RESEARCH ABSTRACT

The process of psychological contract development during the first year of organizational socialization

Purpose of the paper

The paper presents a qualitative study investigating employee perceptions of their PC with a healthcare organization in Saudi Arabia. Specifically, the study examines the development of the PC as a process in the first year of organizational socialization. The defined objectives of the research were to (a) explore PC as a process and the functionality between its components, and (b) explain employees' sensemaking of organizational socialization as the forces of the process which inform belief in the PC. These objectives were achieved by addressing the following research questions:

(1) How do employees' perceptions of mutual obligations, reciprocal evaluations and reciprocal obligations interrelate to shape the process of PC?

(2) How does employee sensemaking of organizational socialization shape their perceptions of the PC?

Theoretical background

A psychological contract is based on the belief in a reciprocal exchange relationship (Rousseau, 1989, 2001; Rousseau, et al., 2018). The research draws on Rousseau's (1989) seminal work on the conceptualization of the PC, defined as:

> *"an individual's beliefs regarding the terms and conditions of a reciprocal exchange agreement between that focal person and another party" (p. 123)*

This definition implies the *belief* that (a) a promise has been made, (b) leading to expectations binding the parties' reciprocal obligations, (c) where obligations of each party should result in reciprocity by the other (Rousseau, 1989; Rousseau and Park, 1993). The existence of this belief which forms the PC is often highly subjective, unwritten, implicit, and occurs at an individual level and is subject to the beholder's understanding (the employee) (Rousseau, 1989, 2001; Rousseau, et al; 2018). Thus, an employee's belief in a PC consists of the perception of mutual expectations that influence perceptions of reciprocal obligations.

Perceptions of promises are fundamental in shaping employees' beliefs about reciprocal obligations (Rousseau, 1989, 2001, 2004). Meaning, a promise is the base of mutuality, where exchange parties are meant to hold similar expectations regarding reciprocal obligations, where mutuality in the PC is the employee's perceptions of the mutual expectation regarding reciprocal obligations (Rousseau, 1989; 2001). Perceptions of mutual expectations reflect perceptions of reciprocal

obligations; thus, they form a mental schema for employees to evaluate reciprocations (Rousseau, 1989; 2001; Rousseau et al, 2018). Rousseau (1989) conceptualizes knowledge of 'reciprocal obligations' through the lens of employee beliefs, that reciprocation related to PC is the one based on promises. Thus, perceptions of reciprocal obligations related to PC are outcomes of perceived mutual expectations.

Research's perspective of Sensemaking:

Subjectivity and idiosyncrasy are inherent elements of PCs (Rousseau, 1989; 2001). Rousseau, et al (2018) defined PC as the 'cognitive schema' (p. 1081) of employee beliefs about mutual obligations between them and another party. Where schema holds the expectations of future reciprocal obligations, individuals' sense-making builds their expectations and predictions about future events (Rousseau, 1989; 2001; Louis, 1980). A PC is perceived through ongoing social interactions, where social contexts are considered as one of the main elements of sense-making (Rousseau, 1989; Weick's (1995). Besides these commonalities, Rousseau (1989) defines the PC as 'subjective perceptions held by individuals' (p. 124), individual sensemaking is referred to by Weick (1995) as 'how they construct what they construct' (p. 4), which emphasizes reflections on sensemaking of the PC as a product of cognitive efforts that is implicit in individuals' minds (Rousseau, 1989, Weick, 1995, Louis, 1980). The utilized sensemaking perspective to PC theory provided an explanation to the underlying cognitive motives that inform employees' perceptions of their PC, within the phenomenon of socialization as a social context that employees involved in their first year of employment. Weick's (1995) seven perspectives of sensemaking have been reflected on in Rousseau's (1989; 2001) conceptualization of PC theory.

Empirical context

An interpretivist lens provides the basis for the researcher's qualitative methodology (Burrell & Morgan, 1992; Cassell & Symon, 2011). As the research is designed to focus on understanding certain social phenomena from individuals' perspectives (Barmard, 1999; Golafshani, 2003; Collingridge, 2008). Semi-structured interviews were conducted due to their appropriateness in examining the theoretical framework under investigation (Qu & Dumay, 2011; Goulding, 1999). Phone calls were selected as the means of data collection for their advantages, one of which,

assuring social distancing during the pandemic (Burnard, 1994; Musselwhite et al.,2006). The interviewing protocol was set to manage the researcher's biases, gather the information aimed from participants, as well as, fulfilling the rights for both the participants and the researcher as per the ethical approval (Kvale, 2011; Chenial, 2009; Guest et al, 2014). Purposive sampling was utilized to set a framework of the specified phenomena and the characteristics of participants (Marshall, 1996; Musselwhite et al., 2006). 50 interviews were conducted and data saturation was achieved (Saunders & Townsend, 2016). The approved data saturation led the procedure to the research's method of analysis.

Methods of analysis

Thematic analysis was undertaken (Clark, 1998; Braun and Clarke, 2006; 2016). Specifically, abductive thematic analysis was utilized as the analysis of raw data is theoretically driven by the pre-set theoretical framework (Braun and Clarke, 2006 Saunders and Thornhill, 2019). The constructed theoretical framework is set to consist of the main components of the PC, its definitions, and boundaries (mutuality, evaluation, and reciprocity). These main components have embedded cognitive and affective elements that are also defined and framed to explore the underlying forces of the PC components. The defined theoretical framework was used as pre-codes to guide the coding of the raw data, where the coding process has led to the identification of key themes, sub-themes, and their connection to the explored process and guided the interpretations of the findings. The theoretical framework is reflected upon the organizational socialization contexts that employees make sense of and create meaning to inform their PC perceptions (Mailtlis and Christianson, 2014; De Vos and Freese, 2011). The elements identified and their boundaries in the theoretical framework led to the identification of themes in development of the PC. A codebook was generated consisting of specific codes found in data and the themes identified. The analysed data are set as guidance and supporting materials to the construct and interpretations of the findings.

