

## **An Analysis of Psychological Contracts in Volunteerism and the Effect of Contract Breach on Volunteer Contributions to the Organization**

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### **Abstract**

*Studies of the private sector indicate that psychological contracts develop between employers and employees and play an important role in employee performance and retention. This study explores if the same relationship develops between volunteer workers and the organizations they serve. The findings indicate that the volunteers do develop psychological contracts with their not-for-profit organizations and that volunteers perceiving breaches of the contract decrease the number of hours they work, increase (or perceive an increase in) the quality of their work, and do not reduce their intentions to remain with the organization. Suggestions for managing the psychological contracts of volunteers are included.*

### **Keywords:**

volunteers, psychological contracts, contract breach

At the start of the 21<sup>st</sup> century public officials are increasingly calling on American citizens to voluntarily help provide critical public services (Scott, 2002). However, the number of citizens performing volunteer work is increasing only slightly and the number of hours they are providing is remaining steady at 52 per year (Bureau, 2004).

While the not-for-profit sector consists of 10.2 million paid employees, it relies heavily on the support of volunteers to respond to increasing demands for service, quality, and accountability at a time when many sources of revenue are disappearing (Aspen, 2001; Starnes & Wymer, 2001). Therefore, it is essential that managers of volunteers do all they can to recruit, retain, and improve the efficiency of their volunteer workforces.

Private sector studies indicate that psychological contracts develop between employers and employees and that these contracts play an important role in employee recruitment, performance, and retention

(Robinson, 1996). This study explores if the same relationship develops between volunteer workers and the not-for-profit organizations they serve.

### **Literature Review Of Psychological Contracts**

Morrison and Robinson (1997) define a psychological contract as individual perceptions created by organizations about what will be exchanged for each other's contributions. To have a psychological contract, a relationship between an individual and organization must exist, and the individual must have expectations about what he will get from the organization (Morrison & Robinson, 1997). Expectations become obligations, thus contractual, when the organization promises a return based on some reciprocal behavior on the part of the individual (Rousseau, 1990).

Morrison and Robinson (1997) define a "perceived breach" of the psychological contract as an individual's perception that the organization did not fulfill the obliga-

tions of the psychological contract. Research shows that when employers meet the perceived obligations of the psychological contract, employees are motivated, willing to apply greater effort, seek out creative solutions, support their leaders, and remain with the organization. (Rousseau, 1990; Sims, 1994; Spindler, 1994). However, when obligations are not fulfilled, employees tend to lose trust in management, reduce their levels of organizational commitment, and decrease their contributions (Levinson, Price, Munden, Mandl, & Solley, 1963; Robinson & Rousseau, 1994; Sapienza, Korsgaard, & Schweiger, 1997). Psychological contracts are enforced through an implied understanding that the parties can withhold services or withdraw from the relationship (Rousseau, 1995; Spindler, 1994). This investigation explores if volunteers perceiving a breach of the psychological contract would decrease their level of support as well.

### **Methodology**

#### *Research purpose, logic, and goals.*

This research was conducted to answer the management question: "What can managers of volunteers do to maintain and improve the contributions made by their volunteer workforces?" The study applied the deductive reasoning that volunteers develop psychological contracts with the not-for-profit organizations they serve and that they will reduce their levels of contribution if they perceive a breach of the contract. A longitudinal cross-sectional panel design consisting of volunteer responses to a survey instrument at two points in time was used. The three goals were to (a) discover if volunteers perceive psychological contracts and if they do, (b) assess if they perceive breaches of the contracts and, (c) discover if those who perceive a breach reduce their contributions to the organization.

*Population and sample.* The population consisted of 532 adults providing volunteer services for not-for-profit organizations within the state of Alabama. The sample consisted of 276 volunteers serving in a variety of community, professional, and fraternal organizations.

