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Sustaining psychological contracts during organizational change

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Abstract

Organizational change is expected to undermine the quality of psychological contracts. A large amount of research has shown that change has detrimental effects on employment relationships, especially when major restructuring and the downsizing of staff lead to a breach of the psychological contract. However, a smaller number of studies have presented certain types of change and supporting practices that foster psychological contracts. This systematic review of published research summarizes practices that are used to support psychological contracts during organizational change. Effective practices pertain to organizational justice, effective communication, participation, leadership, management practices for planning change and human resource management practices. The benefits of these practices are assessed in the context of four types of changes (minor and major changes, mergers, and downsizing) because these types of changes affect psychological contracts differently and determine the range of practices that can be used. This analysis contributes to the literature by providing guidance for future research with regard to identifying factors that pertain to the quality of the change with respect to psychological contracts. It highlights lacunae in the extant research and ultimately helps support organizational practice to plan and manage changes in a sustainable way.

Keywords Organizational change · Psychological contract · Organizational justice · Downsizing · Restructuring

Psychologische Verträge in organisationalen Veränderungsprozessen erhalten und pflegen

Zusammenfassung

Organisationale Veränderungsprozesse beeinträchtigen die Qualität psychologischer Verträge. Eine Vielzahl von Untersuchungen belegt negative Auswirkungen organisationaler Veränderungsprozesse auf die Beschäftigungsbeziehung, insbesondere wenn Restrukturierung und Personalabbau zu einer Verletzung des psychologischen Vertrags führen. In einigen wenigen Studien finden sich Beispiele von Veränderungsprozessen oder unterstützenden Maßnahmen, die psychologische Verträge fördern. Dieses systematische Review bestehender Literatur fasst Maßnahmen zusammen, die zur Unterstützung psychologischer Verträge in organisationalen Veränderungsprozessen eingesetzt werden. Zu den effektiven Maßnahmen zählen organisationale Gerechtigkeit, wirksame Kommunikation, Partizipation, Führung, Maßnahmen zur Planung und Steuerung von Veränderungsprozessen und Maßnahmen des Personalmanagements. Die Vor- und Nachteile dieser Maßnahmen werden differenziert für vier Formen von Veränderungsprozessen (begrenzte und umfassende Veränderungsprozesse, Merger und Personalabbau) ausgeführt, da sich diese Formen unterschiedlich auf psychologische Verträge auswirken und die Wahl von Maßnahmen einschränken. Diese Analyse erweitert die bestehende Forschung, da sie Lücken identifiziert und den Bedarf für zukünftige Forschung ermittelt. Dieser Forschungsbedarf bezieht sich auf die Identifikation von Faktoren, die die Qualität der organisationalen Veränderung unter Berücksichtigung psychologischer Verträge sicherstellen. Diese Analyse hilft, Organisationen dabei zu unterstützen, Veränderungen nachhaltig zu planen und umzusetzen.

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Schlüsselwörter Organisationale Veränderungsprozesse · Psychologischer Vertrag · Organisationale Gerechtigkeit · Stellenabbau · Restrukturierung

1 Introduction

Many organizational changes do not lead to the anticipated success (Stouten et al. 2018). Common success factors are difficult to uncover because changes in organizations are highly diverse. Change initiatives focus on different economic goals and vary in terms of their pace and scope (Street and Gallupe 2009). Organizational change has the reputation of being disruptive to employment relationships (Conway et al. 2014), but several studies have failed to provide support for this assumption (Robinson and Morrison 2000). These inconsistent results are potentially caused by the high level of heterogeneity exhibited by change initiatives. More long-term and radical organizational changes are likely to have more severe effects on employees than small-scale changes. In some change initiatives, employees are well supported by additional practices, whereas other organizational changes are implemented with insufficient planning and care for employees' needs (Raeder 2019). To improve our understanding of why some types of changes impair employment relationships, different types of organizational changes should be distinguished, and the practices of support implemented by organizations should be identified.

