

# PSYCHOLOGICAL CONTRACT MISALIGNMENT IN MARKET, BUREAUCRATIC, CLAN, AND MISSIONARY ORGANIZATIONS

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## ABSTRACT

Little prior research has examined the linkage between organizational typology and the *psychological contract misalignment* (PCM), which occurs when the organization's actual fulfillment of the obligations defined in the psychological contract is *discrepant or inconsistent* with the organization member's expectation or belief regarding the obligations. In this paper, I seek to delve into the differences in the cognitive attribution of, emotional response to, and behavioral response to the PCM in four types of organizations—market, bureaucratic, clan, and missionary organizations. The theoretical contributions and implications for both research and practice are discussed.

**KEYWORDS:** PCM, psychological contract, misalign

Blue Whale, a moving and storage company located in Austin, Texas since 1988, used to encounter big problems with employee actions and morale due to the dramatic change in its early years from a family-like (clan) organization to hierarchical (bureaucratic) organization; such change made employees feel their psychological contracts with Blue Whale violated (Cardinal, Sitkin, & Long, 2004). This business case clearly tells us that in this age with declining unionization and increasing unwritten employment contracts (Rousseau, 1990, 2001), the importance of psychological contract cannot be touted enough.

Contracts, defined as a set of promises committing one to future action (Farnsworth, 1982), are a mainstay in employment relations, establishing inducements and contributions basic to organizational membership (Barnard, 1973; Rousseau, 1989). Without such promise of future exchanges, neither the employer nor the employee will have the incentive to make contributions to the other party or to maintain their mutual relationship (Robinson & Rousseau, 1994; Dabos & Rousseau, 2004). Kunda (1992: 11) suggested that an “age-old managerial dilemma” is “how to cause members to behave in ways compatible with organizational goals”. Over decades, research on agency theory has focused upon how to solve the principal-agent problem with formal contracts and incentive systems (Miller, 2005; Bottom, Holloway, Miller, Mislin, & Whitford, 2006). However, the longer the relationship endures and/or the more the two parties interact, with repeated cycles of contribution and reciprocity, the broader the array of contributions and inducements that might be included in the contract (Rousseau, 1989). Argyris (1960), Levinson, Price, Munden, Mandl, and Solley (1962), and Schein (1965) introduced the term *psychological contract*. Rousseau greatly promoted this concept and defined it as “individual beliefs, shaped by the organization, regarding terms of an exchange agreement between individuals and their organization” (Rousseau, 1995: 9). Unlike a formal employment contract, a psychological contract is not made once but rather it is revised throughout the employee’s tenure in the organization (Rousseau & McLean Parks, 1993). Beliefs become contractual when the individual believes that she or he owes the employer certain contributions in return for certain inducements (Rousseau, 1990). The psychological contract differs from the expectation (Wanous, 1977) in that the former is promissory and reciprocal (Rousseau, 1989; Robinson & Rousseau, 1994).

Yet organizational restructuring, downsizing, increased reliance on temporary workers, demographic diversity, and foreign competition are having profound effects on organization members’ psychological contracts (Kissler, 1994; Morrison, 1994; Morrison & Robinson, 1997). Such turbulence and uncertainty increases the difficulty in organizations’ fulfilling their obligations defined in psychological contracts (McLean Parks & Kidder, 1994; McLean Parks & Schmedemann, 1994). Therefore, members will perceive their psychological contract misalignment (PCM) (this new term will be explicated in detail later, but simply put, it is an extension of *psychological contract violation*). The PCM is very important to organizations in that it can decrease members’ trust toward their organizations, job satisfaction, perceived obligations to their organizations, and intention to remain (Robinson & Morrison, 1995; Robinson & Rousseau, 1994; Morrison & Rousseau, 1997). It can even lead to many more severe consequences such as members’ revenge, retaliation, and aggressive behaviors (Fisher & Baron, 1982; Greenberg, 1990), which will ultimately damage organizational prestige (McLean Parks & Schmedemann, 1994; Morrison & Robinson, 1997). Miller (2005) discussed the incentive solutions to principal-agent problems in three types of organizations—market, bureaucracy, and clan (Ouchi, 1979, 1980; Scherer, 1988; Kerr & Slocum, 1987; Miller, 1992). However, there has been an extreme dearth of research conducted to link psychological contract theories and

Ouchi's (1980) or Scherer's (1988) organizational typology. Do organizational types make a difference in the PCM? It is this important issue that we ought to address. Accordingly, I seek to articulate the differences in the cognitive attribution of, emotional response to, and behavioral response to the PCM in four types of organizations.

Next, I review the four types of organizations—market, bureaucratic, clan, and missionary organizations. Then I propose the new term *psychological contract misalignment* (PCM) and clarify its difference from the existing term that has been widely used—*psychological contract violation*. Following that, I discuss the organizational differences in the cognitive attribution of, emotional responses to, and behavioral responses to the PCM. I conclude by discussing theoretical contributions and implications for both research and practice.

#### **FOUR TYPES OF ORGANIZATIONS**

Organizations are collections of individuals seeking common purposes (Etzioni, 1964; Hicks & Gullet, 1975). Ouchi (1980) suggested that there are three types of organizations: market, bureaucratic, and clan organizations. However, Scherer (1988) deemed Ouchi's framework incomplete in that it did not include the missionary organization as another type of organization. Next, I review the existing literature on each type of organization.

