

New psychological contracts, old breaches?

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The psychological contract – individual’s beliefs about the terms and conditions of a reciprocal agreement with the organization – has been changing since the 90’s. This change is a result of labor market pressures, trends, and technology. Today, work and workplaces are more dynamic and digitalized than ever and expectations from employers and employees are shaped by these factors. However, the expectation about the fulfilment of employer obligations and promises (*regardless* of what these obligations may be) seems to be the same. This chapter highlights the changes from the old to the new psychological contract, and from the new psychological contract to emergent forms of psychological contracts. Moreover, it also discusses whether these changes may (or may not) impact employees’ perceptions of breach and violation, by discussing content and measurement issues, and suggesting future research directions.

Key words: psychological contracts forms, digitally enabled work arrangements, emergent psychological contract, psychological contract breach

Introduction

The nature of work is in constant change (Barley, Bechky & Milliken, 2017), which posits challenges for the study of the employment relationship (Ashford, Caza & Reid, 2018). Most of those changes are consequence of the technological advancement that facilitates flexibility in the more traditional work settings and also enables new (digital) work arrangements.

Traditional arrangements are focus on dyadic relationships bounded in a traditional employment relationship, whereas the new digitally-enabled work arrangements are based on work contracts and involve multiple parties. Psychological contracts have been widely used to study the functioning of the traditional, old, paternalistic employment relationship as well as its new more flexible version. However, questions may arise about its suitability and usefulness for the new digitally enabled work arrangements. This chapter sheds light on

several pertinent issues about the role of psychological contracts in understanding the new digitally enabled work arrangements, such as the differences in the expectations and obligations between the past forms and the emergent forms of psychological contracts as well as the meaning and experience of psychological contract breach in this new work arrangements.

Chapter objective

This chapter has theoretical and practical objectives. From a theoretical point of view, this chapter reviews the changing nature of work as well as the evolution of psychological contract. Specifically, it highlights the changes from the old to the new psychological contract and to emergent forms of psychological contracts in new digitally enabled work arrangements, especially the gig work. Moreover, it also discusses how these changes may (or may not) impact employees' perceptions of breach. By doing so, it helps to guide and stimulate research on psychological contract field which considers recent changes in the what psychological contracts comprise and how they operate. From a practitioner perspective, this chapter aims inform managers and their organizations about the emergent forms of psychological contracts and how different employment relationships types may also bring additional challenges to manage the workforce.

Psychological Contracts

Psychological contracts are at the foundation of the employment relationship and have been defined as “individual's beliefs regarding the terms and conditions of a reciprocal exchange agreement between that focal person and another party” (Rousseau, 1989, p. 123). According to Rousseau (1989), psychological contracts are individual, subjective and idiosyncratic. Psychological contracts are also considered mental models which guide individuals' behaviors in the employment relationship (Robinson & Rousseau, 1994) by defining and adding predictability to the employment relationship (Morrison & Robinson, 1997). As such, psychological contracts serve two key purposes: (1) define the employee-organization relationship and (2) determine mutual expectations that guide and shape behavior (Hiltrop, 1995; 1996). Specifically, psychological contracts define the individual obligations and contributions as well as employer's obligations and rewards available from the organization (Hiltrop, 1995, 1996; Morrison & Robinson, 1997). These perceived mutual “obligations compose the fabric of the psychological contract” (Robinson, Kraatz, & Rousseau, 1994,

p.138). According to Robinson et al. (1994), some examples of employee obligations include loyalty, extra-role behaviors, extra hours, acceptance of transfer, whereas employer obligations may comprise high and merit pay, job security, support and development.

Changing Nature of the Work I: The Old and The New Psychological Contract

The understanding of employee-organization relationship is crucial for both organizations and employees (Coyle-Shapiro, Shore, Taylor & Tetrick, 2004) to survive and thrive. The underlying exchange in that relationship has implications for both parties as it guides what they give and receive in return (Coyle-Shapiro, Costa, Doden, & Chang, 2019). Changes in the employment relationship impact the content of the psychological contract (Anderson & Schalk, 1998; Coyle-Shapiro et al., 2019). According to the changes in the labor market as well as in the employment relationship, it is possible to define and describe an old psychological contract which is rooted in the old traditional employment contract and a new psychological contract which entails a more flexible version of the reciprocal agreement (Anderson & Schalk, 1998; Hartley et al., 1995; Rousseau, 1995).

