

## **Lifespan Perspectives on Psychological Contracts**

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**Abstract**

This chapter discusses the role of psychological contracts along the lifespan and careers of workers. It explains the meaning of the psychological contract, and discusses lifespan theories in relation to how psychological contracts may change with age. In particular, there are three ways through which psychological contracts evolve over time. First, the content of mutual obligations between employees and organizations may change over time, where older workers may perceive different obligations from themselves and their employer compared to younger workers. Second, the type and features of psychological contracts may change over time, with older workers generally experiencing more stable, yet potentially also transactional psychological contracts with their employer. Finally, experiences of and responses to breach of the psychological contract may vary with age. The chapter concludes by discussing how lifespan theories relate to novel theories that treat the psychological contract as a temporally dynamic construct and how psychological contracts operate in the contemporary workplace.

Keywords: Psychological contract, breach, older workers, aging, fulfillment

## **Introduction**

The aging population has important ramifications for workforces, organizations, and employees (Bal et al., 2015). Rises in average population age are due to increased longevity, lower birth rates, and the baby boomer generation that is currently approaching retirement age. Consequently, and with many governments increasing the statutory retirement age, workforces will be increasingly composed of older workers (Bal et al., 2015). Due to these changes in the workforce composition, it is important to understand how relationships between employees and their organizations change over time, and how younger, middle-aged, and older workers can be motivated, productive, and healthy contributors to both organizational life and society.

One way the employment relationship between employees and organizations can be understood is through the lens of the psychological contract. The psychological contract describes the exchange relationship between employees and their organizations (Rousseau, 1995), and is essential to understanding the attitudes and behaviors of employees in their organizations. This chapter explores how the psychological contract between employees and organizations may evolve over time, and explores the theoretical processes through which age has an impact on psychological contract dynamics. Three ways of how the psychological contract might be influenced by employee age are described. First, age can have an impact on the obligations employees exchange with their employers. This means employees and employers develop different expectations of each other when the employees become older. Second, age can have an effect by influencing the type and features of psychological contract employees have with their organization. Research has distinguished transactional and relational contracts (Rousseau & Parks, 1993), and previous studies have shown that age may be related to the type of contract one has with the organization (Vantilborgh, Dries, De Vos, & Bal, 2015). Finally, age influences the responses employees show toward breach and

violation of the psychological contract (Bal et al., 2008). Below, we outline each of the pathways through which age may impact the psychological contract, and we integrate lifespan theories and the role of age into more recent theories on temporally dynamic psychological contracts. Moreover, we also explain how the psychological contract operates in the contemporary workplace, and how in the future psychological contract frameworks can be used to motivate workers along the lifespan.

### **The Psychological Contract**

The psychological contract was developed as a scientific construct in the early 1990s (Rousseau, 1995). However, it had already been introduced in the early 1960s in research by Argyris (1960), who described it as a relationship that develops between employees and their foremen at work. The relationship consists of expectations of employees and managers about each other's behavior beyond what is traditionally defined in contracts such as the number of working hours and remuneration. Argyris (1960) referred to this relationship as a psychological contract between the two parties, and subsequent work by Rousseau (1989, 1995, 2001) developed the construct in more depth. Rousseau defines the psychological contract as the employees' perceptions about the mutual written and unwritten obligations between them and their organizations. In other words, the psychological contract is a mental model about what the employee thinks the organization should do for the employee, and what the employee should do in return (Rousseau, 2001). These mutual obligations may have arisen from pre-employment experiences, but are also communicated via recruitment processes, communication from the organization (such as employer branding), and (explicit and implicit) promises made by managers to the employee (Rousseau, 1995). Key to understanding the psychological contract is its subjectivity: employees form perceptions of the mutual obligations between themselves and their organizations, and these perceptions influence their attitudes and behaviors (Zhao, Wayne, Glibkowski, & Bravo, 2007). There are

four important elements of the psychological contract as a mutual understanding between employees and organizations: on the one hand, both employee and employer form perceptions of the mutual obligations, while on the other hand they form perceptions of both employee obligations and organizational obligations. This creates a model including employee perceptions of both employee and organizational obligations, as well as employer perceptions of the two party's obligations. While all of these four elements are important (Rousseau, 1995), psychological contract research has typically focused on employee perceptions of employer obligations and the implications of breach or fulfillment of these obligations (e.g., Zhao et al., 2007).