In this paper, I aim to summarize research on known practices that support or impede employment relationships during organizational change. My systematic review relies on published studies that have investigated practices that support or undermine psychological contracts in the context of an organizational change. Psychological contracts are defined in terms of promises and obligations between employer and employee as well as their fulfilment. The practices are presented in the context of each organizational change to identify their beneficial and detrimental aspects with regard to employment relationships.

This systematic literature review contributes to the extant research by synthesizing previous research and organizing and explaining inconsistent patterns of results. It summarizes advice concerning how to successfully manage organizational change. It provides recommendations regarding aspects that should be considered when managing organizational change.

2 Psychological contracts and organizational change

Radical forms of organizational change disrupt psychological contracts because jobs are terminated and past promises

are no longer taken for granted (van Gilst et al. 2020). Research, however, has failed to consistently show negative effects for all types of changes. Some changes do not lead to a breach of the psychological contract, particularly when the changes are minor or desired by employees (Holman and Axtell 2016; Korsgaard et al. 2002). In some changes, supportive practices buffer the consequences of changes with the aim of preventing such a breach (Thomson et al. 2021).

Psychological contract breach is the most frequently studied type of psychological contract (Robinson and Morrison 2000). Breach indicates that promises and obligations, often organizational obligations, are not met. The opposite notion, that is, fulfilment, captures the fulfilment of the obligations of the employer or the employee. Violation refers to the emotional reactions that potentially occur after breach. Other types of psychological contracts concentrate on the contents of the contract. For example, relational psychological contracts focus on the socioemotional exchange between employer and employees, including long-term relationships and loyalty (Syrek and Antoni 2017). Transactional contracts are more closely tied to the contents of the work contract and its interpretation (e.g., fair pay). Although relational contracts are often preferred, they also have certain negative consequences such as a spill-over of work into other domains of life. Psychological contracts should be considered in the context of change because psychological contracts affect the behaviours and attitudes of employees. Breach, for example, reduces employees' commitment to the organization, their work performance and their helping behaviour (Zhao et al. 2007). It is in the interest of the organization to avoid breach and to mitigate the negative effects of psychological contracts on work behaviour.

Two aspects potentially determine the inconsistent mix of positive and negative effects of changes on psychological contracts that have been reported in previous research: the type of change and the use of supportive practices. The type of change focuses on the high degree of heterogeneity exhibited by organizational changes. Researchers who have attempted to organize this heterogeneity have suggested assessing change based on the dimensions of pace and scope (Street and Gallupe 2009). Pace refers to the pace of such changes, that is, continuous and frequent or episodic and dramatic. Scope distinguishes between changes that are consistent with existing structures and radical changes that overthrow existing solutions and establish new options. Alternatively, changes have been distinguished based on change content (e.g., job redesign, merger, downsizing, Oreg et al. 2011).

Table 1 Types of organizational change

Types	Definition	Examples
Minor organizational change	Changes are limited in time and scope, and their implementation is likely to respect employees' interests	Job redesign intervention (Holman and Axtell 2016) Introduction of flexible working (van den Heuvel et al. 2017) Introduction of a pay-for-performance system (Syrek and Antoni 2017) Planning for a large scale change (Korsgaard et al. 2002)
Merger & acquisition	Separate companies are combined into one company. Mergers and acquisitions can either be limited in time and scope (like minor changes) or extended over time and radical in scope (like major changes). The employer changes for some employees	Merger of two multinational corporations (Sverdrup and Stensaker 2018) Acquisition through buying shares (Magano and Thomas 2017) Merger and demerger of health care organizations (Cortvriend 2004)
Major organizational change	Change initiatives extend over time and are either continuous or episodic (pace) and either convergent or radical (scope). Change decisions are made by management	Waves of restructuring (McLachlan et al. 2021; Thomson et al. 2021) Restructuring and technological change (Schalk et al. 1998)
Downsizing/layoffs	Some or all employment relationships are terminated. Downsizing is potentially combined with major change. Downsizing decisions are made by management	Reduction in the workforce (layoffs, downsizing, Parzefall 2012) Reduction in the workforce through voluntary separation of employees (Arshad and Sparrow 2010; Othman et al. 2005) Closure of production site (Stengård et al. 2015)

