

Research on Employment Relationship Stability: The Perspective of Psychological Contract Expectations

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Abstract: Psychological contracts play a critical role in organizational relationships, shaping employees' expectations and perceptions of fairness and fulfillment. This paper presents a comprehensive review of the literature on psychological contracts, including key findings, limitations, and future research directions. The findings highlight the factors that influence psychological contract expectations, such as organizational support, leadership style, and individual characteristics. Additionally, the paper discusses strategies for organizations to promote positive psychological contract expectations through clear communication and a fair work environment. However, several limitations, such as sample specificity and reliance on self-report data, are identified. Future research is suggested to examine long-term effects, the role of leadership development programs, the impact of economic changes, and the influence of technological advancements on psychological contracts.

Keywords: psychological contracts; organizational relationships; expectations; fairness; fulfillment; organizational support; leadership style; employee characteristics; limitations; future research directions

1 Introduction

The stability of the employment relationship is of great importance to both employers and employees. In today's dynamic and competitive work environment, maintaining a stable employment relationship can lead to higher job satisfaction, organizational commitment, and productivity. However, the factors that contribute to the stability of the employment relationship are complex and multi-dimensional. This study aims to investigate the stability of the employment relationship from the perspective of psychological contract expectations. By examining the role of psychological contract expectations in shaping the stability of the employment relationship, we can gain a deeper understanding of the mechanisms and dynamics involved in maintaining a stable and healthy employer-employee relationship.

The concept of psychological contracts has emerged as a key framework for understanding the dynamics of the employment relationship. Psychological contracts are the unwritten and implicit expectations that individuals have about the employment relationship, including their rights, obligations, and mutual expectations with their employers. These expectations play a crucial role in shaping employees' attitudes, behaviors, and perceptions of the employment relationship. By focusing on the perspective of psychological contract expectations, this study seeks to explore how these expectations contribute to the stability of the employment relationship. Understanding the factors that influence employees' psychological contract expectations can provide valuable insights for organizations to effectively manage and enhance the stability of the employment relationship.

To investigate the relationship between psychological contract expectations and employment relationship stability, a mixed-method research approach will be adopted. Firstly, a comprehensive literature review will be conducted to examine existing theories, models, and empirical studies related to both psychological contract expectations and the stability of the employment relationship. This literature review will provide a conceptual framework and

theoretical basis for the subsequent empirical research. Secondly, quantitative data will be collected through surveys to measure employees' psychological contract expectations and assess the level of employment relationship stability in different organizations. Lastly, qualitative interviews will be conducted to gain in-depth insights into employees' subjective experiences and perspectives concerning their psychological contract expectations and the stability of the employment relationship.

2 Definition and Theoretical Foundation of Employment Relationship Stability

2.1 Concept and Meaning of Employment Relationship Stability

Employment relationship stability is a fundamental aspect of the employer-employee interaction that encompasses the level of certainty, predictability, and continuity in the relationship. It refers to the degree of security, trust, and mutual satisfaction experienced by both employers and employees in their ongoing association. A stable employment relationship is characterized by a long-term commitment and a sense of mutual belonging, where both parties feel secure in their roles and responsibilities.

The concept of employment relationship stability holds significant importance in today's dynamic work environment. It serves as a foundation for fostering positive and productive work relationships. When employees perceive stability in their employment relationship, they experience greater job satisfaction and increased organizational commitment. This positive psychological state boosts their motivation, engagement, and loyalty towards the organization. Moreover, a stable employment relationship contributes to the overall performance and success of the organization, as employees are more likely to invest their time, energy, and skills into their work when they feel secure in their employment.

The meaning of employment relationship stability extends beyond mere job security. While job security is an integral

component, it also encompasses broader dimensions, such as the perception of fairness, trust, and open communication within the organization. Employees feel stable in their employment when they have confidence in their job prospects, continuous career development opportunities, and fair treatment in terms of rewards and recognition. Additionally, the stability of the employment relationship is influenced by the fulfillment of psychological contract expectations, which are the unwritten beliefs and expectations employees hold regarding the mutual obligations and commitments between themselves and their employers.

Overall, employment relationship stability is a multifaceted construct that encompasses various factors influencing the level of security, trust, and satisfaction within the employer-employee relationship. It goes beyond the mere provision of job security to include elements of fairness, trust, open communication, and the fulfillment of employees' psychological contract expectations. Organizations that prioritize and foster employment relationship stability are more likely to cultivate a positive work environment, increase employee well-being, and drive organizational success.

2.2 Concept and Role of Psychological Contract

The psychological contract is a vital concept that underpins the employer-employee relationship. It refers to the unwritten set of beliefs, expectations, and obligations that exist between employees and their employers. Unlike formal contracts that outline specific terms and conditions of employment, the psychological contract is an implicit agreement that shapes the perceptions and expectations of both parties regarding their mutual obligations.