### **Key Concepts And Operational Definitions**

*Psychological contract.* Robinson's (1996) measure for determining if employees develop psychological contracts with their employers was used as a guide for the development of an instrument to measure this relationship between volunteers and their organizations. At Time One volunteers were asked to indicate the extent to which their not-for-profit organizations were obligated to provide a set of benefits to them. The survey instrument read: "Managers of volunteer organizations may promise volunteer workers certain rewards in exchange for their contributions. An important part of this study is to determine your perception of these promises. Using the scale below, please indicate the extent to which you believe you've been promised (implicitly or explicitly) the following opportunities: to help others, use skills and knowledge, gain learning experiences, obtain work experience, for career enhancement, to socialize, to feel useful, for public recognition, to fulfill employer requirements to volunteer, to practice religious beliefs, to return good fortune, or work for a prestigious organization." This list of opportunities came from the literature regarding what people expect to receive in return for performing volunteer services (Cnaan & Goldberg-Glen, 1991; Murrant & Strathdee, 1995; Rubin & Thorelli, 1984).

Respondents used a four-point multidimensional scale ranging from "not at all" promised to "very highly" promised. The aggregated score (ranging from 12 to 48

for all 12 promises) was used as the operational definition for determining if the volunteer developed a psychological contract with the organization.

### Perceptions of Contract Breach

Robinson's (1996) measure for the development of a psychological contract was again used to develop a measure for breaches of the contract. At Time Two (six months after completing the initial survey) the survey instrument read: "Volunteer organizations make implicit and explicit promises during recruitment which obligate them to give certain things to their volunteers in exchange for their volunteers' contributions to the organization. Volunteer organizations vary in the degree to which they subsequently fulfill those promises to their volunteers. Read over the following items listed below. Think about the extent to which your not-for-profit organization made, implicitly or explicitly, promises to provide you these opportunities. Then think about how well your organization has fulfilled these promises." (The same list of 12 promises used to measure the concept of a psychological contract was again provided.) The volunteer rated how well each of the 12 organizational promises had been met using a scale ranging from "not at all met" to "very highly met." Again, the responses for each of the 12 individual scores were aggregated into a single score. The operational definition to determine the volunteer's perception of contract breach was to subtract each respondent's total Time Two score (perception of contract fulfillment) from each respondent's total Time One score (perception of contract development). A decreased score indicated the volunteer had perceived a breach. This calculation was made for each of the 85 volunteers responding to the survey instrument at both Times One and Two. A

Wilcoxon Signed Rank Test was used to rank and compare these scores.

*Volunteer contributions.* Time donated, quality of work, and intentions to remain were used as measures of contributions to the organization. At both Times One and Two the volunteers were asked: "How many hours of volunteer service do you provide per month?" The second question was: "How would you rate the quality of your work for this organization?" The third question was: "How long do you intend to continue to volunteer for your current not-for-profit organization?" The Time Two scores for each contribution were subtracted from the Time One scores. A decrease in score indicated the volunteer had reduced his contribution to the organization.

### Hypotheses, Measurers, and Tests

- Hypothesis One: Volunteers who perceive the not-for-profit organization has breached the psychological contract (at Time Two) will be more likely to decrease the number of hours served than volunteers who do not perceive a breach in the psychological contract (at Time Two).
- Hypothesis Two: Volunteers who perceive the not-for-profit organization has breached the psychological contract (at Time Two) will be more likely to decrease the quality of their work than volunteers who do not perceive a breach in the psychological contract (at Time Two).
- Hypothesis Three: Volunteers who perceive the not-for-profit organization has breached the psychological contract (at Time Two) will be more likely to decrease their intentions to remain with the organization than volunteers who do not perceive a breach in the psychological contract (at Time Two).

Pearson product-moment correlation coefficients and the statistical significance of these results were used to test Hypotheses One, Two, and Three.

**Findings and Conclusions**

*Study sample.* The sample participating in this study consisted of individuals performing volunteer work for nonprofit organizations within the state of Alabama. On the average, they were White or Black, Protestant, middle-aged, financially comfortable, females who had attended some college, and were providing direct service to clients (f =53) in predominantly

health-related organizations (35%) for an average of two to three years (21%).

*Operational definition—psychological contract.* A Cronbach alpha coefficient of .88 indicated that the instrument used to measure the volunteers’ perceptions of organizational promises (psychological contracts) was reliable. The operational definition indicated that one volunteer did not develop a psychological contract with his not-for-profit organization and that 84 (99 %) developed contracts to varying extents. (See Table 1.)