Psychological contract research typically distinguishes between three ways the psychological contract can be investigated. First, research has focused on the *content* of the psychological contract, or the perceptions of the employee about what is exchanged between employee and organization (Conway & Briner, 2005). Second, research focused on the *type* of psychological contract that employees have negotiated or formed with their organization, and distinguished between transactional and relational contracts (Rousseau & Parks, 1993). The type of psychological contract refers to how employees make generalized assessments concerning the state of their relationship with the organization, which can be more transactional or relational. Finally, the large majority of research on psychological contracts has focused on *breach* of the psychological contract and its consequences on various outcomes, such as motivation and performance (Bal et al., 2008; Zhao et al., 2007).

Each of these elements of the psychological contract may be related to employee age, and each of these will be discussed in greater detail below. First, we discuss the main lifespan theories which are relevant in the context of the psychological contract: socioemotional selectivity theory (Carstensen, 2006; see also Chapter 6), the selection, optimization, and compensation model (Baltes & Baltes, 1990; see also Chapter 4), and the emotion regulation

across the lifespan model (Diamond & Aspinwall, 2003; John & Gross, 2004; see also Chapter 6). Subsequently, we discuss how each of these theories explains how age influences the content and type of psychological contract, and how age impacts reactions to psychological contract breach and fulfillment. Furthermore, we discuss the role of age in relation to contemporary perspectives on psychological contracts, including a temporal perspective on psychological contract processes, such as the post-violation model (Tomprou, Rousseau, & Hansen, 2015) and psychological contract theory 2.0 (Hansen & Griep, 2016). The chapter concludes with a discussion of the role of the psychological contract in the contemporary workplace.

### **Lifespan Theory and the Psychological Contract**

There are three main lifespan frameworks that are frequently used to explain how age may have an impact on psychological contracts. *Socioemotional selectivity theory* (Carstensen, 2006) states that in young adulthood time is perceived as expansive (Carstensen, Isaacowitz, & Charles, 1999). Young people prepare for a long and unknown future and therefore primarily focus on growth and knowledge-related goals. For older people, however, the experience of approaching the end of life causes a shift toward present related emotional goals over knowledge goals, and a focus on emotional well-being. Older people increasingly focus on the present, and in particular on maintaining positive feelings and relationships with others and avoidance of negative feelings (Carstensen, Fung, & Charles, 2003; Carstensen & Mikels, 2005). Although older people may be sensitive to emotional situations, they are more focused on maintaining positive feelings (Carstensen & Mikels, 2005; Kunzmann & Richter, 2009). Moreover, research has shown that while older people experience negative emotions, there is also more variability among older workers in the extent to which they experience such emotions (Bal & Jansen, 2015; Charles, 2005). Hence, according to a socioemotional selectivity perspective, aging is associated with two major changes. On the one hand an

increasing sense of time as running out associated with the aging process, and on the other hand, a shift from knowledge and learning-related goals in younger adulthood to emotional goals in later adulthood. While socioemotional selectivity theory was originally introduced in relation to age-related changes from birth to death, the theory has also been used in relation to work and the psychological contract (e.g., Bal, De Lange, Jansen, & Van der Velde, 2013a).

More specifically, application of socioemotional selectivity theory in the workplace has led to two major hypotheses with regard to aging in the workplace. First, in line with socioemotional selectivity theory, it has been proposed that people do not only experience time as running out as they approach the end of their lives, but also when nearing their retirement from work (Zacher & Frese, 2009). Hence, these future time perceptions are not only important in relation to one's estimated life expectancy, but also more generally when people experience that the end in one of the major domains in life (such as work) is approaching. Second, socioemotional selectivity theory has been used to argue that older workers prioritize different goals than younger workers, due to the changes in life goals associated with changing time perceptions. This would be reflected in higher prioritization among younger workers of development and learning at work, while older workers become more focused on maintaining their current relationships at work, for instance with their organization and close others. These assumptions may have important ramifications for the study of the role of age in psychological contracts, which we will discuss below in more depth.

A second lifespan theory that is relevant in the context of the psychological contract is the selection, optimization and compensation model of Baltes and Baltes (1990; Baltes, Staudinger, & Lindenberger, 1999). The central tenet of this model is that people, during the aging process, experience both gains and losses. While people accumulate experiences over their life course, they also face physical decline and a loss of capabilities. To manage those

losses, people usually apply a range of strategies through which they are able to age well and adapt to their environment. Baltes and Baltes (1990) have differentiated three interrelated strategies through which people may cope with age-related decline. First, they select a narrower range of goals to pursue in life, and try to focus only on those goals that are important and meaningful in their lives. Second, they optimize their efforts by investing resources that are especially likely to help achieve these goals. Finally, compensation is a strategy whereby people employ alternative means to maintain a desired level of functioning. For instance, people can engage in impression management (Abraham & Hansson, 1995) to minimize the negative effects that may be associated with aging (e.g., to offset the negative impact of stereotypes about older workers; Bal et al., 2015).

