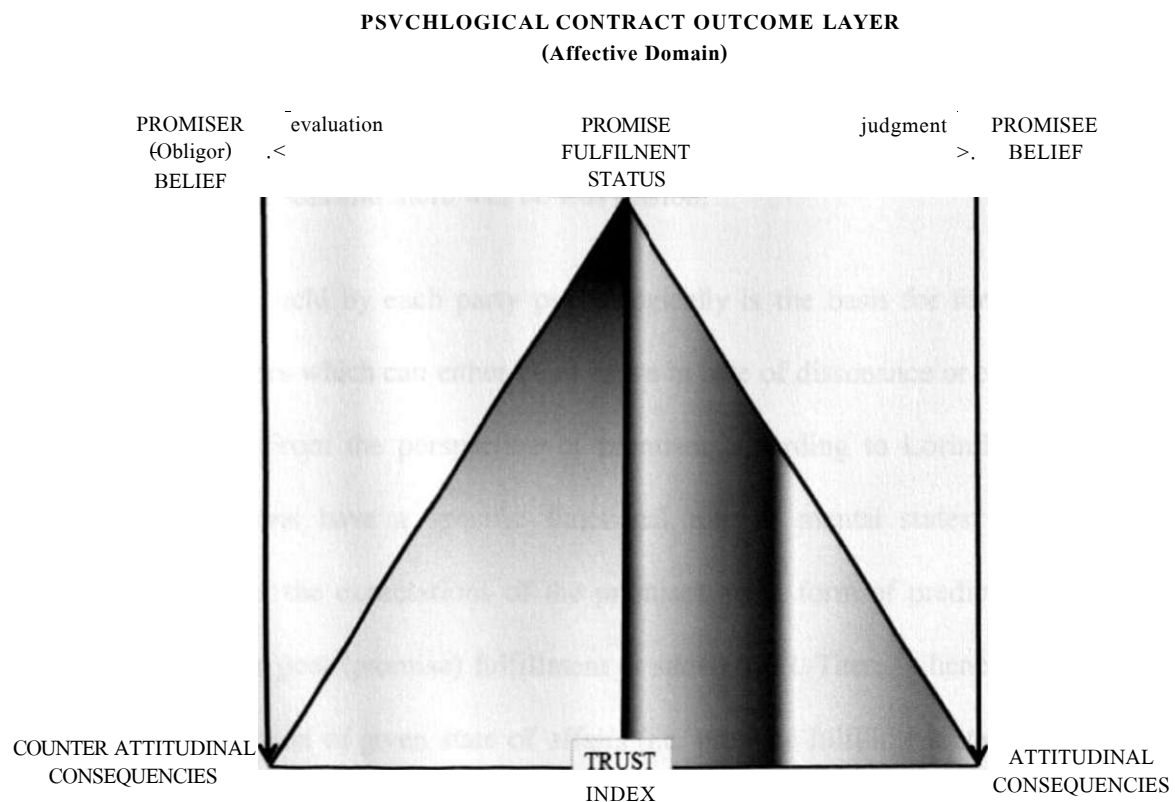
Anticipation and related expectations from which they arise have temporal dimensions. Thus the promissory fulfillment state is the culmination of anticipation and is the basis for which the beliefs or judgments about truth of promissory fulfillment in the contract are formed. These beliefs transits into the next two synonymic domains namely affective and behavioral which represents the valence of the psychological contract outcome and impact. The affection domain and behavioral domain forms the posteriori phase of psychological contract. Much of the contemporary research in psychological contract has concentrated in studying psychological contract state and its posteriori affections and behaviors (Winter and Jackson, 2006).

The extent of promissory fulfillment determines the valence between the actual promise made and the realized outcome. This exposition affects psychologically the dyadic relationship. Unlike the psychological contract effort (i.e. formation) layer where the person who triggers the process is the promisor, the outcome domain and impact domains (psychological affection and behavior phases) will be triggered by the promisee and the promisor taking the cue. Therefore the posteriori aspect of psychological contract is dominated by promisee response to psychological contract state. The two domains are intertwined with each other with initial affection followed by behavior of the promisee and the congruent counter consequence affections and behaviors of the promisor (i.e. in work situations) as illustrated in figures 6.1 and 6.2.

