



Exploring Contributing Factors in Psychological Contract Formation

Leanne Frost, Visionwest Waka Whakakitenga

Email: leannefrost1970@gmail.com

ORCID: <https://orcid.org/0009-0006-9458-1695>

DOI: <https://doi.org/10.26686/nzjhsp.v2i3.9850>

Abstract

Introduction: This review explored factors that influence the formation of psychological contracts. These are implicit, unspoken expectations employees develop about their employer's obligations based on perceived promises and organisational values.

Methods: A targeted search of Emerald, SCOPUS, and ProQuest was conducted using Boolean operators and truncation, with date limits set from 2015 to 2025. Articles were screened and appraised using the Mixed Methods Appraisal Tool to ensure quality across diverse methodologies.

Findings: Employer branding, organisational website benefits, and information received during the orientation and onboarding stages of employment were found to contribute to the formation of psychological contracts. Psychological contracts were found to form in multiple contexts, including diverse cultures, organisational settings, and for-profit and not-for-profit environments.

Conclusion: This review highlights how psychological contracts are shaped by both organisational branding and early social interactions. By identifying the factors that influence their formation, organisations can take proactive steps to clarify and articulate expectations, helping to reduce strain in workplace relationships and thus manage psychosocial risk.

Keywords: Psychological Contract, Ideological Contract, Employer, Employee Experience, formation

Introduction

Healthy workplace relationships are key to a satisfying employment experience. A critical aspect of these relationships is a clear, mutual understanding of expectations. An employee's belief about what their employer is expected to provide in return for their work forms the psychological contract (Rousseau, 1989). When expectations are unmet, relationships can become strained, leading to stress (WorkSafe NZ, 2022). This is recognised as a psychosocial risk that employers are legally required to identify and manage to support wellbeing and meet health and safety obligations.

Alongside formal employment contracts, employees often develop a second, informal set of expectations, referred to as a psychological contract. These expectations form early through interactions with the workplace and are shaped by the organisation's identity, values, and perceived promises (J. Kim et al., 2020). Although implicit and subjective, these expectations have a significant influence on employee attitudes and behaviours (Rousseau, 1989).

A notable form is the ideological contract, based on a shared commitment to a cause rather than personal gain (Thompson & Bunderson, 2003). In such cases, expectations focus on advancing the mission. Perceived fulfilment of expectations builds trust and commitment (Coyle-Shapiro et al., 2019), while a breach can lead to anger, betrayal, and increased turnover (Morrison & Robinson, 1997). Misalignment in the enactment of perceived values can become a significant source of stress.

Despite their relevance in mission-driven organisations, ideological contracts are under-researched. This review examines what is currently known about their formation and identifies areas for further research. Understanding how employees interpret employer communications can help organisations reduce stress and support wellbeing.

Background

The concept of the psychological contract has evolved. First described by Argyris (1960) as unwritten but mutually understood expectations between workers and supervisors, it was later redefined by Rousseau (1989) as an employee's subjective perception of promises made by the employer. These beliefs are often unspoken and may not be shared by the organisation.

More recent definitions emphasise that psychological contracts are dynamic and shaped by ongoing interactions between employees and the organisation (Coyle-Shapiro et al., 2019). They are typically classified as transactional (focusing on economic exchange), relational (based on loyalty and support), or a mix of both, balanced contracts.

The *ideological psychological contract*, based on shared commitment to a mission or cause rather than personal gain (Thompson & Bunderson, 2003), is rooted in social exchange theory (Blau, 1964). Balance in the working relationship is maintained through reciprocity. In ideological contracts, the reward is often intangible, seeing values enacted. Breaches can lead to stress and withdrawal when expectations are not met.

While research on transactional and relational contracts is well-established, studies on ideological contracts, particularly their formation, remain limited. No formation studies in the New Zealand context were identified. Further qualitative research is needed to address this gap.

Materials and Methods

Stage 1 – Preparing Source Material

The SPIDR framework (Cooke et al., 2012) was used to identify key concepts and generate relevant keywords. SPIDR supports mixed methods reviews by guiding attention to Sample, Phenomenon of Interest, Design, and Results.

Data Sources and Search Strategy

An initial scan of Google Scholar helped identify common themes and key authors. The formal search was conducted across ProQuest, SCOPUS, and Emerald. Emerald was selected for its business and management focus, while ProQuest and SCOPUS offered broad multidisciplinary coverage. Search terms included ‘psychological contract’, ‘employee experience’, formation, and ideology, using Boolean operators and truncation (e.g., *form**, *ideol**) to refine results. Citation mining also supported the identification of further relevant sources. A date range of 2015-2025 was applied to align with literature published after the revised Health and Safety at Work Act (2015).