In recent years, a growing number of studies have investigated the role of selection, optimization, and compensation strategies at work, including the role of these strategies in relation to the psychological contract (e.g., Bal, Kooij, & De Jong, 2013b). However, a recent review of selection, optimization, and compensation studies in relation to the workplace revealed that age is only very marginally related to selection, optimization, and compensation strategy use (Moghimi, Zacher, Scheibe, & Van Yperen, 2017), indicating that the selection, optimization and compensation model is not an age-related model per se, but may refer to strategies that employees more widely use to manage work demands. Notwithstanding these limitations, selection, optimization, and compensation strategies may provide a useful way for workers to cope with the aging process at work, and may explain how the psychological contract dynamics unfold for older workers. For instance, the use of a selection strategy may imply that older workers develop a different psychological contract with their employer, in which they perceive higher obligations to provide a core set of tasks in which older workers excel rather than a broad variety of tasks. Moreover, a focus on compensation strategies may



imply that older workers perceive obligations of their employer to provide them with support that enables their desire for compensation.

A final lifespan theory that is relevant in the context of the psychological contract is the emotion regulation across the lifespan model (Diamond & Aspinwall, 2003). This model builds on the two previously discussed models, but particularly emphasizes the role of emotion regulation in how people cope with daily demands and stressors in life. It is argued that emotion regulation processes change throughout life, and that through aging and accumulation of experience people generally become better in regulating their emotions (John & Gross, 2004). Research shows that older people experience fewer negative emotions and have greater emotional control than younger people, and generally become better in regulation of their emotions. This is important in the context of work, as older workers are more likely to be prone to discrimination and stereotyping due to their age (Bal et al., 2015). Moreover, given higher rates of unemployment among older people (compared to middle-aged people; Warr, Butcher, Robertson, & Callinan, 2004), it may be that older workers are better able to control themselves in the face of negative events, such as age discrimination and unemployment. This may also have important ramifications for psychological contract dynamics across the lifespan. We will now discuss how age-related theories may advance understanding of the psychological contract.

#### *Age and the Content of the Psychological Contract*

A first important element of the psychological contract concerns the *content* of the contract. Content refers to the specific obligations and inducements that are exchanged between employees and organizations, and are likely to change with age and develop over one's career and organizational tenure (Bal, De Lange, Jansen, & Van der Velde, 2010; Schalk, 2004). For instance, a socioemotional selectivity theory perspective on psychological contract content could predict that younger workers have a greater interest in development,

while older workers may prefer meaningful relationships as central part of the content of their relationship with the organization. However, there is surprisingly little research available on how specific obligations that employees and employers perceive of one another change throughout the life span. A study by Schalk (2004) reported solely positive correlations between age and employee perceptions of their own obligations to the organization, indicating that older workers generally feel more obligated to work well, be flexible, and engage in organizational citizenship behaviors (see also Wagner & Rush, 2000, for similar findings). Schalk's (2004) findings pertaining to employee perceptions of employer obligations were less straightforward; while there were positive correlations of age with perceived employer obligations, there were primarily negative correlations between age and *fulfilment* of employer obligations. Hence, these findings indicate that older workers may also have higher expectations of what their organizations should deliver to them, but in reality experience lower fulfillment of those obligations.

A meta-analysis by Bal and colleagues (2010) showed that across 22 studies, there was only a weak and non-significant relationship between age and employer obligations. Hence, it cannot be stated that older workers perceive less or more obligations from their organization than younger employees. In contrast, Vantilborgh, Griep, and Achnak (2018) used a network approach to map the exchange of various employer and employee obligations and showed that the importance placed on exchanging mutual obligations declined as people entered later phases of their career. This suggests that less emphasis is placed on exchanging mutual obligations as older employees start to disengage from work. In sum, previous research has offered some relevant insights into the relationship of age with employee and employer obligations. Related research has shown that older workers may have other motivations and needs from younger workers (Kooij, De Lange, Jansen, Kanfer, & Dijkers, 2011). However, there is not enough evidence to assume that these differences also manifest

at work through changes in perceptions of what the employer actually should offer to the employee, and what the employee in return offers to the organization.

There may be a variety of reasons why motives cannot be equated to perceived obligations, and thus why work motives do not necessarily manifest at work. First, an experienced need does not have to be transferred into the workplace. For instance, older workers may still have needs for development, but these may manifest outside of work, through for instance learning Latin, or attending a course in philosophy or wood carving. Hence, while a motive may be present, this does not have to be perceived as an organizational obligation, and consequently non-fulfillment of such a motive does not have to be problematic at work. Moreover, older workers' perceived obligations may not only result from their motives and needs, but also from the wider social context. For instance, in an environment where age stereotypes are prominent (Bal et al., 2015), older workers may attenuate the relevance of their motives, and decrease actively their own perceptions of obligations.

