Demographic Factors Influencing Managerial Trust and Psychological Contract Breach

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The global economy is currently plagued by high government debt and sub-par growth. In times of economic duress, organisations depend on the goodwill and cooperation of employees, highlighting the importance of trust and psychological contracts. In spite of this, research spanning the past two decades shows a general decline in employee trust toward managers, exacerbated by the Global Financial Crisis and its legacy of economic uncertainty. Because the concept of trust is central to psychological contracts, low managerial trust can increase the likelihood of psychological contract breach and engender a range of profound and negative consequences. Given this fundamental connection between managerial trust and of psychological contract breach, identifying which types of employees are likely to have lower managerial trust can offer guidance to management practitioners for reducing the likelihood of psychological contract breach. This paper investigates some demographic factors that can influence managerial trust in employees using data consisting of over 5000 responses from the Australian workforce. The findings show that male, older, public sector, and non-managerial employees are more likely to have lower trust in management and hence more likely to experience psychological contract breach.

Keywords: Trust, Psychological Contract, Management, Organisational performance, Demographics.