##### **Market Organization**

In the market organization, exchanges seemingly rest upon an assumption of pure economic rationality and absence of interference by such factors as sentimental and primordial attachment—everything must be arbitrary and freely expendable (Scherer, 1988; Ouchi, 1980; Williamson, 1975; Arrow, 1974). Price mechanisms in the market organization mediate the transactions, in which the existence of a competitive market mechanism reassures the members that the terms of exchange are equitable (Ouchi, 1980, 1979; Wilkins & Ouchi, 1983; Pawar & Eastman, 1997). In the market organization, the emphasis is laid upon immediate and short-term transactions, flatness of organizational structures, wheeling-dealing atmosphere, exchangers' equality, low emotional identification, contractualism and voluntarism, tentativeness and ease of withdrawal, and dominance by the external environment (Scherer, 1988; Ouchi, 1980, 1979). Deshpande, Farley, and Webster (1993) identified the dominant attributes of the culture in the market organization as competitiveness and goal achievement. Individual members' contributions are verified, evaluated, and compared (Miller, 2005; Ouchi, 1979). Thus, top individual performers are identified and provided with a greater share of acclaim and rewards (Long, Bendersky, & Morrill, in press). The market mechanism directs members and little socialization among members or supervision from distant supervisors is needed; instead, members' individual initiatives, senses of autonomy, and ownership in the work settings are highly emphasized (Miller, 2005). “[R]ules of competition [and] of supply and demand channel behavior” (Lebas & Weigenstein, 1986: 263); members may feel like “a portfolio of independent contractors (more) than a monolithic social unit” (Roth, Sitkin, & House, 1994: 145).

##### **Bureaucratic Organization**

Different from the market organization, the bureaucratic organization emphasizes the “authoritative allocation system of some complexity [...] to regulate the competition for resources” (Arrow, 1974: 18-19) and concern coherent, long-range, technical rationality. Expertise specialization, a hierarchy of authority, a system of rules and regulations, and impersonality are the four basic characteristics of the bureaucratic organization (Weber, 1947; Blau, 1956). The dominant attributes include order, rules, regulations, and uniformity (Conrad,

Brown, & Harmon, 1997). Weber (1947) put hierarchy operating by rules at the center of the bureaucratic organization. Expertise specialization permits the employment of many less-trained workers, which lowers production costs, and employees become skilled experts in their particular field of specialization; however, high degree of specialization creates a need for a complex system of coordination (Blau, 1956; Weber, 1947). Managerial responsibilities is exercised through a hierarchy of authority, which furnishes lines of communications between top management and employees for obtaining information on operations and transmitting operating directives (Blau, 1956; Weber, 1947). Effective coordination requires disciplined performance; this cannot be achieved by supervision alone but must pervade the work process itself, which is the function of rules and regulations that govern operations (Blau, 1956; Weber, 1947; Cardinal et al., 2004). Rules and regulations assure uniformity in the performance of tasks, regardless of the number of employees engaged in the tasks and task coordination, and therefore, they define the responsibility of each employee and the relationships among the employees (Blau, 1956; Mintzberg, 1979). The disciplined adherence to rules and regulations is salient in the bureaucratic organization (Ouchi, 1980). Since efficiency often suffers when emotions or personal considerations interferes with administrative decisions, the exclusion of personal considerations from official business is a prerequisite for impartiality and efficiency in the bureaucratic organization (Blau, 1956; Weber, 1947).

Members' compliance is monitored with transactional requirements through formalized monitoring and exchange mechanisms (Wilkins & Ouchi, 1983). Members understand clearly that their superiors have the power to impose sanctions, which influence their chances of advancement or keeping their jobs; however, such dependency of members upon their immediate superiors produced by the rating power may engender members' frustration, anxiety, or even hostility (Blau, 1956). Blau (1956: 75) suggested that an effective way to make members escape from such disturbing feelings of dependency is to identify with the bureaucratic system of normative standards and objectives and internalize the principles that govern organizational operations. Once the hierarchical division of responsibility has been accepted as a basic principle, it becomes less threatening to members' self-esteem to obey superiors' directions, since members are known to be duty-bound to issue them (Blau, 1956: 75). Such identification with bureaucratic standards occurs in social situations rather than in isolation (Blau, 1956).

### **Clan Organization**

The clan organization is like "an expanded, diffuse family" (Linton, 1936: 199); it is "familistic and communal" (Scherer, 1988: 480). The clan organization emphasizes reciprocal exchanges and common sentiments (Ouchi, 1980; Scherer, 1988); it accentuates goal congruence among members, a shared sense of duty to collective purposes, and some shared general paradigms for making sense of the world (Ouchi, 1980: 471). Members' self-interests and organizations' interests and values are aligned through intra-organizational socialization (Pawar & Eastman, 1997; Ouchi, 1979; Wilkins & Ouchi, 1983; Cardinal et al., 2004; Bierly & Spender, 1995) and they adopt values that are common to the other members and recognize each other as cooperative team players (Kunda, 1992; Ouchi, 1980; Miller, 2005; Long et al., in press). No formalized external controls are necessary because the organizational socialization instills cultural values and norms that subdue members' self-interests (Pawar & Eastman, 1997). Members are encouraged to share and enact common values, perspectives, and accounts for their actions (O'Reilly & Chatman, 1986). The strengths of the clan organization lie in their member's loyalty and involvement (Scherer, 1988). Its hallmarks are low turnover, frequent ceremony and

rituals, emphasis on traditionalism, expressions of feelings, informality, and flexibility (Hirschman, 1970; Scherer, 1988). Nevertheless, the clan organization may suffer from too great emotional intensity (Rothschild-Whitt, 1979).

