

# THE CONTENT OF ACADEMICS' PSYCHOLOGICAL CONTRACTS: A NEW ZEALAND CASE STUDY

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## Introduction

The employment relationship can be conceived of as having two parts:

- Legal - setting out the respective rights and duties between the parties; and
- Psychological - covering the myriad of expectations, perceptions, beliefs and promises about the mutual obligations in the exchange agreement between the parties.

While the first is not always clear cut, the second is often the source of confusion and misunderstanding which can lead to the relationship functioning poorly or being terminated. To have a good employment relationship built upon a sound psychological contract it is necessary to have a good match, or good congruence, between the expectations, promises, beliefs and perceived obligations of employees and their employing organisation and *vice versa*. Moreover, in the future, competitive advantage is likely to come from an organisations' employees and how they think and work, and it will be driven by the quality of the employment relationships operating. New relational psychological contracts will be needed to release the human potential that will be required for continuous innovation and adaptation to the increasing pace of social and technological change [Pfeffer, 1994; Burack *et al.*, 1994; Herriot, 1992; Tipples, 1996].

At last year's conference at Lismore I presented some findings from research at a University on the effects of economic, political and educational changes on academics' employment relationships and psychological contracts [Tipples and Krivokapic-Skoko, 1996]. Among our results were conclusions that legal contracts of employment had not changed much; that the University had broken promises with 27 percent of responding academics; that academics believed the University owed them "Job Satisfaction" above all else, then "Career Development"; that they believed they owed the University "Loyalty" first, and then "Working outside office hours". The changes in employment relationships resulted from:

- Increased administration, accounting and auditing;
- Decreased time for scholarship and research;
- Development of an antagonistic them/us *managerialist* culture instead of a collegial spirit; and that;
- Cooperation had been replaced by intra-organizational competition.

In academics' eyes external changes had been compounded by managerial actions, and future changes were expected to make things worse before they became better.

We concluded that for better psychological contracts and employment relationships attention needed to be paid to:

- Avoiding broken promises, however small.
- Giving out clear consistent messages to staff.
- Enhancing the role of HODs as contract makers by linking the staff development and appraisal policy more closely with academic promotions.
- Encouraging academics to focus on their core business - Scholarship, Teaching and Research, and releasing them from unproductive administrative and auditing activities.

Subsequently we were invited to submit our paper for publication. Editorial amendments suggested included our views on future research in the area. A limitation that had become apparent was the way in which the content of academics' psychological contracts was identified. Because the research had been developed very quickly, existing questions from other research had been *borrowed* with minor modifications to establish what were the critical dimensions of academics' psychological contracts. This practice had the advantage of not only being speedier in terms of development but also of giving a comparable set of results. But as the original research was from the U.S.A. (Rousseau, 1990) did New Zealanders have the same sort of content to their psychological contracts? Were the questions as meaningful to New Zealand academics? Were there other issues which were part of New Zealand academics' psychological contracts but were omitted from the American research? For example, academics had been asked to rate the importance of the extent to which they believed they owed the University six factors : "Promotion", "Performance based pay", "Career development", "Long term job security", "Job satisfaction", and "Support with personal problems"; and also the extent to which they believed they owed the University "Loyalty", "Working outside ordinary office hours", "Volunteering for non-required jobs", "Willingness to accept transfers within the University", "Giving advanced notice of leaving", and "Spending a minimum time in the University's employment". Were there other significant issues which were not touched upon? Another problem with the American research was that it was based on a sample of MBA students rather than a more normal range of the population.

The answer to this conundrum was unknowingly already in my possession. For sometime I had been in correspondence with Peter Herriot, leader of a U.K. based group working on psychological contract issues, particularly in relation to careers. He had sent me a draft paper of one of his Ph.D students which suggested an alternative method for establishing the content of psychological contracts *de novo*, with no pre- conceived biases intruding (Herriot *et al.*, in press; Manning, 1992). This technique imputed the content of psychological contracts from "critical incidents" (as in Flanagan, 1954) and thus avoided attributional biases. Herriot *et al.* "...elicited (employment) incidents which exceeded or fell below the treatment which each party might reasonably expect from the other; obligations were then inferred from these incidents". They inferred twelve categories of organisational obligations and seven of employee obligations. Both groups identified these categories, but their relative salience differed. There were dangers in their holding different perceptions of the reciprocal factors balance. The implication of this was that an organisation should only expect their employees' commitment if they had fulfilled their side of the reciprocal exchange.

