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Quiet Quitting and the Recalibration of Psychological Contracts at Work

Roohee Khan [a*], Ashu Nayak [b]

[a] Assistant Professor, Kalinga University, Naya Raipur, Chhattisgarh, India.*
ku.roohee.khan@kalingauniversity.ac.in, https://orcid.org/0009-0009-8960-8840
[b] Assistant Professor, Kalinga University, Naya Raipur, Chhattisgarh, India.
ku.ashunayak@kalingauniversity.ac.in, https://orcid.org/0009-0009-6363-1591

Abstract

Quiet quitting is one of the most talked-about labor trends following the pandemic, whereby employees maintain employment status while consciously limiting their engagement to only the bare minimum of effort as specified in the job description. This paper attempts to explain why the concept of quiet quitting can be explained better not in terms of one-off acts of withdrawal from work but rather as an outward manifestation of a continuous process of renegotiation of the psychological contract that employees make about what they expect from their employers and vice versa. Using the concepts of psychological contract theory and quiet quitting, this paper tries to demonstrate how employees' perceptions of unfulfilled promises and rewards lead them to renegotiate the terms of trade by reducing effort rather than quitting. The paper proposes a theoretical framework identifying the three forms of recalibration mechanisms - effort-reward recalibration, boundary recalibration, and role-recalibration – and contextualizes these within the current literature on contractual constructs including contract breach, contract violation, and organizational citizenship behavior. The paper looks at the organizational context of high-performance work systems, burnout, and failure in leadership communication that hasten the erosion of the contract and reflects upon the managerial and HR consequences of treating quiet quitting as a renegotiation process rather than a disciplinary issue. The paper argues that sustainable engagement requires consistent renewal of the psychological contract rather than the reactive measures of enforcing effort when trust is already broken, and identifies the avenues for future research in the area of contract recalibration.

Keywords: Quiet Quitting, Psychological Contract, Contract Breach, Employee Engagement, Human Resource Management.

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Introduction

Background and Context

A term that was originally used outside academia, Quiet Quitting became a part of both the common and academic lexicon in the years following the COVID-19 pandemic, when individuals began to leave organizations without doing the extra-role effort they previously put in (Formica & Sfodera, 2022). The word became trendy when the video was shared widely in 2022, and was subsequently picked up in the workplace and covered in media. One theme found throughout this growing body of theory is the psychological contract: a set of unspoken, subjective expectations that an employee has about the reciprocal obligations he shares with his employer. The importance of the psychological contract for quiet quitting is that it can be used to explain what happens before a formal decision to quit, before the psychological contract is formally violated, and before any negative feelings are clearly expressed. The psychological contract is an explanatory tool that is not found on a formal contract of employment. However, if they feel promises in terms of recognition, workload, career development or fairness were not kept, they don't automatically turn in their resignation but instead simply alter what they are willing to give in return, leading to the pattern of reduced efforts which is now referred to as quiet quitting.

Statement of the Problem

Early assessments of quiet quitting were seen as a singular behavior, a generational mindset, or a productivity problem that would be addressed by tracking and incentivizing performance. This perspective neglects the relational and dynamic character of the psychological contract, for today's lowered effort is often an easily visible result of a private, dynamic, and continuous process of contract renegotiation. If there is no framework that links the behavior with the contractual origin, organizations could end up reacting to quiet quitting with interventions that are too controlling – and that are likely to make the behavior more likely to recur, as previous research has suggested that quiet quitting stemming from unmet workload and fairness expectations is likely to persist – and even increase – under punitive management responses (Cankir, 2016).

Purpose and Contribution

In this paper, psychological contract theory is combined with the new quiet quitting research to suggest a re-negotiation process that describes the renegotiation of the terms of the exchange relationship that takes place in the processes that are already underway in the business relationship, and not at the end of its life. This behaviour is organized within three mechanisms: effort-reward rebalancing, boundary reassertion, and role redefinition, forming the basis for a coherent, theoretically grounded account of this behaviour. Consequently, the paper provides a conceptual link between an existing, well-developed theory of organizational behavior, which was developed several decades ago, and a phenomenon that has recently emerged in the labor market that has been largely talked about outside of this longstanding theoretical stream, and provides the practitioner with a vocabulary for thinking about reduced effort as a form of relational information.

Paper Organization

The rest of the paper is organized as follows: The theoretical background of the psychological contract is examined in Section 2, which covers the major types of psychological contracts and the difference between a breach and violation of the contract. Section 3 explores the most frequent factors that can lead to contract erosion in today's workplace. Section 4 places the concept of quiet quitting in a conceptual framework with neighboring concepts like burnout, disengagement and intention to quit. Section 5 further elaborates the 3-mechanism framework for recalibration, with a conceptual model and comparative summary table. Section 6 summarizes the implications for human resources and Section 7 provides limitations and future research directions.