### 6.1.1 Nature of Affective Domain

In this phase the promisor can be viewed as the trustee and the promisee is the trustor. The affective domain emanates from beliefs about the promissory fulfillment state from each contractual party's perspectives. The domain reflects emotions which are expressed by the promisee triggered by beliefs held concerning state of the promissory output. The belief held promisee for example in work place will have impact on motivation, employee engagement, job satisfaction, organizational commitment, trust, organizational citizenship behavior and stress (Morrison and Robinson, 1997; Rousseau, 1989). The domain is bounded by promissory fulfillment beliefs of the dyads and their respective attitudinal consequences as illustrated in Figure 6.0.

Figure 6.1: Posteriori Psychological Contract Outcome - Affective Domain



Source: Researcher

Each member of the dyad at instrumentation level (i.e. evolvement of voluntary promissory obligation and expectation) creates self expectancy in case of promisor and promissory expectations in case of promisee respectively about ones wants as relates to the promise. At promissory output level each party in the contract dyad simultaneously think about what their respective expectancy were and about what actually they have achieved or received (Handy, 1993). In case of discrepancy or gap between dyad's promissory expectancies and the promissory output, there will be some dissonance. For a promisee dissonance will trigger host of emotions and behavior when seeking psychological balance and justice (Festinger, 1957). In case of a promisor, dissonance will be cognitive in nature because of inconsistency between what he/she uttered (promised) and what finally one performed (i.e. if he did not completely fulfill). According to Free Merriam-Webster Dictionary cognitive dissonance is a "psychological conflict resulting from incongruous beliefs and attitudes held simultaneously". That is when people simultaneously think about what they wanted and about what actually they have or achieved, there is a feeling of discomfort developed, that is similar to physical tension. When promissory fulfillment state is significantly satisfactory, cognitive dissonance is less and there will be less tension.

In general the beliefs held by each party psychologically is the basis for formation of the affections and behaviors which can either be negative in case of dissonance or else positive in case of consonance. From the perspective of promisee according to Lorinil and Falcone • 2010) the expectations have a specific functional role in mental states. In incase of psychological contract the expectations of the promisee are a form of prediction (trust) of promisor's efficacy to goal (promise) fulfillment or satisfaction. There is hence a subjective concern in the realization of given state of affairs (i.e. promise fulfillment state) defined as strong and weak (depending on the degree of certainty of belief component) for positive and negative expectation respectively. It can thus be hypothesized that strong expectations upon

validation (fulfillment) give rise to strong positive emotions and when the prediction is invalidated one feels distressed. Weak expectations may arise due to degree of uncertainty, caused by negative epistemic experience of promisor's trustworthiness and or negative value of the goal perception by promisee. The fulfillment state cause variation of attitudinal and behavioral consequences (Njenga, 2008) which could be mitigated by the communicative action by the promisor or else escalate to promisor's counter consequence attitudes and behavior. In work situations the promisee's attitudinal consequence variables are for example organizational commitment, work satisfaction, job security, motivation and stress. The counter attitudinal to these variables will define the promisor affection role in order to forestall the production losses.

From the perspective of the promisor the realization of intentions and assumption of obligation has extensive rational implication since as Bratman (1987) argues one cannot intend to bring into being that which he/she has promised if it be impossible or impractical. Psychologically the axiom held by the promisor is that he/she has expectations to bring into being that one has committed/promised to do or not do. An assumption of obligation is indeed an expectation imposed on self to bring into being certain state of affairs. Thus to assume an obligation is to impose an expectation on self whereby one creates a self efficacy to bring about own prediction. Considering the promissory continuum this is as cognitive component of self-efficacy (Bandura, 1982) where subjects need anticipation of future events that is validated by facts. In instance of invalidation subjects develop distress (Cooper and Fazio, 1984; Lorinil and Falcone, 2010). In psychological contract state, non fulfillment of the promise implies distress, anxiety and disorientation freedom for both the promisor and promisee. The ability of the promisor to fulfill his/her obligation under moral relation is in itself realization of self expectations and avoidance of dissonance. This for both promisor and promisee means positive improvement of trust.