## Research Objective

With the alternative method provided by Herriot, Manning and Kidd, we were then in a position to examine the content of academics' psychological contracts in a new and totally fresh way with no preconceptions whatsoever. The tantalising question: "Would the answers provided by the two different techniques be consistent or variant, and would that have practical implications for academic management?", pushed us along. I was not aware of any previous attempt to link the results of Rousseau *et al.*'s American research team and Herriot *et al.*'s UK based team. Nor were we aware of these methods being applied to the same base population, albeit at marginally different time periods. Consequently our objective was to explore the content of academics' psychological contracts *de novo* using Herriot *et al.*'s critical incident method, and compare the results with those obtained formerly in 1996 with Rousseau *et al.*'s methods.

## Methodology

As far as possible the methods used by Herriot *et al.* were duplicated in New Zealand. An initial attempt to conduct the research by mailed questionnaire demonstrated that this approach was totally impractical. Only two out of fifteen in the pilot sample responded despite reminders, and some said they did not understand the research and so they could not be bothered. However, when approached individually many agreed to be interviewed and to have their recollections of critical employment incidents recorded. This approach was then adopted. A master list of academic staff was prepared from the *University Calendar 1997*. From that list academics were purposely selected to give a total picture of the content of academic managers' psychological contracts (12 Heads or former Heads of Academic Departments - HODs; and 4 Academic Division or Programme Directors ADDs/APDs). Also, academic employees were purposely selected to give a good range of academic departments, age, gender and length of service. Each was then invited to participate in the research, which was presented as a continuation of the research started in the survey carried out in 1995/6. Almost all said they had participated in that, but some had not been employed long enough at the University to do so.

After a brief introduction outlining the problems that were perceived in the initial survey, each interviewee was introduced to the critical incident technique, which was presented in tabular form (Table 1). Their responses were all recorded and transcripts of them made. From these transcripts individual incidents were categorised using the framework previously prepared by Manning (1992) and comparisons made of the incidents described by the employer/manager category (12 HODs and 4 ADDs/APDs) and the remainder, the employee group, of 37 academic employees. In total (at the time of preparing this report - the research is still in progress) critical employment incidents had been collected from 53 academics. Those academics provided 339 critical employment incidents; 172 of those were university obligations and 167 employee obligations.

**Table 1: The content of psychological contracts of academics of the University**

As an academic employee of the University, please could you describe for me the employment incidents described below :

Actor(s)	The University	Academic employees
Subject	Academic employees	The University
Bad treatment	1. "Where you think an employee or group of employees have been treated badly. By that I mean in a way that you regard as below how you would expect the University to treat you or your colleagues."	3. "Where you think the University was treated badly. By that I mean in a way that you regard as below how you would expect yourself or your colleagues to treat the University."
Good treatment	2. "Where you think an employee or group of employees have been treated favourably. By that I mean in a way that you regard as beyond how you would expect the University to treat you or your colleagues."	4. "Where you think the University was treated favourably? By that I mean in a way that you regard as beyond how you would expect yourself or your colleagues to treat the University."

Examples of the types of incidents in the four forms given in Table 1 follow, with the number of the category of incident given in brackets:

**1. University bad treatment:**

*"A term contract of appointment for an academic who had previously been employed fulltime was coming up for renewal but there was no contact from Human Resources. Approached Head of Department. The academic was reliant upon the expectation of income. Appointments were postponed three times. Then shortly before the academic year the Head of Department was approached again, but said there was no money, and started playing on the computer. The individual sent e-mails to (senior management) about the inconsiderate treatment. Then Human Resources apologised about the handling of the situation..." (4)*

**2. University good treatment:**

*"Former Head of Department was a superb Head of Department and manager of his Department, which was of benefit to all his staff. He had time for his staff. His management of people was excellent." (8)*

*The case of an Economist (meningitis leading to amputation of all four limbs) , "...keeping him on the payroll when his continuing was very uncertain - US employers were seen as much more legalistic,...harder. M. had not been here that long but the University's commitment to him was very commendable." (12)*

**3. Academic employees' bad treatment:**

*"A lot of people abuse the freedom of use of time e.g. "where an academic employee parks his vehicle in the staff car park and then their partner takes*

