

Renegotiating the Psychological Contract in Hybrid Work: A Conceptual Framework for Employee Well-Being

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DOI: <https://doi.org/10.51244/IJRSI.2026.1306000433>

Received: 28 June 2026; Accepted: 03 July 2026; Published: 16 July 2026

ABSTRACT

Hybrid work is now a structural feature of the post-pandemic workplace, but organisational policy has moved faster than the psychological recalibration it demands from employers and employees alike. This paper argues that the real link between HR policy change and employee well-being is not remote work itself, but the perception of a psychological contract breach that arises when implicit obligations around trust, autonomy, surveillance, and flexibility are altered without adequate renegotiation. Building on Rousseau's (1989, 1995) psychological contract theory, and drawing on Social Exchange Theory, Conservation of Resources Theory, and the Job Demands-Resources model, the paper proposes an original Psychological Contract Renegotiation Framework (PCRF) for hybrid arrangements. The framework identifies four contract zones - trust calibration, surveillance tolerance, flexibility reciprocity, and presence equity - as the domains in which the implicit employer-employee bargain is renegotiated or breached under hybrid conditions. The analysis draws on current evidence, including Amazon's 2024 return-to-office mandate, Gallup and Owl Labs workplace data, a large-scale Nature study, and recent peer-reviewed research on hybrid work outcomes. The paper concludes that proactive renegotiation mechanisms - deliberate dialogue, psychological safety, and policy transparency - are the primary levers for protecting well-being in the hybrid era.

Keywords: psychological contract, hybrid work, employee well-being, HRM policy, contract breach, renegotiation framework, trust, surveillance, flexibility

INTRODUCTION

Work has changed more in the last five years than in the previous five decades. What began as a pandemic emergency, millions of people working from kitchen tables and spare bedrooms, has become a lasting restructuring of the employment relationship. By 2025, hybrid work is not a perk for most of the knowledge workforce; it is the baseline. Owl Labs' State of Hybrid Work Report (2025) found that 39% of hybrid employees now work three days in the office and two out, while 34% attend four days a week, up from 23% in 2023. This "hybrid creep" is not simply employer preference. It reflects an ongoing, largely unspoken negotiation over what the modern employment deal actually looks like.

The trouble is that this negotiation rarely happens out loud. Return-to-office mandates, monitoring tools, and revised flexibility policies can change with the stroke of an executive pen. What employees believe their employer owes them, and what they owe in return, changes far more slowly. When the two fall out of step, trust erodes, engagement drops, and talented people leave. This paper argues that this gap, between HR policy change and psychological contract renegotiation, is the missing explanatory variable in research on hybrid work and well-being.

The evidence for this is not subtle. When Amazon announced in September 2024 that staff would return to the office five days a week, reversing its hybrid policy, the backlash was immediate: a survey of 2,585 Amazon professionals found 91% dissatisfied with the change, and 73% actively considering leaving as a result (Fayard

& Weeks, 2025). The pattern is not unique to Amazon. Barrero et al. (2021) found that four in ten remote employees would look for new jobs if forced back full-time, and later work shows that RTO mandates disproportionately push out senior, high-performing employees who have the most options elsewhere (van Dijke et al., 2024).

The intensity here, “the fury,” as Fayard and Weeks (2025) put it, cannot be explained by commuting inconvenience or office ergonomics. Something deeper is at stake: employees do not feel merely inconvenienced; they feel that a bargain has been broken. In organisational psychology terms, they are experiencing psychological contract breach. Understanding this phenomenon in hybrid work, and building a framework organisations can use to navigate it, is the purpose of this paper.

LITERATURE REVIEW

Psychological Contract Theory: Foundations and Development

The psychological contract traces back to Argyris (1960), who used the term to describe the informal understandings between supervisors and employees. Levinson et al. (1962) extended it to the broader employment relationship as a set of mutual expectations that shape behaviour even without formal terms. Schein (1965) added that the contract covers not just pay and tasks but deeper assumptions about respect and recognition.

The modern, empirically grounded version of the theory is largely the work of Denise Rousseau. In her 1989 paper, Rousseau defined the psychological contract as an individual’s beliefs about the terms of a reciprocal exchange between themselves and another party, distinguishing crucially between what employees believe has been promised and what employers intend to promise - a gap that is the source of most contract tension. Her later work (Rousseau, 1995) distinguished transactional contracts (specific, short-term, monetisable exchanges) from relational contracts (open-ended commitments built on trust and mutual investment). Most employment relationships contain both.

Breach occurs when an employee perceives that the organisation has failed to fulfil an obligation. Violation is a stronger, more emotionally charged version, carrying betrayal and anger rather than simple cognitive awareness of a discrepancy (Morrison & Robinson, 1997). Both are linked in the literature to lower job satisfaction, reduced commitment, higher turnover intention, and diminished performance (Zhao et al., 2007; Gazi et al., 2025; Faizan et al., 2025), and meta-analytic evidence confirms these patterns across industries and cultures (Zhao et al., 2007; Ocampo et al., 2023).