### **6.1.2 Trust Index of the psychological contractor and the contracted**

The act of promisee (trustor) recognition (comprehension) and reliance (acceptance) of promise intentions uttered by promisor (trustee) presupposes trust. Atkinson and Butcher's (2003) have posited that since trust is a socially constructed phenomenon universality is impractical. However trust can be defined as the willingness to rely on an exchange partner in whom one has confidence in his/her intentions and motives (Moorman, Zaltman and Deshpande, 1992; Lewicki et al., 1998). Another robust definition by Rousseau et al. defines concept of trust as, "Trust is a psychological state comprising the intention to accept vulnerability based on positive expectations of the intentions or behavior of another" (Rousseau et al., 1998). The expectations that arise from the promisee's recognition-reliance of promissory intentions of promisor are on premise of trust.

From contractarians philosophy the argument is that making and keeping promise has not just moral value but it is also a utility maximization sense (Habib, 2008). The chief value of promising explains promissory obligations in the same manner as other moral obligations grounded in the social contract. Trusting enable the other to listen and take one seriously as a minimum to persuasion. According to Habib (2008, citing initial theory by Hobbes, Leviathan xiii-xv) the core value of the promising practice is social coordination and cooperation which allow people to trust one another, thereby unlocking all sorts of cooperative benefits, for example divisions of labor, solutions to coordination problems and collective action problems, exits from prisoners dilemmas, etc.

Psychological contract state is the critical moment in which beliefs are created regarding how much members of the dyad may trust each other thereafter. It suffices to introduce the trust index as the measure of the level of trust within contract dyad. The trust index dimensions adopted in promissory work context are credibility, respect and fairness. The level of

credibility can be captured by how regularly the promisor communicates with promisee about promise goals changes and renegotiation. Respect involves reaching out to the promisee with appreciation and fostering spirit of collaboration in order to achieve the promise goal. Fairness implies level of adjudication in case renegeing etc.

Psychological contract within the work context involve contract as a promise that is morally enforceable and on the basis of trust. The trustee (promisor) has normative power over the trustor (promisee). In this sense trust is directed towards the leader (i.e. managers or supervisors) and not the organization. Trust in a leader is the willingness of subordinate to be vulnerable to behaviors and actions of his/ her leader which are beyond the subordinate's control (Mayer et al., 1995). Whereas according (Gambetta, 1988) trust of organization is a general perception of employees on the organization's trustworthiness. The two constructs are related, but empirically distinct with each having set of antecedents and outcomes (Tan and Tan, 2000). This implies that, an employee have trust in the organization on the basis of attribution to the trust one has in the leader. Alternatively the employee may have trust the leader but not the organization. In psychological work contract there is need to establish which of the two situations applies and also investigate the variables of concern bearing in mind the antecedents of trust in this particular social context. To what extent does psychological contract state engender the employees to their leaders (managers) as well as their organization?

In order to build and maintain long term relationships in business the trust variable is significant (Geyskens et al., 1996; Rousseau et al., 1998; Singh and Sirdeshmukh, 2000). Lowe (1998) observed that a high trust culture among employees provides an organization with requisite flexibility to respond in a continuous changing business environment void of



behavioral internal resistance to change. Further Reichheld et al. (2000) posits that trust is one of important antecedent of loyalty.

### 6.1.3 **Loyally of the Psychological Contractor and the Contracted**

The relationship in psychological contract where the promisor becomes the trustee and the promisee becomes the trustor in loyalty realm could be redefined where the promisor (trustee) becomes the object to which the loyalties will be directed by the subject (i.e. the promisee or trustor). The promissory stated will either result in positive trust or negative trust on the trustor and subsequently the rational based feeling or affections abound. But loyalty other than being sentimental will be characterized by practical disposition to persist in an intrinsically valued (but not necessarily valuable) associational attachment (Kleinig, 2007). The trustor shows loyalty by exhibiting an intrinsic commitment and perseverance in the relationship as a virtue. Kleinig (2007) argues that the trustor (subject) may be involved in a potentially costly commitment securing or at least not to jeopardize the interests or well-being of the object of loyalty the object. The test for loyalty is not necessarily the strong feeling and devotion that goes with it but rather the conduct or practical disposition to persevere or stickiness with trustee or object of loyalty even in when there likelihood of disadvantage or cost to the trustor (subject) to do so.

