REVIEW ON PSYCHOLOGICAL CONTRACT 
AND EMPLOYEE MOTIVATION

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Abstract

With the rapid development of the world economy and science and technology, the condition of production and operation keeps changing. The psychological contract and employee motivation gradually move from the past idea to the latest rational management, which has been drawn attention by the academia and the industry. This article is written based on this background, in the analysis of the connection of the psychological contract and employee motivation, initially explored the relationship between the two complement each other, which is the psychological contract is the cornerstone of employee motivation, and employee motivation affects the psychological contract to build. This article summarises different aspects of psychological contract and shows how important it is for the current companies.

Keywords: Psychological Contract, Employee Motivation, Business Culture

INTRODUCTION

Background

In the organization's environment, the contract is a common social phenomenon which combines the individual and the organization. The behavior of each contracting parties will be bound by the provisions. For example: In business, the stuff have to make a certain contribution to the organization, meanwhile the organization should reward the employee's contribution. Although the staff and the organization signed a written employment contract which provides for mutual responsibility. But it cannot reflect the mutual responsibility of all the content. While for employees, on their own they should have understanding of what to do for the organizations and how much to pay, how much the organization should return to their own, which is one of the important factors for employee attitudes and behavior. Therefore, only understanding the mutual
responsibilities between employees and the organization by written is not enough. The inner content of the contract from the heart of employees must also be understood, which is the "psychological contract" field in the studies. The psychological contract is a psychological link between the employee and the organization which affects the employees' job satisfaction, organizational commitment, job performance and employee turnover, ultimately affects the organization's objectives to achieve results.

Research Outline
The article will include 2 parts: theory and development. The Theory part consists of concept, features, content, structure, etc, while the Development consists of formation, changes, and violation etc. The psychological contract in an organization is an important part of employee-organization relationship. Also, it is the link between the employee and the organization, it affects the employees' job satisfaction, organizational commitment, job performance and employee turnover, and ultimately affect the organization's objectives to achieve results.

THEORETICAL REVIEW
The Concept of Psychological Contract
The first scholar to bring the concept of psychological contract into the field of psychology is Argyris (1960) after the interview and analysis from two employees and leaders of factories. Then he propose the definition of psychological work contract. Since the leader have realized that even the most employees still working hard under the leadership of the negative, while employees will live in harmony, then it can be assumed between the employee and leader there can be called 'psychological contract work' relationship that if the captain can ensure respect for the rules and informal culture among employees, such as for employees autonomy, guaranteed to give adequate wages, to provide a stable work (which is also the needs of the workers), then the employee will remain relatively high productivity, discontent will be reduced. But Argyris just simplified psychological contract proposed such a concept, he did not make clear definition.

The concept of psychological contract were further discussed by Levinson et al. (1962), so as to be hailed as the "father of the psychological contract." Psychological contract is a kind of unwritten contract, it is the mutual expectations between organizations and employees of the sum. This concept serves to illustrate the relationship between employers and employees be able to predict the set of implicit, unspoken expectations. Some of these expectations have to be able to realize the obvious, such as salary expectations, as well as some of the more stable dark, unconscious but can indirectly reflect expectations as to future expectations and other opportunities to get promoted.
Schein (1965, 1980) also concerned about the psychological contract, and is defined as: in the organization, between each member and the different managers, and others, at any time, there is no express provision of a set of expectations. He pointed out that the existence of organizational and individual psychological contract two levels, but he also stressed that "although it is not explicitly written, but it is a powerful determinant of organization behavior." Psychological contract is relatively easy to define the individual level on up However, at the level of the organization to define the psychological contract has been on "what can and what level of expectation on behalf of the organization" is controversial.

For the debate on the tissue levels of psychological contract, Rousseau (1989, 1990) pointed out: the other side of the organization as a contract, provided psychological contract formed the background and the environment, but it itself does not have the processing form a psychological contract. Although the organization's agent (such as managers) may be psychological contract between employees and the organization have their own understanding, but they are not the real party in the contractual relationship. Based on this, Rousseau proposed narrow definition of Psychological Contract: psychological contract is in the context of the interaction between the organization and employees, individual employees for each other belief systems responsibilities and obligations. Some researchers like Rousseau believe that research on psychological contract should focus on employees' level, the organization also pointed out that as a party to contractual relations, its role is to provide psychological contract formation prospects and the environment, but it itself is an abstract system, and Elephant Man did not have the cognitive process of the formation of the psychological contract. So these researchers defined the psychological contract.