### **Missionary Organization**

As Parsons (1937: 568-575) mentioned, Weber once put forth the term “missionary” or “ethical” (versus “exemplary”-mystical) prophecy. The missionary organization is characterized by value-rationality (Weber, 1947), dominance of ideology, inspirations, charisma, voluntarism, federativeness, overriding dedication to particular goals, depth of vision, transcendent calls, socialization (e.g., ceremonial events), or/and other/worldly transcendence and awesome sacrifice. Members are directed to pursue, foster, and actualize certain ideologies, intrinsic absolute values, master goals, or overriding agendas, with members’ escalated enthusiasm and social actions toward these ideologies (Scherer, 1988; Weber, 1947; Mintzberg, 1983). It is noteworthy that ideologies can be political, socioeconomic, aesthetic, religious, military, scientific, technological, humanitarian, environmental, etc. The examples of the missionary organization are movement organizations, religious groups, and some community-based organizations (Scherer, 1988; Korten, 1980). In such “value-fostering” organizations (Rothschild-Whitt, 1979: 510; Wood, 1981: 82-102), members keep feeling that they are propelled by an overriding “cause” which may get its direction from ultimate reality and show noncompromising sacrifice (Scherer, 1988; Knoke, 1990). The missionary organization “tends to reduce political activity sharply, and also to discourage the use of authority in the form of either personalized or bureaucratic controls. Even expertise tends to be discouraged, because it introduces status differences that can be incompatible with the egalitarian norms” (Mintzberg, 1984: 211). It is usually difficult for the outsiders to comprehend the inner mystique of the missionary organization, but the outsiders may be awed by its members’ enthusiasm. Different from the market and bureaucratic organizations, the missionary organization is typified by substantive rationality or inspirations rather than technical rationality (Scherer, 1988; Weber, 1947; Thompson & Tuden, 1959). The weaknesses of the missionary organization lie in its possible degeneration into fanaticism or dissipation as a result of impractical strategy choices (Scherer, 1988). Worth stressing, the culture in the missionary organization shares many similarities with adhocracy culture widely discussed in the marketing literature because both emphasize members’ motivation arising from their ideological appeal of growth and flexibility by taking risks, and the strategic emphasis is laid upon growth, dynamism, adaptability, creativity, entrepreneurship, and new resources (Cameron & Quinn, 1999; Deshpande et al., 1993). However, the missionary organization emphasizes ideological actualization as the ultimate end whereas entrepreneurship, innovation, creativity, risk-taking, and adaptation as the means or characteristics.

### **PSYCHOLOGICAL CONTRACT MISALIGNMENT (PCM)**

A violation occurs when one party in a relationship perceived another to have failed to fulfill promised obligations (Robinson & Rousseau, 1994). Turnley and Feldman (2000: 26) referred to “psychological contract violation” as “the employee’s perception that the organization has failed to fulfill one or more of its obligations as defined by the psychological contract”. In the organizational literature, a violation has been defined as cognitive, reflecting a mental calculation of what one has received relative to what one was promised (Robinson & Rousseau, 1994; Rousseau & McLean Parks, 1993; Robinson & Morrison, 1995), and emotional, involving “feelings of betrayal and deeper psychological distress” (Rousseau, 1989: 129). While

psychological contract violation occurs when members receive less than promised, sometimes members receive more than promised; in other words, psychological contracts can be “violated” (or “under-fulfilled”) when obligations have not been fulfilled, or can be “over-fulfilled” when the organization provides its members with more than promised (Turnley & Feldman, 2000). However, there is another case that has not been noted: psychological contracts can be “cross-fulfilled” when the organization provides its members with something diametrically different from what it has promised to its members. Therefore, the term psychological contract violation, carrying negative connotations, cannot embrace all the cases described above. A term that is neutrally descriptive, not pejorative, and capable of empirical operationalization (Scherer, 1988) may avoid radically different understanding of the same concept. Here I introduce the neutrally descriptive term “psychological contract misalignment” (PCM). It occurs when the organization’s actual fulfillment of the obligations defined in the psychological contract is *discrepant or inconsistent* with the member’s belief in the obligations. Hence, it includes the cases when the psychological contract is under-fulfilled, over-fulfilled, or cross-fulfilled.

### **ORGANIZATIONAL DIFFERENCES IN COGNITIVE ATTRIBUTION OF PCMS**

Within the encoding process, attributional differences may exist in different organizations. Attributions help individuals link their event observations to the causes and understand how cognitive perceptions affect their motivation. In attributions, individuals depend on situational cues indicating the extent to which the individuals are in control (Kelley, 1973). Sometimes such cues are not conclusive, and therefore, members fill in incomplete information by relying on organization-based cognitions relevant to their psychological contracts. However, at a minimum, members in some types of organizations believe that PCMs are caused by actions of their organizations (Heider, 1958; Morrison & Robinson, 1997).

Members in the market organization deemphasize fulfilling normative role obligations and emphasize free will and independence. If legitimacy is based on the outcomes of parties to a psychological contract in the market organization, members tend to believe that unmet obligations defined in their psychological contracts are within the mechanistic processes such as organizational control since the performance evaluation criteria are explicit; this is consistent with their expectations of instrumental behaviors on the part of the organization and their tendency toward correspondence biases (Thomas, Au, & Ravlin, 2003). If legitimacy is based on the rules and regulations of parties to a psychological contract in the bureaucratic organization, members tend to attribute the unmet obligations defined in their psychological contracts to mechanistic processes including organizational control. After all, both bureaucratic organizations and market organizations emphasize technical rationality. Such subjective understanding of organizational control directly assesses “the psychological contract between an employer and employee in terms of the idiosyncratic set of reciprocal obligations held by employees concerning their obligations (i.e., what they will do for the employer) and their entitlements (i.e., what they expect to receive in return)” (McLean Parks, Kidder, & Gallagher, 1998: 698; also see Rousseau & McLean Parks, 1993).

