

# Impact of COVID-19 on Psychological Contract Breach of Employees in Private Sector Higher Educational Institutes: A Review and Directions for Future Research

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## Abstract

A psychological contract breach occurs when an employee believes that his or her employer has failed to fulfil one or more obligations related to mutual pledges. This study focuses on the impact of psychological contract breaches on job outcomes such as job satisfaction, intention to stay with the organisation, perceived organisational support, and organisational citizenship behaviours of employees working in the private education sector in the eastern region of India. The study's aim is to obtain information about the issue and comprehend the idea of psychological contract from the perspective of workers in order to decrease the phenomenon of frequent employee turnover in private educational. The COVID-19 health catastrophe has morphed into a global economic disaster, jeopardizing the health, jobs, and earnings of millions of people worldwide. The aim of this study is to review the existing literatures and give the directions of future research based on the psychological contract breach of employees of educational sector.

**Keywords:** Psychological Contract breach, Higher Education Institutes, Workplace Deviant Behaviour, COVID-19.

## INTRODUCTION

Since the 1960s, there has been the concept of psychological contract. Only through economic downturn in the late 1990's, it felt its importance and proactive necessity. Though, the necessity of the term gains the momentum during 90s, still it has different parameters to understand the exact nature and importance on human resource management. Psychological contracts are often part of the decision-making processes of human resources managers. It's easy, but it takes initiative and creativity to get people to work for the extra incentives that they are looking for. If planned properly, then these initiatives are both favourable for the

employees as well as the organizations. Employers should work with all their workers and make their work more a happy experience to develop passion and love for work. The creation of a constructive mental contract can help to achieve successful employee relations. In a new human economy, organisations or different educational institutions cannot survive unless they have the right kind of knowledge-workers because they are the people leading to the success or failure of organisations or institutions. Most researchers are aware that the foundation of organisational knowledge is individual knowledge. Thus, in a competitive environment the administration succeeds and

prosper if it can recruit and retain quality employees. This success is all the more assured if the relationship of management with their staff is not constrained and if there is no problem in maintaining good and professional staff. This relationship helps the management to foster an employee attachment to the workplace. The psychological contract is an instrument for analyzing the relationship between worker and employer. The psychological contract reflects the individual's convictions regarding the implicit terms of an organisation (Rousseau, 1990).

Following COVID-19, the globe was subjected to a catastrophic and unprecedented scenario that had a profound influence on all aspects of human life. A lockdown and social distance were among the measures adopted to slow the spread of the epidemic, which eventually led to the closure of the companies and education institutions (Karim & Haque, 2020; Fernandes, 2020). The purpose of this review research is to explore Psychological Contract Breach (PCB), its development, impacts on job satisfaction. The empirical and theoretical gaps are also discussed in this study.

#### Objective of the Study

The objective of the study is to review the previous literatures based on education institution and psychological contract breach. The impact of COVID-19 will also be discussed in the paper to crisscross the impact. At last, the authors will propose a conceptual model based on the existing research for future studies.

#### METHOD

The present paper is qualitative in nature. The authors conducted a literature analysis on psychological contract breach of the employees of the educational institutions in order to identify gaps for future study by proposing a conceptual model.

## REVIEW OF LITERATURES

### Concept of Psychological Contract

No person works in solitary confinement. The social interaction on the working environment and organisational success has a significant effect. The employees are promised in writing or in writing through the contract and these agreements help employees to work in a climate of trust. Various literatures discussed the different dimensions of these contracts and examined their positive and negative effects over a period of time. Among, this many, psychological contract is playing a crucial role in determining the role and responsibilities of the workforce towards the organization. This concept may not be very important for most organisations, but its gradual and increasing impact cannot be completely denied (Agarwal & Bhargava, 2010).

In the current climate of continuing economic uncertainty caused by high-debt and sub-par growth in developing countries, good will, drive and co-operation among employees are fragile and yet essential to organisational success. These behaviours and attitudes can be strongly influenced by psychological contractual compliance. The psychological contract is the basis for the relationship between the employee organisation and consists of beliefs concerning inter-party liabilities (Rousseau, 1990). The psychological contract is defined as the expectations of an individual regarding the obligations between an employee and an organisation (Guest, 1998).