Theoretical Foundations of the Psychological Contract

Rousseau's Framework and Contract Types

According to Rousseau (1995), transactional psychological contracts involve exchange relationships that are short-term, narrow and economically-based, while relational psychological contracts involve exchange relationships that are open-ended, socially and emotionally obligated and based on mutual investment (Rousseau, 1995). The majority of full-time employment relationships start with a mixture of both, but the organizations often use relational language, loyalty, family, mission etc. in establishing the employment relationship transaction. This disjuncture can result in fertile ground for perceived breach when economic events like layoffs, wage freezes, restructuring, etc. expose the transactional reality behind the relational rhetoric.

Breach, Violation, and Trust Erosion

Breach of psychological contract is a cognitive evaluation different from contract violation, which is an emotional and affective response to contract breach when the breach is seen as intentional or unjust and may result in anger or betrayal (Fassnidge & Freeman, 2018). Breach was found to be not an uncommon organizational failure, but an inevitability in job relationship, and the negative consequences – lack of trust, organizational citizenship behavior, and discretionary effort – were shown to build up over time, not just a single incident. It's the accumulated quality that's at the heart of quiet quitting - it's not a single missed expectation; it's the gradual erosion in trust over a series of minor disappointments.

Organizational Conditions Accelerating Contract Erosion

High-Performance Work Systems and Role Overload

There are many examples of bundles of practices that are often linked to enhanced performance, role scope, and targets that are extended and informal evaluation practices that are never matched by an equal adjustment of compensation or formal role descriptions (Millward & Brewerton, 2015). The gap between the duties carried out informally and those that are formally rewarded becomes gradually absorbed by employees, sometimes willingly, with the promise of recognition or promotion in the future, but when this recognition is not received, the sense of violation builds up and becomes one of the main causes of quiet quitting.

Burnout and Depleted Discretionary Capacity

Chronic overwork and work-life imbalance deplete employees' psychological and physical resources for providing discretionary effort, which can be seen as a self-preserving (and not necessarily job-detaching) retreat from extra-role performance (Klotz & Bolino, 2022; Azad & Malhotra, 2020). The psychological contract interaction, however, takes burnout providing the reasons for the passive, limited reduction of effort, the reason that when the resources are there, the employee who feels their extended effort was not reciprocated is less likely to make a fresh effort: the reason for the passivity, and the reason for the limited nature of the reduced effort, is because of burnout, not just fatigue (Diehl & Coyle-Shapiro, 2019).

Leadership Communication Failures

Psychological contracts are subjective and are frequently never formally documented, meaning that when expectations, recognition, and advancement criteria are unclear, or even contradictory, in the communication from leadership, it raises the odds that employees will view it as more than just typical organizational uncertainty, and rather a broken promise. Leaders who create expectations of relationship, advancement, job security, legitimate recognition etc. while acting in ways that do not support these pledges foster the environment in which employees subtly negotiate the terms of the exchange themselves, especially when they work in an organization where an overt challenge to the leader is career or social risk.

Quiet Quitting as a Behavioral Response

Conceptual Boundaries

In essence, quiet quitting can be best summarized as the conscious decision to reduce their efforts to the defined tasks of a specific job, but with no intention of leaving the job or organization. This is different from burnout, which is about exhaustion and depletion, and different from active disengagement or intention to leave the organization, which is about a partial or complete disidentification with the organization. Likewise, Klotz and Bolino (2022) point out that quiet quitting does not equal poor performance, as quiet quitters are still meeting their basic job duties, just that they are no longer taking the discretionary effort that is not mandated by their job.

Distinguishing Quiet Quitting from Disengagement and Turnover

The contract is intact, with the regular role responsibilities still being performed, but quiet quitting occurs when the contract is seen as unfulfilled, and extra-role effort is withdrawn.In classic organizational citizenship behaviour research, extra-role effort is a voluntary act of endeavour that is given in response to a fulfilled contract; in quiet quitting, the contract is perceived to be unfulfilled, and extra-role effort is withdrawn but the formal employment relationship remains intact. Conceptually, this is between full engagement and voluntary turnover, a space that traditional turnover models of withdrawal have not been able to clearly articulate.

Recalibration Mechanisms

As illustrated in fig. 1, a psychological contract, once perceived as violated or breached, isn't just endured or exited its first worked through, and then one or more of three recalibration mechanisms are observed, which leads to the sustained, bounded pattern of effort that is commonly seen as "quiet quitting.

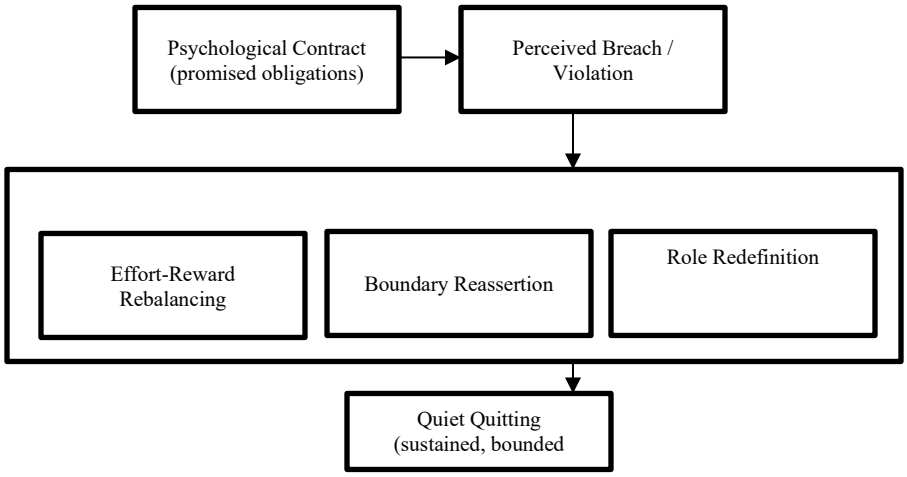


Fig. 1: Conceptual Model of Psychological Contract Recalibration Leading to Quiet Quitting

