VIOLATION OF THE PSYCHOLOGICAL CONTRACT
AND THE DEVELOPMENT OF UNIONS AND
STRIKES: THE DEFENSE OF THE INDIVIDUAL’S
EMPLOYMENT RIGHTS

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ABSTRACT

The psychological contract involves an implicit agreement between an
employer and an employee that expects the two parties to treat one another
fairly. Employers expect workers to accomplish tasks in an honest, timely
manner, among other things. Employees expect the company to provide fair
treatment in an environment of open communication. When either side breaks
the psychological contract, reactions tend to become even more important
than those reactions emerging from broken legal contracts. When employees
experience a culture of unfulfilled needs they become fertile ground for union
organizers. As unions become enculturated within the environment of a
company, increased pressure on management to provide for the needs of
employees exist. If management refuses to accommodate those needs strikes
may occur. The whole process of unionization damages relationships within
the organization, but strikes escalate the damage. When management main-
tains a corporate culture that exhibits a basic consideration for employee
self-esteem, quality of work life, high trust, and open communication, the
propensity for unionization weakens.

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PSYCHOLOGICAL CONTRACT

A psychological contract bonds an individual and an organization. It involves an implicit agreement between an individual and organization that expects the two to treat one another fairly [1]. No legally binding agreement occurs on either party, but the psychological contract involves a motivation for compliance based entirely on shared values and mutual trust [2]. People may be completely unaware of this relationship, but it nevertheless governs their relationships with one another [3]. The contract may or may not be realized by parties to the interaction [4]. From the employees' side: job satisfaction, expectations for challenging work, fair treatment, job security, fair wages, controlled on-the-job stressors, and a humane corporate culture all contribute to the essence of a psychological contract. Expectations from the employers' side include task completion, punctuality, convivial attitude, loyalty, and honesty. In searching for information about how to behave when taking a new job in a new organization, employees seek to "unfreeze" former work models usually based on experience, to change in the direction they believe the new organization expects them to change [5]. When the expectations between the employer and employee match, human interactions and involvement in the organization dovetail [6]. When the expectations differ, a mismatch occurs, whereby people believe violations of the psychological contract have occurred. When the psychological contract is violated, reactions tend to become even more important than those reactions emerging from a broken legal contract [3].

Employees in contemporary organizations realize lifetime security has essentially vanished. Additionally, organizations find employees less committed to their jobs [2, 7]. As organizations undergo significant changes, new psychological contracts involving employee empowerment must be utilized. Mutual responsibility, shared power, involvement in decision making and problem solving, and new methods of demonstrating appreciation all contribute to business success and a new form of psychological contract. As these new types of psychological contracts become a part of organizational commitment, bonds with unions will become weakened.

LABOR UNIONS

The enactment of specific laws for organized labor can be traced to a precise year or era. While this may be true, years of protest and years of advocacy by the working class caused an evolutionary move by Congress to protect the working masses. Back in the 1880s concerns over foreign competition, sweatshops, and child labor were articulated by advocates for the working class. Demands for eight-hour days, minimum wages, national programs for social security, and unemployment benefits happened many years before the turn of the century. It took the Great Depression, with millions of people suffering homelessness and
joblessness, to provide the catalyst for implementing the legislation requested for workers. Because millions of men needed to serve in World War I and World War II, women and minority workers received jobs and promotions into positions previously closed to them. Consequently, when the wars ended, women and minorities also lobbied for equal rights in the workplace [8].

Labor unions grew rapidly during the Depression when free market capitalism appeared at the brink of disaster. Collective bargaining over issues such as wages and working conditions emerged as a result of worker revolt in the automobile, steel, and rubber industries. Congress encouraged collective bargaining in 1935, reflecting the conservative orientation of a market economy and private ownership of the organization of American workers into labor unions. Workers as a group desired a voice, and labor contracts in the United States legally bound employers to uphold agreements with unions for the number of years designated in the contract. Such contracts regulated the otherwise arbitrary decision-making authority of management. Unions typically arose as a reaction to strongly resented management action, low wages, poor conditions, and most frequently, arbitrary supervision [9]. Once unions became established, upward communication improved regarding production-related problems. Other factors, including supervision, leadership style, size of the company, product structure, and the nature of the workers also influenced productivity [10]. By the early '40s labor unions had helped create professional managers and increased corporate productivity.

