

Psychological Contracting Process Model: Towards A Unifying Theory Of Psychological Contract

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Abstract: *Although the concept of psychological contract was introduced in organization behavior more than fifty years ago, the proliferation of writings on the subject has yielded many definitions and measurements which threaten its explanatory power in social sciences. Indeed authors have evaded attempts on theory building including the phenomenology of the contracting process which would render validity to the construct. This article explains a model for the psychological contract process which aids us develop an epistemic definition as well as how the construct related to other concepts in the horizon. The approach involved knowledge blending of the disciplines of psycho-linguistics, law and social psychology. In psycholinguistic there are three conceptual fields such as perceptions, mind and thoughts. The mind sub-stream has language (communicative actions) as one of the components with language processing as sub component that yields the speech production for example performative acts. Speech acts have an overarching objective to persuade someone, make good impression or build trust and loyalty exchanges. The psychological contract process model articulated in this article comprise of contract cognitive effort/input phase, cognitive priming/instrumentation phase and cognitive state at priori domain of the contract. The input phase is an activity involving communicative action of undertaking to satisfy interest, desires, needs or goals of a referent other; followed by achievement of activation of expectations and then accomplishment level of satisfaction of the promise. Finally the posteriori domains comprise of the trust affection and loyalty behaviors as a consequent of the cognitive state. This process model will enable us distinguish between the notion of a contract as established in law, economics and sociology and that of psychological contract. Moreover it allows us move the current debate forward and towards a unifying theory of psychological contract.*

Keywords: promise, psychological contract, obligations, anticipation, expectations, trust, loyalty and latency time interval.

I. INTRODUCTION

In the realm of volitional social relationships the assumption is parties enter into union to mutually draw maximal benefit/s from each other's contribution. From the perspective of the contractarians philosophy this is referred to as social contract, whereby parties create obligations and the respective expectations on utility maximization. Since the goals of dyads in such a union coincide (do not oppose) they have to cooperate rather than compete or strive after their own goals. When they cooperate their motivation is empirical, aimed at trying to maximize their own profit or minimize their own losses. The element of cooperation is driven by their communicative actions (Habermas, 1981) which are oriented towards of high social exchange relationship involving trust, loyal, and commitment (Cropanzano & Mitchell, 2005). High social exchange relationship is what Kay (1995) referred to as relational architecture founded on cooperative ethics.

The ease of attaining social coordination and cooperation including trust in a relationship is based on the practice of making and keep promises (Habib, 2008, citing initial theory by Hobbes, Leviathanxiii-xv). The act of promise making and reliance thereof presupposes presence of trust and loyalty in a dyadic union. Assuming that people will always avoid dissonance and seek consonance then morally promises made are to be fulfilled. That's why Sharp (1991) argued that; "Promises should be enforced unless some intelligible and controlling practical reason for not enforcing them is made to appear".

The notion of promise is founded upon one party either explicitly or implicitly conducting a communicative action or commissive speech act (Searle, 1969; Habermas, 1988)

undertaking to satisfy a need/desire/interest/goal of the referent other (Castelfranchi & Guerini, 2006). Ordinarily, the process is initiated by the party possessing the relational command (normative power and effect) to motivate and raise the morale of the referent other/s so as to cause reciprocity process. The party with normative power and effect in a relationship for example in work relations is the employer, in school - the teacher etcetera. The reciprocity in kind primarily is in form of trust and loyalty. When a party adopts to satisfy the need/s etcetera of another party, and there is reliance thereof, it arouses the mental anticipation and expectations.

Lastly the implicit communicative actions are equally powerful and effective as explicit actions except that they are unspoken/unwritten messages. The messages are passed on by one party through deeds or actions embedded with intention of meeting another party's needs/desires/interests/goals thereby effectively evoking a sense of entitlement. The source of implicit communicative actions in organizations is for example; corporate culture, structures, systems, management practices (operations, policies and processes) and other general notions (Hoogervorst, Flier & Koopman, 2004).

II. CONTRACT THEORY AND SPEECH ACT THEORY

The commissive speech act from the perspective of the speaker/utterer is an illocutionary act (Searle, 1969) constituting a description of an action whereby one commits into the future to conduct certain act of benefit to the intended listener. Upon the utterance the speaker becomes the promisor and the listener transform to the promisee and; both the promisor and promisee are bound with and to each other. The act of promising ushers the promisor to assume an obligation (self-expectancy) to accomplish the declaration within

reasonable time interval. The promisor volitionally puts upon self some expectations to satisfy the desires of the referent other. At this juncture the promisor translates to the obligor. At the end of promissory latency time interval there is mental judgment (self-assessment) on extent of fulfillment of the promise/s. At this level the obligor may be referred to as the contractor.