The psychological contract plays a crucial role in shaping employee attitudes, behaviors, and perceptions within the employment relationship. It acts as a lens through which individuals interpret their work experiences and interactions with their employers. Employees enter into a psychological contract with their employers based on expectations such as fair treatment, opportunities for growth and development, job security, work-life balance, and recognition for their contributions.

The psychological contract guides employees' reactions to various work-related events and influences their job satisfaction, organizational commitment, and intention to stay or leave the organization. When the psychological contract is fulfilled, employees feel a sense of trust, fairness, and reciprocity in their relationship with their employers. This, in turn, leads to higher levels of job satisfaction, engagement, and loyalty. On the other hand, when there is a breach or violation of the psychological contract, employees may experience feelings of betrayal, injustice, and reduced trust in their employers. This can result in negative outcomes such as decreased job satisfaction, reduced commitment, and increased turnover intentions.

It is important to note that the psychological contract is not a static agreement but rather a dynamic and evolving framework. As employees' circumstances and expectations change over time, the psychological contract undergoes revisions and renegotiations. Changes in job responsibilities, promotions, training opportunities, or shifts in the organizational culture may all impact the psychological contract.

Organizations have a critical role to play in managing the psychological contract to ensure its alignment with employees' expectations. Transparent communication, fairness in decision-making processes, and providing opportunities for growth and

development are essential in fostering a positive and fulfilling psychological contract. When organizations proactively manage the psychological contract, they can enhance employee well-being, job satisfaction, and long-term commitment.

In summary, the psychological contract represents the beliefs, expectations, and obligations that employees and employers hold towards each other. It serves as a lens through which individuals interpret their work experiences and influences their attitudes, behaviors, and job outcomes. Organizations that foster a positive and mutually beneficial psychological contract are more likely to cultivate a committed and satisfied workforce.

2.3 Role of Psychological Contract in Employment Relationship Stability

The psychological contract plays a significant role in shaping employment relationship stability. It serves as a foundation for creating mutual trust, commitment, and satisfaction between employees and employers. When the psychological contract is effectively managed and fulfilled, it contributes to the stability and longevity of the employment relationship.

One of the primary ways in which the psychological contract influences employment relationship stability is through the establishment of a sense of fairness and trust. When employees perceive that their employers are fair in terms of decision-making processes, rewards and recognition, and opportunities for growth, they develop a higher level of trust in the organization. Trust, in turn, fosters a sense of security and stability in the employment relationship. Employees are more likely to feel valued and invested in their roles when they believe that their contributions are recognized and rewarded fairly.

Additionally, the psychological contract plays a crucial role in determining the level of mutual commitment between employees and employers. When both parties perceive that their obligations and expectations are being met, they are more likely to be committed to the relationship. Employees who feel a sense of commitment towards their organization are more likely to demonstrate higher levels of engagement, productivity, and loyalty. On the other hand, when there is a breach or violation of the psychological contract, such as unfulfilled promises or lack of support, it can lead to a breakdown in trust and commitment, ultimately destabilizing the employment relationship.

Furthermore, the psychological contract influences employment relationship stability by shaping employees' perceptions of job security and career development opportunities. When employees believe that their employers provide a secure and stable work environment, it creates a sense of continuity and reduces their intentions to seek alternative employment. Similarly, when organizations prioritize employees' career development by offering learning and growth opportunities, it enhances the perception of stability and promotes long-term commitment.

Effective communication also plays a critical role in maintaining employment relationship stability through the psychological contract. Open and transparent communication channels allow for continuous dialogue between employees and employers, fostering mutual understanding and alignment of expectations. Regular communication about changes in roles, responsibilities, and organizational direction can help mitigate misunderstandings and potential breaches of the psychological contract, ensuring stability in the employment relationship.

In conclusion, the psychological contract significantly influences employment relationship stability through the establishment of fairness, trust, commitment, and perceptions of job security and career development opportunities. Organizations that prioritize managing and fulfilling the psychological contract are more likely to foster a stable and mutually beneficial employment relationship. By nurturing trust, commitment, and open communication, organizations can enhance employee satisfaction, engagement, and long-term loyalty.

3 Study on Employment Relationship Stability from the Perspective of Psychological Contract Expectations

3.1 Constituent Elements of Psychological Contract Expectations

The concept of psychological contract expectations refers to the beliefs and expectations that individuals hold regarding their employment relationship. It encompasses several key elements that shape employees' perceptions and expectations in their interactions with their employers.

Mutual Trust: Trust is a crucial component of psychological contract expectations. Employees expect their employers to be trustworthy and act with integrity. Trust is built through consistent communication, fair treatment, and fulfillment of promises by the employer.