With a focus on employment relationships, however, not all options for categorizing organizational changes are useful. One basic concern pertains to whether employment relationships are terminated because of the organizational change in question. Psychological contracts end with the employment contract. Employment contracts are more frequently terminated in the context of downsizing and radical and dramatic changes. A second concern pertains to whether the change pursues economic goals and disregards employees' needs or whether employees benefit from the change and their needs are addressed. Large-scale changes (e.g., restructuring) usually target economic goals, and the corresponding decisions are made by management. Smaller changes (e.g., job redesign) allow for more participation and empowerment on the part of employees. In line with the dimensions of pace and scope (Street and Gallupe 2009), large-scale changes could be described as either continuous or episodic and radical. Small and local changes may manifest as neither frequent nor dramatic because they are sometimes limited to only one instance of a change that is consistent with existing structures. A third concern pertains to the employer, which could, for example, change during a merger or acquisition. A different employer potentially represents a different set of contractual obligations.

In response to these three concerns, I suggest that minor and major changes should be distinguished from one another. Minor changes are limited in time and scope, and they are more likely to involve employees and respect their interests. Major changes can be identified as continuous or episodic, convergent, or radical. They potentially include different types of change content (e.g., new technology, re-

structuring). Because a small number of studies on psychological contracts and major changes have been published, major changes are not differentiated in terms of their pace and scope. Mergers and downsizing should be viewed as separate types of change. Downsizing terminates employment contracts and psychological contracts, whereas mergers and acquisitions entail the integration of separate organizations and the possible consequence of a change of employer (Table 1).

A growing body of research has focused on the recipients of change, that is, the employees of changing organizations, and their reactions (Oreg et al. 2011). This stream of research has identified certain practices that facilitate successful change, such as communication, participation and organizational justice (Armenakis and Harris 2009). It has summarized and evaluated evidence concerning the role of leadership and leader behaviour in this context (Oreg and Berson 2019). Ideal steps for managing change have been derived from classical and current approaches to the task of managing change (Stouten et al. 2018). Examples include communicating a vision of the change, empowering others to act or institutionalizing a change in culture and practices. The use of human resource management practices to support change has been studied in detail (Raeder 2019).

Some of these practices have been emphasized in research on psychological contracts and organizational change. To determine whether these practices preserve the quality of psychological contracts during change, it is also important to consider the type of change in question. Practices might have different consequences for psychological contracts across different types of change. The combina-