This state of faithfulness to commitments from the perspective psychological work contract by the trustor (promisee) is the reciprocity aspect of the commitment. This is what I also refer to as exchange of loyalties. The trustor is ultimately committed as a matter of deliberate choice. Kleinig (2007) has also argued that mutuality is a feature of many loyalties. The loyal individual or the trustor has expectation that the collectivity to which the individual is loyal will also be reciprocated with loyalty. This could be perceived as a form of adaptive

mechanism. The loyalty thus reciprocated may be attributed to the organization just like in the case of trust.

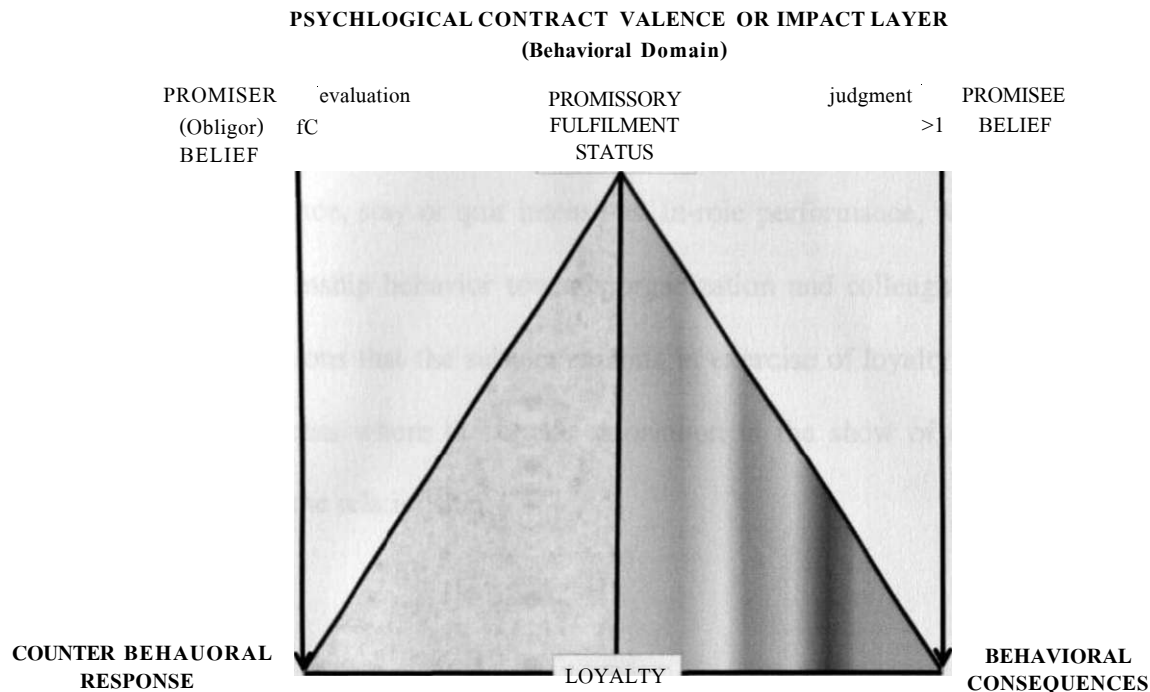
Other than primary objects being persons but there is a possibility that one's heart can be attached or devoted to other objects of loyalty such as principles, causes, brands, ideas, ideals, and ideologies (Konvitz Milton, 1973). This is in line with Royce (1908 cited by Kleinig, 2007) argument that loyalty is, "willing and practical and thoroughgoing devotion of a person to a cause". Note that in this model reciprocity or mutuality is a posteriori phenomenon where other non promissory obligations arise from exchange of loyalties or intrinsically valued associational attachments. The practical disposition of loyalty falls within the psychological contract domain which translucently intertwined with psychological contract outcome domain or Affection posteriori phase of the contract. The psychological contract impact is more less the behavioral phase of the contract as per this model closely intertwine with affective.

## **6.2 Psychological Contract Impact: the Behavioral Valence Domain**

### **6.2.1 Nature of Behavioral Valence Domain**

Arising from promissory fulfillment status the affections could evolve into behavioral consequences. Researchers have showed that extent of psychological contract fulfillment in work situation is positively related to the attendance or absence, stay or quit intentions, in-role performance, work performance and organizational citizenship towards organization and colleagues at work place (Turnley et al., 2003). These behaviors are as a consequent or precedent of promissory fulfillment status (i.e. psychological contract status/outcome). The promisor reaction will be a counter consequent or counter precedent behavior to the promisee's behavior as illustrated in figure 6.2.