This means that a psychological contract is a series of unwritten agreements among individual staff and their employers. Guest (1998) noted: 'A psychological contract is a set of convictions that involve workers' feelings about the actions they expect, and reciprocal reactions from the employer (Singh, 2019). The scholars emphasize that a person understands the mutual compensation relation between an employee and an employer in a psychological contract (Singh, 2019). Indeed, psychological contracts are established at the beginning of an employment relationship even before the employee finally accepts the work or employment offered (Spies, 2019). Newcomers create an emotional contract that allows them to reduce insecurity and gain a sense of their new working environment. Even after an employee

enters, the psychological contract will continue to evolve because it comes through an interpretive process (Spies, 2019).

It is important to note that psychological contract has both positive as well as negative implications. It is important for the organisations to retain and provide sufficient facilities for their talents which are effective for the development of the organisation. Unless the reasons are not identified, it will be difficult to address the issues of psychological contract. It is evident that any kind of deviation from this unwritten contract is not desirable. But violation do happen, as a result of which there is a need to address the issues related to violation or Psychological Contract Breach (PCB) (Spies, 2019).

### Psychological Contract Breach

Because of its prevalence and the severe individual and organisational consequences, psychological contract breach (PRB) received theoretical and research attention. In particular, the belief of employees that their organisations will fulfil their commitments is a fundamental element of the psychological contracts. However, if employees feel their companies' promised obligations have not been fulfilled, then it becomes the subject matter of psychological contract violation (Rousseau, 1990; Argon & Ekinici, 2017). PCB has indeed been confirmed as a strong predictor of negative results in the workplace (Cole, 2019). PCB employees are prone to unfair treatment and their trust and compliance with management are damaged. After a violation occurs, employees undertake a process of understanding, which determines their response to a violation. These experiences generally have serious negative consequences, including feeling of betrayal, wrath and resentment (Rousseau, 1990; Aselage & Eisenberger, 2003; Haak-Saheem et al. 2021).

### Reasons for PCB

#### Labour Member Relation

The theory developed by Aykan on leading-member exchange (LMX) reflects the quality

of the relationship between employees and immediate supervisors (Aykan, 2014). Aykan defined high-quality relations between the subordinate and the leader as values that characterise trust, loyalty, respect, and obligation (Aykan, 2014). On the contrary, a relationship of low quality is only based on formal job and contract requirements and was shown to be related to the psychological distance between the parties. The nature of this relationship determines the distribution among managers and employees of resources and time invested (De Jong et al., 2020). High-quality LMX can supply both intangible and tangible advantages to mix with the new members in the organization. Intangible advantages include a relationship based on trust, greater opportunities for growth and greater support. On the other hand, tangible assets may include decision making ability promotion and growth in salary. Hence, the review suggests, that a strong leader member relation helps to increase psychological contract and ultimately reduce the chances of psychological contract breach.

### Organizational Justice

Some of the key results studied by management researchers include justice-related consequences. Unfair treatment perceptions have been associated with many harmful effects, including negative health outcomes, deliberate departure, and withdrawal behaviour (Lok et al., 2020). To explain the power of phenomena linked to justice, we need to understand employees in organisations tend to review measures constantly in order to determine whether a specific action taken by the management has been fair or, in other words, whether there is justice within an organisation (Morrison & Robinson, 1997). The links between PCB and organisational justice almost seem to be straightforward. As PCB is concerned about losses to individual employees' own interests, it may not necessarily be compatible with other employees' unfair treatment. On the other hand, PCB and organisational justice perceptions share a fundamental theme of fairness (Millward & Hopkins, 1998).

### Organizational Support

Organizational support is called "global beliefs about the value and well-being of an organisation's "worker". PCB shows the working-class relationship; employees seem a little more susceptible to contract breaches depending on their effectiveness (De Vos & Meganck, 2009). Highly perceived support from the organisation gives employees the impression they think of their organisation. Ultimately, this organisational action results in less contractual breaches. Employees who note inconsistencies between the assurances received and their receipts, are continuing to offer the benefit of doubts and treat unfulfilled expectations rather than infringements as a transient anomaly (Guerrero & Naulleau, 2016).