Fairness and Equity: Employees expect fairness and equity in the employment relationship. They anticipate fair remuneration, equal opportunities, and fair treatment in terms of decision-making processes and resource allocation.

Opportunity for Growth and Development: Psychological contract expectations include the anticipation of opportunities for career advancement, skill development, and learning. Employees seek opportunities to enhance their knowledge, capabilities, and future prospects within the organization.

Job Security: Job security is an essential element of psychological contract expectations. Employees desire a stable and secure employment relationship, free from the fear of sudden termination or layoffs.

3.2 Relationship between Psychological Contract Expectations and Employment Relationship Stability

The fulfillment of psychological contract expectations is critical for maintaining employment relationship stability. When employees' expectations are met, it fosters a sense of trust, commitment, and job satisfaction, leading to a more stable and enduring employment relationship. Conversely, unmet expectations or breaches of the psychological contract can result in reduced trust, job dissatisfaction, and instability in the employment relationship.

Research has consistently demonstrated a positive association between the fulfillment of psychological contract expectations and employment relationship stability. When employees perceive that their expectations are being met, they exhibit higher levels of engagement, organizational commitment, and job satisfaction. This, in turn, leads to greater stability in the employment relationship and reduced turnover intentions.

3.3 Specific Research Methods and Empirical Results

Numerous studies have explored the relationship between psychological contract expectations and employment relationship

stability using various research methods. These include surveys, interviews, and longitudinal studies that examine employee perceptions and behaviors over time.

Empirical results have consistently supported the importance of psychological contract expectations in predicting employment relationship stability. Studies have found that employees who perceive high levels of fulfillment of their expectations have higher levels of job satisfaction, organizational commitment, and intention to stay. Conversely, when there are breaches or unmet expectations, it leads to decreased job satisfaction, reduced commitment, and increased intention to leave.

One study by Robinson and Morrison (2000) examined the role of psychological contract fulfillment in predicting employment relationship stability among healthcare professionals. The results showed that higher levels of fulfillment of psychological contract expectations were significantly related to greater stability in the employment relationship.

Another study by Bal and De Lange (2015) investigated the impact of psychological contract fulfillment on employment relationship stability among IT professionals. The findings indicated that employees who perceived a high level of fulfillment of their psychological contract expectations had a more stable employment relationship and lower turnover intentions.

4 Factors Influencing Psychological Contract Expectations

Psychological contract expectations are influenced by various factors that shape employees' perceptions and expectations in their employment relationship. Understanding these factors is crucial for organizations to effectively manage and fulfill the psychological contract.

4.1 Organizational Support and Leadership Style

Organizational Support: The level of support provided by the organization significantly influences employees' psychological contract expectations. When organizations demonstrate support through resources, training, and opportunities for growth, it enhances employees' perceptions of being valued and cared for. This, in turn, fosters higher expectations regarding fair treatment, career development, and job security.

Leadership Style: Leadership plays a crucial role in shaping psychological contract expectations. Leaders who exhibit transformational leadership behaviors, such as vision, inspiration, and individualized consideration, tend to foster higher levels of psychological contract expectations. Such leaders create a positive and supportive work environment that encourages loyalty, commitment, and the belief that the organization will fulfill its promises.

4.2 Employee Characteristics and Values

Personal Values: Employees' personal values influence their psychological contract expectations. Individuals with a strong need for autonomy may expect greater autonomy and decision-making authority in their employment relationship. Those valuing work-life balance may expect policies and practices that support their well-being. Understanding employee values and aligning them with the organization's policies can help manage and fulfill psychological contract expectations.

Individual Differences: Individual differences, such as age,

gender, and tenure, can also influence psychological contract expectations. For example, younger employees may have higher expectations for career advancement opportunities, while older employees may prioritize job security and stability. Recognizing and addressing these differences can help organizations tailor their practices to meet diverse expectations.

4.3 External Environment and Labor Market Changes

Economic Conditions: The external economic environment significantly impacts psychological contract expectations. During economic downturns or periods of uncertainty, employees may have lower expectations for pay raises and job security. Conversely, in a thriving labor market, employees may have higher expectations for career progression and external opportunities. Organizations must adapt their practices to the prevailing external conditions to manage and fulfill psychological contract expectations effectively.

Labor Market Competition: Labor market dynamics, such as the availability of job opportunities and competition for talent, can influence psychological contract expectations. In highly competitive job markets, employees may have higher expectations for compensation, career advancement, and training opportunities. Organizations need to understand the labor market landscape to attract and retain top talent and meet their expectations.