Finally, obligations do not merely result from the needs and motives of an individual, but are shaped within a broader context (Rousseau, 2001). The organization actively shapes the psychological contract through making promises, recruitment practices, and communications to the employees (Conway & Briner, 2005). Hence, individual motives may have an impact but are not solely determining the actual perceptions of employees about the relationship with their organization. Consequently, more research is needed on how age impacts the perceptions of mutual obligations and inducements. A useful model is that of Kooij, De Lange, Jansen and Dijkers (2008), which describes age as an umbrella term capturing the many changes that people experience throughout their lives. An intuitive understanding of age suggests that the concept itself carries little meaning (i.e., in line with a layman's understanding of how one 50-year old person may be completely different from

another 50-year old person in terms of personality, inclinations, desires, motivation, health etc.). It is therefore necessary to form a more nuanced understanding of the various age-related changes that people experience throughout their lives.

According to the lifespan theories discussed above, age could have the following impact on content of the psychological contract. Socioemotional selectivity theory predicts that on the one hand, older workers are more focused on positive emotions as they experience time as running out, while on the other hand, they also show more variability in how they experience their work. A sense of time as running out may theoretically lower older workers' willingness to develop themselves professionally, as these investments have decreasing value when employees perceive that they have a limited time in their organization or in their careers in which they can reap the benefits from development. However, this perspective is somewhat limited, as it undermines the value of development as an activity that is intrinsically rewarding for a person. In other words, development cannot be merely perceived from an instrumental perspective where individuals in deciding whether or not to engage in development make use of purely instrumental arguments (e.g., whether the investment in development will pay off in the future). In contrast, it also needs to be analyzed and investigated from a perspective where an activity in itself can have an intrinsic value beyond the instrumental reason. It is therefore not surprising that older people are more likely to be more heterogeneous in their work-related needs and inclinations (Bal & Jansen, 2015; Nelson & Dannefer, 1992). As older people have accumulated experience over a long span of time, it is likely that these experiences are increasingly different and influence people in an increasingly different way when they reach late adulthood. Hence, an important future research direction is not only the assessment of age differences, but also variability increases with age.

A selection, optimization, and compensation perspective on the content of the psychological contract would hypothesize that older workers may want to employ selection, optimization, and compensation strategies to cope successfully with the challenges faced due to the aging process. Older workers may have stronger perceptions that their organizations are obligated to provide them with resources that help them age successfully, including the possibility to focus on a restricted number of work tasks on which they could focus and work on in more depth, whilst providing the means to older workers to complete these tasks successfully. For instance, organizations may provide older workers with the opportunity for additional support to keep up with digital developments, such that they are enabled to perform their work using latest technological developments.

Finally, an emotion regulation perspective on the content of the psychological contract may also provide relevant insights into age-related changes. As older people are generally better in regulating their emotions, this may also have implications for the *balance* between employee and employer obligations in the psychological contract (Vantilborgh et al., 2013). More specifically, as older people are generally better in regulating their emotions, they may also be better in coping with the instrumentality of the workplace (Bal, 2017), indicating that over time, workers may become increasingly aware of the workplace as being skewed toward the benefit of organizations rather than workers (see e.g. Stiglitz, 2012). In effect, over time employees become increasingly aware that their perceptions of employer obligations will not be fulfilled to the level of initial expectations, and therefore, it makes more sense to adjust expectations accordingly. A study by Vantilborgh et al. (2013) indeed showed that while younger workers are likely to perceive organizational overobligation (i.e., they perceive higher obligations from the organization than their own perceptions of obligations toward the employer), older workers are more likely to perceive organizational underobligation (i.e., perceptions of their own obligations to the organization are higher than

perceived employer obligations). This can be explained by the notion of cognitive dissonance: when workers experience over time that their organizations will not provide them with ample resources and inducements, they will be more likely to adjust their own expectations accordingly, such that they actively regulate their own emotions a priori. Thereby, they avoid situations where they are confronted with discrepancies between felt obligations, fulfillment thereof, and their own contributions. As a result, they maintain a positive attitude toward the organization through active regulation of their own emotions and contractual expectations.