The promise can be either conditional, which tend towards agreeing, or unconditional/elementary. In both instances the acceptance is presumed because the propositional content of such promise is something valuable or desirable to the promisee (Beller, 2002). However the motivation for promisee to accept the conditional promise, the value entrenched in the promise must more than offset the costs of fulfilling the condition. A conditional promise is rather empirical and like agreement it presupposes a negotiation. However a promise is not an agreement since they arouse different expectations (Samek, 1965).

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. Alternatively promise need not be something already desired, but rather when communicated it activate non-active need/desire/interest/goal of the promisee (Castelfranchi and Guerini, 2006).

However other than the weakness of speech act theory pointed out by Fiorito, (2006), is that the theory focus on the speaker and ignores the listener. Promising act from the stand point of the promisor is overt in nature, but has perlocutionary dimension whereby it generate a covert (psychic) effect of ushering the promisee's to look forward to the accrued future benefits. This is because promising commits the hearer to expect receipt of valuable output within an anticipated time interval. Right from inception of the promissory utterance to its fulfillment; the promisee lives in anticipatory state (as an obligee) which controls his/her affection, behavior and the physiology. The notion that the needs etcetera undertaken to be satisfied by the promisor is the psychological contract. The extent to which the needs etcetera are fulfilled is the psychological contract state more objectively measured from the perspective of the promisee/contractee as satisfaction beliefs or feelings.

From the realm of social psychology the process of psychological contracting may be synthesized in three hypothetical phases. They comprise of systematic sub-components that constitute the processes in the phenomenon of psychological contracting. That is psychological contract formation/activation/input phase, cognitive priming or instrumentation phase, and psychological contract cognitive state or output phase. The three phases form the sub-components at the priori domain and; lastly the outcome-impact domain of the affection and behavioral state at the posteriori psychological contract domain.

A. Psychological Contract Activation Phase

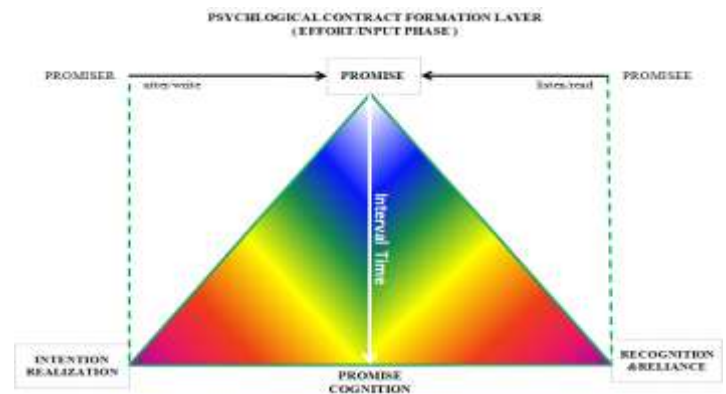
The promissory activation is the effort phase where the intension to satisfy the needs etcetera is actually expressed or implied by one party (promisor) and comprehended by the other party (promisee). The effort packaged in the promise and

translated into action by promisor's intention realization and relied upon by the promisee could be motivated by cooperation rather than rational consensus (Habermas, 1981). The cooperation is value driven because the promisor makes promise that is entrenched with something of value to the promisee. The promisee's motive to act in reliance is motivated by this value and perhaps past experience of truthfulness of the promisor.

In accordance with motivation–expectancy theory by Vroom (1969) the effort to achieve the goal is the utterance or communicative action undertaking to fulfill a need. The effort seeks to make the promisee comprehend the benefits to be delivered by the promisor as demonstrated in figure 1.0. The evidence of successful contractual relations is that communicative action (intension realization) of the promisor so as to stimulate the promisee to covertly act in reliance (trust). The promisor has an obligation to in future deliver the loyalty to the promisee; who in trust expect to receive the accrued benefit.

This means there is a coincidence of expectancy goals or cognitive congruence with both parties having a common definition of the situation (Habermas, 1981). The assumption is that people seek to avoid dissonance and hence an utterance of undertaking to fulfill needs of others etcetera is motivated by an internal commitment or truthfulness (Cohen & Levesque 1990; Bouron, 1992) and cooperation (Grice, 1975; Habermas, 1981). That is why actual promises have no room for legal dispute, but implied ones may occasionally attract contrasting views and contest among the contracting parties.