Clearly, the establishment of unions affected the humane treatment of employees in many companies. How, then, does management respond to pressure from unions for human treatment and increased productivity? The psychological contract suggests human treatment acts as part of the bargain between employer and employee. Typically, management resists union imposition on its decision-making discretion, often creating the impression it wants unions to disappear. Logically, as managers relate to unions over a period of time, they may pass through several stages: outright aggressive opposition, to armed truce, to grudging acceptance, to cooperation [11]. Unionization also affects employee perspectives about work.

Hamner and Smith believed the attitudes of workers dissatisfied with their work environment provided union organizers the perfect opportunity to organize [12]. When employees seek out unionization, they believe the employer has failed to uphold the psychological contract and their discontent demands recognition. Satisfied employees rarely seek out union representation. Hamner and Berman believed nurses in hospital settings joined unions because of a sense of powerlessness and distrust and an increasing attitude of militanism [13]. Corporations with leaders who remain aware and sensitive to the attitudes and moral of their employees recognize and value their organization's part of the psychological contract. Schriesheim said management should remain concerned about employee sentiments at all times, dissipating any need for a union [14].
Since it takes months (perhaps years) for a group of employees to develop pro-union attitudes and job dissatisfaction, sensitive managers who maintain continuous readings of employee attitudes and respond to them would ward off any union organization. Once the union starts its organizing campaign, little chance for attitude change among dissatisfied employees exists. Thus it seems important to satisfy employees' needs before they even begin to consider seeking union representation, particularly those needs dealing with economic job satisfaction factors [14]. Leaders must continue to meet job security needs, good pay, and working conditions to maintain nonunion status.

Two fundamentally different perspectives explain the impact of union membership on worker satisfaction. First, labor economists argue unionization causes dissatisfied employees to remain on the job when unions create protected environments whereby dissatisfied employees can "voice" their dissatisfaction with organizational conditions [15, 16]. This should lead to increased satisfaction since the union enabled the employee to "voice" his or her dissatisfaction and thus have a correcting influence over work conditions. Instead, the considerable use of "voice" may actually lead employees to focus on organizational problems and raised aspirations, which consequently maintain dissatisfaction. Second, in contrast to what labor economists argue, Berger, Olson, and Boudreau suggest unionization accounts for a direct effect on job satisfaction, such as pay, benefits, and supervisor consideration, if people value these things, but does not affect the degree of job enrichment [17]. Unionization, in fact, has been shown to negatively correlate with the value of work itself and with lower work outcomes in terms of job enrichment. Union members earn more money than nonmembers and they perceive pay as a highly important aspect of work [17, 18]. Evans and Ondrack said increased pay and higher value for pay resulted in increased pay satisfaction [19]. However, unionization negatively correlated with lack of job complexity, less rich jobs in terms of skill variety, significance, and identity, as well as with autonomy and feedback. Further, suspicion exists among unions officials toward management's attempts to increase the quality of working life on the job. They fear management and owners want to benefit at the expense of employees and unions. Union officials prefer traditional collective bargaining issues such as wages and benefits.