The old psychological contract relies on a paternalistic view of the employer (Kissler, 1994) in which organizations were expected to take care of their employees by providing job security (“the job for life”) and managing their careers (Anderson & Schalk, 1998; Cavanaugh & Noe, 1999; Rousseau, 1995). From employees was expected loyalty, commitment to the job and to the organization, and a good performance (Cavanaugh & Noe, 1999; Hiltrop, 1995). These contracts were based on fairness, justice, and tradition, and provided a structured, predictable and stable relationship between employers and employees (Anderson & Schalk, 1998; Hiltrop, 1995). In sum, the old psychological contract aspects were tailored for the traditional employment relationship in which the relational and intangible aspects were central to its functioning.

The notion of a “new psychological contract” or the “changing psychological contract” started on the 90’s with several articles examining and discussing this new form of psychological contract (i.e., Cavanaugh & Noe, 1999; Hiltrop, 1996; Martin, Staines & Pate, 1998; Sims, 1994). It was agreed that the content of the psychological contract has changed to portrayed the employment relations trends (Anderson & Schalk, 1998; Cavanaugh & Noe, 1999; Hiltrop, 1995; Rousseau, 1995), which included an increase in short-term, flexible and insecure contracts (Millward & Brewerton, 1999). The reasons for the changes in the employment relations reflected the striking pace of changes in labor market, which included market globalization, corporate downsizings, reorganizations, restructuring, relocation,

foreign competition, crisis, new strategies, mergers, acquisitions (e.g., Anderson & Schalk, 1998; Martin et al., 1998; Sims, 1994). As a consequence, organizations and managers needed a newer and flexible form of organization-employee relationship (Cullinane & Dudon, 2006; Millward & Herriot, 2000). The so-called new psychological contract focuses on transactional exchanges, employability (Anderson & Schalk, 1998; Hiltrop, 1995), and self-development (Hallier, 2009) rather than security and loyalty. It is also flexible and open to renegotiation rather than stable and predictable (Anderson & Schalk, 1998; Hiltrop, 1995). Another salient difference concerns the employers and employees' expectations and obligations. On the one hand, employers are no longer obliged to provide security and to manage individuals' careers. However, they must provide equitable and competitive rewards for the employees' contributions (Anderson & Schalk, 1998; Hiltrop, 1995). On the other hand, employees are expected to be flexible, innovative, to go beyond the written employment contract (Hartley et al., 1995) as well as to excel in their contributions and manage their own careers (Anderson & Schalk, 1998; Hiltrop, 1995). As such, the new psychological contract became more transactional and tangible, and less dependent on relational exchanges (Cavanaugh & Noe, 1999).

The new psychological contract seems a more "managerialist version of the employment relationship", which allows for unequal exchanges between employers and employees (Hallier, 2009, p. 852). While employees are expected to do more and better, employers eschew career management and security. In detail, in this new version, employees have to work hard and exchange their skills and flexibility for having just a job (Millward & Herriot, 2000). On the other hand, employees do no longer expect long-term employment relationships and they are committed to their work and job rather than to the organization (Cavanaugh & Noe, 1999; Kissler, 1994). Moreover, as employees are responsible to manage their careers, they also expect the organization to provide opportunities and tools to assess and develop their skills (Cavanaugh & Noe, 1999) fostering their employability.

Academics and practitioners agreed that the psychological contract was changing (Anderson & Schalk, 1998; Cavanaugh & Noe, 1999; Hiltrop, 1995; Rousseau, 1995) and that "the new psychological contract should include particular beliefs regarding career development, commitment, and job security that reflect the movement of organizations from a paternalistic to a partnership relationship" (Cavanaugh & Noe, 1999, p. 326). However, details about its content as well as a measurement have rarely been discussed (Anderson & Schalk, 1998).