Figure 6.2: Psychological Contract Impact Domain



Source: Researcher

The promisor will on his/her part instinctively incur response that in case of non satisfaction of the promise, runs counter to the promisee behavioral consequences. This is referred to as counter behavioral response that include the broad spectrum of interpersonal relations strategic measures like arbitration and dispute settlements etc. in work situation costs of monitoring and control, discipline management etc. may be incurred or reduced depending on the promise fulfillment status. This domain is being referred to as psychological contract behavioral domain and in terms of behavioral dimension promise fulfillment status is expressed in terms of loyalty level which linked to its antecedent trust level.

The behavioral dispositions of the dyads are likely to be positively related to their respective loyalty levels. Positive promissory status (psychological contract status) evokes an "intrinsically valued associational attachments" where the dyad socially identifies with each other or vice versa. This bonding is what allows or disallows loyalties which are practically

disposed through the behavior exhibited by the promisee (subject) to the promisor (object). In such situation of association the fate or well-being of the object (promisor) of loyalty becomes bound up with promisee (subject). The promisee (subject) will feel shame or pride in their doings and also will take risks or bear burdens for promisor (object) (Kleinig, 2007). Thus attendance or absence, stay or quit intentions, in-role performance, work performance and organizational citizenship behavior towards organization and colleagues at work place are all practical dispositions that the subject exhibits in exercise of loyalty. This also is the core of reciprocity process where the dyads association is the show of commitment and cooperative behavior in the relationship.

## **SECTION SEVEN: THEORETICAL MODEL OF PSYCHOLOGICAL CONTRACTING PROCESS**

In this paper the process model of psychological contracting has been conceptualized in the breadth of knowledge of other concepts and knowledge of their blending Bruner, (1960) and related axioms. That is there is the necessary connection between theories which consists in recognition of one concept as implicitly contained in another. My approach hold the view of Descartes position that certain knowledge of proposition is really only a matter of articulated understanding of concepts. In order to understand a concept Bruner, (1960) states that,

"To understand something as a specific instance of a more general case which is what understanding a more fundamental principle or structure means—is to have learned not only a specific thing but also a model for understanding other things like it that one may encounter".

Thus the model articulated in this paper help understand the psychological process that people go through when threats, vows, thromise etc. are made and not just promises and agreements. I have argued in this paper that the antecedent of psychological contract is the performative speech act (Austin, 1960, Searle, 1989) mainly of commissive nature where promises communicated and subsequently a contract is established. However in order to have a general case of the phenomena that captures agreements as well the appropriate theory other than speech act is communicative action (Habermas, 1981). The model discusses the priori and posteriori stages of the contract. The priori aspect is conceptualized in phases or layers. That is the contract input phase in which communicative action is performed and the contract is formed. In case of agreements the parties are engaged in negotiations (Habermas, 1981) and contract formulation is evidenced by documentation with the contractor assuming a responsibility ((Jeske, 2008: Raz, 1981). But in cases commissive act of promising the contractor voluntarily assumes obligation ((Jeske, 2008: Raz, 1981). In work situation

agreements will be documented in form of collective bargain agreement, HR policy and practice manuals etc. and this could be enforceable in law. Agreements also elicit different expectations from promises (Samek, 1965). In other words the input layer of the psychological contract in case of agreement is negotiation and unlike promise with axiom of intension realization (by promisor) and subsequent recognition & reliance (by promisee) by means of utterances. Thus the input for the agreements is communicated by the document in representation thereof.

The input phase then leads to instrumentation phase in which the contract formed is operationalized through voluntary assumption of obligation (by promisor) and rise of expectation (by promisee). Then there is the latency time or period marked by anticipation within which the contract output is realized through promissory or agreement fulfillment. The measure in this phase is the beliefs held by parties regarding the contract state in terms of fulfillment. The three layers of priori stage of the psychological contract are in this case conceptualized as cognitive domain of the contract with each member of the dyad holding beliefs about the relational situation.