### Job Stress

Work stressors are seen to be an issue for workers and employers because of growing demand for work. Stress evaluations are not surprising due to the inverse relationship between stress and efficiency and a positive correlation between attitudes towards the workplace and harmful activities (Aselage & Eisenberger, 2003). In such stressful situations, employees usually have little work satisfaction, less dedication and they are psychologically isolated. Most studies show that work overload; occupational uncertainty and situation conflict are three main causes of work stress (Millward & Hopkins, 1998). Because of the sense of uncertainty and unclearness, it is often hard for organisations, in critical situations, to lead employees in the right direction. Role conflict stems from inconsistent expectations and this happens when a person faces several constituents with expectations that are too difficult to satisfy at the same time. Different literatures empirically studied the effects of work stressors on critical attitudes and behaviours, including work discontent and mental pressure (Meyer & Allen, 1991). The role of work stress in the PCBs is also analysed empirically by factors such as the psychological work detachment, work satisfaction, efficiency, and success (Duran et al., 2019; Kong & Jolly, 2019). It is expected

that the main expectations of employees of each organisation are good faith, fair treatment, reasonable labour loads and the provision of essential material, money and personnel to fulfil their tasks. Therefore, the working environment is an important component of employee psychological contracts, which facilitates efficient fulfilment of tasks and responsibilities. Breach generally applies where the employee considers that one or more of the "contractual obligations" have been infringement by the entity and where the perceived unfulfilled obligations are agreed too (AL-Abrow et al., 2019).

### Organizational Citizenship Behaviour (OCB)

The disparities between the workers who did more jobs than others were found by Kahn in 1964. An important topic has been listed in this research and is currently known as organisational citizenship in literature (Kahn et al., 1964). The OCB was described as contextual achievement because it is beneficial, optional and is not included in an employee's formal job description. This means that citizenship is not an enforceable position or a job description but is a matter of personal choice. Since such activities are not directly necessary, employees are more susceptible to the OCB when they see a bad relationship with their employers. The impact on organisational efficiency varies between OCB measures (Guerrero & Naulleau, 2016). In cases such as helping others to improve their efficiency and to strengthen morals and team spirit. The prevalent OCB idea therefore needs to be expanded by studying employment variables and management behaviour, as these two factors show a strong association with OCB in most of the studies. It is also important to examine whether the OCB has a direct or indirect impact on the working performance and whether the effects are direct or time-consuming. In terms of OCBs, managers also assess the performance of employees. The question is also whether citizenship of each type has the same impact on the company's productivity. Better work results employees usually spent longer on OCB (Guerrero & Naulleau, 2016).

## PCB and Perceived Organizational Responsiveness

Perceived corporate reaction may take different forms, with consequences for employees' self-regulation and post-violation management. The organisation can provide instrumental support, such as by addressing the problem and correcting the loss, or by giving emotional support but failure to repair or reduce the violation behaviorally (Millward & Hopkins, 1998). The organisation that does not react to the violation can have low levels of perceived organisational sensitivity. A failure to recognise the problem or by not reducing the violation will ultimately leads to employee dissatisfaction. The organisation may react to the violation in favourable circumstances and take actions to compensate. Based on the literature on trust repair, provision may be made when a violator declares wrongdoing and makes remedial efforts, such as identification of remedies and the search for alternatives. The organisation may recognize the violation in other cases, but cannot resolve it. Under conditions of lesser advantage, for example where there is limited instrumental support, violators can see sincere explanation and involvement of employees in the repairs process as actions that reduce organisational guilt (Rousseau, 1990). Through these organisational strategies, however, the perceived organization's reactivity can increase and the experience of violations can be reduced. For instance, a worker who fails to approve a training application because of budget cuts but offers detailed explanations about the breach, reduces the hurtful feeling of the employee and subsequently the perceived magnitude of the breach. Employees frequently rely on their own resources to deal with the infringement. These are termed as internal or external auto-based resources may be available. Tomprou and his colleagues (2015) refer to internal resources such as independence, hope and proactivity, and environmental resources such as alternative employment opportunities, social support and personal relationships. Employees with strong internal resources, such as pro-activity or optimism, are likely to try to raise awareness about their negative experience

in their organisations. Where there is no response from the organisation, staff who have personal resources also could look for alternative ways to reduce the violation (Newell & Dopson, 1996). When there is a lack of perceived organisational response, personal resources have a more significant role. Under this situation the employee will engage himself or herself for self – development using his or her own resources (Aselage & Eisenberger, 2003). For that purpose, these group of employees may be willing to spend a portion of his or her earnings for self – development. Such practices may not necessarily reduce the scope of the violation but may help employees reassess personal goals or use other resources to accomplish their lost and/or unsuccessful inductions (Guerrero & Naulleau, 2017). When resources are limited, people can then search for less functional ways of distraction from the violation and often lead to counterproductive behaviours which could aggravate the extent of the violation. In turn, these dysfunctional coping strategies can lead rather than recovery from an exacerbation of violation (Kong & Jolly, 2019).