Changing Nature of the Work II - New Digitally Enabled Work Arrangements

The nature of work and employment relationships has changed in the past and it is likely to continue to change in the future (Barley et al., 2017; Chernyak-Hai & Rabenu, 2018). Nevertheless, management and organizational studies in general and psychological contract studies in particular have been largely neglecting those changes (Barley et al., 2017). The pace of change is frenetic due to continuous innovations and advancement in technology, such as wider use of artificial intelligence and machine learning (Bryn-jolfsson & Mitchell, 2017), the Internet of People, Things and Services (Simmers & Anandarajan, 2018), robotics, data analytics and cloud computing (Sung, 2018), teleconferencing and wearable electronic and computing devices (Cascio & Montealegre, 2016). With technology advancements, workplaces became more digital and new forms of work emerged. However, the theories in which we rely to understand the employment relationship have been developed in a different era and they do not apprehend how individuals work and experience work in this new world (Ashford et al., 2007; Ashford et al., 2018). The number of employees working as a standard worker is decreasing, and employees working in alternative work arrangement is increasing (Ashford et al., 2018; Katz & Krueger, 2019; Spreitzer, Cameron, & Garret, 2017). It is less common to see people working from 9am to 5pm in co-located spaces with a direct supervisor and the same team (Ashford et al., 2018; Nicklin, Cerasoli, & Dydyn, 2016; Rockmann & Pratt, 2015; Spreitzer et al., 2017). In sum, these advances in technology have fundamentally changed the structure and nature of work as well as created opportunities and challenges for both organizations and individuals.

Advancements in technology allowed for more (and new) flexible work arrangements. Such new arrangements go beyond the telework, remote work or virtual work, and include (but are not limited to) digitally enabled work arrangements. As such, work and workplace have now extended meanings that go far beyond the previous understanding of the traditional employment relationship (Perrons, 2003) because these new forms transcend the legal, economic, temporal, and spatial constraints of traditional employment contexts (Gajendran & Harrison, 2007). The new form of digitally enabled work is called platform mediated contracting or gig work and it captures a form of work in which the employee work for him/her-self, there is short contract with a consumer for a task or assignment that may be virtual or at a location (Spreitzer et al., 2017). Moreover, it involves a digital online platform as the “intermediary” between the worker and customer (Duggan, Sherman, Carbery, & McDonnell, 2019). This is the key feature of gig work and distinguishes it from other forms of contingent work (Duggan et al., 2019). Gig work usually includes short term work or tasks

enabled by digital tools, such as Uber, AirBNB, MTurk, Fiverr, Deliveroo, TaskRabbit, Turo, Amazon Flex (Burtch, Carnahan, & Greenwood, 2018; Duggan et al., 2019). More specifically, these types of work may be divided into capital platform work (platforms used by individuals – not workers - to sell goods or lease assets), crowdwork (work-mediating digital platforms through which workers remotely (outsourced, dispersed geographically) complete tasks), and app-work (service-providing intermediary digital platform organization that have workers performing the tasks locally for customers) (De Stefano, 2016; Duggan et al., 2019). The focus of the next section will be on psychological contract of gig workers in these new work arrangements in which there is a digital platform as intermediary between them and customers¹.

Emergent Forms of the Psychological Contracts - The Novel Psychological Contract?

Psychological contracts have been widely studied in the standard employment relationship context. However, recent research has suggested that psychological contracts are evolving (Alcover, Rico, Turnley, & Bolino, 2017; Baruch & Rousseau, 2019; Griep et al., 2019; Guest, 2017; Knapp, Diehl & Dougan, 2020) following the changes in the labour market. These changes are specifically promoting modifications in the type of the employment relationship (“with whom” and “what”), the schedule (“when”), and the location (“where”) (Ashford et al., 2018; Griep et al., 2019), which may be considered atypical when compared to the traditional employment relationship.

