

## Chapter 7

# Reducing the Negative Effects of Psychological Contract Breach during Management–Imposed Change: A Trickle–Down Model of Management Practices

**Melanie De Ruiter**

*Nyenrode Business Universiteit, The Netherlands & Tilburg University, The Netherlands*

**Robert J. Blomme**

*Nyenrode Business Universiteit, The Netherlands*

**René Schalk**

*Tilburg University, The Netherlands & North West University, South Africa*

### ABSTRACT

*Employees' experiences of psychological contract breach (PCB) contribute substantially to the failure of change initiatives. Consequently, if organizational leaders want to successfully implement change efforts, it is imperative that they attend to these negative perceptions. Managers can provide different types of support to employees who have experienced PCB. However, during management-imposed change, direct managers at the mid-level of the organization face a number of challenges that may impede their ability or willingness to provide this support. Existing approaches to managing top-down change initiatives offer recommendations regarding leadership, communication and interpersonal and informational justice. Yet, by failing to consider the negative effect middle managers' competing roles have on their inclination or ability to address employee experiences of PCB, these suggestions are limited in scope. Drawing upon the literature on trickle-down effects, it is suggested that senior managers play an important, albeit indirect role in reducing the negative effects of PCB.*

DOI: 10.4018/978-1-4666-9533-7.ch007

## INTRODUCTION

The widespread failure of organizational change initiatives is frequently ascribed to employees' negative attitudes and behaviors toward change (e.g., Georgalis, Samaratunge, Kimberley, & Lu, 2014; Hill, Seo, Kang, & Taylor, 2012; Shin, Taylor, & Seo, 2012). More specifically, employees who experience negative change-related attitudes and behaviors are likely to become antagonistic toward change and unwilling to employ behaviors in support of accomplishing the new strategic goals set out by top management (Shin et al., 2012). Moreover, employees' negative responses to change initiatives are harmful for organizations as they are generally related to negative outcomes including diminished performance and withdrawal behaviors (Peus, Frey, Fischer, Gerkhardt, & Traut-Mattausch, 2009). Considering that unsuccessful change initiatives lead to substantial losses for organizations in terms of money and resources (Georgalis et al., 2014), it is essential to determine why employees experience negative attitudes and behaviors in the context of organizational change and, more importantly, how these unfavorable responses can be attenuated.

Several scholars have drawn upon the psychological contract framework to explain why employees experience negative attitudes and behaviors in response to organizational change. Empirical research (e.g., Freese, Schalk, & Croon, 2011; Pate, Martins, & Staines, 2000; Turnley & Feldman, 1998) shows that as a result of organizational change initiatives, employees often experience psychological contract breach (PCB) or the "perception that the organization has failed to fulfill promised obligations" (Bordia, Restubog, Bordia, & Tang, 2010, p. 1579). The negative effects of PCB on employee outcomes, including satisfaction, commitment and turnover intentions, are well documented (e.g., Zhao, Wayne, Glibkowski, & Bravo, 2007) and are likely to contribute considerably to the high failure rate of organizational change initiatives. Surprisingly, however, there is a lack of theory and research on how organizations undertaking change exercises should attend to employee experiences of PCB.

Immediate managers can provide support to employees who have experienced PCB (e.g., De Ruiter, Schalk, & Blomme, 2013) by, for example, providing accurate explanations of why the organization failed to keep its commitments (e.g., Petersitzke, 2009; Rousseau, 1995; Zagenczyk, Gibney, Kiewitz, & Restubog, 2009) or through acting as a spokesperson by liaising with upper management (e.g., Baccili, 2001; Restubog, Bordia, & Bordia, 2011). Despite the direct manager's important role in attending to employee experiences of PCB, in the context of management-imposed change, it is exceedingly difficult for a manager to reduce the negative effects of PCB by one's own effort. For example, during management-imposed change initiatives, top management often fails to adequately communicate about or involve managers in the change process (Conway & Monks, 2011), which makes it very difficult for managers to adequately explain to their subordinates why the organization is unable to fulfill (some of) its obligations. Top management's failure to adequately communicate and involve managers in the change process thus prompts a "trickle-down effect" (Ambrose, Schminke, & Mayer, 2013, p. 678). That is, senior executives' failure to provide justifications for decisions regarding the change initiative to managers subsequently affects the way in which managers treat employee concerns about perceived breaches of organizational obligations, which in turn affects employee attitudes and behaviors. Consequently, we suggest that in the context of top-down organizational change, the behaviors and practices employed by higher management play an indirect role in reducing (or exacerbating) negative employee responses to PCB. There is, however, hardly any theory or research available on the ways in which managers at different hierarchical levels work together to achieve successful change implementations (e.g., Hill et al., 2012; Seo et al., 2012). In this chapter, we address this issue from a psychological contract perspective.

19 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

[www.igi-global.com/chapter/reducing-the-negative-effects-of-psychological-contract-breach-during-management-imposed-change/140326](http://www.igi-global.com/chapter/reducing-the-negative-effects-of-psychological-contract-breach-during-management-imposed-change/140326)

## Related Content

---

### The Market for CSR Practices: Issues and Challenges for the Food Sector

Irene Daskalopoulou (2016). *International Journal of Food and Beverage Manufacturing and Business Models* (pp. 28-39).

[www.irma-international.org/article/the-market-for-csr-practices/145323](http://www.irma-international.org/article/the-market-for-csr-practices/145323)

### Planning for Success

(2018). *Motivationally Intelligent Leadership: Emerging Research and Opportunities* (pp. 105-116).

[www.irma-international.org/chapter/planning-for-success/187569](http://www.irma-international.org/chapter/planning-for-success/187569)

### The Role of Cross-Country Differences in International Fashion Retailing: E-Commerce Development in Spain and the UK

Marta Blazquez Cano (2016). *Handbook of Research on Global Fashion Management and Merchandising* (pp. 622-648).

[www.irma-international.org/chapter/the-role-of-cross-country-differences-in-international-fashion-retailing/151755](http://www.irma-international.org/chapter/the-role-of-cross-country-differences-in-international-fashion-retailing/151755)

### Servant Leadership (SL) in the Context of Bangladesh

Mohammad Harisur Rahman Howladar and Md. Sahidur Rahman (2020). *International Journal of Applied Management Theory and Research* (pp. 54-72).

[www.irma-international.org/article/servant-leadership-sl-in-the-context-of-bangladesh/260738](http://www.irma-international.org/article/servant-leadership-sl-in-the-context-of-bangladesh/260738)

### Reconfiguring Household Management in Times of Discontinuity as an Open System: The Case of Agro-food Chains

Maurizio Sajeve, Andrew Mitchell and Mark Lemon (2019). *International Journal of Food and Beverage Manufacturing and Business Models* (pp. 1-19).

[www.irma-international.org/article/reconfiguring-household-management-in-times-of-discontinuity-as-an-open-system/223928](http://www.irma-international.org/article/reconfiguring-household-management-in-times-of-discontinuity-as-an-open-system/223928)