A REVIEW STUDY ON TRUST AND BREACH OF PSYCHOLOGICAL CONTRACT

By

SARAVANA KUMAR A/L KARUPPANNAN
(805510)

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ABSTRACT

The aim of this study is to review on trust and breach of psychological contract. The purpose of the study is to identify briefly on the psychological contract and the important of psychological contract to the employer as well as employees. It is also to learn the content of psychological contract and to study in brief on the types of psychological contract, breach and violation. This study is carried out to identify the reactions to breach and violation of psychological contract, list down the reasons for a lack of trust among the employees and to learn the ways how the employers gain and maintain the trust. The consequences to the organizations when the employee’s trust are lacking and what will happen if employees trust is high also has studied to add knowledge on psychological contract aspects. Lastly, the impact to the employees when the psychological contract is violated also has been reviewed. For this research, qualitative research method was used to gather the data. The data obtained from journals, case studies and books and magazines was reviewed to gather the information for this project. The review found that there were four main importances. First it explained in detail the meaning the meaning of psychological contract and its importance to both employers and employees. Secondly, the research has explained briefly on types of psychological contract, types of breach and violation of psychological contract. Thirdly, the research has indicate the trust; from the perspective of employees and employers. Fourthly, the research explains the impacts for violation of psychological contract. From the review it could be concluded that breach of psychological contract can be upgraded if both parties; employees and employers are working together in a line. They have to change because of economical, political and social changes, therefore the working relationship also changing. To improve the employees from breach of psychological contract, the organizations can implement some of the suggested methods to reduce the breach of psychological contract.
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CHAPTER 1

INTRODUCTION

1.1 Background of the Study

The term psychological contract has been around since the 1960s and was first used to capture the relationship between a work group of employees and a plant foreperson in terms of what the two parties exchanged in their relationship (acceptable wages and job security in return for higher productivity and lower grievances) (Argyris, 1960 and Schein, 1965). This initial definition of the psychological contract is similar to what is currently known as normative contracts. A number of other definitions of the psychological contract subsequently appeared, giving rise to different views on what the psychological contract was capturing. (Argyris, 1960 and Schein, 1965).

For example, the psychological contract was defined as mutual expectations, an implicit contract, and a set of unwritten expectations between an individual employee and the organization. In the context of the employment relationship, psychological contracts encompass what employees believe their employer has promised to provide in return for certain employee contributions. Whether the employer fulfils these obligations is contingent upon the employee fulfilling its obligations to the employer. For example, an employee may believe that the employer has promised to provide long-term job security, career development, interesting work, and competitive rewards in return for employee loyalty, flexibility, and meeting the formal requirements of the job (in-role performance) as well as going beyond the formal requirements of the job or known as extra-role performance. (Rousseau, 1995).
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REFERENCES