*then to a farm that they own elsewhere and they work all day on the farm. They go upstairs, they turn their computer on, they turn their lights on, and they disappear." (13)*

*"A colleague who received a phone call from a government organization requesting information and advice. Their response was curt and unhelpful, and did not reflect well on this aspect of the University's mission." (16)*

**4. Academic employees' good treatment:**

*"A supervisor who worked well after midnight to assist a graduate student submit a thesis prior to a fees deadline." (13)*

*"People who make a huge effort to the student body, rather than the University etc. e.g. Paying attention to subject delivery, being there when the students need help, caring about student success/finding jobs etc...Putting the effort in to help the students; NOT for the bureaucracy. Some do the admin. to compensate for those who do not do much." (14)*

Manning's framework seemed to cope adequately with all the incidents cited. The final categorisation of critical employment incidents using Manning's framework is given in Table 2(a) and 2(b).

**Table 2: Categories of employment incidents and obligations imputed:  
(a). Organisational obligations**

<b>Incidents Class:</b>	<b>Description of incident type</b>	<b>No</b>	<b>%</b>
<b>1. Training</b>	Providing adequate induction and training	5	2.9
<b>2. Fairness</b>	Ensuring fairness of selection, appraisal, promotion and redundancy procedures.	20	11.6
<b>3. Needs</b>	Allowing time off to meet personal and family needs.	4	2.3
<b>4. Consult</b>	Consulting and communicating with employees on matters which affect them.	21	12.2
<b>5. Discretion</b>	Minimal interference with employees in terms of how they do their job.	4	2.3
<b>6. Humanity</b>	To act in a personally and socially responsible and supportive way towards employees.	5	2.9
<b>7. Recognition</b>	Recognition of or reward for special contribution or long service.	28	16.3
<b>8. Environment</b>	Provision of a safe and congenial work environment; managerial support etc.	34	19.9
<b>9. Justice</b>	Fairness and consistency in the application of rules and disciplinary procedures.	14	8.1
<b>10. Pay</b>	Equitable with respect to market values and consistently awarded across the organisation.	5	2.9
<b>11. Benefits</b>	Fairness and consistency in the administration of the benefit system.	12	7.0
<b>12. Security</b>	Organisations trying hard to provide what job security they can; jobs preserved in redundancy, illness or accident as far as possible.	20	11.6
<b>TOTAL</b>		172	100

The incidents were divided in two groups: those imputing organisational and those imputing employee obligations. In terms of the obligations imputed to the University (forms 1 and 2, Table 2a), the most salient, those most frequently cited, were those relating to the work environment, which were 20 percent of incidents. The second most salient group of incidents were those relating to Recognition (16 percent), followed by those relating to Consultation (12.2 percent) and those relating to Fairness and Security (11.6 percent each).

**(b). Employee obligations**

Incidents Class:	Description of incident type	No	%
13. Hours	To work the hours you are contracted to work	45	26.
		9	
14. Work	To do a good job in terms of quality and quantity.	54	32.
		3	
15. Honesty	To deal honestly with the clients and with the organisation.	12	7.2
16. Loyalty	Staying with the organisation, guarding its reputation, and putting its interests first.	39	23.
		4	
17. Property	Treating the organisation's property in a careful way.	9	5.4
18. Self-presentation	Dressing and behaving correctly with customers and colleagues.	0	0
19. Flexibility	Being willing to go beyond one's own job description, especially in emergency.	8	4.8
<b>TOTAL</b>		167	100

Of employee obligations, the most frequently cited were those relating to Work (32 percent), then to Hours (27 percent) and thirdly to Loyalty (23 percent). These show a remarkable likeness to Herriot *et al.*'s results and the two groups of results are compared in Tables A3a and A3b.