#### *Age and the Type of Psychological Contract*

Psychological contract research has categorized content of the contract into two broad dimensions: transactional and relational contracts (Conway & Briner, 2005; Rousseau, 1995). These two types do not refer to the specific obligations that are exchanged between employees and organizations, but more broadly to the type of relationship that evolves between an employee and the employer. Transactional contracts can be described as a relationship that is characterized by specific exchanges (e.g., salary for labor) with a narrow scope and an economic focus. Relational contracts in contrast are more open, broader, aimed at development, exchange of socioemotional resources, and long-term relationships (Conway & Briner, 2005). While it is straightforward to make a distinction between employees on short-term contracts, likely to have a transactional contract, and employees on permanent contracts, more likely to have a relational contract, this distinction is less clear-cut in reality (De Cuyper & De Witte, 2006). Meta-analytic work has shown that age is negatively related to transactional contracts and unrelated to relational contracts (as is tenure; Vantilborgh et al., 2015). Hence, there is some indication that transactional contracts are more prominent among younger workers, but there is little evidence of more relational contracts among older workers. What can be concluded from the relationship between age and type of psychological

contract? First, empirical evidence (Bal & Kooij, 2011; Vantilborgh et al., 2013; 2015) shows mixed results concerning the impact of age on type of psychological contract, and generally non-existent to small effects of age. As with the content of psychological contracts, the impact of age on type is poorly understood, and hence, additional research may shed more light upon these issues. Out of the three lifespan theories, socioemotional selectivity theory may provide a prominent perspective on the relationships between age and type of psychological contract.

A socioemotional selectivity theory perspective on type of psychological contract would predict a somewhat paradoxical hypothesis: while older workers may have a preference for more relational contract, they may also exhibit preferences for more transactional contracts. In line with one of the core arguments behind socioemotional selectivity theory, older workers should be more strongly focused on meaningful relationships and therefore prefer relational contracts with their organizations. Permanent contracts and enduring tenure of workers with their organization may elicit a more relational focus, something that may continue to exist throughout the lifespan, and therefore provide older workers with a more relational underpinning of their contract with the organization. This also fulfills their need for more positive experiences in social life. However, at the same time, socioemotional selectivity theory predicts a greater sense of time as running out among older people that may also emphasize a greater need among older workers to focus on the present rather than to invest in long-term commitments. Hence, a more transactional contract may also imply the more present-focused tangible rewards for both employee and organization, such as financial rewards over the investment in training and development. Notwithstanding these arguments, it needs to be noted that a distinction should be made between the actual relationship that employees experience having with their organization and the desired contract that people would ideally like to have. For instance, in the Bal and Kooij

(2011) study among health care workers, a negative correlation of  $-.31$  was found between age and actual experienced relational contract. This should not just be explained on the basis of older workers having less need for a relational contract, and thereby preferring a transactional relationship with their organization, but more profoundly on the basis of organizational structure and changes. The organization studied in the Bal and Kooij (2011) paper consisted of a regionally active health care organization which was the result of a number of mergers of smaller health care providers into a large conglomerate, with an associated rise in bureaucracy and distance of management and administration (including the HR department) with the locations where care was actually provided. Through these changes, it was unsurprising to observe how workers developed less relational contracts with their organization as a result of spending prolonged time in their organization. Thus, it needs to be investigated in more detail how the type of psychological contract develops over the lifespan, and how these changes can be explained.

#### *Age and Psychological Contract Evaluations*

By far the most attention in psychological contract research has been devoted to the evaluations of employees concerning the state of the psychological contract (Conway & Briner, 2005). Contract evaluations have been primarily conceptualized in terms of fulfillment of obligations vs. breach of obligations, which are usually perceived as contrasting each other, while some researchers have treated breach and fulfillment as independent constructs (Lambert, Edwards, & Cable, 2003; Vantilborgh et al., 2013). While fulfillment refers to the delivery of obligations by the employer and the employee toward each other, breach refers to any discrepancy that is perceived between the obligation and the actual failure to meet those obligations (Morrison & Robinson, 1997). The large majority of studies has investigated breach as a perception of employees that the organization has failed to deliver one or more elements within the psychological contract (Rousseau, 1995).



Theoretically, there are two possibilities through which age may impact evaluations: on the one hand, age may have a direct impact on breach and fulfillment, while on the other hand, age may affect the relationships of evaluations with work outcomes, such as job attitudes and behaviors.

First, there is little evidence that age has a direct impact on contract evaluations, including fulfillment and breach. While research has shown that negative age stereotypes exist and persist in the workplace (e.g., Bal et al., 2015), and that age discrimination is still relevant in many workplaces (Finkelstein, 2015), there is actually no research yet that has focused in particular on whether organizations are more likely to breach the psychological contracts of older workers than of younger workers. An emotion regulation perspective on these relationships would predict that older workers are generally better in dealing with discrepancies that may lead to contract breach perceptions, and therefore may be less likely to perceive breach. An emotional control hypothesis therefore argues that older workers may still experience negative events at work in a similar fashion as younger workers, but due to changes in sensemaking processes (Morrison & Robinson, 1997) may interpret such discrepancies in a different way than younger workers. For instance, older workers may be more likely to interpret a discrepancy between a perceived obligation and the nonfulfillment thereof as nonintentional or beyond the influence of the organization. Therefore, they may be less likely to perceive breaches than younger workers. However, a contrasting argument could also be made with regard to younger workers. As they lack the experience and possibilities for emotion regulation, they may be less able to determine whether treatment in the workplace corresponds to actual intentional breaches. In a state of insecurity, younger workers may also be likely to attribute discrepancies in a way that does not affect them directly, through which they experience no breach, as a perception of breach also implies that

one needs to adjust one's feelings toward the organization or engages in action to either repair or mitigate the situation (Tomprou et al., 2015).