**Table 1**  
**Percentage Distribution for the Development of a Psychological Contract at Time One**  
**(N = 85)**

Psychological Contracts	Percent
No contract developed	1
Psychological contract somewhat developed	23
Psychological contract highly developed	58
Psychological contract very highly developed	18

*Operational definition—psychological contract breach.* A Cronbach alpha coefficient of .82 indicated that the instrument used to measure the volunteers’ perceptions of how well the psychological contract had been fulfilled could be considered reliable. Table 2 presents data comparing each of the 12 individual promises and the volunteers’ responses at both Times One and Two. This analysis demonstrates a consistency in the respondents’ perceptions of what organizational promises were made and how well they had been fulfilled. A paired-samples t-test comparing the means between Time One (Me = 2.36, sd = .469) and Time Two (M =

2.51, sd = .529),  $t(11) = -3.32, p < .05$ ) found the differences statistically significant.

The operational definition used to determine the volunteer’s perception of contract breach was to subtract each respondent’s total Time Two score (perception of contract fulfillment) from each respondent’s total Time One score (perception of contract development). A negative score indicated the volunteer had perceived a breach of the psychological contract. This calculation was made for each of the 85 volunteers responding to the survey instrument at both times. (The Cronbach alpha score for this Time Two-

**Table 2**  
**Organizational Promises and Average Scores at Times One and at Times Two**  
**(N =115 at Time One and N= 85 at Time Two)**

Developed Opportunity	Contract Made Time 1		Contract Fulfilled Time 2	
	me	sd	me	sd
Help others	3.07	.7	3.34	.7
Use skills and knowledge	2.79	.8	2.89	.8
Learning experiences	2.45	.9	2.68	1.0
Gain work experience	2.21	1.0	1.96	1.0
Career enhancement	1.96	1.0	1.96	1.0
Socialize/develop relationships	2.82	1.0	3.03	.9
Feel useful/do something worthwhile	3.16	.8	3.36	.8
Public recognition	1.97	1.0	2.21	1.0
Fulfill requirements to volunteer	1.91	1.0	2.04	1.1
Practice religious/spiritual beliefs	2.08	1.1	2.34	1.1
Return good fortune	1.92	1.0	1.97	1.1
Work for a prestigious organization	2.10	1.1	2.44	1.0

Time One measure was .85.) The differences showed that 36 (42 %) of the 85 respondents had a drop in score between Times One and Two, indicating the contract had not been fully met; 43 (51 %) had an increase in score indicating the contract had been more than fulfilled; and six (7 %) had no change in score indicating the contract had been met. While the majority of the respondents reported the contract had been fulfilled

(51 %), the researcher decided that the 42 % report rate of a breach in the contract was large enough to validate the operational and conceptual definitions of a breach in the psychological contract. (See Table 3.)

The data in Table 4 compares the volunteers' perceptions of levels of contract fulfillment at Time Two with their perceptions of contract development made at Time One.

**Table 3**  
**Wilcoxon Sign Test Scores for Volunteers' Perceptions of Psychological Contract**  
**Development at Time One and Contract Fulfillment at Time Two (N = 85)**

Scores	Negative Ranks <sup>a</sup>	%	Positive Ranks <sup>b</sup>	%	Ties <sup>c</sup>	%	Z <sup>d</sup>	Asymp. Sig.
Time 2 – Time 1	36	42	43	51	6	7	-1.22	.222

- a. Contract Fulfillment at T2 < Contract Perceptions at T1 (Contract not met.)
- b. Contract Fulfillment at T2 > Contract Perceptions at T1 (Contract more than met.)
- c. Contract Perceptions at T1 = Contract Fulfillment at T2 (Contract met.)
- d. Based on negative ranks

**Table 4**  
**Frequency and Percentage Distribution of Psychological Contract Development and Fulfillment (N = 85)**

Psychological Contract Developed Time One			Psychological Contract Fulfillment Time Two		
	f	%		f	%
No contract made	1	1	Not at all fulfilled	1	1
Somewhat made	20	23	Somewhat fulfilled	14	17
Highly made	49	58	Highly fulfilled	56	66
Very highly made	15	18	Very highly fulfilled	14	16