What do union organizers look for as potential target groups? Stone (1986) argued union organizers look for white collar and professional workers in health care, financial planning, and insurance companies. They seek out workers for whom self-esteem needs, such as concern for dignity, respect from leadership, a say in management decisions, fair pay, and a grievance process that works, lack fulfillment. Unions also look for work environments where leadership puts down and lowers employee self-respect and self-esteem. In other words, union organizers look for organizations where management has failed to keep its side of the psychological contract.
Generally speaking, most employees not born and raised in a strong union culture would not automatically select union membership. They only do so when pushed. As in a marital relationship, employees will give their employer more than an adequate chance to correct or rebuild a violation of the psychological contract. A divorce is not seen as a better alternative, because with it comes change, discomfort, and its own set of problems. However, without honesty and commitment, divorce or unionization sometimes becomes the best alternative to make a point forcefully known, to allow employees an equal voice in the relationship. Many employers fail to openly discuss their perspective about unions, yet they wish to remain free of unions. Their beliefs must be communicated openly and must be supported to allow employees to choose whether the employer's rationale and beliefs agree with their own belief systems and values. Public policy has picked up the burden of addressing many of the conditions of employment unions have worked so courageously to improve. Thus, unions offer little to lure new members, and a steady decline in union membership has occurred this past decade.

**STRIKES**

When employees of the Federal Aviation Administration (FAA) decided to strike August 3, 1981, 11,500 air traffic controllers walked off the job without an alternative employer and, for the most part, without alternative skills. What would cause them to do this? Bowers claimed, from management's perspective, after the strike morale in the facilities appeared quite high [20]. Teamwork, cooperation, and a spirit of optimism prevailed. Prestrike hassling experienced in the facilities disappeared and stress was a thing of the past; it departed with the strikers [20]. Possible explanations from management included the notion that the FAA had overindulged controllers so they had excessive expectations. Management believed peer pressure caused the strikers to walk out for higher pay and shorter hours. They also thought the strike occurred because controllers had become an undisciplined, disrespectful mob. Coming from mostly military backgrounds, most of the FAA management felt comfortable with structure, command, duty, and discipline as organizing principles. Bowers also claimed, from the employees' perspective, morale within the FAA plummeted with the use of highly autocratic management styles [20]. The majority of strikers reported organizational practices with low concern for people, poor communication flow, alienation, frequent acutely stressful episodes, and high levels of burnout [20].

After reading the Bowers [20] report, K. E. Payne interviewed a member of FAA management involved in the firing of the striking employees who contradicted the Bowers report on the first issue, but agreed with it on the second [21]. First, he described the controllers as highly disciplined, comfortable with structure, command, duty, and discipline as organizing principles, whereas
Bowers said management had claimed the strikers had become an undisciplined, disrespectful mob. He agreed with Bowers about peer pressure on the controllers influencing their decision to strike by claiming the strikers did not want to strike but had been pressured to do so by the union. Union officials believed and advocated they enjoyed such a strong position they could bring the country to its knees; they could get everything they wanted; and the president of the United States would never follow through with his threat to fire the employees. This manager also claimed the workplace atmosphere did not become calm in the absence of the strikers, but instead management experienced personal and professional harassment, including life threats, and enormous problems with restaffing, while continuing to operate without the strikers. The FAA does report that employees had frequent acute stressful episodes and high levels of burnout as a result of the kind of job they do, not necessarily because of management style, but management should have attended to these stresses to provide an atmosphere of support and understanding, a situation that might have resulted in little union influence.

As organization size increases, a corresponding change occurs in human relations (e.g., the FAA became and operated as a monstrous organization with an autocratic chain of command). Talacchi reported a negative relationship between company size and employee satisfaction [22]. Indik claimed size and work stress correlated with absenteeism, turnover, accidents, job performance, and morale [23]. Davis found absenteeism complicated task coordination, which increased job frustration, which reduced morale and productivity, which led to new work pressures, rules, and problems, which all resulted in difficult human relations and highly bureaucratic systems [24, p. 228]. All of these symptoms represent violations of the psychological contract. Blau observed as organizations increase in size the number of hierarchical levels increases [25]. Indik and Seashore believed these hierarchical levels developed internal communication problems, making work less satisfactory from both the employer's and employee's point of view [26]. Woodward linked span of control to worker morale [27]. As the span of control widens, greater formalized internal communication occurs with increased recalcitrant problems of organizational behavior. Revans suggested as more opportunities for miscommunication occur, a negative effect on worker attitudes and morale likewise occurs, reducing workers' degree of cooperation with management objectives [28]. A United States Congress special report revealed discontent among employees correlated with low production, poor quality products, high absenteeism and turnover rates, physical and mental health problems, sabotage, and wildcat strikes [29]. Consequently, the above data strongly suggest as work relationships become more unendurable in organizations, the greater the likelihood organized employees would strike, both as a direct action to improve their physical and, especially, psychological conditions and because of alienation toward the employer [30].
UNION VIOLATION OF THE PSYCHOLOGICAL CONTRACT