**Table 3: Summary of the different priorities given to different elements of the psychological contract (See Tables A3a and A3b in Appendix).**

**(a) Imputed obligations of the University compared to UK organisations.**

Tipple: NZ Academics 1997 Manning: UK Organisations 1987-9

Priority	NZ Managers %	NZ Employees %	UK Managers %	UK Employees %
1	Environment (24)	Environment (18)	Benefits (16)	Environment (15)
2	Recognition (20)	Recognition (15)	Humanity (14)	Pay (13)
3	Consult (15)	Fairness (13)	Fairness (13)	Fairness (11)
4	Fairness (9) Security (9)	Security (13)	Recognition (11)	Training (10) Benefits (10) Security (10)

**(b). Imputed obligations of academic employees compared to UK employees.**

Tipples: NZ Academics 1997 Manning: UK Employees 1987-9

Priority	NZ Managers %	NZ Employees%	UK Managers %	UK Employees %
1	Hours (32)	Work (33)	Hours (28)	Hours (32)
2	Work (30)	Hours (25)	Work (22)	Work (19)
3	Loyalty (26)	Loyalty (23)	Honesty (17)	Honesty (15)

For three of the groups in the comparison (Table 3(a)) the work Environment was the most important component of organisations' psychological contracts with their employees, in each case corresponding to approximately a third of all incidents cited. In terms of obligations of the organisation to the staff Recognition was of second importance to academic staff, while Fairness was of lesser importance to all four groups. Security was of a similar level of importance to all groups except UK Managers, for whom it was less importance. Ten years later their view on that might have changed!

Like Herriot *et al.* (in press) we might well conclude that both employer/manager and employee groups cite the most frequently as employee obligations the traditional components of doing a good job in terms of quality and quantity, and time worked. For University staff, the third major component was loyalty, in the UK honesty was third. In few cases were the components of the psychological contracts imputed fully balanced. The reciprocal nature of the contract was perceived differently by employer/manager groups and employee groups, but there was no consistency in the differences (Tables A3a and A3b).

**Discussion**

If we compare these results with Tipples and Krivokapic-Skoko (1996) using questions derived from Rousseau *et al.*'s research we find that there is a degree of consistency between the results. In 1996 academic employees believed that the University owed them above all else "Job Satisfaction". In 1997 the major component of the psychological contract was imputed as being concerned with the work Environment. The Rousseau measure did not differentiate between the components of Job Satisfaction, but data were also collected from each respondent for the Job Descriptive Index (JDI). One of those related to Satisfaction with Work, which was significantly lower than the Satisfaction with work of an equivalent group of US academics. Further, 94 percent of the incidents cited, which were classified in the Environment class, were concerned with the University treating its employees in a way that was below that expected (Table 4). So the two sets of results seem consistent in that respect.

"Loyalty" and "Work outside ordinary Office hours" were the most important factors academics believed they owed to the University. Hours and Loyalty were the second and third major components of individual's psychological contracts cited by the employee group studied and first and third of those cited by employers. The weakness of Rousseau *et al.*'s research appears to be its failure to identify the quality and quantity of employees' work as one of the major components of individuals' psychological contracts.

**Table 4: Incidents grouped by form of incident  
(a). University treatments**

Incidents Class:	University bad treatment	University good %treatment	Number of incidents
1. Training	60	40	5
2. Fairness	95	5	20
3. Needs	0	100	4
4. Consult	100	0	21
5. Discretion	50	50	4
6. Humanity	60	40	5
7. Recognition	32	68	28
8. Environment	94	6	33
9. Justice	78	22	14
10. Pay	80	20	5
11. Benefits	16	84	12
12. Security	9	91	22

**(b). Employee treatments**

Incident class	Employee bad treatment %	Employee good treatment %	Number of incidents
13. Hours	22	78	45
14. Work	53	47	53
15. Honesty	100	0	12
16. Loyalty	52	48	39
17. Property	55	45	9
18. Self presentation	0	0	0
19. Flexibility	25	75	8

Consequently, the original speculation that Rousseau *et al.* might have omitted important components of psychological contracts appears to be correct. Rousseau *et al.* developed their questions from talking to a group of Human Resource and Personnel managers. Apparently they did not consult real employees and have appeared to leave out the obvious. Therefore there must be some doubt as to whether Rousseau and her colleagues questions for elucidating the content of individuals' psychological contracts were really as adequate as they were thought to be.

### Conclusions

1. That Herriot, Manning and Kidd's critical incident approach does provide a viable way to assess the content of psychological contracts *de novo*.
2. That utilisation of Rousseau's questions was not appropriate without substantial pre-testing to discover if they were applicable to the New Zealand academic situation, and then only after appropriate modification.