Table 2 Dos and don'ts during organizational change

Types of practices	Types of organizational change				Sample definitions and quotations from papers
	Minor	Merger & acquisition	Major	Downsizing/layoffs	
Dos					
<i>Fairness</i>	Procedural justice	Distributive, procedural, and interactional justice	Interpersonal justice	Procedural, interactional, and informational justice Fairness of layoff procedures, pay raises and promotions	Distributive justice "is defined as the perceived fairness of the outcomes that employees receive." Procedural justice "is defined as the perceived fairness of the process and procedures by which allocation decisions are made." Interactional justice "is defined as the quality of interpersonal treatment received at the hands of decision-makers." (Cho et al. 2017, p. 992)
<i>Job design</i>	Job control and feedback	-	Role clarity	-	Job control: "Call center agents were given responsibility for a range of team administration tasks previously conducted by the team leader as well as discretion over when to complete them. These included organizing break and lunch times, logging working time activities, logging performance data, rotating responsibility for collating all agents' performance data, and managing and recording agent flextime." (Holman and Axtell 2016, p. 288)
<i>Leadership</i>	Transformational leadership	Maintaining and restoring trust	-	Maintaining relationship quality	Trust: "You notice really fast, those managers that you trust, they talk to you like you're on the same level, and not like some people who stand up there and talk down to you." (Sverdrup and Stensaker 2018, p. 416)
<i>Management practices</i>	-	Integration strategy	Support during implementation	-	Integration strategy: "Successful integration means the emergence of two entities as a one synergized unit." (Bari et al. 2016, p. 4)
<i>Communication</i>	Change information	Extensive communication	Communication	-	Change information "... is conceptualized here as the extent to which the employee perceives that information about the change is timely, useful and adequate, and that it answers his or her questions about the change." (van den Heuvel et al. 2017, p. 404)
<i>Participation</i>	Participation in job redesign	Involvement in decision-making	Participation	-	Participation: "Call center agents and supervisors in the experimental group (four of the 12 teams in the call center) participated in the main phases of the intervention: assessment (i.e., problem definition and solution development) and implementation (planning, securing support, and implementing changes...)." (Holman and Axtell 2016, p. 288)
<i>Human resource management practices</i>	-	Training, teambuilding, career counselling, incentives, employee surveys Involving human resource management as a change agent	Internal redeployment program	Competence pool to aid re-employment Promoting employability	Competence pool: "Rather than laying off those employees whose jobs were terminated, the firm transferred these employees to the Competence Pool, where they received training and assistance in searching for external and internal jobs for a period of three months. While at the Competence Pool, many employees also worked on short-term projects or completed internships in different parts of the organization which allowed prolonging the three months—period for the length of the assignment. Nobody was directly laid off." (Parzefall 2012, p. 803)
Don'ts					
<i>Fairness</i>	-	-	-	Lack of procedural and interactional justice	Lack of procedural justice is defined as "... perceived injustice of the procedures related to the restructuring process and the organizational change initiatives that resulted in the termination of certain jobs." Lack of interactional justice: "the behavior of the immediate manager in the transfer situation was described as unprofessional." (Parzefall 2012, p. 806)
<i>Management practices</i>	-	Absence of due diligence assessment Lack of strategic objectives Neglect of cultural integration Lack of organizational support	Poor change management history	-	Absence of due diligence: "A proper due diligence should have been conducted by outside consultants to eliminate any biased thinking or overconfidence in the organization's own abilities. Furthermore, potential liabilities should have been identified and investigated further and not been taken at face value." (Magano and Thomas 2017, p. 5) Change management history (sample item): "I feel that past organizational changes in this company have been managed well." (Rafferty and Restubog 2017, p. 538)
<i>Communication</i>	-	Lack of communication	-	-	Lack of communication: "An ability to voice concerns but feeling that these concerns were not listened to seemed to lead to feelings of disempowerment." (Cortvriend 2004, p. 183)
<i>Participation</i>	-	Lack of participation	-	-	Lack of participation: "Although this was not discussed explicitly it was obvious that the feeling that decisions had been made despite what people might say prior to the changes, led participants to feel demoralised and disempowered." (Cortvriend 2004, p. 183)

tion of information regarding the type of change, the effect on psychological contracts and the implemented practices allows us to evaluate the usefulness of such practices.

3 Dos and don'ts of organizational change

The literature search was conducted by reference to three reliable databases (Web of Science, Scopus, PsycInfo; Gusenbauer and Haddaway 2020; Hiebl 2021) with a focus on organizational change and psychological contracts. The core search terms used were “psychological contract*” and “organizational change”. In addition, more specific terms (e.g., restructuring, job redesign, mergers and acquisitions) in line with the change content mentioned in the review conducted by Oreg and Berson (2019, Table 2) were used to capture organizational change. The search produced 781 records. Duplicates, papers not written in English, conference abstracts, theoretical papers, review papers, papers that did not empirically investigate the core constructs and papers that were inaccessible were removed. Of the remaining 84 papers that reported a qualitative or quantitative investigation of organizational change and psychological contracts, I selected all 19 papers that reported supportive or hindering practices used in organizational changes. The paper by Stengård et al. (2015) was added to the database because it studied downsizing but used the term ‘felt obligation’ instead of psychological contracts. In the following section, the presentation of the studies is organized based on the type of organizational change that they included. Because the unique characteristics of each change create an important context for possible practices and psychological contracts, the publications are presented in the form of short case studies. This approach allows me to include information regarding each of the changes. Useful practices and practices to be avoided are summarized in Table 2 in the form of dos and don'ts.