**Discussion For Hypothesis One, Two, And Three**

Wilcoxon Signed Ranks Tests were used to measure the changes in hours worked, the quality of work, and the volunteers' intentions to remain with the not-for-profit organization between Times One and Two. These data revealed 43 of the 85 volunteers reduced the number of hours they worked for the organization between Times One and Two, 14 increased the number of hours they worked, and 28 made no change ( $Z = -4.35$ , Asymp. Sig. = .000). Second, 10 of the 85 volunteers reduced the quality of their work between Times One and Two, 13 increased (or perceived an increase) in the quality of their work, and 62 made no change in the quality of their work. ( $Z = .537$ , Asymp. Sig. = .591). The third set of data indicated that 40 of the 85 volunteers reduced their intentions to remain with the organization between Times One and Two, 22 increased

their intentions to remain with the organization, and 23 made no change in their intentions to remain. ( $Z = -2.61$ , Asymp. Sig. = .009).

**Testing Of Hypotheses One, Two And Three**

The decision of rejecting or failing to reject the hypotheses was made using three statistical results: the strength of the relationship between the variables, the significance of that strength, and a comparison of the means. A weak, statistically significant positive relationship existed between the number of hours worked and the volunteers' perception of a breach in the contract ( $r = .256$ ). A statistically significant inverse relationship existed between the volunteers' assessments of the quality of their work with their perception of a breach in the psychological contract ( $r = -.235$ ).

**Table 5**  
**Means, Standard Deviations, Pearson Product-Moment Coefficients Comparing the Relationship between Volunteers' Contributions to the Not-for-Profit Organization with Perceptions of Contract Fulfillment (N = 85)**

Variable	Means	sd	r	r <sup>2</sup>	Sig
Hours worked	2.09	1.50	.256*	.065	.051*
Quality of work	3.49	.60	-.235*	.055	.095
Intentions to remain	5.63	3.93	.105	.011	.830

\* Significant at .05 (two-tailed)

A weak positive relationship appeared between the volunteers' intentions to remain with the organization and their perceptions of a breach in the contract ( $r = .105$ ), but this finding was determined not to be statistically significant. (See Table 5.)

The second analysis involved breaking the sample into two groups and comparing the means using independent sample t-tests. The first group consisted of volunteers who did not perceive a breach in the contract. The second group consisted of volunteers who did perceive a breach in the contract. The dependent variables — hours worked, quality of work, and intentions to remain — were compared with each group. (See Table 6.)

A positive relationship ( $r = .256^*$ ) was found to exist between the number of hours worked and the volunteers' perceptions of a breach in the contract and the calculated t-value of 1.98 was greater than the critical t-value of 1.96. Therefore, the researcher rejected the Hypothesis One null hypothesis and found that the volunteers who perceived a breach in the psychological contract were

likely to reduce the number of hours they worked.

A negative relationship ( $r = -.235^*$ ) was found to exist between the volunteers' assessments of the quality of their work with their perceptions of a breach in the psychological contract and the t-value of -1.68 was less than the critical value. Therefore, the researcher failed to reject the Hypothesis Two null hypothesis and found that the volunteers who perceived a breach in the psychological contract were likely to increase (or perceive an increase) in the quality of their work.

Lastly, a statistically insignificant positive relationship ( $r = .105$ ) was found to exist between the volunteers' intentions to remain with the organization and their perceptions of a breach in the contract and the t-value of .21 was less than the critical t-value. Therefore, the researcher failed to reject the Hypothesis Three null hypothesis and found there was no relationship between the volunteers' intentions to remain with the organization and a perception of a breach in the psychological contract.