Second, age may have an impact on how psychological contract breach affects work outcomes, including job attitudes and behaviors. The meta-analysis of Bal and colleagues (2008) was one of the first studies on age and the psychological contract, and investigated the moderating role of age in the relationships between contract breach and three job attitudes. The study was primarily based on socioemotional selectivity theory, and argued for a desensitizing effect of age on the relationships, as greater emotional control of older workers would enhance their possibilities to cope in a constructive and positive way with contract breach, thereby preventing themselves from being affected emotionally by breaches. Their results showed that this was indeed the case for trust and commitment, but not for job satisfaction. The meta-analysis showed that older workers became *less* satisfied with their jobs following breach in comparison to younger workers. Vantilborgh et al. (2015) offered an explanation to these counterintuitive findings: as age concerns an umbrella term for many changes people experience throughout their lives, there may actually be other changes that explain why older workers are less affected by breach in relation to trust and commitment, while being more strongly affected in relation to job satisfaction. For instance, Bal et al. (2013c) have investigated future time perspective and occupational expertise as moderators in the contract fulfillment – commitment relationships whereby the two moderators played opposite roles in moderating the relationships under study. This may also explain why age not necessarily has a direct impact or may even have a contrasting effect on the breach-outcome relationships. Specifically, age is associated on the one hand with decreased future time perspective (see also Bal et al., 2013c; De Lange et al., 2011), while on the other hand, age is also associated with greater experience and expertise. Hence, a decreased future time perspective may be associated with a greater focus on emotional stability and positive

emotions, and therefore reduced intensity in reacting upon breaches. In contrast, accumulation of expertise may also be associated with a greater sense of entitlement (Bal et al., 2013c), through which older workers may react more intensely to breaches as they may perceive this as a betrayal of their expertise-entitlements. Hence, the context matters here: not all older workers are alike (Bal & Jansen, 2015), and thus age differences in responses to psychological contract breach cannot be merely generalized to a complete group of older or younger workers.

Especially socioemotional selectivity theory and emotion regulation theory help to understand possible age differences in reactions to psychological contract breach. As socioemotional selectivity theory argues for an increased tendency to focus on the present and positive emotions among older people (Carstensen, 2006), it is likely that older workers are more likely to make positive interpretations in the context of contract breaches. Hence, even when older workers experience contract breach, they may reduce the impact of breach on themselves through making more positive attributions about the organization. As such, they make interpretations about contract breach as something that is either unavoidable or beyond the control of the organization (Morrison & Robinson, 1997), thereby retaining a positive image about the organization. Moreover, a sense of time until retirement as running out (Zacher & Frese, 2009) may also make interpretations more salient that even though the contract has been broken, nothing can be (easily) done, or effort put into repairing a breach is too costly (Tomprou et al., 2015).

In addition, an emotion regulation perspective postulates that older workers are also better in regulating their emotions after experiencing negative events. Thus, while a contract breach may elicit negative emotions for both younger and older workers, it is the older workers who due to their enhanced work experience, have the capability to address these emotions more appropriately and consequently react less intensely to breaches. Younger

workers, however, may have little experience in coping with negative events at work, and therefore lack the skills to effectively manage their emotions (e.g., through discussing a breach with colleagues or one's supervisor). Consequently, they may feel reduced enjoyment in their work, and may also be more likely to withhold their efforts put in their jobs and contributions to the organization. This corresponds to findings from a longitudinal study by Bal et al. (2013a), who showed that age moderated the relationships of breach with both satisfaction and job performance over time, with stronger negative relationships among younger workers, and non-significant relationships of breach with job performance among older workers. This suggests that behavior at work may more likely to be influenced by external circumstances when it concerns younger workers (i.e., they respond to breach by reducing their efforts). In contrast, behavior may be more likely to be internalized when it concerns older workers (i.e., their behavior is less strongly influenced by breach, and more likely to be a function of developed behavioral skills). In sum, based on lifespan theory and empirical research, there are few indications to expect differences among younger and older workers in their levels of perceived fulfillment or breach of contract. However, in line with both socioemotional selectivity theory and emotion regulation theory, it is likely that age-related differences manifest in responses to psychological contract breach, with evidence for stronger reactions among younger workers than among older workers (Bal et al., 2013a). However, given the increasing variability among older workers, it may also be that some older workers are more prone to react intensely to negative events, such as contract breaches than other older workers (Bal & Jansen, 2015). More research on this is needed to further elucidate these relationships.