3.1 Minor organizational change

Minor organizational changes affect the immediate work environment of employees and their work tasks. They do not present a threat to employees but rather invite their participation. Examples of minor changes include efforts to implement job redesign and introduce new pay systems or flexible working arrangements (Holman and Axtell 2016; Syrek and Antoni 2017; van den Heuvel et al. 2017). The characteristics of the change make contract fulfilment and relational contracts likely. Five papers were coded as focusing on minor organizational change. The results show that during a minor organizational change, autonomy, information regarding the change, transformational leadership, and fair procedures support contract fulfilment and help main-

tain relational contracts and organizational obligations. The employment contracts were not at risk during these changes. Some of these changes aimed to improve employees' autonomy through job design and flexible working. More details of the five papers are presented below.

Job design and participation A job redesign intervention aimed at improving the work situation in a call centre was developed in workshops with employees of the centre (Holman and Axtell 2016). The job redesign promoted higher job control by giving employees increased responsibility for executing administrative tasks and handling complaint emails and team briefings. It included the revision of criteria for performance feedback and a procedure for collecting feedback from different sources. Employees were offered training during the intervention. Psychological contract fulfilment was higher in the group that benefitted from the intervention than in the control group. The corresponding changes in job control and job feedback predicted fulfilment after the intervention.

Change information A new system of flexible working allowed the employees of a multinational organization that provided technology services to choose the time and location of their work more autonomously (van den Heuvel et al. 2017). The shift to working from different locations (e.g., home, clients) and outside regular working hours was assisted through the provision of managerial support and improved IT systems. Timely and useful information regarding the change contributed to the fulfilment of the psychological contract. The beneficial effect of change information was supported by reference to a second sample of employees drawn from different organizations (van den Heuvel et al. 2015).

Leadership Due to the introduction of a pay-for-performance system in eight health care and charitable organizations, 5% of employees' yearly salary was transformed into a performance-related bonus (Syrek and Antoni 2017). Bonus decisions were made based on goal setting and performance assessments. During the introduction of this system, transformational leadership helped maintain relational and transactional psychological contracts. Relational contracts were more closely related to transformational leadership than transactional contracts. Transformational leadership provided meaning during the change and communicated a positive vision of the change, thus supporting elements of social and economic exchange in the employment relationship.

Fairness A large-scale reengineering process was only in the planning stages at the time when the employees of this organization were surveyed (Korsgaard et al. 2002). Al-

though a major change was planned, its consequences were not fully observable at the time of the survey. For this reason, the stage of the change better fit with a minor change initiative. During the organizational change, procedural justice helped maintain the employees' obligations but did not affect organizational obligations. Procedural justice refers to the consistent use and correctability of standards as well as adequate justification for decisions. Low procedural justice was correlated with lower obligations and a decrease in obligations over time.

3.2 Mergers and acquisitions

During a merger or acquisition, separate organizations are expected to grow into one organization. Typically, mergers involve a due diligence assessment before the decision is made and the cultural integration of the former organizations following the merger (Bari et al. 2016; Magano and Thomas 2017). Despite these common features, the effects of mergers or acquisitions on employees and their jobs can vary in line with a minor or a major change. Five papers reported a merger or acquisition. The results indicated that the fairness of rewards, procedures and interaction must be respected in the context of mergers and acquisitions. Fairness is attributed a similar importance to its importance in minor organizational changes. The evident demands for integrating two organizations must be addressed, such as through a prior due diligence assessment, clear strategic objectives, and cultural integration. The use of human resource management practices is as important as communication and involvement in decision-making. Managers should ensure the maintenance of a trustful relationship with employees. A detailed description of the five papers is presented below.