Cangemi observed in large organizations where he conducted research and acted as an advisor to both company and union leadership that both parties violated the psychological contract [31, 32]. He observed the companies initially violated the psychological contract through favoritism, nonposting of desirable jobs, unfair treatment of some employees yet more than generous treatment of others, bullying behavior of supervisors and other higher level managers, inability to approach upper management, cold/distant, noncommunicative salary personnel, noncommunicative management strategies, not informing employees of significant changes about to occur—especially changes that would affect them and their lives in particular. To be sure, this list is not complete. It was further observed these violations of the psychological contract served to generate disrespect, which then completely weakened loyalty of employees toward the companies involved and their respective leadership. This loss of respect, which led to degeneration of loyalty, eventually led to loss of trust—or mistrust. Once mistrust set in, union organization of employees was virtually a foregone conclusion (see Figures 1 and 2). Loss of respect and loss of trust, which the above model demonstrates, led to unionization [32] in the majority of organizations where the researchers observed this behavior.

Note: Both Parties Trust / Move
Toward Each Other

Figure 1. When the psychological contract is honored the result is organizational harmony.
Once an organization's members had selected a union to represent them, some reasonable reparation of the rift between company and union leadership usually followed. Intelligent collaboration was observed to occur, since the unions were not interested in destroying the companies in which their members worked (see Figure 3).

Diagram:

![Diagram showing Organization's Needs and Employees' Needs]

**Development of Mistrust:**
When mistrust sets in, because the psychological contract has been violated, the result is lack of congruence between the organization's needs and the employees' needs.

Note: Both parties mistrust and move away from each other.

**Figure 2. Mistrust and the dissolution of the psychological contract.**

Diagram:

![Diagram showing intersection of Organization's Needs and Employees' Needs]

Note: After unionization has taken place, there is a desire to repair to some degree the damage done by/to both parties during the unionization drive . . . resulting in what might be called reasonable/intelligent cooperation, to avoid destroying the organization.

Both parties move once again **limitedly** toward each other but with this perspective: **TRUST . . . BUT VERIFY.**

**Figure 3. Both parties move once again limitedly toward each other but with this perspective: TRUST . . . BUT VERIFY.**
Once the companies were unionized, it was observed, some of the same problems initially found on the part of the company started appearing within the union: favoritism, special favors for special people, poor communication, non-attention to members' individual needs, unavailability of top union leadership to listen to rank-and-file complaints, special privileges given by the company to union leadership, frequent absence of union leadership from the plant, perceived lack of concern for employees, to mention a few. So, after union membership was established in the facilities observed, what changed? In actuality, not much. However, there was a feeling of safety and protection from management generated by union membership, and this perception caused the desired harmony to both parties, the union and the companies involved. The point here is the unions also were observed to violate the psychological contract, in the main, once organization members were elected to union leadership positions to represent the rank and file. But, because employees had elected their union, reasonable loyalty was found to develop toward the union, but not on an everyday basis, as could be observed by scantily attended periodic union meetings. However, the loyalty was very much noted if the union “showed its claws” to the company. Thereafter, it could be expected the majority of union members would close ranks, become pretty much solidified, and side with their leaders against the company. The violation of the psychological contract here did not seem to extract the same high price company leadership had to pay when it lost employees to the union.