Psychological contracts are indeed changing, but the conceptualization offered by Rousseau (1995) fits both traditional and new work arrangements as it does not limit the existence of these contracts to the relationship between an employee or worker and an organization (i.e., dyad). Rousseau (1995) argues that the exchange agreement is made between a person and another party, such as employer, “client, customer, supplier, or any other independent party” (p. 34). The concept is therefore useful not only to understand the exchanges occurring in the employment relationship in which there is a clear employee-organization link, but also to understand the digitally enabled new work arrangements. Recently, in support of this notion, Knapp et al. (2020) described psychological contracts as a “inherently versatile [concept] and lends itself to the analysis of exchange relationships that transcend the specific circumstances of employment and organizational boundaries” (p.200).

Looking closer to work arrangements that are enabled by digital platforms, the gig work arrangements are not based in a traditional employee-organization relationship (Duggan et al., 2019; Sherman & Morley, 2020) and the “traditional understandings around reciprocity

and organizational support no longer apply or, at a minimum, are considerably different” (Duggan et al., 2019, p. 123). A relevant feature of these work arrangement is that digital platform organizations do not consider their workers as employees (Aloisi, 2015; Duggan et al., 2019). Furthermore, in theory, workers and employers have no expectations of mutual trust and commitment, and are more independent and autonomous (Ashford et al., 2018; Duggan et al., 2019). In fact, workers are paid for short-term jobs or tasks, which may lead to the assumption that the employment relationship is purely transactional (Duggan et al., 2019). However, nascent evidence suggests that the relationship between the worker and the digital platform organization is much more complex (Aloisi, 2015; Ashford et al., 2018; De Stefano, 2016; Graham, Hjorth, & Lehdonvirta, 2017; Petriglieri, Ashford, & Wrzesniewski, 2019; Ravelle, 2019). For instance, Aloisi (2015) argues that trust between parties is critical for the functioning of the relationship between the worker and platform. Additionally, gig workers seek development opportunities within the platform organization (Graham et al., 2017) as well as social interaction (Ashford et al., 2018; Petriglieri et al., 2019). Moreover, gig workers also want to participate in the decision-making process in circumstances that directly affect them (Ravelle, 2019). This evidence clearly demonstrates that, despite of the levels of flexibility and insecurity of this work arrangement, the relationship is not just an economic exchange, but also involves a more relational component, at least for the worker.

The digital platform organization communicates with the worker using the app, which uses algorithm management (Duggan et al., 2019). A pertinent question at this point is: with whom do workers have psychological contracts? Organizations do not hold psychological contracts (Rousseau, 1989) and neither do platforms. However, the interactions with the platform may be considered interactions with the organization and, as such, they may contribute to the formation and development of expectations. For instance, the digital platform organization encourage specific in-role and extra-role worker behaviors (Duggan et al., 2019; Kuhn & Maleki, 2017). For instance, and Uber sends messages about improving customers’ ratings, Lyft asks to drivers to greet their customers with a fist-bump (Kuhn & Maleki, 2017). Moreover, via app, the platform organization can have a high degree of control of the worker-customer relationship experience, workers’ income as well as flexibility and autonomy (Kuhn & Maleki, 2017; Madan, Saluja, Jiang, & Choi, 2015). This control may nurture expectations from the workers. For instance, gig workers expect transparency and fairness in how the algorithm is managed (Aloisi, 2015) and they expect rewards for the excellence of their service (Aloisi, 2015; De Stefano, 2016; Ravelle, 2019). Moreover, clear communication about the changes in app is also requested by gig workers

(Ravenelle, 2019). From the digital platform organization perspective, the expectations appear to be simple: availability, responsiveness, policy adherence, and excellent service (Aloisi, 2015; De Stefano, 2016; Ravenelle, 2019). However, as described above, the digital platform uses the app to control and reinforce workers' behaviors (Kuhn & Maleki, 2017) that are not part (at least in principle) of the work arrangement.