Trust and participation Two multinational corporations operating in the energy industry merged with the goals of expanding internationally, increasing the efficiency of operations and establishing new fields of business (Sverdrup and Stensaker 2018). Business units that were merged in the first year reported high levels of participation in the merger and trustful relationships between employees and management. In a later merger of one business unit, management failed to adhere to the rules of collaboration that had been planned in advance. Management had invited a consulting company to present alternative suggestions despite the fact that the operational model was planned to be developed by a project group consisting of employees and management of this unit. Inviting a third party led to a loss of trust, a prolonged conflict between the two parties and eventually the perception of breach. Trust could only be restored when one of the conflictual elements of the operational model was removed. In a later stage, a newly hired manager involved the employees in the evaluation of the operational model. This

approach offered the opportunity to restart collaboration, to restore trust between employees and management and to renegotiate the psychological contract. Involving employees in decisions during the change process helped restore trust and repair the psychological contract.

Absence of due diligence and cultural integration Senior managers in a South African pharmaceutical company perceived a breach of psychological contract following a merger (Magano and Thomas 2017). In 2008, the company sold 40% of its shares to a black-owned company, and those shares were later increased to 51%. This breach was aggravated by the lack of communication during the merger, the absence of a due diligence assessment prior to the merger and the lack of strategic objectives. The lack of employee participation in planning the merger and the failure to care for the cultural integration of the merged units also contributed to the perception of breach. The managers believed that the active integration of the human resource management function in the change could have solved most of the problems that led the employees believe that the organization had failed to keep its promises.

Lack of organizational support and participation During a merger and subsequent demerger of health care organizations in the UK, employees reported a lack of organizational support, communication and participation (Cortvriend 2004). The fact that the employees' voices were not heard led to the perception of a breach of the psychological contract.

Management practices and fairness An investigation of mergers and acquisitions in the banking industry in Pakistan indicated higher financial and nonfinancial performance if certain management practices were implemented to ensure smooth integration (Bari et al. 2016). These practices consisted of human resource management practices (e.g., training, teambuilding, career counselling, incentives, employee surveys), extensive communication during the change and a focus on integrating units that had previously been separate. These management practices and procedural justice helped support relational and transactional contracts in this context.

Fairness In the context of a merger or acquisition, distributive, procedural and interactional justice fostered a relational psychological contract but not necessarily a transactional contract (Cho et al. 2017). Distributive justice captures the fair distribution of rewards, and interactional justice is defined as the fair treatment of employees by their managers. Only interactional justice decreased the level of transactional contracts. The overall effect of fairness on psychological contracts was beneficial because it supports

socioemotional aspects of the employment relationship and reduces the focus of that relationship on economic aspects.

3.3 Major organizational change

Major organizational changes involve restructuring in organizations that extends over a long period of time or combines different change events. Such changes exhaust the resources of the organization and its employees. Four investigations studied a major organizational change. The results show that poor change management in the past was remembered and motivated employees to exhibit negative views of the current change. Communication, participation, organizational support, job design and fairness were positive factors that were also relevant to other types of change. An internal redeployment program prevented breach and violation if jobs were found in the organization that fit with the employees' competencies. More information regarding these four studies is given below.

Job design and fairness Nurses, physicians and administrative staff working in a chain of hospitals experienced several waves of restructuring (Thomson et al. 2021). The impact of their change of jobs led to a perception of breach and violation. Role clarity, that is, a clear understanding of job responsibility, attenuated breach and, in combination with interpersonal justice, violation. Interpersonal justice is defined as the respectful treatment of employees.

Internal redeployment program In two restructuring programs, a subsidiary of a multinational steel company located in the UK aimed to reduce its workforce without laying off staff (McLachlan et al. 2021). Redundant employees were placed in vacant roles in other units in the organization. This redeployment program was based on a collective agreement with the unions to avoid compulsory redundancies. Later during this process, the matching of employees to new jobs became more difficult, for example, when an employee was moved from a production to an administrative role. The management of this company aimed to reduce perceptions of breach and violation through redeployment, but the mismatch between competencies and jobs negatively affected psychological contracts.

Communication, participation and support In a telecommunications company in Australia, the negative effects of restructuring and technological change could be prevented through communication, participation and support during the implementation of the change (Schalk et al. 1998). These practices ensured the fulfilment of the psychological contract.