Eligibility and Selection

Titles and abstracts were screened using inclusion and exclusion criteria. Full texts of relevant papers were reviewed, and references were managed using Zotero.

Table 1: Inclusion and Exclusion Criteria for Article Selection

Criteria	Inclusion	Exclusion
Focus	Articles focused on formation and ideological contracts	Focus on work outcomes, topics such as leadership, change, organisational culture, and alternative populations such as volunteers or customers
Type	Peer-reviewed empirical articles	Grey literature, theoretical and conceptual papers
Access	Open access	Behind a paywall
Language	English	Not available in English
Date Range	(2015 -2025)	Prior to 2015

Stage 2 – Extracting Data

Key details from each study were recorded in Excel to capture characteristics and assess relevance to the research question.

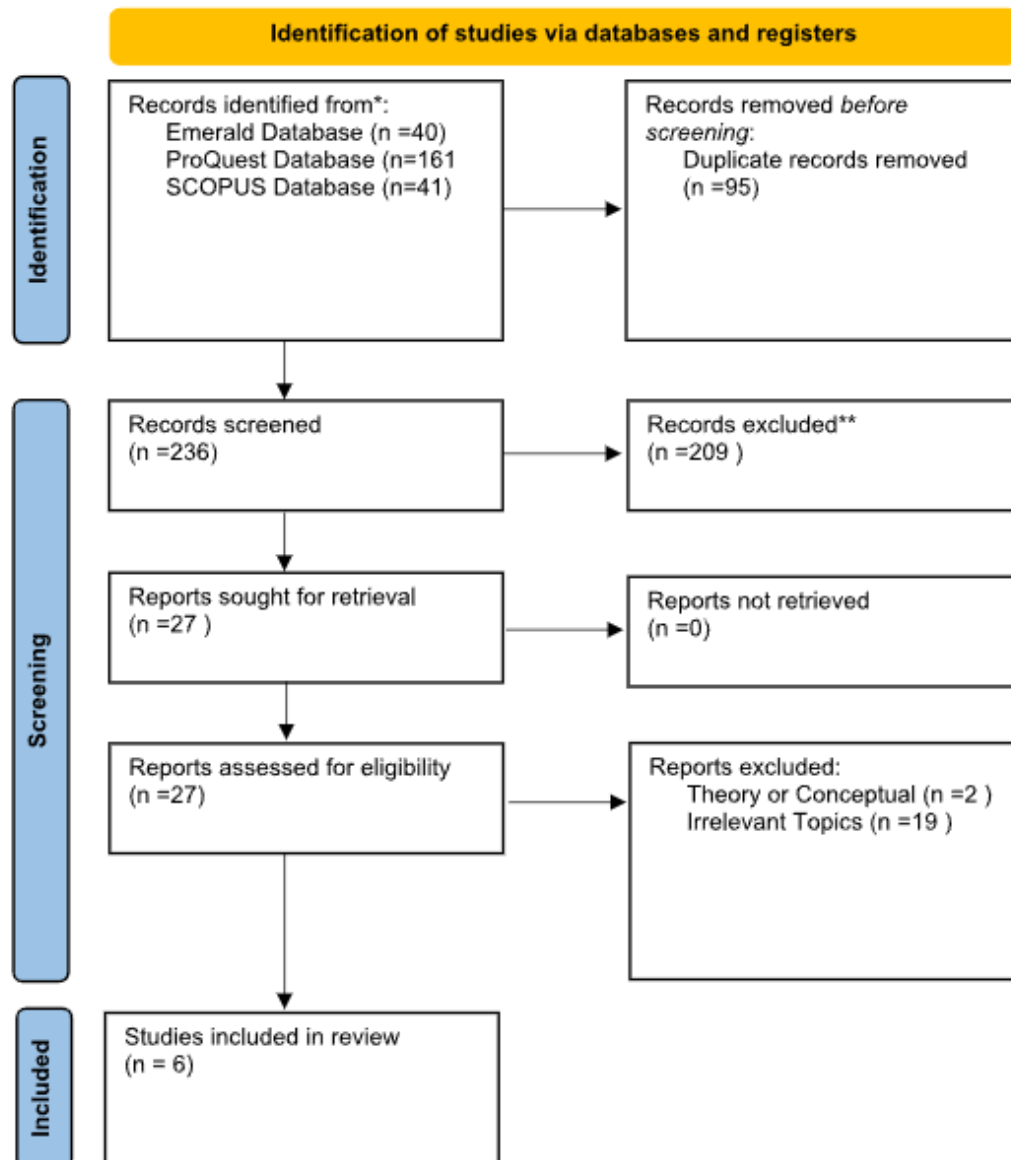
Stage 3 – Analysing Data

The Mixed Methods Appraisal Tool (Hong et al., 2018) was used to evaluate the quality of all included studies. MMAT provided a consistent approach for assessing rigour across both qualitative and quantitative designs.