When discussing digitally enabled work arrangements, a bilateral perspective of the psychological contracts does not capture the complexity of this new employment relationship type, which involves multiple and distributed parties (Alcover et al., 2017; Griep et al., 2019; Knapp et al., 2020; Sherman & Morley, 2020). To illustrate this point, Sherman and Morley (2020) gave the example of Deliveroo (digital platform organization) in which the employment relationship includes not only the Deliveroo and the courier (worker), but also the restaurant and the customer. They then propose that the worker holds specific psychological contracts with each party which is aligned to the arguments put forth by Marks (2001) and Schalk and Rousseau (2001). Sherman and Morley (2020) also specify that there are obligations in each exchange relationship. On the one hand, the worker expects rewards, flexibility and perks from the platform organization; efficiency, recognition and accountability from the restaurant; and, correct information, readiness to receive the delivery, fair evaluation, tipping, and patience from the customers. On the other hand, the platform organization expects the worker to be available, customer-focused and respectful of restaurant; the restaurant expects the worker to be punctual, accountable, patient, careful; and, the customer expects efficiency, no spills and respectful of property from the worker (Sherman & Morley, 2020).

Drawing upon ongoing discussions about digitally enabled work arrangement and its impact on the psychological contract, the following table summarizes the main differences between the old traditional psychological contract, the new psychological contract, and the emergent forms of psychological contracts.

Table 1 - Old, New and Emergent Forms of Psychological Contract

	Old Psychological Contract	New Psychological Contract	Emergent Forms of Psychological Contract
Employment relationship	Traditional long-term employment relationship	Flexible employment relationships. Some continuity is expected	In a form of work contract
Job insecurity	Secure Job for life	Insecure Short-term work	Increased insecurity Future work relationship is uncertain
Autonomy & responsibility	Compliance with authority Shared responsibility	More autonomy Possibility of (re)negotiation	Independent: “Work without a boss” Radical responsabilization of the worker
Career development and management	Organization responsibility Vertical pathway	Shared responsibility Focus on employability Boundaryless and protean careers	Uncertain, unclear and multiple careers Individual’s responsibility Reputation
Physical workspace	Physical workplace	Possibility of telework, virtual, and remote work	Non-existence of a workplace
Performance management and pay	Direct supervisor assesses performance Satisfactory performance leads to steady increases in pay	Performance may be assessed using a 360° appraisal methods (or different combinations) Pay based on performance	Pay based on the quantity of work. Performance ratings (by customers) may be part of “worker brand” and impact the volume of work
Social relationships	Formal	Interdependent work	Isolation, loneliness
Psychological contract basis	Relational	Transactional-Balanced Possibility of multiple PC	Transactional Multiple and distributed

Psychological Contract Breach

Employees monitor and assess the fulfilment of their psychological contracts. In order to do so, they calculate a ratio between their contributions to the organization and the rewards from the organization (Morrison & Robinson, 1997). The result of this ratio between both parties' contribution determines whether employee psychological contract has been fulfilled or breached. As such, psychological contract refers to the employee's perception (cognition) concerning the degree to which the organization has failed to fulfil its promises or obligations (Robinson & Rousseau, 1994) and is "a subjective experience based not only (or necessarily) on the employer's actions or inactions but on an individual's perception of those actions or inactions within a particular social context" (p.576). Most of the research on psychological contract is focused on its breach and the subsequent outcomes and it is well known that psychological contract breach has been associated with deleterious outcomes for both employees and organizations (Coyle-Shapiro et al., 2019). In a recent review, Coyle-Shapiro et al. (2019) showed that psychological contract breach affects negatively not only the employment relationship, but also the employee's health and relationships both inside and outside of the organization.

The norm of reciprocity (Gouldner, 1960) and social exchange theory (Blau, 1964) are the theories commonly used to explain the negative consequences of psychological contract breach (Coyle-Shapiro et al., 2019; Coyle-Shapiro & Shore, 2007; Shore & Tetrick, 1994). Psychological contract breach captures a perceived imbalance in the employment relationship and, according to these theoretical frameworks, an employee who perceives it would conclude that the organization is not giving what he/she deserves, and would reciprocate accordingly. Robinson et al.'s (1994) study has showed that the more the organization fails to comply with its obligations, the more the employee decreases the obligation to positively reciprocate. This is a clear illustration of the social exchange theory and norm of reciprocity in action. This reciprocation can be seen in a reduction of both in-role and extra-role performance levels (Costa & Neves, 2017a; Restubog et al., 2006; Robinson & Morrison, 1995), commitment (Ng et al., 2010; Rosen et al., 2009), or in an intensification of counterproductive behaviors (Bordia, Restubog, & Tang, 2008; Costa & Neves, 2017b; Rosen & Levy, 2013; Turnley & Feldman, 1999; Zagenczyk et al., 2015). Meta-analytic findings (Zhao et al., 2007) and recent reviews (Coyle-Shapiro et al., 2019) show that psychological contract breach has negative impact on attitudes, emotions and behaviors.