The key components of each of these recalibrated positions are identified in table 1 and compared with the traditional, pre-breach contract frame on four dimensions: what employees and employers are expected to do, the distinction between the employee's workplace and personal sphere, the foundation of trust between the employee and the employer, and the typical employee reaction to a perceived breach.

Table 1: Traditional versus Recalibrated Psychological Contract Frames

Dimension	Traditional Contract Frame	Recalibrated Contract Frame
Effort norm	Discretionary effort expected and unrewarded	Effort matched explicitly to compensated scope
Boundary between work and life	Porous, employer-defined availability	Explicit limits reasserted by the employee
Basis of trust	Implicit loyalty exchange	Verified, transactional reciprocity
Employee response to breach	Absorbed silently or resolved through exit	Renegotiated in place through reduced effort

Effort-Reward Rebalancing

One way is that employees adjust their level of discretionary effort to match what they believe is a fair level of compensation in their jobs. Such "rebalancing" follows directly from equity-based readings of contract violation: If the ratio of inputs to outputs is perceived as lower than it was in the past or relative to other groups, workers will seek to rebalance by reducing inputs, rather than increasing outputs, including in labor markets in which exit opportunities are limited.

Boundary Reassertion

The second mechanism relates to the reestablishment of boundaries in time, availability, and scope of role that were earlier negotiated or flexible. This aligns with the survey data which defines quiet quitters as employees who are no longer prepared to contribute to work beyond their job requirements and do not work beyond contracted hours: quiet quitting is not necessarily about disengagement, but it is about re-establishing a boundary that has been indirectly breached by the organization.

Role Redefinition

The third mechanism is for employees to contract back to the precise job description, and to deliberately reject informally acquired task components which had occurred without receiving acceptance or pay. The situation such boundary narrowing within the factors of the employee, rather than as a one-time end result, as one of the

"bidirectional" factors that can be influenced by organizational factors and can, in turn, impact employee disengagement.

Organizational and Managerial Implications

Human Resource Practice Recommendations

Quiet quitting is not a clear disciplinary issue, and as such, HR actions based on surveillance or performance-improvement pressure will most likely perpetuate the very violation that triggered the behaviour. More productive interventions are structured, recurring conversations that clarify and make explicit what is expected and understood, workload and recognition audits, and compensation or role-scope adjustments that formally recognize effort that had been absorbed informally.

Leadership and Communication Strategies

Leaders who consider the process of renewing psychological contracts a regular (relational) process rather than a one-off onboarding process, are in the best position to intervene at an early stage, as the gap in expectations builds up over many small and cumulative occurrences. Klotz and Bolino (2022) also recommend leaders to tackle the attitudes up front and directly with their employees, as opposed to diagnosing quiet quitting as an isolated symptom to be fixed after the fact.

Limitations of Purely Managerial Responses

Responses that focus on compliance (e.g., more monitoring, more output demands, or social pressure to comply) do not address the gap in the contract that is the source of the behavior, but rather the behavior itself, and in several scenarios can exacerbate the violation of the contract that gave rise to the behavior, as described. Given that this is a relational, not behavioral, issue, interventions that do not restore a sense of reciprocity will not be likely to reverse recalibration, if the employee is considering leaving, and may actually increase the likelihood of the eventual exit once there are outside opportunities available.

Conclusion and Future Research Directions

This paper has contended that quiet quitting should be understood as a manifest result of a repetitive recalibration of the psychological contract, which is conveyed through the three activities of effort-reward rebalancing, boundary reassertion and role redefinition that constitute a constant process. This frames the organizational activity as not correcting an individual's attitude, but restoring a relationship contract which has been out of sync. Future studies should explore longitudinal designs that allow for tracking of the development of breach perceptions prior to experiencing effort restriction in the observed behaviors, cross-cultural and cross-sector comparisons to investigate if effort restriction in terms of breach perception recalibration differs across labor-market settings, and intervention studies assessing if structured contract-renewal practices can measurably lower breach perceptions and quiet quitting relative to performance-monitoring practices. Additionally, research into the leadership style that is employed during such times of misalignment will reveal whether it can prevent or intensify the transactional changes in efforts of the employees. In addition, researching into the psychological process involved in re-establishing boundaries will give practical theories for designing an equitable system of rewards and remuneration. Indeed, shifting emphasis in organizations from being disciplinary to continually negotiating the employment contract is imperative for ensuring long-term loyalty of the workers.

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