## Covid-19 and its impact on PCB

The COVID-19 crisis is a new sort and grade of difficulty for organizations. However, while dealing with the pandemic, individuals must also guarantee that the economy runs well (Lopez & Fuiks, 2021). As a result, it is crucial for companies to resume operations in the impacted nations; some businesses were forced to recall personnel in order to continue production activities. The worldwide epidemic has influenced how people work, learn, travel, and life in general (wang et al., 2021). The quarantine and shelter-in-place requirements in March 2020 resulted in a rapid shift to virtual employment and virtual learning, and subsequently, when the economy slowed, to major cost reduction, furloughs, and terminations across industries. Employees are concerned about their own health and safety, job security, and capacity to meet basic necessities in the midst of uncertainty about whether it will be safe to reopen schools and Universities. Employee expectations regarding their connections with their employers have

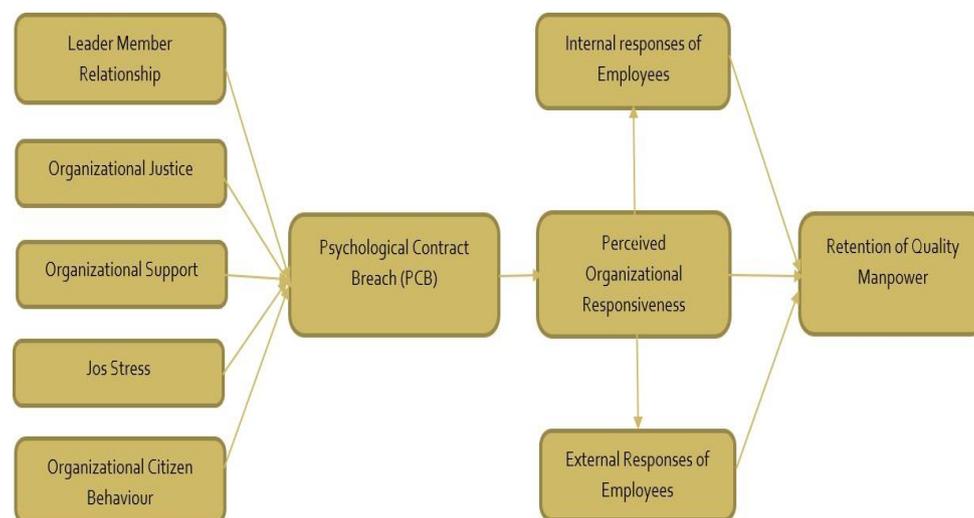
altered as a result of the COVID-19 epidemic. As a result, it is critical for Industrial-organisation (I-O) psychologists to use a systems approach to address growing research issues concerning psychological contracts. Furthermore, executives and I-O practitioners must create and implement best practices to guarantee that employee–organization connections are aligned in order for the company to survive, thrive, and flourish (Browning et al., 2021; Said et al., 2021).

## GAPS IN EXISTING LITERATURES

The concept of psychological contract and PCB is quite old, but it is able to generate interest in

the existing body of literature. Most of the academic research on these areas are focused on effect of PCB on employee behaviour but it ignored the how far employees perceived the role of PCB on productivity. Most of the literatures also ignored the HR implications of PCB as this is an unwritten contract that comes from trust and organizational climate. Moreover, no such work was identified during reviews, from the context of educational institutes. Based on the above reviews the following conceptual framework is developed by the scholar.

Figure 1: *Proposed Theoretical Framework*



## CONCLUSION AND FUTURE RESEARCH

Though psychological contract is an age-old concept but it did not get prime importance because of unwritten contract in nature. Most of the existing literatures focused on the consequences of these unwritten contract from the perspective employee dissatisfaction. But it is not addressed the reasons for psychological contract breach and how the organizations should react to such breach of unwritten contracts. It is also important to note that the existing literatures failed to address the impact of PCB on the employees of the educational

institutes. With the help of this research work a new dimension may be addressed and these dimensions surely add great values to the existing field of HR practices on the concept of psychological contract breach.

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