Currently in theory, the definition of the psychological contract has not been agreed (Guest, 1998), but most researchers regard as a kind of psychological contract between two parties to exchange the perceived commitment and responsibility. Psychological contract between employers and employees are aware of the contribution of the relationship between them and in this connection they made for each other's. (Herriot & Pemberton, 1995, 1997). Psychological Contract on defining the individual level is easier, however, to define the level of organization of the psychological contract has been on the "what and what level of organization to represent the expectations of" controversial.

Types of Psychological Contract
Psychological contract by the presence of different subjects divided into two categories: Employee Psychological Contract and Organizational Psychological Contract. And each
category contains two aspects: Organization of staff responsibility, saying the organization responsibility or employer liability; Employees of the responsibilities of the organization, said the employee liability or an employee responsibility.

The relationship between employees and the organization, in addition to the content of the formal employment contract provisions, but also the existence of implicit, informal, mutual expectations unpublished note, this is a psychological contract. If an organization only emphasizes economic contract, ignoring the psychological contract, employees often manifested in lower satisfaction, because all their expectations have not been met. They might reduce their contributions to the work.

On the other hand, if the employee's psychological expectations and economic aspirations can be met, they tend to experience the satisfaction willing to stay in this organization, and work hard. Psychological contract is also an important determinant of employee behavior. Although the labor contract as a contract for the establishment of conditions for consent of the parties, but for the employees affected, but the relationship between personal experience and characteristics of employees with the organization's history and the larger social context. These factors are intertwined, they constitute an integral part of the employment relationship - psychological contract. When employees feel negative emotions and subsequent behavioral and psychological contract breach when the enterprise is produced, the core group is an anger, the staff think they have been unfairly treated, it encourages individuals to re-evaluate their relationship with the organization, and organizational commitment, job involvement, job performance, job satisfaction and employee turnover are adversely affected.

Features of psychological contract

Subjectivity
Content psychological contract is the responsibility of individual employees for mutual recognition, or a kind of subjective feeling, rather than the fact that mutual responsibility itself.

Individual differences
For the relationship between the individual and his organizations have their own unique experiences and insights, therefore, individual psychological contract may be inconsistent with the content of the employment contract, may also be other person or third party (such as an organization's agent) to understand and explain inconsistent.
Dynamic

Formal employment contract is generally stable, with little change. But the psychological contract was in a constant state of change and revision. Any relevant work organization changes, whether physical or social, have an impact on the psychological contract; people working in an organization also affect the range of time covered by the psychological contract. The longer working hours, the content implied mutual expectations between employees and the organization and responsibilities of the more.

There are differences between the psychological contract and expectations. Psychological contract is not only desirable properties, including responsibilities and obligations and reciprocal commitments. It includes the contents of those employees believe they are entitled to and should get something. Distinguish between these two concepts have a practical significance, generated when the expectations are not realized mainly produce a more intense negative emotional responses and subsequent behavior disappointment, psychological contract breach, and its core is an anger, employees feel the organization treachery, they have been unfairly treated. It encourages individuals to re-evaluate their relationship with the organization, and organizational commitment, job performance, job satisfaction and employee turnover have an adverse effect.

First, the psychological contract parties not unilateral. Individual party expectations or beliefs constitute both the psychological contract. Wherein the parties can not only be individuals, groups and organizations may be. Second, the psychological contract is also desirable that tacit agreement of the parties. That is, the psychological contract is part of the agreed issues of common concern in the party. If their psychological expectations, beliefs and did not let each other perception was acknowledged, it is just a unilateral wishful thinking. Consensus was not reached expectations, beliefs do not belong to the category of psychological contract research. Third parties understand their rights such tacit agreements and obligations expected to be borne. If the other party does not fulfill the corresponding obligation of the rights of one's own damage, it will make some in the psychological and behavioral reactions. Fourthly, the parties did not express their expectations and promises by the apparent form orally or in writing directly and clearly, but in certain situations and cultural background, through mutual awareness, understanding and exchange of hint, and then psychologically a recessive agreements reached. The above three reflect the above meaning of the "contract" essential attribute of this genus concept, except verbal contract sucked Fourth psychological contract and other belong to different species, written contracts and other off essential attribute.
The content of psychological contract

Robinson, Kraatz, Rousseau (1994) did some empirical studies in the contents of psychological contract. Staff believes that the seven factors of the responsibility of the organization are: Enrichment work, fair wages, growth opportunities, promotion, adequate tools and resources to support the work environment, and attractive benefits [9]. While staff believes that eight projects of employees' responsibility are: Loyalty, work overtime voluntarily to do those tasks required of non accept moving requirements, competitors refused to provide support, protection of private information organization, advance notification before leaving, in the organization of work at least two years.