3. In terms of the obligations facing employees, the content of psychological contracts appears to be concerned with the traditional issues of quantity and quality of work done, time applied to that work and loyalty to the employer. Obligations of the employer centered around providing a suitable work environment, supportive management, appropriate recognition for special achievements, adequate consultation, fairness and job security.
4. Employer/managers and Employees had different views on the most salient features of psychological contracts, but there was no consistency to these differences.

### Implications

1. Herriot, Manning and Kidd's "critical incident" approach could be used to investigate *de novo* the content of psychological contracts for other groups of workers. This approach would then provide the guidance on the critical issues for questions designed to facilitate quantitative analyses of psychological contracts such as Rousseau and her colleagues and students have done (e.g. Robinson (1996)).
2. The differences between the employer/manager group and the employee group in terms of their perceptions of the mutual obligations, promises, and expectations forming the reciprocal exchanges of psychological contracts is a continued cause for concern for both groups. A lack of congruence or match in these mutual and reciprocal exchanges may cause the psychological contract, and thus the employment relationship to be unstable. For both parties this is undesirable, and adapting a strategy to achieve stable employment relationships based on congruent expectations and mutual obligations (Tipples, 1996) should provide the motivation, commitment and the security to innovate for the 21st. century.
3. Failure to combat dysfunctional psychological contracts leading to breaches or violations of psychological contracts can have damaging effects on the employment relationship and especially the mutual trust between the parties. Prior trust has been shown to have an impact on the recognition and interpretation of breaches of contract. If prior trust moderates the impact of a breach, it may be suggested that actively establishing and maintaining trusting relationships with employees inoculates the employees from the effects of potential contractual transgressions. Where employers can earn the trust of employees early on, employees will be less likely to perceive a contract breach in the first place and more likely to retain their trust despite possible changes or breaches (perceived or actual) in the employment agreement [Robinson, 1996, 596]. The University needs to be aware of this factor because its poor record at consulting with its staff and the fairness of its practices. A vicious circle of mistrust, interpreting a breach of trust as a violation rather than a breach, and further loss of trust, may incapacitate the University if it attempts to restructure itself to face the new century. In contrast, a trust building strategy would facilitate any proposed restructuring.

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**Appendix 1**

**Table A3 : Incidents cited by employment status of academic staff  
a). Imputed obligations of the University**

<b>Incidents Class:</b>	<b>Academic Managers %</b>	<b>Academic Employees %</b>	<b>Herriot <i>et al.</i>, UK Managers %</b>	<b>Herriot <i>et al.</i>, UK Employees %</b>
<b>1. Training</b>	4.3	2.4	8.4	9.6
<b>2. Fairness</b>	8.7	12.7	12.9	10.8
<b>3. Needs</b>	4.3	1.6	4.9	5.8
<b>4. Consult</b>	15.2	11.1	4.9	5.4
<b>5. Discretion</b>	2.2	2.4	2.1	5.4
<b>6. Humanity</b>	2.2	3.1	14.3	7.3
<b>7. Recognition</b>	19.6	15.1	10.8	4.2
<b>8. Environment</b>	23.9	18.3	8.7	15.0
<b>9. Justice</b>	2.2	10.3	4.2	5.4
<b>10. Pay</b>	2.2	3.1	6.3	11.9
<b>11. Benefits</b>	6.5	7.1	16.4	9.6
<b>12. Security</b>	8.7	12.7	6.3	9.6
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Number of incidents</b>	<b>46</b>	<b>126</b>	<b>287</b>	<b>260</b>

**Table A3: Incidents cited by employment status of academic staff  
b). Imputed academic employee obligations**

<b>Incidents Class:</b>	<b>Academic managers %</b>	<b>Academic employees %</b>	<b>Herriot <i>et al.</i>, UK Managers %</b>	<b>Herriot <i>et al.</i>, UK Employees %</b>
<b>13. Hours</b>	31.9	25.0	28.1	32.1
<b>14. Work</b>	29.8	33.3	22.3	19.4
<b>15. Honesty</b>	6.4	4.5	16.9	15.2
<b>16. Loyalty</b>	25.5	22.5	11.6	4.2
<b>17. Property</b>	2.1	6.7	3.7	8.4
<b>18. Self-presentation</b>	0	0	5.8	10.5
<b>19. Flexibility</b>	2.1	5.0	11.6	10.1
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Number of incidents</b>	<b>47</b>	<b>120</b>	<b>242</b>	<b>237</b>