Results

Database and citation mining identified 331 papers. After removing duplicates and screening titles and abstracts, 27 papers remained. Of these, 6 met the inclusion and exclusion criteria.

Figure 1: Flowchart of document selection



Characteristics included

Table 2: Overview of Study Design and Participant Characteristics

Article Name	Method	Population	Reference
An exploration of the ideological dimension of the psychological contract among social enterprises: A comparison across Colombian and Italian contexts	Quantitative Surveys	16 Italian (n=327) and 2 Colombian (n=335) Social Services	(Román-Calderón et al., 2016)
Ideological currency in the psychological contracts of corporate manufacturing employees	Qualitative Open-ended question	Employees in for-profit manufacturing. Blue-collar workers (n = 2284), white-collar workers (n = 1129), technical workers, and support staff. Recruited via Union membership. 84.5%men, 15.5%women. Mean age 49	(Krause & Moore, 2017)
Multi-dependence in the formation and development of the distributed psychological contract	Qualitative Focus Groups	41 University employees in Spain	(Alcover et al., 2017)
Untapped relationship between employer branding, anticipatory psychological contract and intent to join	Qualitative Semi-structured interviews	Final-year MBA students in India (prospective employees) (n=174)	(Ruchika & Prasad, 2019)
Psychological contract inducements and expectations conveyed to employees on organisations' websites	Quantitative Content analysis	South African websites of Business Times Top 100 orgs (n=98)	(van Niekerk et al., 2019)
How do socialisation tactics and supervisor behaviour influence newcomers psychological contract formation? The mediating role of information acquisition	Quantitative Longitudinal Survey	New recruits in 4 Korean companies (n=221). LG, KT, Samsung and Lotte.	(K. Kim & Moon H.K. 2021)

Themes Identified

As no empirical studies on the formation of *ideological* psychological contracts were found, this review includes general studies on the formation of psychological contracts.

Information Acquisition

Three studies highlighted how organisational information influences psychological contract formation, each focusing on a different source.

Employer branding and early communication play a key role in shaping psychological contract expectations. Ruchika and Prasad (2019) found that employer branding influenced Indian graduates' perceptions of employers and influenced decisions to join organisations; however, the focus on students may limit the relevance to workplace realities. Van Niekerk et al. (2019) showed that company websites often emphasised employee benefits over expectations, suggesting digital presence shapes perceptions, though this may be less applicable in not-for-profits where values matter more than financial incentives. Similarly, Kim and Moon (2021) found that more information during onboarding led to stronger expectations, although variability in communication and participation incentives may influence these outcomes. Together, these studies show that employer branding, websites, and early interactions (e.g. onboarding) shape expectations even before employment begins. The way information is shared can influence both the content and strength of psychological contracts.

Agents in the Psychological Contract

Psychological contracts are often viewed as agreements between the employee and the organisation, but it is not always clear who the employer actually is in practice. Kim and Moon (2021) demonstrated that orientation processes and managers play a crucial role in shaping early expectations, underscoring the importance of clear and consistent communication from the outset. Alcover et al. (2017) found that employees may form multiple psychological contracts with different individuals in the workplace, each carrying distinct expectations. While this may be less relevant in simpler organisational structures, it suggests that psychological contracts can be shaped by various relationships, not just with the organisation as a whole.

Contexts of Psychological Contracts

Research conducted across diverse cultural settings, including Spain, South Africa, Korea, and India, demonstrates the global relevance of psychological contract formation. Román-Calderón et al. (2016) found that social service employees in Italy and Colombia formed ideological contracts based on shared values, with perceived organisational fulfilment encouraging employee reciprocity. However, the imbalance between countries may limit generalisability. Krause and Moore (2017) showed that even in a for-profit, unionised setting, over a third of employees held ideological expectations, suggesting that shared values influence perceptions beyond mission-driven sectors. Although their use of a single survey item limits depth, together these studies show that ideological psychological contracts can form across cultures and organisational types when shared values are present.

Discussion

To reduce employee stress and avoid conflict, it is vital for organisations to support a clear understanding of what can be expected within the employment relationship. Employees receive messages from multiple sources, which together shape implicit expectations commonly referred to as the psychological contract.

This review examined current knowledge on psychological contract formation, with a particular focus on ideological contracts. Six articles were included, identifying three key themes: the impact of organisational information, the agents involved in the contract, and its scope. However, much of the existing research has focused on the outcomes of contract breach or fulfilment rather than on how these contracts form, especially within values-driven or mission-led contexts.

This study aims to investigate how ideological psychological contracts are formed and to identify the primary sources of information that most influence these contracts within mission-driven organisations in Aotearoa New Zealand. Current studies show that employer branding, websites, and onboarding processes shape early impressions and influence implicit expectations. Guest and Conway (2002) highlight the crucial role of communication in making these expectations explicit, which helps prevent misalignment and the resulting stress.