Figure 1.0: Psychological Contract Formation



Source: Njenga (2011)

B. Psychological Contract Instrumentation

The psychological contract instrumentation/cognitive priming phase has two elements; obligations of promisor and expectations of promisee (Steuten & Dietz, 1998). From the perspective of a promisor the act of making a promise is placing oneself under a volitional or special obligation (Smith 2003; Jeske, 2008) to bring about the proportional content of the utterance. Therefore a promise has a deontic commitment status based on the rules of constitutive (Searle, 1969) since it has instrumentality of the speaker committing self to bring about the truth of satisfying the other party's need etcetera. Moreover it is desirous for a promisor to realize his/her own prediction to avoid cognitive dissonance, anxiety, disorientation and distress (Festinger, 1957; Bandura, 1982; Cooper & Fazio, 1984; Habib, 2008). The promisor is hence

indebted socially, morally and even legally to fulfill the need of the other party as promised.

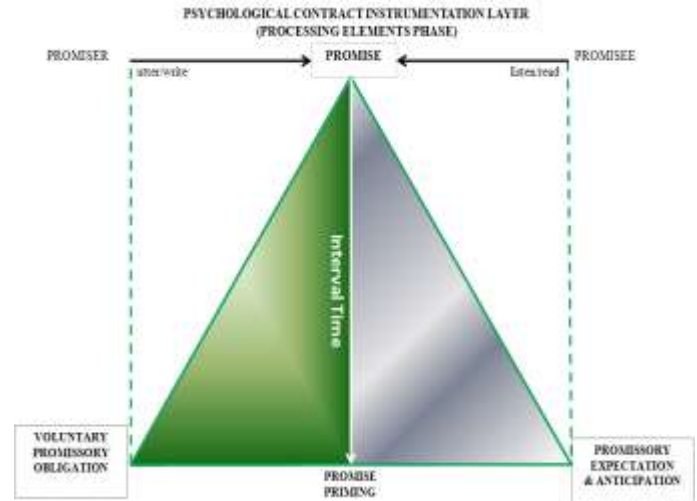
However the scope of scientific processes involved in the promise making from the perspective of the promisee is beyond this paper. Generally, the most fundamental focus for the hearer (listener) of the speech act is the orientation towards intention recognition (Austin, 1962; Grice, 1957; Searle, 1969, 1979). The recognition of the communicator's intension is critical to both the comprehension and memory of the implication behind the communicative action (Holtgraves, 2008). The notion of say a promise is achieved when the utterance produce the intended effect on the hearer by means of the recognition of the intention (Grice, 1991).

When the person to whom the promise is intended recognize that another party has undertaken to satisfy his/her needs etcetera and relies on such intension (Habib, 2008) unobservable mental expectations are aroused. The psychic effect in the promisee manifests as the consciousness about impending benefit/value to be received in future from the promisor. The promisee upon realizing and relying on the promissory communicative action enters into state of expectancy – hope/belief by adjusting the mental plans in preparedness to have the need etcetera satisfied. The recognition and reliance act is empirical in nature and depends on past relational experience with the promisor and his/her trustworthiness in keeping promises (Rousseau et al., 1998). These mental states predisposed as feelings or emotions like surprise, relief, disappointments (Huron, 2006; Lorinil & Falcone, 2008). This belief or feeling that one's needs/interests/desires/goals will be satisfied by another party having actually communicated or implied is the psychological contract.

The combined perspective of the dyads is that both have expectations. The promisor has self-expectancy to achieve a self-predicted behavior or performance; the promisee has similar expectancy to receive the said self-predicted performance. These promissory expectations have basic components comprising of goal different from the forecast and belief (Lorinil & Falcone, 2008). The goals have a value, a subjective importance to the promisee. And the beliefs have strength, a degree of subjective certainty; whereby the promisor is more or less sure and committed about their content. That is why under common sense morality the promisor is never justified in breaking a promise merely because slightly more good would result thereof than from keeping it (Jeske, 2008).

Furthermore, the theories of expectationalism provide that promises affects trust and loyalty. That is why promissory betrayal harms not only the promisee (Habib, 2008) but also the relationship between the dyads. This is due to mutual dependency arising from on obligations versus promissory claims/expectations or rather what Smith (2003, citing Reinach, 1913) referred as the collective intentionality. Therefore the consequences of not fulfilling is far costly than keeping promissory expectations Jeske (2002). The cognitive phase in psychological contracting formation process is as illustrated in figure 2.0.

Figure 2.0: Psychological Contract Instrumentation Phase/



Source: Njenga (2011)

It is noteworthy that there is a profound difference between promises and agreement (Samek, 1965). What is called conditional promises presupposes a negotiation or agreement; and the related expectations are different from promissory expectations (Samek, 1965). Moreover parties in an agreement assume responsibilities and not obligations (Raz, 1981).