Old Breaches in the Novel and Emergent Forms of Psychological Contracts?

The content of the novel and emergent forms of psychological contract is different from its past forms but, as Rousseau explained – in 1989 -, workers react to “unmet expectations of specific rewards or benefits, but also to more general beliefs about respect for persons, codes of conduct, and other patterns of behavior associated with relationships” (Rousseau, 1989, p. 129). Psychological contract breach is a highly subjective experience that is not necessarily linked to the actions or inactions of the other party (Robinson & Rousseau, 1994), which makes breaches in the psychological contract to be the norm rather than the exception (Conway & Briner, 2002; Robinson et al., 1994). Hence, one can say that *regardless* of the content of their psychological contract, workers may experience breaches.

From a theoretical point of view, social exchange theory (Blau, 1964) and norm of reciprocity (Gouldner, 1960) can be applied to understand the new work arrangement, mainly because this type of employment also relies in an exchange between parties. However, questions about how reciprocity looks like in these setting may arise due to its distributed and multiple nature. Emergent forms of psychological contract involve different parties and each party plays a role in a given position with different resources (Baruch & Rousseau, 2019). Consequently, the maintenance and effectiveness of this type of work arrangements is dependent on each party fulfilling their obligations to each other (Sherman & Morley, 2020). A critical aspect of these multiple, distribute and intertwined psychological contracts is that a breach of the psychological contract by one party can trigger subsequent breaches with the other parties (Wiechers, Coyle-Shapiro, Lub, & Ten Have, 2019).

Empirical studies exploring psychological contract breach in the digitally enabled work settings are still scarce. A study with 223 Didi drivers (ride-hailing platform in China) found that fulfilment of both transactional (income and profit) and relational (fairness, training, and support) aspects of psychological contract is associated with higher levels of performance (Liu, He, Jiang, Ji, & Zhai, 2020). However, some caution is advisable when interpreting these results as the data collected are self-reported and cross-sectional. In a qualitative study, with workers from TaskRabbit and Kitchensurfing, Ravenelle (2019) found that workers perceived a violation of their psychological contract when: (1) the platform decided to change its pay structure without consulting them, and (2) realized that the platform did not feel any responsibility for the workers. These preliminary studies show that breaching the gig workers psychological contract may have negative consequences, such as undermining the trust necessary to the business (Ravenelle, 2019), especially when there is a established lack of trust in digital platform organizations and their algorithms (Yeomans et al., 2019).

Future Research Implications and Suggestions

Technology has enabled new and complex forms of work arrangements which have implications for our understanding of the employment relationship in general, and the psychological contracts in particular. Psychological contracts nature and structure as well as the impact of psychological breach have been studied for more than 30 years, but the emergence of new forms of psychological contract brings new opportunities as well as challenges for researchers. The purpose of this chapter was to highlight the differences between the old and traditional, and the new as well as emergent forms of psychological contracts. Based on recent reviews, discussions and empirical research on the changing nature of work, digitally enabled work arrangements and psychological contracts, it is possible to highlight three areas of future research: content of the emergent psychological contract, functioning of multiple and distributed psychological contracts, reciprocation process after psychological contract breach.

Regarding the content of emergent forms psychological contracts, further research is warranted as the number of studies involving gig workers are scarce. Moreover, the few studies about gig workers expectations and obligations bring more complexity into the relationship as they show that the assumption on the purely transactional property of these arrangements does not hold true (Duggan et al., 2019). Accordingly, qualitative studies may provide additional insights about what gig workers expect from the employment relationship of such nature. An interesting aspect to be considered is how past experiences may shape pre-entry expectations and consequent psychological contract maintenance and effectiveness. Quantitative studies may also be useful to measure the extent to which gig workers have a transactional, relational, or balanced psychological contract.