Most researchers and practitioners believe that the content of the psychological contract in recent years, great changes have taken place. Hiltrop (1995) using a model of these changes are summarized [10], which is divided into eight categories: Focus, Forms, Foundation, Responsibilities of employers, Responsibility of employees, Contractual relationship and Career Management. They generalize on the basis of interviews with 25 projects cluster analysis, seven projects using factor analysis also proved the existence of seven factors.

Dimensions of psychological contract

Two-dimensional structure

MacNeil (1985) proposed a conceptual contractual relationship is divided into two categories: transactional and relational. Relational psychological contract is employment contains both socio-emotional openness structure. Transactional psychological contract is a highly concerned about the structure of short-term economic factors. High performance teams always stand in the between of Relational psychological contract and Transactional psychological contract. Robinson, Kraatz, Rousseau (1994) conducted an empirical study, based on the content of the psychological contract research, factor analysis, we found two significant factors, namely: transactional factor and relational factor. Transactional factor reflects the employee to work overtime, work duties outside the cost, in exchange for high compensation, performance incentives, training and career development organizations, based on economic exchange based on contractual relations. Relational factor reflects the employee to work long-term, loyal and willing to accept the cost of internal work adjustment, in exchange for long-term job security organizations, community based emotional exchange based on contractual relations. Employees should bear the responsibility for their own beliefs, and organizational responsibilities for belief in this process, the extent of employees will double master to perform the contract were compared.
Robinson et al. (1994), Millward and Hopkins (1998), Rousseau and Tijoriwala (1999) are based on the study of Rousseau dimension psychological contract empirical research, although the results of each factor included in the content slightly there are different, but all strong evidence - the presence of "trading relationship" two-dimensional structure, precisely because of this, in Western countries, mainly the US and the UK, many studies have directly "deal - contract" model is based on the psychological issues were discussed about. Based on Rousseau's "transaction - relationship" contract model, Chen Jiazhou (2001) surveyed more than 1,000 different companies, different sectors of employees in Guizhou Province, and found a similar relationship between the transaction component and two component factors: Reality Factor and Development factor. Reality Factor refers to the organization and employees mutual burden of maintaining the normal activities of the other current necessary for current obligations. Development factor refers to the organization and employees mutual burden of maintaining long-term development necessary for other future obligations. Chen also pointed out that, because of cultural differences, our employees' psychological contract content and the West is different. For example, the organization's loyalty belongs to the relationship factor in study abroad, and in our study, which covers the basic work ethic among. To distinguish the sake of these two factors, the researchers named "reality factor" and "development factor."

Three-dimensional structure
Rousseau & Tijorimala (1996) proposed three-dimensional structure of psychological contract: Trading dimension, relational dimension, the dimension team which emphasis on interpersonal between employees and organizations to support and care, build a good interpersonal environment. Lee, C & Tinsley CH (2000) described in the psychological contract under the Chinese cultural background of individuals formed in contact with others, concern for others with the help of a component can not be ignored. At the same time individuals expect from the home of the organization, respect and caring, interpersonal linkages between. Li Yuan, Guo Dejun (2002) conducted it as standard responsibility, developmental responsibility, interpersonal type responsibility.

THE DEVELOPMENT
The Forms of psychological contract
Employee psychological contract formation process is influenced by a number of factors, these factors in general can be divided into two categories: external factors from the social and environmental aspects of the organization, from the intra-individual factors. Constitute the social environment in a society in which people have a broad understanding and belief responsibilities,
obligations, rights, it is the formation prospects and operating conditions of psychological contract. Social environment, including socio-cultural, social norms, social morality and law. Information provided by the organization includes relevant personnel, organizational policy described in the recruitment of hiring, organizing public statements of executives, employees for superiors and colleagues observed the words and deeds, and so on. Social cues from other colleagues in the organization or team member information. They provide information about the formation of the contract, and deliver consistent understanding of the entry contract, while affecting the individual activities of the organization explained.

Enterprise employees in different organizations psychological contract is a big difference, only differential treatment in order to effectively manage employee psychological contract, work to improve the performance of employees and retain key employees. The method of classification there are many psychological contract, according to the time dimension and performance requirements of the psychological contract is divided into four types: transactional, change, balanced, relational.