In contrast, members in the clan organization believe that the organization will take their loyalty into account. They tend to consider the situational constraints and relationship networks and hold a long-term, flexible, and context-dependent view of organizational obligations. When perceiving PCMs, they will attribute them to the impossibility of evaluating all information in an explicit, criterion-bound way, as well as the inevitable subjectivity in all personnel decisions (Thomas et al., 2003). In addition, the affective bonds in the clan organization breed members’

trust toward their organization, which leads members more apt to believe their organization will behave in a way favorable to their interest (Gambetta, 1988), and consequently, attribute PCMs to extenuating circumstances (Robinson, 1996), particularly the factors of organic processes such as superiors' personal discretion and flexibility rather than mechanistic processes. Similarly, the shared ideology, socialization, and affective bonds among members in the missionary organization also lead them to hold a flexible and context-dependent view of organizational obligations and perceive organic processes as salient inducement of PCMs.

*Proposition 1: Members in the market organization and bureaucratic organization are more likely to attribute perceived PCMs to mechanistic processes, whereas members in the clan organization and missionary organization are more likely to attribute perceived PCMs to organic processes.*

The bureaucratic organization emphasizes mechanistic governance, stability, formal rules, clearly-defined goals, and performance; members are motivated by security and rewards for accomplishments (Dwyer, Richard, & Chadwick, 2003). The clan organization emphasizes tradition, norms, informal governance, socialization, loyalty, morale, commitment, cohesion, participation, and teamwork. Both of them have internal orientations and try to realize internal integration or smoothing-running operations (Dwyer et al., 2003). Therefore, members in the bureaucratic organization and clan organization are more sensitive to internal factors and because of selective attention, selective perception, and selective interpretation (Fiske & Taylor, 1991), they tend to attribute perceived PCMs to internal factors. In comparison, the market organization has a formal governance structure, an external orientation, a focus of achievement, and emphasis on planning, performance, and efficiency. Their members are goal-oriented and concerned with getting their jobs done; they are motivated by competition and individual contributions (Dwyer et al., 2003). The missionary organization has an informal governance structure and an external orientation. Its emphasis on ideological appeal of growth, flexibility, dynamism, creativity, risk-taking, adaptability, and entrepreneurship (Dwyer et al., 2003) motivates members to actualize their absolute intrinsic values. The external orientations of the market organization and missionary organization lead their members to selectively attend to, perceive, and attribute the external factors as the causes for PCMs.

*Proposition 2: Members in the bureaucratic organization and clan organization are more likely to attribute perceived PCMs to internal factors, whereas members in the market organization and missionary organization are more likely to attribute perceived PCMs to external factors.*

## **ORGANIZATIONAL DIFFERENCES IN EMOTIONAL RESPONSES TO PCMS**

In general, PCMs arouse disappointment, frustration, and distress stemming from the perceived failure to receive something that is both expected and desired (Ortony, Clore, & Collins, 1988; Robinson & Rousseau, 1994; Robinson & Morrison, 1995); central to the experience of misalignment may be feelings of anger, resentment, bitterness, indignation, and even outrage that emanate from the perception of being betrayed or mistreated (Ortony et al., 1988; Rousseau, 1989; Schein, 1965; Morrison & Robinson, 1997). The bureaucratic organization saliently concerns procedural justice, the market organization distributive justice, and the clan organization interactional justice (Long et al., in press). Members who are treated unfairly describe injustice as laden with emotions (Bies & Tripp, 2001; Folger, 1987; Greenberg, 1988; Sheppard, Lewicki, & Minton, 1992; Weiss, Suckow, & Cropanzano, 1999; Cropanzano, Weiss, Suckow, & Grandey, 2000; Mikula, Scherer, Athenstaedt, 1998; Montada, 1994; Krehbiel

& Cropanzano, 2000). In the bureaucratic organization, members can identify formal procedures that result in PCMs, and their negative feelings about such misalignments are affected by factors known to influence judgments of procedural fairness (Lind & Tyler, 1988). In the market organization, members assess their outcomes through the sense-making process (Weick, 1995; Morrison & Robinson, 1997). Through the comparison process, if members find that they have made contributions in exchange for the promises defined in their psychological contracts but the promises have not been adequately reciprocated, they will display negative emotions. In addition, the negative emotional expression to PCMs will be the strongest when members perceive both unfair outcomes (transaction-wise) and unfair procedures (relation-wise) (Brockner & Wiesenfeld, 1996; Krehbiel & Cropanzano, 2000). Members in the bureaucratic organization are inclined to perceive the unfulfillment of transactional and relational obligations defined in the psychological contract (Pfeffer, 1994; Rousseau, 1995), whereas those in the market organization the unfulfillment of transactional obligations defined in the psychological contract. Accordingly, members in the bureaucratic organization are more likely to express their individual negative emotions in response to PCMs than those in the market organization.