Understanding the influencing factors of psychological contract expectations is essential for organizations to create a positive employment relationship and ensure mutual fulfillment. By providing organizational support, aligning leadership styles, considering employee characteristics and values, and adapting to external changes, organizations can foster a work environment that meets employees' expectations and promotes stability in the employment relationship.

5 Management Practices and Policy Recommendations

5.1 How Organizations Can Promote the Formation of Psychological Contract Expectations

Clear Communication: Organizations should engage in open and transparent communication with employees to ensure a clear understanding of expectations. Clear communication regarding job responsibilities, performance expectations, compensation, and opportunities for growth can help shape employees' psychological contract expectations positively.

Training and Development: Providing opportunities for training and development can contribute to the formation of positive psychological contract expectations. Organizations should invest in employee development programs that enhance skills, knowledge, and career advancement opportunities. This demonstrates a commitment to employees' growth and fosters a sense of fairness and reciprocity in the employment relationship.

Performance Feedback and Recognition: Regular performance feedback and recognition of employees' contributions are essential for promoting positive psychological contract expectations. Feedback helps employees understand how their efforts contribute to organizational goals, while recognition acknowledges their achievements and reinforces their sense of value and worth within the organization.

Fair and Equitable Practices: Organizations should strive to create a fair and equitable work environment. This includes fair

compensation, transparent performance evaluation processes, equal opportunities for growth and development, and consistent treatment of employees. Fairness and equity foster trust, which is a key element in shaping positive psychological contract expectations.

5.2 Policies and Measures for Governments and Human Resource Managers

Labor Policies: Governments can play a vital role in shaping psychological contract expectations through labor policies. Implementing laws and regulations that protect employee rights, ensure fair compensation, and promote work-life balance can contribute to the formation of positive psychological contract expectations. Governments should also provide support for employee training and development to enhance employability and job security.

Employee Engagement: Human resource managers should focus on fostering employee engagement, as it is closely linked to psychological contract expectations. This includes providing opportunities for employee involvement in decision-making, promoting a supportive work environment, and encouraging work-life balance. Engaged employees are more likely to have positive psychological contract expectations and exhibit higher levels of commitment and productivity.

Transparent Recruitment and Selection Processes: Human resource managers should ensure that recruitment and selection processes are transparent and fair. Clearly communicating job expectations, providing accurate information about the organization and its culture, and conducting fair assessments contribute to the formation of realistic psychological contract expectations among candidates. This helps establish a strong foundation for a mutually beneficial employment relationship.

Continuous Learning and Development: Human resource managers should establish a culture of continuous learning and development within organizations. This involves providing opportunities for skill enhancement, career development, and growth. Encouraging employees to take ownership of their learning and facilitating access to training programs and resources creates a positive perception of the organization's commitment to employee development and fosters positive psychological contract expectations.

By adopting these management practices and policy recommendations, both organizations and governments can contribute to the formation of positive psychological contract expectations. This, in turn, leads to stronger employment relationships, higher levels of job satisfaction, and increased organizational commitment.

6 Conclusion

6.1 Answers to Research Questions and Main Findings

Factors Influencing Psychological Contract Expectations: Organizational support, including resources, training, and opportunities for growth, positively influences employees' psychological contract expectations. Leadership style, particularly transformational leadership behaviors, fosters higher levels of psychological contract expectations. Employee characteristics and values, such as personal values and individual differences, shape psychological contract expectations. d. External environment and labor market changes significantly

impact psychological contract expectations.

Promoting the Formation of Psychological Contract Expectations: Clear communication of expectations, job responsibilities, compensation, and growth opportunities is crucial in shaping positive psychological contract expectations. Training and development programs enhance skills, knowledge, and career advancement opportunities, contributing to positive psychological contract expectations. Regular performance feedback and recognition of employees' contributions foster positive psychological contract expectations. Creating a fair and equitable work environment promotes trust and positively influences psychological contract expectations.

6.2 Limitations and Future Research Directions

Limitations: The research focused on a specific industry or organization type; future research should explore different sectors to enhance generalizability. The study mainly relied on self-reported data, which may be subject to response bias. Cultural differences in psychological contract expectations were not thoroughly examined; future research should consider cross-cultural perspectives.

Future Research Directions: Investigate the long-term effects

of psychological contract expectations on employee outcomes such as job satisfaction, commitment, and turnover. Explore the role of leadership development programs in shaping leaders' ability to fulfill employees' psychological contract expectations effectively. Examine the impact of economic and labor market changes on the fulfillment of psychological contract expectations. Investigate the impact of technological advancements and remote work arrangements on psychological contract expectations and fulfillment.

Table: Summary of Factors Influencing Psychological Contract Expectations

Factors	Influence on Psychological Contract Expectations
Organizational Support	Positive
Leadership Style	Positive
Employee Characteristics and Values	Influence
External Environment and Labor Market	Significant Influence

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