Outstanding employees with transactional psychological contract and variations, it is very easy to drain. For transaction-based staff, a clear mandate, high turnover, low organizational commitment and identity characteristics, such as the employment of temporary staff in the organization should be minimal provided the appropriate position, if possible, the relevant tasks outsourced deal with. Such employee's psychological contract, organizational responsibility, the timeliness requirements of short-term remuneration and commitment is high, and paid little attention to the long-term benefits, companies should be targeted to the development of remuneration policy, the implementation of dynamic management. Temporary employment contract can be converted growing based on performance, even fixed contract staff to enhance their sense of identity for the organization. For the type of staff changes, with high job uncertainty, high volatility and high turnover characteristics generally have to deal with one of the more outstanding employees when the acquisition and restructuring of the organization as soon as possible a clear mandate, or sign labor contracts as soon as possible.

For balanced employees with high organizational commitment, high organizational identity, and constantly self-development, strong sense of collaboration features, working in the organization a long time, such as the backbone of the team members. For relational employees, in addition to having a balanced type of features, but also has a strong sense of identity and stability of strong features, working in an organization for a long time. As a member of the family business, or business executives. Employees with balance and relational features, often is the core staff and long time working in the enterprise, the enterprise's business model, so a better understanding of customer resources. After their psychological contract violation, the
organization’s emotional investment reduction, strengthening transactional components, serious, or even termination of their work, and once these staff turnover, leading to the replacement cost of human resources is very high, the enterprise is also very hurt.

Changes of psychological contract
Freese & Schalk (1996) on the basis of the study put forward: the normal situation for employees to organize content they provide employees with cognitive content considered themselves as organizations are balanced, in this context, but there may be some fluctuation accepted by both parties, no need to modify the content of the psychological contract (ie, balanced). When employees feel content organization (or employee) provided beyond the approved scope of (positive or negative), two possibilities occurs: either to revise the psychological contract (modification type), form the content of some of the past new and different contract; or termination of existing psychological contract (abandon type).

Thomas & Anderson (1998) examined the change in army recruits British forces in the organization of society in the psychological contract content, found that "newcomers" psychological contract generally closer to social norms veterans, changing content in particular, the first eight weeks of the most significant. In the process of socialization, "Get the information society" is an important factor. Therefore, the organization during this period with the new members to fully communicate and exchange for mutual understanding and responsibility to establish mutual relations is crucial. With the development of career employees, employees' psychological contract also changes. American organizational psychologist Edgar Schein (2010) analysis, said: people just entering their careers, their needs and expectations mostly revolves around "self-test" happen, they need to figure out yourself how much skill, the ability to really contribute for the organization. Therefore, they want to organize their own burdens. When they see their always do some meaningless, ancillary even menial jobs, they will feel a great disappointment. And after a year-old man, in the latter part of his career, the psychological contract is implicit expectations may get attention and care.

Violation of Psychological Contract
Currently, the psychological contract violation has become a hot topic. many studies show that a lot of turnover phenomenon because of the emergence of employee psychological contract breach. Studies have shown that psychological contract violation because of: (A) In order to adapt to the current fierce competition and ever-changing external environment, most organizations have to change the existing management, personnel structure and employment, these changes increase the possibility of existing psychological contract is violated prepared.
(B) Environmental change also increases the possibility of the organization staff misunderstanding, even in the absence of objective psychological contract breach device, and may think that this situation appeared subjective. Staff psychological contract violation would bring a considerable impact on the organization, such as loss of enthusiasm for work, turnover intention appears, an increase in theft, etc. Therefore, contrary to a certain extent, more worthy of concern corporate psychological contract.

Sometimes the psychological contract between employees and employers break, which is called Psychological Contract Breach. Psychological contract is the individual's subjective perception and beliefs. Due to the different individual experiences, about the psychological contract content cognitive schemata formed in mind there are some differences. If an employee is hired before, between organizations and not adequately exchange and communication. They are likely to lead to the organization agents differences in the understanding of the contract commitment or responsibility. This divergence greater the likelihood of psychological contract breach produce correspondingly greater. In the employment relationship. Sometimes, because of the impact of individual and organizational power asymmetry and other factors. Organization executives will weigh from a utilitarian point of view. Further may vandalism psychological contract with employees. As in the case of well-run organization intentionally or cut wages in arrears. In this case, when employees perceive the organization, while having the ability to honor the commitments made to employees when they do not want to fulfill the commitment or responsibility. Will most likely lead to psychological contract breach generation.