#### *Age and Temporal Dynamic Psychological Contract Theory*

In recent years, psychological contract researchers have started to emphasize the temporal dynamic nature of the psychological contract, leading to novel theoretical insights

such as the post-violation model (Tomprou et al., 2015) and psychological contract theory 2.0 (Hansen & Griep, 2016; Rousseau, Hansen, Tomprou, 2016). They have also started to conduct empirical studies that focus on inherently dynamic topics such as recovery from psychological contract breach (Solinger, Hofmans, Bal, & Jansen, 2016) and sensemaking processes (Bankins, 2015). While lifespan theories also suggest that psychological contracts change gradually as people age, this novel temporal dynamic psychological contract research focuses more on micro or meso time-intervals, such as daily or weekly fluctuations.

However, lifespan theories can be used to gain a better understanding of how psychological contract processes change as people grow older. For example, the recovery process following breach perceptions may be markedly different for older compared to younger employees. In what follows, we briefly introduce new temporal dynamic psychological contract perspectives, and we show how lifespan theories can be integrated to offer exciting new research questions.

Temporal dynamic psychological contract theories mainly build on self-regulation theory (Hansen & Griep, 2016; Schalk & Roe, 2007). They consider the psychological contract as a mental model that employees use to make sense of their exchange relationship with the organization and to guide behavior and attitudes (Schalk & Roe, 2007). Self-regulation theory explains that people compare experienced states to desired states and take corrective actions when (major) discrepancies occur (Carver & Scheier, 2001). Following this, employees continuously compare daily experiences at work to the obligations in their psychological contract and react when discrepancies (i.e., psychological contract breaches) are observed.

Psychological contract theory 2.0 uses these principles to propose a phase-based model of psychological contract development, spanning four phases: creation, maintenance, repair, and renegotiation (Hansen & Griep, 2016). In the creation phase, new employees

develop a psychological contract that aligns with their personal goals and that simultaneously satisfies the goals of the organization. During this phase, the psychological contract can undergo rapid changes, gradually stabilizing into a set of mutual obligations. Once that this mental model becomes relatively stable, employees move into the maintenance phase. In this phase, employees monitor subconsciously for discrepancies between daily experiences and the obligations in the psychological contract. Minor discrepancies will either go unnoticed or they will be integrated passively into the existing psychological contract. However, major discrepancies will trigger a more conscious, active reaction by employees, leading employees down one of two pathways. If a major discrepancy threatens the attainment of personally important goals, employees will experience negative affect and they will enter the repair phase. If a major discrepancy, in contrast, facilitates the attainment of personally important goals, employees will experience positive affect and they will enter the renegotiation phase. The psychological contrast is revised in both the repair and renegotiation phase, meaning that some obligations may be added or dropped, or they may change in importance. If the repair or renegotiation phase is successful, employees return to the maintenance phase.

Lifespan theories are naturally related to psychological contract theory 2.0, as transitioning into new life phases will trigger new personal goals (Schalk & Roe, 2007). These changes in personal goals may result in discrepancies in the psychological contract, shaking employees out of the maintenance phase. In addition, we propose that the path followed after such a disruption—i.e., repair or renegotiation—may depend on age. For example, socio-emotional selectivity theory states that older employees have stronger emotion-regulation skills, meaning that they may be better equipped to cope with the negative emotions that accompany repair. In addition, following selection, optimization, and compensation theory the losses associated with aging may refrain older employees from renegotiating their psychological contract. As a result, older employees may be more inclined

to enter the repair phase, rather than trying to renegotiate for a better deal. The exception to this would be a situation in which the discrepancy pertains to goals that are highly relevant to older employees (e.g., pension benefits), which could trigger strong active reactions and renegotiation.