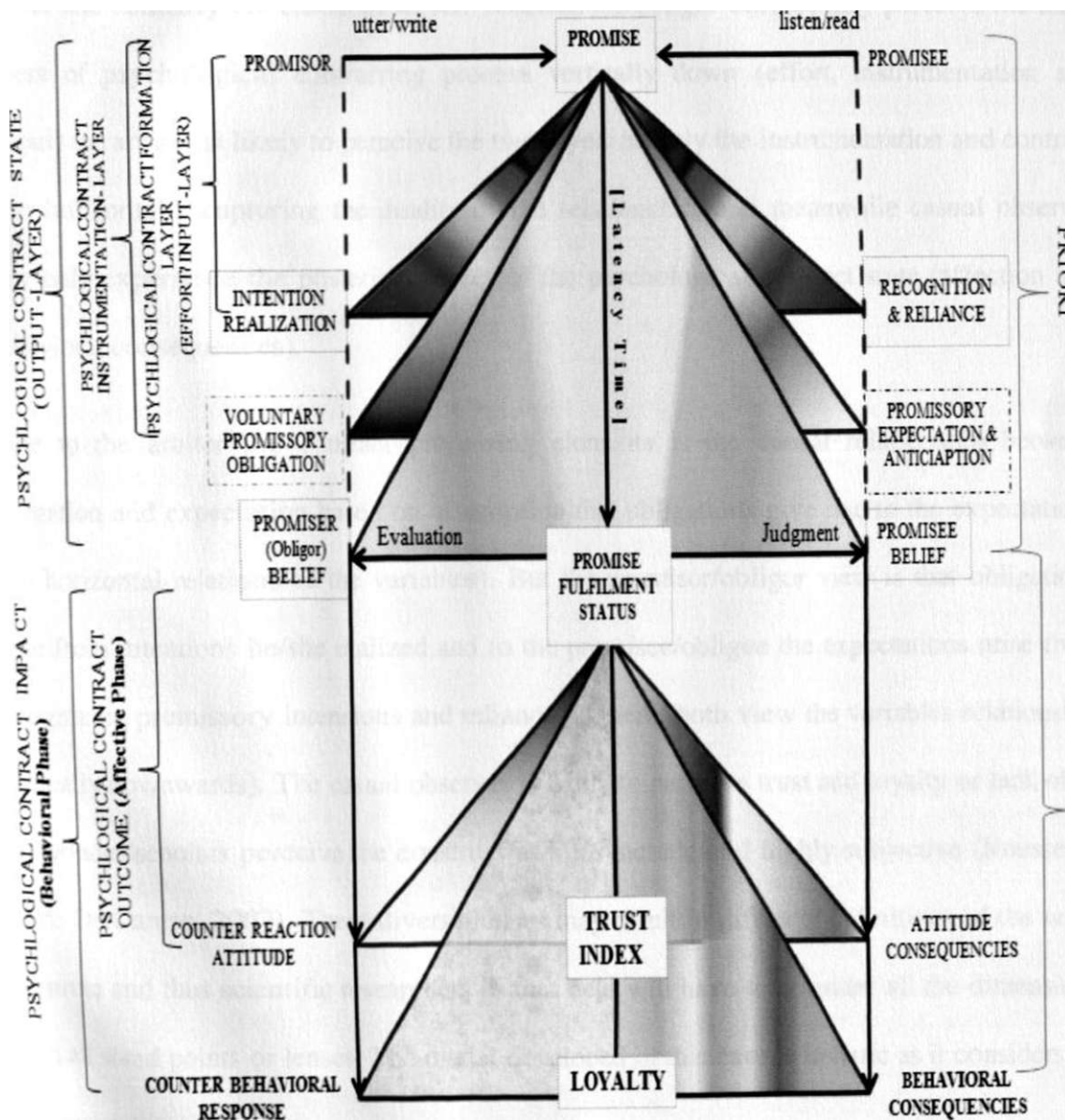
The posteriori stage of the contract is the affection and behavioral aspects which are intertwined together. The affective domain of the contract is the psychological contract outcome which is marked by emotions and attitude by the parties. At priori stage the main trigger of the contracting process is the promisor but at posteriori the trigger is the promisee. Thus the promisor will adapt the counter position reacting to the affective plus actions of the promisee. The last domain is the psychological contract impact which is the behavioral aspect as a consequence of affective domain. Similarly the promisee will be in the active mode and the promisor in the reactive mode in the process.