When perceiving PCMs, members in the clan organization and missionary organization, who have affective bonds with their organizations and espouse flexibility, cohesion, and harmony, may express even stronger negative emotions than those in the bureaucratic organization and market organization. *Ceteris paribus*, the emotional response to PCMs is more severe when the employment relationship is regarded in relational terms, not instrumentally (Morrison & Robinson, 1997; Huo, Smith, Tyler, & Lind, 1995). Relational obligations defined in the psychological contract imply norms opposing self-interested and opportunistic behaviors (McLean Parks & Smith, 1998). When PCMs are perceived, members in the clan organization and missionary organization strongly conflict with members' beliefs and assumptions governing their relationships with their organizations (Morrison & Robinson, 1997). Members in the clan organization and missionary organization tend to have higher thresholds for perceiving PCMs that have occurred in relational exchanges, which is in favor of trust and loyalty but against renegeing and vigilance (Morrison & Robinson, 1997). Nevertheless, if members perceive their psychological contracts are misaligned, which means that misalignments exceed their perceptual thresholds, they will express far more intense individual negative emotions because the misalignments are highly inconsistent with the social contract, which is the assumptions, beliefs, and norms about appropriate behaviors within a particular social unit (Gough, 1963; Homans, 1961; Morrison & Robinson, 1997). Furthermore, Umphress, Labianca, Brass, Kass, and Scholten (2003) implied that interactional justice, largely characteristic of relational obligations defined by the psychological contract, evokes the strongest emotional response, whereas distributive justice, largely characteristic of transactional obligations defined by the psychological contract, evokes the least; procedural justice, very important in the bureaucratic organization, stands in between (Tyler, 1994; Leung, Chiu, & Au, 1993). Consequently, I raise the following proposition.

*Proposition 3: In response to PCMs, members in the clan organization and missionary organization will express more intense individual negative emotions than those in the bureaucratic organization, who will express more intense individual negative emotions than those in the market organization.*

Salancik and Pfeffer (1978) argued that organizations are complex and ambiguous, and consequently, members use information from others to form evaluations and perceptions of

organizational characteristics. Social information may serve four major purposes for members: (1) to learn how to react to cues; (2) to structure perceptions by focusing attention on some aspects of the work environment and away from other aspects; (3) to construct interpretations of events; and (4) to assess the needs, values, and requirements that are integral to the job (Umphress et al., 2003: 740). Members try to seek out different social ties to help them process social information and make sense of their situations. There are two types of social ties widely discussed in the social network literature: instrumental ties and expressive ties (Fombrun, 1982; Ibarra, 1995; Lincoln & Miller, 1979; Podolny & Baron, 1997; Tichy, Tushman, & Fombrun, 1974; Umphress et al., 2003). Instrumental ties, important for members with transactional obligations defined by their psychological contracts to make sense of their organization, involve members' gathering information, advice, and resources necessary to accomplish tasks, whereas expressive ties, important for members with relational obligations defined by their psychological contracts, involve members' expressions of interpersonal affect (Umphress et al., 2003: 742). In a nutshell, instrumental ties are information and cognition based, whereas expressive ties are norm and affect based (Umphress et al., 2003: 742). When members in the market organization and bureaucratic organization perceive PCMs, in order to assess outcomes and judge distributive injustice, they try to gather information and make cognitive evaluations through either unambiguous, impersonal information source such as written materials on outcome or their instrumental ties (Umphress et al., 2003). Because of the de-emphasis on expressive ties in the market organization, even though members may have negative emotions, such individual emotions may have less strong negative influence on collective emotionality than those in the bureaucratic organization, which more rely on expressive ties largely based on rules and norms.

In contrast, when members in the clan organization, bureaucratic organization, and missionary organization perceive their PCMs, they will resort to positive expressive ties for normative information and affective support to buttress their self-identity needs and respect needs (Lind & Tyler, 1988; Umphress et al., 2003) and in the meantime, use negative expressive ties to compare how they have been treated with how their disliked colleagues have been treated, as a referent of how not to interpret the way they have been treated (French & Raven, 1959). Through emotional socialization (Eisenberg & Fabes, 1992; Cole, 1985; Parke & McDowell, 1998) via expressive ties, members who have not perceived PCMs become sensitive, selectively attentive, or even cognitively biased toward similar PCMs to them. While feeling sorry and sympathetic for those members whose psychological contracts have been misaligned, they feel uneasy and worried about the way they would be treated and as a consequence may fall prey to the self-fulfilling prophecy regarding the perception of PCMs. Such emotional sharing may escalate into a collective emotional response to PCMs; simply put, members' individual negative emotional responses to PCMs may contaminate collective emotionality.

Specifically in the missionary organization, since members are enthusiastic about what they truly believe and pursue, they will experience intense negative feelings when they perceive their psychological contracts misaligned. Through expressive ties, other members who share the same ideology but have not realized the misalignments will become skeptical about their psychological contract fulfillment and experience intense negative emotions when they detect the probably similar misalignments. Consequently, the collective enthusiasm about the espoused ideology in the organization will be contaminated and waning. Since the clan organization and missionary organization emphasize socialization and relationships while the bureaucratic organization emphasizes impersonality and rules, it is more likely that the individual negative

emotional responses more strongly influence collective emotionality in the clan organization and missionary organization than in the bureaucratic organization.