In business practice, the exact definition of the psychological contract, effectively measure the psychological contract is a prerequisite for effective management of psychological contract, but so far on the definition of the concept of psychological contract, as well as the measurement of psychological contract are present controversy, but can not form unified psychological contract measurement scale, making it difficult to expand the empirical study, the results obtained are also difficult to carry out a comprehensive and compared. Currently the vast majority of psychological contract research conducted on an individual perspective, few studies have investigated mutual responsibility from the perspective of cognitive organization, which means that the whole picture is not completely outline the psychological contract content. They are organized for awareness of “mutual responsibility” as a basis for policies and systems, from this perspective, the perspective of psychological contract research organizations also have important guiding significance for the practical management. Rousseau et al narrowly defined for empirical research contributed to expand, but also to some extent deviated from the original intention Argyris, Schein et al bidirectional implied reciprocity agreement. In my opinion, in order to understand the origin and extent of the individual employee awareness of mutual
responsibility, not only to research and sometimes individual employees, but also to study business owner or representative (such as managers).

**Suggestions for Companies to Avoid Violation**

First, standardize HR management practices to conform to the characteristics of employee psychological contract. Many companies in the recruitment, unwilling comprehensive information about the situation of enterprises, leading to psychological contract employees of enterprises undesirable status quo. The study showed that, within two years of graduate work the first time, more than half of the staff reflect their psychological contract with one or several of the breach. Secondly, we must coordinate the consistency of human resources management department and line managers Human Resources Administration. Many line managers within the department to consider the issue from the perspective of the work, often inconsistent with the global and human resource management policies and behavior, leading to a variety of psychological contract breach occurred. More typically in the performance appraisal, the same key indicators due to the excellent staff in different departments in different performance measurement, and produce the assessment results to differ materially.

Then, when the business of significant change, managers should strengthen communication with staff. After the business change, most organizations have to change the existing management and personnel structure and employment relations, these changes will increase the likelihood of existing psychological contract has been breached. In addition, environmental changes also increased the likelihood of staff of the organization misunderstanding. Under these conditions, there should be a special communication channels for staff to explain and illustrate, slow staff emotional experience, reduce the subsequent behavior of employees in the psychological contract breach, it is not conducive to the organization. Finally, it is emphasized that, in the organization's environment, in addition to the psychological contract between employees and the organization as a human resources manager, there are some psychological contract equally worthy of study, such as the psychological contract between team members, employees and new companion, the psychological contract between employees and customers and so on.

**The Research Trend of Psychological Contract**

Psychological contract affected by the level of three factors: the individual level, the level of organization and social levels. Obviously, different social structures and cultural factors influence the content and characteristics of the psychological contract. But most studies focus on the Western countries, in the West social environment to Westerners as subjects of study.
results may not apply to Western society outside. China’s cultural, social and economic backgrounds are very different from Western countries, Chinese psychological contract employees in the content, structure, and dynamics of the factors What are the characteristics, which should be the focus of future domestic research. A key feature of employee psychological contract is dynamic, its contents will change over time and conditions. Large number of foreign studies have shown that when employees a "psychological contract violation" feeling, it will negatively affect the employees treat responsibility of the organization and their attitude to the work and organization, we can see similar formal contract failure rate, the psychological contract dishonesty or breach is also a price to pay. Because of the process of law and thus to study changes in the dynamic development of the psychological contract is important for the actual management of the enterprise. However, China’s research in this field is still blank.

Although the current domestic and foreign literature in this area is increasing, and empirical research, in its content, structure, dynamics and factors influencing the development of more and more areas, but on the whole development in this area is still at the primary level, there are also a lot of problems. At present, the research literature mostly focused on the practical application of the theory and the theory, very few empirical studies of the psychological contract to domestic enterprises and employees have certain subjectivity and individual differences, not relevant empirical research is does not really understand the situation of an enterprise psychological contract, this should be the urgent need to improve aspects of domestic research.

WAY FORWARD

Many researchers also noted that the organization’s environment, in addition to the psychological contract between employees and organizations, as well as some of the psychological contract between equally deserving of study, such as the psychological contract between team members, employees and new companion psychological contract, psychological contract between employees and customers and so on. These studies will undoubtedly enrich our understanding and prediction for the organization employee attitudes and behavior. In the future, the topic of Psychological Contract will become a multidisciplinary research field penetration is an important tool for people in the past reveal inner psychological phenomena contract law. Interaction of psychological contract from the interests of both the body and the relationship between the formation of the contract term, the introduction of modern game theory and contract economics theory, the use of multi-disciplinary theory of psychological contract construction and implementation mechanisms, will become a systematic study of the psychological contract the basic trend.
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