The outcome and impact domain (affection and behavioral) are caused by cognitive dissonance or consonance (Festinger, 1957) due to post psychological contract re-evaluation of expectations and promissory fulfillment (promissory output). That is difference between the expectation of promisee and what was one received at the end, and for the promisor the difference between self expectancy (i.e. what one expect of self or obligation) and what one finally performs to deliver on the promise will create a conflict of beliefs (i.e. discrepancy in cognition) which is referred to as cognitive dissonance (Mckenna, 2000). The resolution for this will be accompanied by attitudes as result of the inconsistency or else consonance for consistency. In case of inconsistency to get consonance state one has to adopt a requisite attitude and behavior (Handy, 1993). The affections that arise due to discrepancy of the promissory fulfillment state leads to behavior in order to have psychological balance. In case of consonance the affection are positive and this also triggers a positive behavior. The goal of the dyads is to achieve consonance or balance state of mind.

The psychological contract processing from the perspective of the promisor thus involve making performative speech act of a promise when one makes the realization of promissory intention and instruments this by assuming a voluntary obligation to bring it to being. The promisor's action will be motivated or driven by expectancy placed on self by self (voluntary assumption of promissory obligation). The promissory fulfillment state by the promisor will be the causal of response by promisee reflected by affections and behaviors. The promisee's perspective on the other hand begins when the performative speech act of promise is uttered and upon successful comprehension or rather is recognized and relied on and this is instrumented by expectations and anticipation about the probable promissory output. The underpinning is that the promise is something of value/desired by the promisee. After the promissory results the promisee make judgment which forms the belief about promise fulfillment status followed by the associated affections and behavior to which the promisor

will be anticipating and respond to by a corresponding affection and behavior. Thematically, promises are made so that they will be fulfilled and it is presupposed that they are made on trust based on moral principle. And thus their fulfillment enhances that trust which is a prerequisite for loyalty creation. This way relational commitment and cooperative behavior is nurtured or destroyed. The whole process is as summarized in Figure 7.0.

Figure 7.0 Psychological Contracting Process Model



Source: Researcher



## SECTION EIGHT: SUMMARY AND CONCLUSION

The psychological contract is a dyadic relationship whose conceptualization depends on the lenses used by the observer. That is the concept could be discussed from the stand point of the members of dyad (promisor-promisee) or as arbiter in the contractual relationship or as a casual (neutral) observer. From these diverse perspectives, conceptions vary for example those of the members of the dyad (promisor-promisee or obligor-obligee) differ from the arbiter and similarly the casual observer. Whereas the obligor-obligee may perceive the three layers of psychological contracting process vertically down (effort, instrumentation and output) the arbiter is likely to perceive the two layers namely the instrumentation and contract state horizontally capturing the duality of the relationship, and meanwhile casual observer may only experience the posteriori aspect of the psychological contract state (affection and behavioral consequences).

Note to the arbiter the contract processing elements is the causal relationship between obligation and expectation based on assumption that obligations give rise to the expectations (i.e. horizontal relations of the variables). But the promisor/obligor view is that obligations arise from intentions he/she realized and to the promisee/obligee the expectations arise from recognizing promissory intentions and reliance on them (both view the variables relationship vertically downwards). The casual observer is likely to perceive trust and loyalty or lack of it. No wonder scholars perceive the construct as idiosyncratic and highly subjective (Rousseau, 1995; DelCampo, 2007). These diverse lenses may result in different definitions of the same construct and thus scientific researchers in this field will have to consider all the dimensions from all stand points or lenses. The model developed in this case is holistic as it considers all the perspectives or lenses.

In this paper, I have argued that psychological contract captures the psychic aspect of performative acts of commissive nature (in this case promise) which besides illocutionary effect that elucidates volition assumptions of obligation also, has the perlocutionary dimension to it which elucidate promissory expectations. I have conceptualized in detailed the phenomenological process of psychological contract in form of layers. The first layer is the contract input or effort within which the contract is formed (i.e. formulation of contract). The second is the processing elements stage or instrumentation of the contract that involve volition assumption of promissory obligations and expectations. And the third is the contract state which is defined by dyadic beliefs of the contract parties. These three layers form what I am referring to as priori of the contract. Posteriori state includes two layers that are intertwined with each other namely contract outcome and impact consisting of the resultant contract affections and subsequent behaviors.