Poor change management history During an instance of restructuring in a manufacturing organization in the Philippines, employees interpreted the corresponding changes against the backdrop of past changes and their management. If past changes were assessed to be badly managed, employees perceived the current change to be more threatening and harmful (Rafferty and Restubog 2017). The perception that the current instance of restructuring is harmful and lacks a positive challenge encouraged employees to perceive a violation of the psychological contract.

3.4 Downsizing and layoffs

The termination of the employment contract because of downsizing is often perceived as a breach of the obligations of a long-term employment relationship. Decisions regarding downsizing are usually made by management as a radical step to improve the economic situation of the organization. Six papers reported cases of downsizing. The results identify fairness as a core practice that can attenuate the consequences of downsizing on psychological contracts. In addition, a competence pool was perceived as a positive inducement, but its implementation should have focused more closely on employees' needs. Although it is not immediately related to the change situation, employability that is developed during the years before the change shields employees from the threat of job loss. Employability corresponds to the idea of a new psychological contract in which employees bear more responsibility for their employment and careers. The studies are described below.

Competence pool and the lack of fairness A Finnish telecommunication company implemented a competence pool to manage the consequences of layoffs with the goal of ensuring that the employees had sufficient time to find a new job (Parzefall 2012). The competence pool was perceived as a contribution by the employer that allowed the employees to restore balance in the psychological contract and to overcome the breach that was caused by the layoffs. Members of the competence pool criticized the fact that employees were not allowed to complete their former projects and thus felt underemployed. They also complained about a lack of procedural and interactional justice. The decision regarding who would be transferred to the competence pool was viewed as unfair and random because the employees' work tasks were not suspended but rather added to the workload of a colleague. The immediate managers seemed to act unprofessionally when informing employees of their transfer to the competence pool. Employees criticized this lack of empathy and caring. The competence pool helped employees find new jobs, but its implementation could have taken employees' needs into account more effectively.

Fairness and employability During the closure of a production site, the organization offered a severance package to motivate employees to remain with the organization until the closure was completed; they were also provided with access to a job coach (Stengård et al. 2015). The severance package and the employees' satisfaction therewith failed to maintain the employees' sense of obligation towards the company. Highly employable workers felt confident that they would find an appropriate job in the labour market, and their satisfaction with the severance package was thus of less importance with respect to their obligations. Workers with low employability felt less obligation the more satisfied they were with the severance package. Informational justice, however, supported the employees' obligations towards the company. Informational justice refers to the fairness of the organization's communication and the information it provides in terms of openness, timeliness, and clarity. This factor was particularly important for employees with a long tenure in the organization. Informational justice was more effective with respect to motivating employees to maintain their sense of obligation than the severance package.

Fairness Similar to the notion of a breach, fairness was a core interest in four additional downsizing studies. First, in a company that had offered high employment security in the past due to the fact that it was a government-owned organization, downsizing was accomplished through early retirement and a voluntary separation scheme featuring a compensation package (Arshad and Sparrow 2009, 2010). Survivors of downsizing reported that procedural and interactional justice reduced the violation of the psychological contract. Fairness thus ensured that employees maintained their commitment and remained in the organization. Second, employees of a downsizing organization were offered a voluntary separation option and a generous severance package (Othman et al. 2005). Employees who assessed the layoff procedure as fair experienced fewer violations but were also less likely to develop a new psychological contract. A new psychological contract resembles a transactional contract, in which context the employees take responsibility for their own employment and careers. Third, employees who had experienced mergers, restructuring or downsizing reported that the fairness of layoff procedures, pay raises and promotions and the quality of their relationship with their supervisor prevent psychological contract breach (Turnley and Feldman 1998). The quality of their relationships with coworkers, however, failed to have a similar calming effect.

4 Discussion

This systematic review of published research on psychological contracts and change found that different types of organizational change must be distinguished from one another. Minor changes did not provoke a breach of the psychological contract but contained elements that correspond to suggested practices used to manage change (e.g., the promotion of autonomy through job design). Major changes or downsizing, on the contrary, often led to breaches and violations. Employees potentially assessed practices that were implemented during the change (e.g., competence pool, severance packages) more critically and negatively than in the case of minor changes.