Concerning the multiple and distributed nature of the emergent psychological contract, some guidance may be found in the conceptual work of Knapp et al. (2020) and Sherman & Morley (2020). The former generates propositions predicting the likelihood of a worker holding different psychological contracts with individuals, groups, or organizations. Moreover, they propose that dependence, accountability, and trust are key for the process. The latter suggests a new methodology to study the content of multi-party working relationships: repertory grid technique.

Psychological contract breach prevails in the employment relationship (Robinson et al., 1994) and preliminary findings have shown that this is also true for gig workers (Ravenelle, 2019). More studies are needed to address what are the causes of psychological

contract breach of these group of workers. Future research should also try to understand how reciprocity operates in digitally enabled work arrangement. Research has proven that psychological contract breach leads to negative workers' reactions in attitudes and behaviors towards the organization (e.g., Zhao et al., 2007), but also towards other parties (Coyle-Shapiro et al., 2019). However, in a context in which the control exerted by the platform is too high (Kuhn & Maleki, 2017), the work may not have the "space" to reciprocate the perceived unfair treatment. In the digitally enabled arrangement, alterations in performance as a response to psychological contract breach may be immediately penalized in the customers ratings as well as volume of work (De Stefano, 2016), which has a direct impact on the workers' income. Factors such as employability and independence may explain reactions to psychological contract breach in this work arrangements. In other words, if the worker performs the "gig" as a second job, he or she may be less willing to tolerate breaches.

Other avenues of research may consider exploring topics such as well-being and morale of gig workers (Wood, Graham, Lehdonvirta, & Hjorth, 2019), motivation in these precarious work arrangements (Jabagi, Croteau, Audebrand, & Marsan, 2019), and the exploitative character of digitally platform organizations (Van Doorn, 2017; Wood et al., 2019).

Implications for Practice

Psychological contracts are at core of the employment relationship and they have been used to explain its functioning (Rousseau, 1995). One can hence argue that the changing nature of psychological contracts is rooted in the changing nature of work. Advancements in technology are one of the main reasons for these changes by allowing the creation of new work arrangements – the gig work - in which digital tools are critical to its functioning. Naturally, it poses new challenges for individuals, for organizations, and for how organizations manage individuals.

First, digital platforms organization need to clarify the worker status as well as what is expected from each party in the work arrangement. It seems contradictory claiming that gig workers are not employees and, at the same time, exert high levels of control and encourage them to perform extra-role behaviors (Duggan et al., 2019; Kuhn & Maleki, 2017). Moreover, it is also true that the jobs are not as flexible as advertised and penalties may be applied to those who do not perform according to the app requests (i.e., Uber drives are penalized if they decide not work during peak times and when they reject jobs).

Second, a deeper knowledge about the workers may help to address their concerns and foster performance. Moreover, the emergent forms of psychological contract are likely to differ between digital platform organization, which means the extent to which an aspect is important for a group of workers may be different from other groups. As such, it is important for each organization to monitor their workers psychological contracts, especially when there is preliminary evidence showing that the workers want more than remuneration and flexibility (Meijerink & Keegan, 2019).

Third, the platform organization is more than just the link between the work and the customer (Duggan et al., 2019) and it does manage a large invisible workforce (Prassl, 2018). Algorithms do perform human resource management like practices (Duggan et al., 2019) such as manage the working relationship, assign work, performance management (Meijerink & Keegan, 2019), and reward management. However, the human support component is removed, which may have a negative impact on how the organization is perceived and undermine trust and performance.

Conclusion

This chapter reflected on the existing literature about the changing nature of work and psychological contract to explain how both are tied and evolved together. More specifically, it discussed the technological changes in the labor market, the new work arrangements that rely on digital platforms and how this influences the content of psychological contract. Moreover, it provided a perspective on how gig workers may perceive breaches in their psychological contract and raised questions about the type of reciprocity underlying this work arrangement. This chapter concluded with future research suggestions for the human resource management and organizational behavior as well as practical implications for management.

Notes

¹ As such, individuals who use platforms to sell goods or lease assets will not be the target of the analysis

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