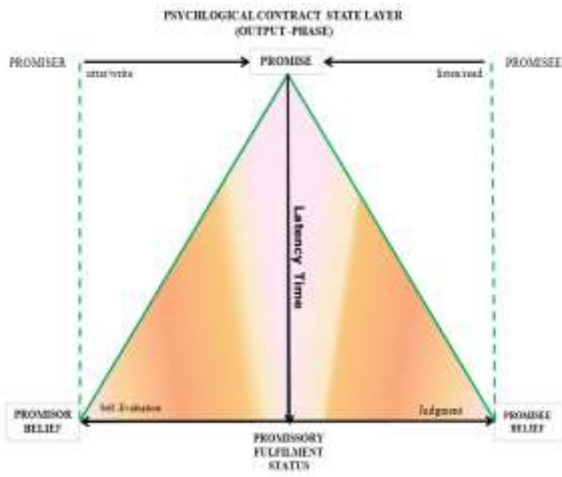
Epistemologically the truth about the existence of contractual relations between the dyads is the realization of the intension by promisor and recognition-reliance by the promisee. The ontology of psychological contracting is founded on existence of the dyadic expectations. How well the promise priming has been achieved can be operationalized as the extent of awareness of an obligor about the expectations of the obligee and vice versa the awareness of the later about obligations owed by the former. A high correlation awareness levels between the two contractual parties is the indication of positive priming/instrumentation of the psychological contract.

C. Psychological Contract State Phase

The final phase in psychological contracting process is the output phase known as psychological contract state. In a relationship psychological contract is the belief arising from actual or implied communication that one's needs/interests/desires/goals will be satisfied by another party within latency time interval. The time interval marks the end of the belief held by promisee/client and then starts the mental assessment/ judgment of the extent to which the needs etcetera have been met or not by the promisor/contractor.

Where the perception is that the needs of the client/promisee were fulfilled it implies a positive valence between promissory expectations and summative truth of their fulfillment. Therefore the state of psychological contract may be measured from perspective of both the promisor and or the promisee which is more practical since the latter is the main focus. Figure 3.0 illustrate the cognitive state phase of the psychological contracting process.

Figure 3.0: Psychological Contract State - Output Layer



Source: Njenga, (2011)

D. Anticipation - Latency Time

As earlier discussed the theory psychological contract can be discussed in three prominent domains namely priori cognitive formation (as an activity, its achievement and finally accomplishment), posteriori affective, and behavioral domains. The priori cognitive formation domain of psychological contracting process occurs in three phases; formation (activity or effort), instrumentation of expectations (achievement) and fulfillment state (accomplishment). The formation domain involves the communication (actual or implied) of the intention by the party with power and effect and as a consequent there is recognition and reliance by the referent other in the contractual relationship. The cognitive instrumentation phase comprises of creation of obligation by the promisor/obligor and arousal of the mental expectations of the promisee. The third domain is the summative cognitive assessment of the fulfillment status which ushers in the affection outcome and impact or rather the posterior domains of trust and loyalty.

Right from effort/formation phase to the fulfillment state there exist period of waiting for the three phases to be accomplished referred in this article as latency/anticipatory period. This latency interval marks the loci of anticipation when parties undergoes a mental process of prior thinking how the situation will be in future and taking action (Borysiuk & Sadowski, 2007; Poli, 2009) when the expectations formed are finally met.