Psychological contract theory 2.0 shares some similarities with Schalk and Roe's (2007) model of dynamic psychological contracts, with the exception that the latter focuses explicitly on the threshold to interpret a discrepancy as a breach in the psychological contract. Schalk and Roe (2007) introduced the "zone of acceptance": minor discrepancies may fall within this zone and hence they will not trigger any reaction (similar to the accommodation of minor discrepancies in the maintenance phase of psychological contract theory 2.0); major discrepancies exceed the boundaries of this zone and lead to either balancing, revising, or deserting the psychological contract. Importantly, the thresholds that delineate the boundaries of this zone of acceptance may differ between individuals, as well as change within an individual over time. Lifespan theories may explain why thresholds change as people age. For example, research shows that older employees have a stronger tendency to accommodate discrepant information (Brandtstädter & Renner, 1990). This may imply that the zone of acceptance broadens as people age, and that older employees become more tolerant of psychological contract breaches. In addition, the history of the psychological contract may matter. Older employees typically have longer tenure and they can thus look back at psychological contract breach and fulfillment events in the past. An accumulation of repeated breaches in the past may lead to cynicism and detachment in older employees (Chiaburu, Peng, Oh, Banks, & Lomeli, 2013), broadening the zone of acceptance. In contrast, a history of psychological contract fulfillment may lead to higher expectations, thus lowering the threshold to interpret a deviation as a breach.

Finally, post-violation theory focuses on how employees' psychological contracts recover after experiencing a major discrepancy (i.e., a violation) in their psychological contract (Tomprou et al., 2015). Tomprou and colleagues describe four distinct repair patterns: thriving (i.e., employees end up with an improved psychological contract), reactivation (i.e., employees return to their pre-violation psychological contract), impairment (i.e., employees accept a revised psychological contract that is worse than the pre-violation contract), and dissolution (i.e., employees are unable to repair the psychological contract and chronically experience violation). Several of the factors determining the likelihood of recovering and the pattern following an experienced discrepancy can be related to aging processes. First, the post-violation repair pattern depends on the coping strategy used by the employee, with problem- and emotion-focused coping strategies yielding a higher likelihood of thriving or reactivation patterns than mental and behavioral disengagement strategies (Tomprou et al., 2015). However, research on aging suggests that older employees are more likely to rely on emotion-focused strategies, compared to problem-focused strategies (Diehl, Coyle, & Labouvie-Vief, 1996). Second, violation resolution is deemed more likely if employees possess sufficient self-based resources (Tomprou et al., 2015). In line with selection, optimization, and compensation theory, the losses associated with aging may reduce some of the personal resources of older employees, lowering the likelihood of violation resolution. Third, the responsiveness of the organization also determines the likelihood of violation resolution (Tomprou et al., 2015). Organizations in which age-based stereotypes run rampant may not offer adequate support to older employees, thus lowering the likelihood of violation resolution. Finally, a diminishing future time perspective at work may increase the likelihood of mental and behavioral disengagement in older employees, again lowering the likelihood of violation resolution. Overall, these arguments suggest that



older employees may be less likely to encounter thriving, or even reactivation, patterns following psychological contract breach events.

### *Psychological Contracts in the Contemporary Workplace*

The recent financial crisis and the ensuing austerity measures imposed in many countries may have increased employee perceptions that there is a lack of job alternatives. This is especially true for older employees, who often encounter age stereotypes when applying for jobs. This lack of job alternatives may lead to older employees accommodating psychological contract breaches and choosing to “soldier on” despite being in an unfavorable employment relationship (Conway, Kiefer, Hartley, & Briner, 2014). Likewise, many countries are increasing the retirement age, in an attempt to spur economic growth. However, these changes in retirement policies can have profound effects on older employees’ psychological contracts. When retirement policies change, the future time perspective of older employees suddenly is forced to shift. Older employees who had already started to gradually disengage may be forced to accept that they have to work longer and have to renegotiate or accommodate their psychological contract accordingly. It goes without saying that these events may lead to severe psychological contract breaches. Finally, in neoliberal societies, organizations increasingly focus on productivity, flexibility, and continuous growth (Bal, 2017). The content of jobs often changes as organizations outsource tasks to low-income countries. In addition, technological changes are rapidly changing how people work, and advances in artificial intelligence are leading to the disappearance of certain jobs. Employees are often advised to cope with these changes, by training and life-long learning. The implication of this is that the psychological contract may become more volatile, as employees have to continuously adapt to ever-changing situations. Such volatility is potentially threatening to older employees, as the stable psychological contracts that they relied on in the past, are suddenly forced to change.

### *Conclusion*

This chapter aimed to shed light on the relationships between age and psychological contracts. Using three main lifespan theories (socioemotional selectivity theory, selection, optimization, and compensation model and emotion regulation across the lifespan), we were able to summarize existing evidence regarding the role of age in relation to content, type and evaluation of the psychological contract. Moreover, the chapter also linked age to recent developments in psychological contract theory, and in particular the dynamic nature of the contract over time as a result of breaches and changes in the contract itself, due to societal changes. All in all, there is a scarcity of empirical evidence regarding the precise nature of the role of age in psychological contracts, and more research is needed to shed further light on the multi-faceted nature of the impact of age on the experiences and dynamics of psychological contracts over time.

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