Companies must invest more effort in their attempts to avoid breaches and violations in the context of radical and dramatic types of organizational changes. The practices implemented during the changes were mostly effective. The lack of practices that were expected in the context of particular types of changes was more critical. Examples include the absence of a due diligence assessment or the neglect of cultural integration during a merger.

The list of dos and don'ts corresponds to practices that have been discussed in organizational change research (Oreg and Berson 2019; Oreg et al. 2011; Raeder 2019). In this review, organizational justice received more research attention than other practices. Management practices, human resource management practices and leadership were studied more rarely and mainly in the context of mergers and acquisitions. It is unknown whether these practices were not implemented during the studied changes or whether they were not evaluated in the corresponding research. Potentially, organizations made little use of these practices because not all changes are well planned. A suggestion based on this review is therefore to implement management practices, human resource management practices and leadership to support psychological contracts during changes and to evaluate all the practices in use in this context.

4.1 Limitations of the current research

Many practices that have been studied refer to constructs in psychological research, such as fairness, transformational leadership, or job autonomy. Psychological constructs do not capture organizational change in a detailed form and thus do not contribute to the task of explaining its unique consequences. These practices were selected based on research interests, and some fail to capture critical aspects of change. To extend previous research, it would be important to focus more closely on the unique characteristics of each change and to develop a better understanding of the practices used by organizations during organizational change.

Current theoretical approaches to organizational change either arrange changes in dimensions that are not meaningful for this research (e.g., pace and scope) or are confined to listing selected types of change without an additional theoretical dimension (e.g., Oreg and Berson 2019). A theory that systematically organizes types of organizational change would form an important basis for future research. A clearer definition of types of changes would allow for a theoretically based classification of reported studies, potentially producing a different pattern of results.

In most studies, organizational change is described only as a context of the sample. It is often not measured and included in the empirical data collection process. The measurement of the impact of such change on jobs is a rare exception (Thomson et al. 2021). However, measurement of this factor is important for capturing the heterogeneity of changes more effectively and relating their characteristics to various dos and don'ts as well as to psychological contracts. More information regarding the context of organizational change is needed.

The list of dos and don'ts shown in Table 2 is dominated by forms of organizational justice. While justice has received a great deal of research attention, many other aspects have received little attention. Examples include the management practices that are used to guide minor or major changes. Overall, more attention was given to supportive practices (dos), but improving our knowledge of hindering practices (don'ts) would help organizations avoid mistakes in future changes. Research should thus take more care to complete the list of negative practices.

4.2 How should organizations manage change?

First and foremost, organizations should ensure that changes are implemented with a high degree of fairness. All aspects of fairness should be considered throughout all stages of an organizational change. Basic advice regarding truthful communication and the thorough involvement of employees during the change should be respected. Leadership and the relationship between supervisors and employees (e.g., trust) should receive more attention. Supervisors often represent the organizational contract partner. They can thus discuss changes in psychological contracts explicitly and address emotional reactions to violations of psychological contracts.

Human resource management practices should be included as basic resources in organizational changes, for example, training and team building. An additional responsibility of human resource management involves offering support or options for re-employment to individuals who are made redundant (e.g., redeployment, competence pool). Such practices should be designed with an eye to their usefulness and effectiveness for workers. In the context

of a long-term change process, human resource management should implement practices aimed at improving the employability of workers.

All organizational changes entail the risk of breaching psychological contracts. Particularly in the context of large changes, it is not always possible to prevent such negative effects. However, some change initiatives also seem to be redundant, for example, mergers and demergers in health care organizations (Cortvriend 2004). Better planning that includes future prospects could help avoid unnecessary changes that exhaust the resources of the organization and its employees.

The list of recommended practices (dos) is comparably short and does not cover all practices that could be effective in this context. This list is not intended to be exhaustive or sufficient with regard to planning for a future change. However, the items on the list could be used as guidelines when exploring additional practices to manage and support the change. Organizations should collect their own experiences but avoid repeating any inadvisable mistakes (don'ts).

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