*Proposition 4: Members' individual negative emotional responses to PCMs will more strongly contaminate collective emotionality in the clan organization and missionary organization than that in the bureaucratic organization, and even more strongly than that in the market organization.*

#### **ORGANIZATIONAL DIFFERENCES IN BEHAVIORAL RESPONSES TO PCMS**

An important framework for understanding situational constraints on members' responses to PCMs, as Turnley and Feldman (1998) suggested, is the exit, voice, loyalty, and neglect (EVLN) typology developed by Hirschman (1970) and expanded upon by the followers (Farrell, 1983; Rusbult, Farrell, Rogers, & Mainus, 1988; Withey & Cooper, 1989; Turnley & Feldman, 1999). *Exit* "refers to leaving an organization by quitting, transferring, searching for a different job, or thinking about quitting" (Rusbult et al., 1988: 601). Exit occurs when members believe that PCMs are inequitable (Morrison & Robinson, 1997) and staying in the employment relationships will not be mutually beneficial (Turnley & Feldman, 1999). When the perceived inequity exceeds a certain threshold, members may choose to voluntarily terminate the employment relationship in response to the organization's failure to fulfill its obligations. Members in the market organization believe that they deserve the transactional benefits they have been promised. Since the market organization emphasizes the price mechanism and competition, members form strong self-efficacy (Bandura, 1977) in such a competitive work environment. If their psychological contracts to their organization cannot be fulfilled, they tend to choose to leave the current organization and join another market organization, such that their cognitive dissonance (Festinger, 1957; Abelson, Aronson, McGuire, Newcomb, Rosenberg, & Tannenbaum, 1968; Fiske & Taylor, 1991) can be reduced.

*Proposition 5: In response to PCMs, members in the market organization will exhibit greater exit behaviors to their organization than those in the bureaucratic organization, clan organization, and missionary organization.*

*Voice* "describes actively and constructively trying to improve conditions through discussing problems with a supervisor or co-workers, taking action to solve problems, suggesting solutions, seeking help from an outside agency like a union, or whistle-blowing" (Rusbult et al., 1988: 601). Voice, such as voicing complaints to correct the perceived injustice (Turnley & Feldman, 1999), is assertive and non-conformist because it is change oriented (LePine & Van Dyne, 1998); it can be conceptualized as a constructive effort aimed at repairing the employment relationship. It often involves direct appeals to higher authorities and has been described as the primary mechanism for stimulating positive changes (Hirschman, 1970). The missionary organization usually emphasizes entrepreneurship, creativity, risk-taking, and adaptation as the means to actualize the espoused ideology. Thus, constructive opinions on repairing the psychological contract if it has been misaligned are of great importance to the missionary organization. Those members join the missionary organization because they want their ideology to be actualized and they have confidence in their organization. Therefore, members in the missionary organization tend to exhibit greater voice behaviors to their organization for the sake of their organization's development and their ideological actualization.

*Proposition 6: In response to PCMs, members in the missionary organization will exhibit greater voice behaviors to their organization than those in the market organization, bureaucratic organization, and clan organization.*

*Loyalty* “means passively but optimistically waiting for conditions to improve—giving public and private support to the organization, waiting and hoping for improvement, or practicing good citizenship” (Rusbult et al., 1988: 601). Loyalty decreases when members perceive PCMs; they will be less likely to engage in discretionary behaviors performed for the good of the organization or defend the organization to outsiders (Turnley & Feldman, 1999). The clan organization highly emphasizes members’ loyalty, cohesiveness, collaboration, conformity, and participation. Most members self-selectively join and become loyal to the clan organization, and for those members who have not done the self-selection, the strong norms will “normalize” them. They generally have cognitive structures that contain information about fitting in and collaborating with other members to effect changes, and thus they tend not to exhibit non-conforming or disloyal behaviors (Bontempo & Rivero, 1992), even though they may still display negative emotions in response to the cognitive discrepancy (Russell & Jones, 1980; Shaffer, 1975; Harmon-Jones, 2001) arising from the PCM. Therefore, members in the clan organization tend to show greater loyalty behaviors to their organization in response to PCMs, compared with those in the market organization, bureaucratic organization, and missionary organization.

*Proposition 7: In response to PCMs, members in the clan organization will exhibit greater loyalty behaviors to their organization than those in the market organization, bureaucratic organization, and missionary organization.*

*Neglect* refers to “passively allowing conditions to deteriorate through reduced interest or effort, chronic lateness or absences, using company time for personal business, or increased error rate” (Rusbult et al., 1988: 601). Neglect includes very passive responses such as reduced interest as well as responses that are only moderately passive. The bureaucratic organization emphasizes rules, regulations, procedures, hierarchies, specialization, and impersonality. Members comply with transactional requirements through formalized monitoring and exchange mechanisms (Wilkins & Ouchi, 1983). They understand clearly that their superiors have the power to impose sanctions, which influence their chances of advancement or keeping their jobs (Blau, 1956). Though they perceive PCMs, members in the bureaucratic organization tend to exhibit neglect behaviors to their organization largely because they believe that the bureaucratic rules, procedures, and hierarchies are difficult or slow to change. Since members are usually risk-averse and desire job security, which is a major reason for the majority of them to self-selectively choose the bureaucratic organization, they try to avoid confrontations with their superiors or avoid behaviors that may be considered as threatening to the bureaucratic structure.