When employees experience loyalty to both the union and the organization, this dual commitment might cause employees to experience considerable dissonance if a strike is contemplated or called. Because strikes may be seen as harmful to the company, commitment to the company could suppress the relationship between union loyalty and strike propensity [33]. Also, the greater the number of simultaneous role demands from different domains, the greater the likelihood of reduced loyalty to unions and a reduced desire to strike. Consequently, competition between union and home responsibilities will likely influence role conflict for women and men who share household tasks. Because union loyalty predicts the likelihood of individuals to strike, when interrole conflict increases and when dissonance exists between loyalty to the company and to the union, propensity to strike becomes lower [34].

Two sets of assumptions exist regarding work experiences in organizations that may affect the desire of employees to strike. First, the Marxist work belief claims workers should enjoy greater control over their workplace as a means of avoiding exploitation and alienation [35]. Because the Marxist belief reflects the goal of labor unions, those who manifest this belief tend to exhibit pro-union attitudes and loyalties [36]. The fear of change, reflected in psychological conservatism, also predicts union member attitudes [33]. Second, the humanistic work belief assumes individual growth motivates employees more than productivity. Humanists believe workplace design should encourage meaningful work,
allowing for the fulfillment of higher order needs [35]. Union officials manifest stronger Marxist ideologies than rank-and-file members, who also exhibit these beliefs, but much more so than nonunion individuals [33].

Parental attitudes toward unions strongly influence the attitudes of children toward unions, which in turn affects union loyalty and willingness to strike [37]. The success of a strike depends on the members willingness to cooperate in the strike action [38]. Stagner and Eflal claimed once conflict erupted in the form of a strike union members evaluated the union and its international leadership favorably, reported a decreased evaluation of current contract benefits, reported an elevated evaluation of new contract benefits, reported more hostility toward the employer and more willingness to participate in union activities, and expressed more favorable views of fellow union workers than nonstrikers reported [39]. Unionists valued benefits obtained through hardship, for example, a strike, more highly than the same benefits achieved without hardship [40, 41]. Curiously, after several months, the overvaluation of union leadership and benefits gained almost completely vanishes. It seems clear: union leadership also must recognize the importance of the psychological contract when dealing with union membership.

Management strategies to improve working conditions through humanistic and Marxist ideologies meet with resistance from loyal union officials and members. Some collaboration between union and management to improve the quality of work life have been attempted, but strong union loyalty and suspicions about management motives often make it difficult. Many programs designed to manipulate employee perceptions of union vs. organizational effectiveness in securing improved working conditions such as pay, benefits, and job security may be changing the way individuals perceive unions in the United States [42]. Corporate cultures that exhibit a basic consideration for employee self-esteem, part of the psychological contract, often prevent union organizers from taking hold. Such cultures recognize the importance of dignity, respect, participation or a voice in management, comparable worth, and a grievance procedure that works. Companies should be careful not to become lulled into complacency, however, by signs of waning union power [43]. When employees approach management with complaints about dissatisfaction with job evaluations, pay raises, shift assignments, crowded work space, inadequate staffing, unsafe working conditions, and unsanitary restrooms, but get no response from management, union organizers enjoy a fertile field from which to pluck white-collar and professional workers.

One method used by union organizers to demonstrate their effectiveness and organize a company includes the strategy of “concerted work activity.” Concerted work activity directs employees to slow down or walk off the job to provoke a confrontation with their supervisors. Once a confrontation occurs, in exasperation the supervisor in this nonunionized organization may discharge the employee(s) for insubordination, which the union organizer wants. The union then files a charge that serves as the springboard for the union to seize on the
problem. Once the union proves its effectiveness, it begins to conduct communication campaigns, which may include sales parties, telephone polling, and informational interviews, all designed to form the foundation of a union organizing drive. Employers may take legal steps to counter the union campaign by taking opinion surveys or training managers to develop more team-building practices. Once a union gets in the front door, however, an employer has difficulty counterarguing the union campaign. Once the union becomes certified, continued failure to accommodate the legitimate needs of employees often results in strikes.