Main findings

First, the findings of this study provide new insights to explain PC as a process and the interrelationship between its components. In addition, PC components evolve upon ongoing interaction in a certain process that represents the interrelationship between its components, providing evidence that the development

of the PC is based on a process, that is motivated by the significance of antecedents that inform each component. Specifically, antecedents to perceived mutuality are influenced by evaluated reciprocity, antecedents of perceived evaluation are influenced by assessing mutuality over reciprocity, and antecedents of perceived reciprocity are influenced by evaluation and mutuality. As sensemaking is the underlying motive behind the development of the PC, both are influenced by significant social events, meaning, the motive of this process are significant antecedents that influence the perceptions of PC components, where stability and dynamism rely upon meaningful antecedents to influence sensemaking and thus, PC. The findings provide a detailed explanation of the integration between individual antecedents (sensemaking) and organizational antecedents (socialization) that informs the process of PC.

Second, the findings highlight the importance of mutuality, evaluation, and reciprocity in the PC development process. The phenomenon of organizational socialization is part of a system that is complex, in addition, individual phenomena of subjective sensemaking processes are inherently complex too. Concerning sensemaking as a key part of the development of the PC, the findings specify that existing personal schema influence perceptions of mutuality, cognitive and affective components influence perceptions of evaluation, and norms of reciprocity influence perceptions of reciprocal obligations. The findings provide insight into how individuals' social consciousness and their sensemaking influence their interpretations to evolve their PC with the organization. The findings provide new insights into the various individual and organization contexts that inform mutuality, how they are evaluated, and what are the reciprocal outcomes of each PC. An employee may perceive one or multiple PCs, where perceptions of multiple PCs interplay together to influence reciprocal outcomes within the organization.

Third, the findings of the study offer new insight into how multiple PCs interplay to influence reciprocal outcomes. Employees indeed form PCs with organizational representatives and reflectors as members who are part of the organization, those PCs are not separated but they interplay in a dynamic that influences employees' reciprocal outcomes with the organization. Additionally, the data provides new insights into the role of third parties in influencing employees PC with the organization, that employees' interactions with the organization's third

parties are not driven by a belief in PC but they have an influence on changing employees' perceptions of their PC with the organization. The research explains how interactions with organizational third parties as investors than organizational members bonded with the organization under an employment relationship, influence employees' perceptions of their PC with the organization, which clarify interactional facets that are beyond the organizational members and influence employee's PC with the organization. This process is attributed to employees' ideological beliefs and its influence on their belief in PC. Specifically, ideological beliefs bonding the organization's interaction, as well as their interactions themselves with the third parties influence their PC belief and their interactions with the organization.

Potential contribution

The main contribution of the study lies in explaining the development of the PC as a process. Within, providing explanations of the (a) the underlying forces for each PC component (mutuality, evaluation, and reciprocity). (b) the interrelation between these PC components which shape its process (b) the multifocality of perceived PCs and the interplay between multi-PCs with members in the organization. The first contribution provides empirical evidence of PC as a process (Rousseau, et al, 2018; Tomprou and Nikolao, 2011; Sherman and Morley, 2015). Second, the contribution provides new insights into the interrelationship between PC components that shape this process (Rousseau, 1989; Dabos and Rousseau, 2004; Morrison and Robinson, 1997; Vantilborgh, 2019; Griep and Sosnowska, 2019). Third, the study contributes to the PC literature by providing empirical evidence of the multi-dimensionality of the PC, that was theoretically conceptualized (Laulie and Tekleab, 2016; Alcover, et al, 2016; Alcover, et al, 2017; Marks, 2001; Knapp, et al, 2020; Lyonel and Tekleab, 2016; Marks, 2001). The research also contributes by providing an explanation of the role of employees sensemaking in influencing the process of PC, specifically, the research explored and explained the variously of employees' cognitive and affective facets that are inherently subjective in making sense of various organizational socialization facets for each component of the PC process (Rousseau, 2001; Sherman and Moley, 2015; Rousseau, et al, 2018; De Vos et al, 2003; Woodrow and Guest, 2017; Delobbe, et al, 2016; Helpap and Bekmeier-Geuerhahn, 2016; Chaudhry et al, 2009; Diehl and Coyle-Shapiro, 2019).

The third contribution represents the interplay between PCs to influence the reciprocal outcomes. The multiple PCs perceived with different members are not separated but rather interplay with each other to influence employee's reciprocal obligations in the organization, where the study explain and contribute to theoretical papers about the interplay between PC as a multifocal phenomenon (e,g: Laulie and Tekleab, 2016; Alcover, et al, 2016; Alcover, et al, 2017; Marks, 2001). Specifically, the interplay between individual PCs perceived with representatives, as well as, the interplay between individual PC and group PC perceived with reflectors (e,g: Crus, et, al., 2018; Schreuder, et al., 2020; Crus, et al, 2020; Tziner, et al., 2017). Besides, the research contributes to the underdeveloped area of the roles of ideologies in influencing PC, by identifying how beliefs in ideologies influence employees' beliefs in PC with the organization (Thomas, et al., 2016; Shore and Coyle-Shapiro, 2018). Alongside the contribution of identifying the underlying sensemaking facets that motive focal employee to perceive their PC through organizational socialization, the research also identifies the role of organizational social contexts in confirming focal employee perceptions about their PC. (Weick, 1995; De Vos, et al, 2005; De vos, 2005; Maitlis and Christianson, 2014; Costa and Coyle-Shapiro, 2021).

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