*Proposition 8: In response to PCMs, members in the bureaucratic organization will exhibit greater neglect behaviors to their organization than those in the market organization, clan organization, and missionary organization.*

## **DISCUSSION**

Over the last two decades, research on psychological contract has provided a fruitful avenue for scholars and practitioners to address the fundamental concerns of organization members to be willing to reciprocate and depend upon organizations’ promises. The psychological contract misalignment (PCM) furthers the concept of psychological contract

violation or under-fulfillment (Robinson & Rousseau, 1994; Rousseau & McLean Parks, 1993; Robinson & Morrison, 1995; Rousseau, 1989) in that it includes not only under-fulfillment, but over-fulfillment (Turnley & Feldman, 2000) and cross-fulfillment as well. Although there has been a growing amount of research examining the effects of violation, in which some research has devoted to the nature of violation, its antecedents, and the highly subjective and imperfect process of gathering information and making sense of that information (Morrison & Robinson, 1997), there has been a scarcity of research on the organizational differences with regard to the PCM. Rousseau and Schalk (2000) have identified the differences that exist in various societies in the psychological contract but they did not recognize that organizational types can also make a difference. To fill in such a gap in the literature, I specifically delve into the systematic variation in the cognitive attribution of, emotional response to, and behavioral response to the PCM in different types of organizations from the perspective of organization members. The theoretical framework I have developed here advances our understanding of how the PCM can vary in different types of organizations, carries significant implications for both research and practice, and presents an agenda for future empirical studies.

### **Contributions**

In this paper, I make several significant contributions to the psychological contract literature. First, I coin the new term *psychological contract misalignment* (PCM) to explain all possible cases vis-à-vis psychological contract fulfillment, including under-fulfillment (or conventionally “violation”), over-fulfillment, and cross-fulfillment. Perhaps discrepant from the conventional wisdom, in actuality over-fulfillment can cause negative consequences as well. Although on many occasions psychological contract violation or under-fulfillment occurs, excluding or neglecting the other two does not help us comprehensively understand varied organizational phenomena.

Second, I draw attention to the four types of organizations, in which the market organization, bureaucratic organization, and clan organization were proposed by Ouchi (1980) and accepted as the conventional organizational typology, whereas the missionary organization was implied by Weber and discussed by Scherer (1988). It is necessary to include the missionary organization in a more comprehensive framework of organizational typology and discuss its characteristics, since Ouchi’s framework is not able to explain some emerging organizational phenomena that do not exist in market, bureaucracy, and clan organizations but occur in missionary organizations such as movement organizations and some community-based organizations, which have captured growing attention of organizational scholars. Unlike the concept of adhocracy prevalently used in the marketing literature, the concept of missionary organization, reveals Max Weber’s original thought, and in particular, accentuates the ultimate organizational purpose as ideological actualization while entrepreneurship, risk-taking, adaptability, etc. are merely the means or characteristics.

Last but not least, I ground my theoretical predictions of empirical results upon the theories of organizational typology, psychological contract, motivation, social cognition, social exchange, emotion, etc. and take into account a wide range of considerations pertaining to the differences arising from the organizational types, including the cognitive attribution of, emotional responses to, and behavioral responses to PCMs; this systematic study explicates the entire dynamic process from attributing PCMs to responding to PCMs. Morrison and Robinson (1997) suggested that there is undoubtedly considerable variance across organizations with respect to the number and types of obligations that exist between members and their

organizations and the prevalence of violation also varies across organizations; however, few systematic comparisons have been made to assess the organizational differences in relation to the PCM. A major strength of such systematic comparisons in this paper is that it enhances the cross-organizational generalizability of the psychological contract literature without weakening its theoretical base. The propositions raised in this paper depict the influence of organizational differences as occurring through identifiable psychological processes, which provide future research with directions for further theoretical development and empirical assessments.

### **Implications for Future Research**

This paper is valuable in that it does not only integrate an array of theories and bridge the gap between the theoretic frameworks of PCM and organizational typology, but also provides an agenda and guidelines for future empirical research on the PCM. For each proposition, I have identified the variables that affect the PCM in different types of organizations. The majority of the variables that have been identified can be operationalized. There may be some other psychological processes plausible for each proposition in this paper. Empirical assessments would identify strengths and weaknesses of my propositions. The characteristics of particular types of organizations shape the extent to which the organizational profiles are influential. The theoretic framework developed in this paper elucidates how organizational differences lead to varying attributions of and responses to PCMs.

The important role of emotions in the response to the PCM should be more extensively investigated. Emotions allow organization members to face uncertainty, to choose among incommensurable alternatives such as values, to visualize a desirable future, to speed up decision making, and to make the leap of faith into the unknowable (Damasio, 1994; Westen, 1985; Zajonc, 1980; Schwarz, 2000; Loewenstein & Lerner, 2003); emotions bridge rational and nonrational processes (Damasio, 1994), and reflect members' sense of self-relevance of a perceived situation such as a PCM and facilitate social adaptation and individual changes (Hochschild, 1983; Huy, 1999: 342). In addition, more research is desired to examine the attributions that members make when they perceive that their psychological contracts have been misaligned (Turnley & Feldman, 1999). Members' attributions of the PCM lead to their response to the PCM. Turnley and Feldman (1998) suggested that members may respond less strongly to violations occurring because the organization is unable to fulfill its obligations than they do to violations occurring because the organization is simply unwilling to meet such obligations. In this vein, a useful approach to analyze the differences in members' cognitive attributions of the PCM is to employ the existing organizational typology. In addition, qualitative techniques such as in-depth interviews or assessments of verbal protocols should be employed together with quantitative techniques in the future research.