Since psychological contracts develop across multiple relationships, consistent messaging, particularly from recruiters, onboarding staff, and line managers, is essential. Inconsistency can lead to unmet expectations and increased strain. Despite this, there remains limited research on how employees develop these perceptions, especially within mission-focused or New Zealand-based settings. A qualitative study exploring employee experiences could provide valuable insights into what contributes to psychological contract formation and how organisations can support clear, realistic expectations.

Conclusion

Psychological contracts form through organisational communication and alignment with shared values, often across multiple relationships. These implicit expectations can create gaps when left unexamined. Clarifying them through consistent communication can help reduce stress and strengthen the employment relationship.

Funding and authorship

This submission is my own work and has not been published elsewhere.

The work was self-funded.

References

- Alcover, C.-M., Rico, R., Turnley, W. H., & Bolino, M. C. (2017). Multi-dependence in the formation and development of the distributed psychological contract. *European Journal of Work and Organizational Psychology*, 26(1), 16–29. <https://doi.org/10.1080/1359432X.2016.1197205>
- Argyris, C. (1960). *Understanding Organizational Behavior*. Homewood, Ill., Dorsey Press.
- Blau, P. M. (1964). *Exchange and power in social life*. Wiley.
- Cooke, A., Smith, D., & Booth, A. (2012). Beyond PICO: The SPIDER Tool for Qualitative Evidence Synthesis. *Qualitative Health Research*, 22(10), 1435–1443. <https://doi.org/10.1177/1049732312452938>
- Coyle-Shapiro, J. A.-M., Pereira Costa, S., Doden, W., & Chang, C. (2019). Psychological Contracts: Past, Present, and Future. *Annual Review of Organizational Psychology and Organizational Behavior*, 6(1), 145–169. <https://doi.org/10.1146/annurev-orgpsych-012218-015212>
- Guest, D. E., & Conway, N. (2002). Communicating the psychological contract: An employer perspective. *Human Resource Management Journal*, 12(2), 22–38. <https://doi.org/10.1111/j.1748-8583.2002.tb00062.x>
- Kim, J., Lee, S., & Byun, G. (2020). Building a Thriving Organization: The Antecedents of Job Engagement and Their Impact on Voice Behavior. *Sustainability*, 12(18), 7536. <https://doi.org/10.3390/su12187536>
- Kim, K. & Hyoungh Koo Moon. (2021). How do socialization tactics and supervisor behaviors influence newcomers' psychological contract formation? The mediating role of information acquisition. *The International Journal of Human Resource Management*, 32(6), 1312–1338. ProQuest One Academic; Social Science Premium Collection. <https://doi.org/10.1080/09585192.2018.1521460>
- Krause, A. J., & Moore, S. Y. (2017). Ideological Currency in the Psychological Contracts of Corporate Manufacturing Employees. *Employee Responsibilities and Rights Journal*, 29(1), 15–36. Scopus. <https://doi.org/10.1007/s10672-017-9289-1>
- Morrison, E. W., & Robinson, S. L. (1997). When Employees Feel Betrayed: A Model of How Psychological Contract Violation Develops. *The Academy of Management Review*, 22(1), 226–256. <https://doi.org/10.2307/259230>
- Román-Calderón, J. P., Vandenbergh, C., Odoardi, C., & Battistelli, A. (2016). An exploration of the ideological dimension of the psychological contract among social enterprises: A comparison across Colombian and Italian contexts. *BPA Applied Psychology Bulletin*, 64(276), 39–50. Scopus.

- Rousseau, D. M. (1989). Psychological and implied contracts in organizations. *Employee Responsibilities and Rights Journal*, 2(2), 121–139. <https://doi.org/10.1007/BF01384942>
- Ruchika, & Prasad, A. (2019). Untapped Relationship between Employer Branding, Anticipatory Psychological Contract and Intent to Join. *Global Business Review*, 20(1), 194–213. <https://doi.org/10.1177/0972150917713897>
- Thompson, J. A., & Bunderson, J. S. (2003). Violations of Principle: Ideological Currency in the Psychological Contract. *The Academy of Management Review*, 28(4), 571. <https://doi.org/10.2307/30040748>
- van Niekerk, J., Chrysler-Fox, P., & van Wyk, R. (2019). Psychological contract inducements and expectations conveyed to potential employees on organisations' websites. *SA Journal of Human Resource Management*, 17. ProQuest One Academic. <https://doi.org/10.4102/sajhrm.v17i0.1113>
- WorkSafe NZ. (2022). Mentally healthy work in Aotearoa New Zealand: Short essays on important topics. WorkSafe New Zealand.