In field research it is important to identify these phases of the contract in order to develop valid measurement instruments and obtain reliable empirical data. For example, if the contract has just been formed (input/effort state) it is impractical to measure contract state or even the posteriori aspects of it. The model also maintains the dyadic nature of the contract besides illustrating the interconnectivity of dyadic divide. That is the mid of the dyadic relationship which is defined right from the promise, promise cognition (as resultant of promise formation), promise priming (as result of creation of obligation and expectation), and then promissory fulfillment beliefs which are the causal for state of trust and loyalty in the relationship. The process model in itself opens an academic avenue on which various operational definitions of the concept of psychological contract lie and it a step closer towards a unifying theory of the construct.

## 8.1 Psychological Contract Imperatives

The process model brings to light three distinct imperatives in the priori of psychological contracting. That is the dyadic communicative action imperative at the contract input (formation) phase which is the underlying hidden paradigm of psychological contract during which there is promissory realization and subsequent promissory recognition and reliance by promisor and promisee respectively. The communicative action (Habermas, 1981) thus is a necessary condition that for contract formation in promise performative act or in promise exchange (agreement). This is promissory cognition state.

The second is the contract instrumentation/activation imperative with creation of the necessary processing elements of volition assumption of promissory obligation/s and expectation/s by the obligor and obligee respectively. The obligor has to instrument/activate contract formed with necessary condition of voluntarily assuming the obligation (psychological expectation/s to self to do/perform) to bring into being what one has promised (or voluntarily assume responsibility in case of agreement) (Jeske, 2008). The obligee similarly instruments the contract formed through expectation/s given rise by communicative action imperative. This is also the promissory priming state.

The third is the psychological contract state imperative which is more prominent and follow after the latent interval of anticipation. This imperative constitutes of dyadic beliefs regarding promissory contract fulfillment by the both the promisor (contractor/agent) and the promisee (client/employer) (in case of employment, this is a reversal/switching of positions). The psychological contract state (promissory fulfillment state of the contract) is what triggers affection and behavior/s at the posteriori stage of the contracting process. The affection/s and behavior depends on whether there is dissonance (discrepancy of expectation/s) or consonance (consistency of expectation/s) as result of valence in the psychological contract

state. The posteriori stage forms the outcome and impact domains and is the basis for the contract valence with resultant affection and behavior.

## **8.2 Blending of Concepts**

Ontologically the three imperatives are the necessary paradigms for psychological contract construct unifying the knowledge of other concepts and knowledge of their blending (i.e. theories of linguistics/psycholinguistics, law, sociology and psychology/socio-psychology etc.) as illustrated in figure 7.0. The model provides for the dyadic (or bilateral/multilateral) nature of contract. The model affirms epistemic truths articulated by both divides in the contemporary debate on psychological contract construct. This model in work situation provides an insight for organizational pursuit of cooperation, coordination and commitment behavior driven by trust and loyalty which arise from psychological contract state (dyadic promissory fulfillment beliefs).

According to this model, psychological contract is conceived in event of communicative action (i.e. implicit or explicit) of promissory nature where a valued goal or desire of other is adopted to be satisfied in future (i.e. promise) by the adopter/promisor (which could be an object or person with perceived normative power to perform the promise), and upon communicative act a promissory relations of contractual nature is conceptualized through cognitive instrumentation of promissory obligations/expectations of the adopter and related promissory expectations-anticipations of the promisee/client within an assumed latency time. Note obligation is here taken as a special expectation. Satisfaction or fulfillment of the valued goal or desire adopted (i.e. promise) culminates with beliefs held by the dyads (psychological state) with resultant consonances or dissonances causing affections and behaviors which primarily influence dyadic trust and loyalty, and secondarily impacts on the dyads' mutual reciprocation in form of cooperation, commitment and coordination. In this sense the

construct is not an explanatory variable restricted only to employment relations but across business relations where promissory communicative acts (commissive acts) are implied or otherwise expressed and activate expectations to be satisfied. The construct thus transverses across the whole spectrum range of business relations that are encapsulated by trust and loyalty dimensions. Perhaps this psychological process model as depicted in figure 7.0 could unlock the possibility of developing an artificial neural network by modeling the experience of promissory communicative acts, comprising of psychological contract effort (output), psychological contract activation (i.e. instrumentation through obligation-expectation) and psychological contract state (promissory output) variables of the construct function approximation. This would enable management of promissory/commissive expectations creation and management of fulfillment/satisfaction states across business and social situations.

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