The propositions regarding the behavioral response to the PCM in different types of organizations also require more future empirical assessments. Organization members' turnover, withdrawal (Mobley, 1977, 1982; Mowday, Porter, & Steers, 1982; Kidwell & Bennett, 1993), intentional neglect of their in-role job duties and responsibilities, reduced willingness to engage in organizational citizenship behavior (extra-role behavior), and other behavioral responses to the PCM have been of great interest to organizational scholars (Turnley & Feldman, 2000). Turnley and Feldman (2000) provided evidence that the influence of psychological contract violations on members' behaviors remained significant even after controlling for a number of other factors including demographic characteristics, organizational tenure, salary, and research site. For different types of organizations, some kinds of behavioral responses to the PCM may be more

salient than the others (Turnley & Feldman, 2000; Herman, 1973; Schuman & Johnson, 1976). In this way, I have analyzed organizational characteristics and identified the most salient behavioral response to the PCM in each type of organization. Worth noting, it does not mean in any sense that in each type of organization, only one kind of behavioral response to the PCM will occur, but rather, the focus is the cross-organizational comparisons of the most salient behavioral response to the PCM.

The theoretical framework outlined here lays groundwork for examination of the PCM in cross-organizational interactions, which scholars have not paid enough attention to. However, in wake of the more and more frequent organizational changes, it is increasingly important to understand the organizational differences in an array of aspects related to the PCM. Different organizations form different mental representations and information interpretation a propos the exchange between members and the organization, what constitutes PCMs, and what are potential responses to PCMs (Thomas et al., 2003). Theoretical elaborations proposed in this paper have significant implications for organizational agents in that they improve their systematic understanding of the PCM in different types of organizations, especially during radical organizational changes. Organizational changes, as an increasingly central focus of organizational research, tend to zoom in on the microcognitive processes at multiple levels, though the linkages between such microcognitive processes and radical organizational changes have been undertheorized (Huy, 1999). Walsh (1995) noted that we know very little about the social and emotional bases of organizational changes. In this sense, the theoretical framework of the PCM in different types of organizations proposed here may serve as an avenue for comprehending the cognitive, emotional, and behavioral components associated with the PCM. Radical organizational changes cause fundamental, qualitative changes of organizational philosophy as well as core beliefs and values which start with exposing and challenging deep-rooted assumptions, changes of behaviors, and activation of strong negative emotions (Huy, 1999; Argyris, 1993). The proposed relationships in this paper help predict what would happen should an organization change from one type to another.

### **Implications for Practice**

My theoretical elaborations of the organizational differences in the cognitive attribution of, emotional response to, and behavioral response to the PCM also has practical implications for organizational members and various organizations regarding how to reduce the negative consequences that follow the PCM. Once perceiving the PCM, members can actively minimize incongruence by engaging organizational agents in explicit discussions of obligations specific for differing types of organizations to ensure both that their perceptions of the employment relationship terms are shared and that those terms are as clear as possible (Morrison & Robinson, 1997). Such discussions are important (1) when members who used to work in different types of organizations than the one they have recently joined; (2) when members lack knowledge of organizational specifics, norms, etc.; (3) when promises in the psychological contract are vague or open-ended; or (4) when significant time has elapsed since certain promises were made (Morrison & Robinson, 1997). Members should be wary of and vigilant to the PCM, but once they perceive the PCM, they should take initiative to approach their organizational agents and clarify their mutual misunderstandings.

For the organizational agents such as supervisors and human resource managers who define and execute members' psychological contracts (Guzzo & Noonan, 1994; Rousseau & Greller, 1994), my theoretical framework can guide them to focus on the PCM specific for their

type of organization and make use of resources more efficiently and cautiously to assuage the aftermath of the PCM. Special attention should be paid to managing members' understanding of the obligations and promises that are specific for different types of organizations over time and during periods of radical organizational changes, because perceptions and beliefs are prone to distortion and decay (Morrison & Robinson, 1997). Clear feedback from the organizational agent to the member to avoid the PCM in their specific type of organization is always preferred because this feedback will minimize members' self-serving biases that may cause their erroneous perceptions of the PCM and subsequent unconstructive or destructive reactions. Stated otherwise, continuous feedback and dialogues can serve to ensure more accurate perceptions and isomorphic attributions (Thomas et al., 2003). For instance, in the bureaucratic organization, members are more likely to attribute PCMs to mechanistic processes and internal factors, which can be conceived of as purposeful and deliberate and thus intensify their negative feelings. Accordingly, organizational agents in the bureaucratic organization should be very careful in explaining the PCM as a result of uncontrollable factors because such a risky act can make members think of it as deception, which further undermines or even destroys the trust that is essential to maintain the psychological contract (Morrison & Robinson, 1997).

### **Conclusion**

The PCM, as a common occurrence in the organization, has been demonstrated to have serious organizational and individual implications (McLean Parks & Schmedemann, 1994; Robinson & Morrison, 1995; Robinson & Rousseau, 1994; Morrison & Robinson, 1997). Though some scholars have shown concerns about the contextual impact on the PCM (Morrison & Robinson, 1997; Thomas et al., 2003), no systematic investigation regarding the role of the organizational typology in the varied PCM phenomena has been conducted and this issue has been left unresolved. As the contemporary employment relationships evolve and undergo major transformations, the implications of the organizational differences with regard to the PCM loom salient for scholars and practitioners alike, but our understanding of the PCM and its impact on organizational functioning and changes are far from complete. In this paper, I have integrated an array of theories and systematically compared the organizational differences in the cognitive attribution of, emotional response to, and behavioral response to the PCM. By so doing, I have provided a valuable underpinning for future empirical PCM research emphasizing or concentrating on such differences across organizations. Hopefully this paper will serve to initiate more relevant in-depth and systematic investigations and provide some insights for how to reduce the damages caused by the PCM.

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