The high propensity to strike, significant participation in strikes, and the lengthy duration of strikes usually acts as a political rather than economic solution to problems in organizations. The alternative to unions, in democratic countries other than the United States, is not a union-free environment, but rather a political party representing labor. Uniquely in North America governments rarely play an obvious role in unions. Rather, the process within companies involves decentralized decision making and the occurrence of strikes occurs frequently rather than infrequently [44]. The goal of a strike involves halting production [45]. Groups of employees who can halt production will more likely resort to strikes than other groups who lack comparable power [46]. On the other hand, when management can continue to operate a plant without the strikers, management gains the upper hand. Such action usually precipitates bitter conflict and prolongs a strike. The costs of possible violence and intensified conflict must be outweighed by the gains when management decides to take this position [47]. The decision to continue operating belongs exclusively to management. In the last stages of bargaining, when a mediator enters the picture, a person whom either the union or management may summon, s/he attempts to reduce communication barriers and contribute to a better understanding between the conflicting parties [48]. A mediator’s involvement, therefore, has a positive effect on negotiations and future relationships between management and employees.

**TODAY’S WORKFORCE**

Because the future diverse workforce includes different genders, lifestyles, ages, and ethnic backgrounds, an increasing demand exists for organizations to accommodate a variety of needs. The diversity of lifestyles and households necessitates changes in current patterns of employment, compensation, and benefits. Male and female workers seek somewhat different forms of compensation, such as greater recognition for child-care needs and flexible schedules. Younger employees today challenge, question, and refuse to comply solely by virtue of a manager’s position or authority, so autocratic management styles today increasingly meet with resistance. Younger employees want higher pay, greater responsibilities, and time off while job security, medical and retirement benefits generally accommodate older employees [49]. Differing ethnic groups demand recognition for opportunities to minimize problems related to language
and educational background. The many challenges of the new workforce necessitate more careful screening of job applicants to reduce costs associated with training and turnover. Because different types of employees hold different values, companies must be concerned with identifying workers whose values correspond to their own [49]. In general, people who have a high learning capacity, are flexible to change, and can tolerate ambiguity will be the most desirable employees. Providing training for employees who must continuously adapt to change and providing emotional support for such individuals will become a major task for management in the future. Specifically, these learning programs will require training in interpersonal communication skills designed to enable managers to successfully supervise diverse work groups whose needs, attitudes, expectations, and motivations may differ. To avoid unionization or strike atmospheres, and to avoid litigation, companies must be especially concerned with not providing any written, spoken, or implied promises—or threats. Organization leaders must remain sensitive to concerns of employee needs and keep their part of the psychological contract.

Today, the last significant lure to unionism may well be the guarantee of a fair and impartial third party who has the power to hear and decree a binding decision on both the employer and employee when a violation or dispute arises. Therefore, the authors of this article suggest companies truly dedicated to keeping a union-free environment, as well as keeping the company beliefs true, should make as part of their policy an alternative dispute resolution system: not the type of alternative dispute resolution many companies run to in order to avoid the scrutiny of outside agencies or jury awards, but rather, a system of alternative dispute resolution that mandates disputes be heard via a neutral third party like the American Arbitration Association or the Federal Mediation Services and bears the cost of this process. A neutral third party entrusted with and afforded the task of rendering a binding decision on all parties certainly would replace the last enticement for union representation. Such a cooperative problem-solving and efficient resolution system would serve to enhance any organization. The steps leading up to arbitration should include many of the elements that help guarantee the psychological contract, e.g., enhanced open door, internal mediation, and peer review. Generally speaking, few disputes will reach arbitration, yet the system must be perceived with sufficient confidence to allow or guarantee its adherence.

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ENDNOTES


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