**Table 6**  
**Comparison of Means for Contributions to the Organization Made by Volunteers who Did Not Perceive a Breach in the Psychological Contract With Volunteers who Perceived a Breach in the Contract (N = 85)**

Variable	Perception of Contract Fulfillment				
	No Breach		Breach		t
	Me	sd	Me	sd	
Hours worked	2.36	1.65	1.72	1.20	1.98*
Quality of work	3.38	.63	3.61	.54	-1.68
Intentions to remain	5.71	3.90	5.52	3.96	.21

$p \leq .05$

**Additional Findings for Hypotheses One, Two, and Three**

Table 7 reflects the differences in contributions made to the organization by those who did and did not perceive a breach in the contract. Tables 8 and 9 present the data of controlling for the volunteers' ages

and time with the organization. The data suggest age and the length of time served may influence the relationships between the volunteers' perceptions of a breach of contract and their intentions to remain with the organization.

**Table 7**  
**Frequencies and Percentages of Contributions to the Organization (at Time Two) Compared by Contract Fulfillment (at Time Two) (N = 85)**

	Perception of Contract			
	No Breach		Breach	
	f	%	f	%
Hours worked per month (.48)				
0-5 hours	30	35	26	31
6-15 hours	12	14	10	12
16 hours or more	6	7	1	1
Quality of work (.43)				
Very poor	0	0	0	0
Poor	1	1	1	1
Good	24	28	12	14
Very Good	12	14	24	28
Intentions to remain (.42)				
Less than 1 year	14	16	9	11
1-5 years	14	16	13	15
6-10 years	5	6	2	2
More than 10 years	15	18	13	16

**Table 8**  
**Means, Standard Deviations, Pearson Product-Moment Coefficients Comparing the Relationship between Volunteers' Contributions to the Not-for-Profit Organization (at Time Two) With Perceptions of Contract Fulfillment (at Time Two) Controlling for Age (N = 85)**

Variable	Means	sd	r (T1)	r (T2)
Hours worked	2.09	1.50	.255	.239
Quality of work	3.49	.60	-.234	-.227
Intentions to remain	5.63	3.93	.105	.075

**Table 9**  
**Means, Standard Deviations, Pearson Product-Moment Coefficients Comparing the Relationship between Volunteers' Contributions to the Not-for-Profit Organization (at Time Two) With Perceptions of Contract Fulfillment (at Time Two) while Controlling for Tenure (N = 85)**

Variable	Means	sd	r (T1)	r (T2)
Hours worked	2.09	1.50	.255	.208
Quality of work	3.49	.60	-.234	-.242
Intentions to remain	5.63	3.93	.105	.018

**Management Implications**

To prevent the negative organizational repercussions that can result from perceived breaches, managers may find it useful to learn more about what psychological contracts are, how to periodically assess them, and consider making appropriate changes to nurture them. Managers may consider conducting honest feedback sessions with volunteers as a tool for identifying and correcting perceived breaches before they result in negative feelings and behaviors on the part of the volunteer (Morrison & Robinson, 1997; Sims, 1994). Acknowledging breaches when they occur and offering honest explanations may help prevent volunteers from reducing their contributions (Morrison & Robinson, 1997).

**Limitations and Future Research**

This study's design may limit results in three ways. First, it is likely the timeframe and the sample were too small. Therefore, it is recommended that this study be repeated over a longer period with a larger sample of people just starting their volunteering experience. The second limitation is that there was no follow up with the volunteers who dropped out of the study between Times One and Two. The third limitation lies in the measures used to detect perceptions and breaches of the psychological contract. There is no one

recognized standard and researchers are debating whether accurate measures can be created (Morrison & Robinson, 1997; Robinson & Rousseau, 1994; Turnley & Feldman, 1999).

**Conclusion**

This research was conducted to answer the management question: What can managers of not-for-profit organizations do to maintain and improve the contributions made by their volunteer workforces. Specifically, it sought to determine if volunteer workers develop psychological contracts with their not-for-profit organizations and, if they do, if perceptions of breaches of the contract would result in the volunteers reducing their level of contributions to the organization.

The findings reflect volunteers can develop psychological contracts with their not-for-profit organizations and perceive breaches of those contracts. Hypotheses One, Two, and Three found that volunteers who did perceive a breach of the contract reduced the number of hours they work, improved (or perceived an improvement) in the quality of their work, and made no changes in their initially stated intentions to remain with the organization. These findings support Farmer and Fedor's (1997) argument that the study of psychological contracts may play a purposeful role in understanding volunteers' contributions.

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### **About the Author**

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