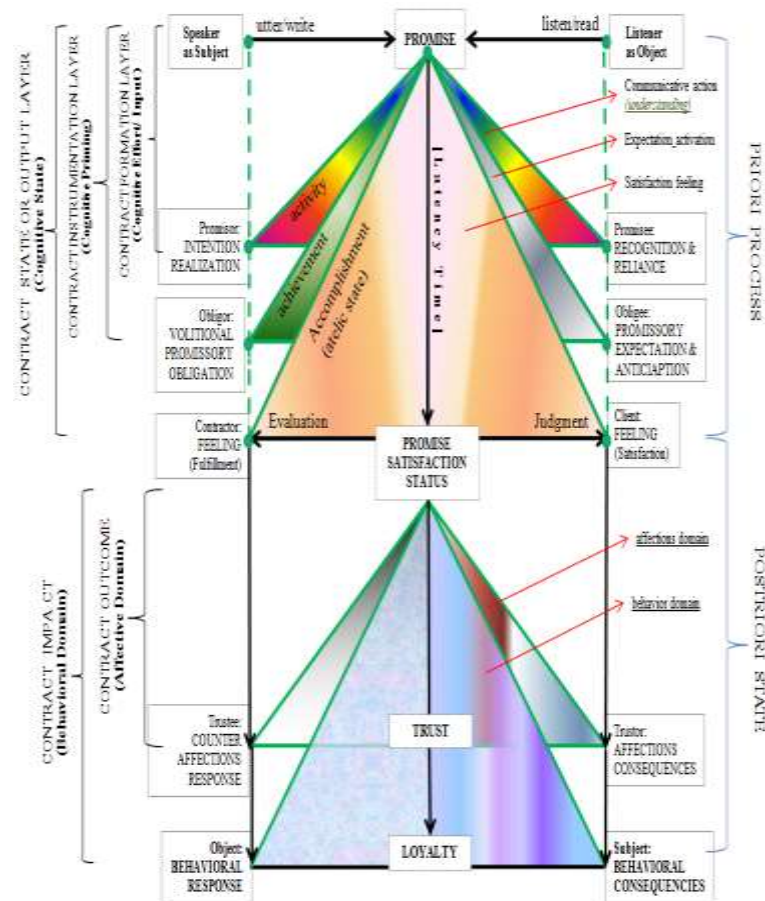
As for the promissory experience the mental occurrences during the anticipatory period include emotions ranging from mild excitement and desire due to significance of the promise during contract formation phase; anxiety to apathy during contract instrumentation stage and; when promise is unfulfilled likelihood of distress to frustration and anger (Huron, 2006). At posteriori domain whenever the expectations fail to materialize the aggrieved party may retaliate by validating attitude of trust and loyalty behavior outcomes in accordance with the theory of reciprocity. Thus there is a salient close link between anticipation and expectation.

E. The Psychological Contract Posteriori Domain

The posteriori domain commences after psychological contract state. The domain is defined by psychological contract outcome outlined as the affective (trust) domain and; the psychological contract impact outlined as the loyalty behavioral domain. Essentially, the 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. The affection and behavioral aspects of the contract may manifest concurrently in distinct phases or simultaneously. However the effect of psychological contract state on attitude and behavior, may vary among different individual predispositions such as equity sensitivity types; or due to leadership of the obligor/promisor. The priori domain and posteriori domains of psychological contract are illustrated in figure 4.0.

Figure 4.0: The Paradigm of Psychological Contract Process (Source: Njenga, 2011)



III. CONCLUSION

Psychological contracts are the beliefs about the needs, desires, interests and goals that a party in a relationship undertakes to fulfill thereby creating mental expectation in the referent other. The psychological contracting process model is a representation of the imperatives (necessary conditions) of the process at both priori domain and posteriori domains. The first imperative is actual or implied communication activity of undertaking to meet needs etcetera (something of value) by one party and comprehension/reliance by the other party in a relationship. The second imperative is the achievement of assuming obligation (Jeske, 2008) or loyalty (creating self-expectance) to meet the needs etcetera thereby arousing anticipation and expectations. After latent interval follows the state of accomplishment imperative where the parties perform self-evaluation on the extent to which the needs etcetera have been met (contract state). The last imperative at the posteriori domain is the relational consequences of the accomplishment/fulfillment state on trust affection and loyalty behavior mainly from the perspective of the promisee. This is

caused by valence between the expectations and fulfillment state which creates dissonance in case of discrepancy in cognition or inconsistency. People will always seek consonance by adopting a requisite attitude and behavior (Handy, 1993). In case of consonance the affection and behavior are positive. The goal of the dyads is to achieve consonance or a balance state of mind.

When promise intension is made known and the party to whom it was intended accepts; a mental contract is established between the dyads based of trust. The evidence of such contract is the expectations aroused between the parties. That is the promisor self imposes (Smith 2003) certain expectations to bring to fulfillment the need etcetera of the promisee who upon acceptance and belief has aroused expectations. The act of promise is an expression of loyalty with promisor taking alliance or practical devotion of willingly bearing burden of the other party by undertaking to fulfill their need, desires, interests or goals. Therefore the promisor extends loyalty in exchange of trust from the promisee. The belief on the extent to which the needs have been met is the psychological contract state which culminates with validation of trust and reciprocal loyalty exchange by the promisee at posteriori domains demonstrated in figure 4.0.

This model has been conceptualized through consideration of knowledge blending Bruner, (1960) of theories of speech act in linguistics or communicative action (Austin, 1960; Habermas, 1981; Searle, 1989), social exchange theories, law and social psychology. The model may help comprehend what psychological processes people undergo not only in promise phenomena but as well as agreements (negotiations), threats, vows, thromise etcetera.

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