One underexplored area is how contracts change over time. Rousseau (1990) noted that contracts evolve as relationships mature, but the process of renegotiation, how implicit contracts are re-established after disruption, has had far less attention. This gap matters especially in hybrid work, where the disruption to prior expectations has been large-scale, rapid, and often unilateral (Cohen & Liu, 2024).

The Hybrid Work Transition and Its Relational Implications

Remote and hybrid work predate the pandemic, but the scale and speed of adoption between 2020 and 2022 had no precedent. Organisations that had resisted flexible arrangements for years found themselves fully distributed within weeks. Once the acute phase passed, remote work had shifted from a rare privilege (Olson, 1983) to a baseline expectation for millions of knowledge workers, particularly in technology, finance, and professional services (Smite et al., 2023; Smite et al., 2025).

This shift had real consequences for the psychological contract. Employees who had worked productively from home for extended periods reasonably expected the arrangement to continue, at least partly; they had rebuilt their lives around it, childcare, housing, commuting. Flexibility became, for many, a relational obligation rather than a discretionary perk. Gutworth et al. (2024) found that employees with a strong preference for remote work came to expect their employer to honour that preference as a genuine commitment.

The research on hybrid work’s well-being effects is nuanced, sometimes contradictory. Bloom et al. (2024), in

Nature, reported a large-scale randomised trial at a Chinese firm finding that hybrid work cut quit rates by roughly a third without harming performance. Around the same time, the World Economic Forum's Future of Jobs Report (2025), drawing on Gallup data, described a "remote work paradox": fully remote employees reported higher engagement but also more loneliness and emotional strain. Mohase et al. (2025), studying a South African sample, found that hybrid work introduced new challenges around voice and psychological safety, particularly for employees with less access to inclusive leadership.

Trevino Garcia and Christensen's (2025) study of 24,763 Norwegian public sector workers found a 'flexibility paradox': employees with flexible WFH arrangements reported lower mental distress overall than those without remote access, but distress risk rose with each additional weekly WFH day, and the protective effect was weaker for women than men, suggesting the well-being benefits of flexibility are conditional rather than automatic.

Taken together, these studies suggest that hybrid work by itself is not a reliable predictor of well-being, positive or negative. The mediating variables matter far more. This paper argues that the psychological contract, specifically whether it is perceived as fulfilled, breached, or actively renegotiated, is a primary mechanism the existing literature has not adequately theorised.

Surveillance, Trust, and the Implicit Bargain in Hybrid Contexts

Digital surveillance is one of the most significant but least examined dimensions of hybrid work. As employees moved off-site, many organisations introduced monitoring tools: activity trackers, screen-capture software, keystroke logging, camera-based attendance checks, often without clear communication. By 2025, AI-powered monitoring had become common enough that "AI surveillance fears" were recognised as a distinct well-being stressor (HR Executive, 2025).

This creates a specific kind of contract tension. Employees who had accepted a relational contract premised on autonomy, "you perform, we trust you to manage your time", experience monitoring as a unilateral downgrade toward a verify-and-control model. The promise of trust is broken not through a policy announcement but through a technology deployment, which is precisely why it is so dangerous: it is rarely formally announced, so it is rarely contested or discussed.

This trust dimension connects directly to research on procedural and interactional justice. Employees are less likely to perceive breach when organisations communicate changes transparently, explain their reasoning, and provide room for voice (Morrison & Robinson, 1997; Cohen & Liu, 2024). Fayard and Weeks (2025) observe that Amazon's approach to its RTO policy reflected an "ethics of justice", rationally justified and applied uniformly, while overlooking the deeply personal, relational nature of the expectations it overrode.

HRM Policy Speed and the Renegotiation Gap

The literature on psychological contracts treats organisational change as a context for breach (Robinson & Morrison, 2000; Zhao et al., 2007), but has rarely examined the timing mismatch between formal HR policy change and the slower process of psychological renegotiation. This paper calls that mismatch the renegotiation lag: the period during which policy has changed but expectations have not caught up, and during which breach perception peaks.

There is indirect support for this idea. Chu and Chou (2024) found that hybrid work stressors predicted psychological withdrawal through emotional exhaustion, moderated by personality, suggesting the harm from policy change unfolds over time rather than immediately. Gong and Sims (2023) showed that pandemic-era contract breach produced mistrust, work-life conflict, and withdrawal, a chain consistent with the renegotiation-lag idea. AIHR's (2025) analysis of breach symptoms found that policy shifts and restructuring were the most common triggers, and that failing to engage in proactive dialogue was the most frequently cited aggravating factor.

Chakraborty and Pandey (2025), studying remote workers in Indian IT firms, found that relational contracts, when perceived as fulfilled, enhanced innovative behaviour through work engagement. This suggests causality

runs both ways: breach damages engagement, but fulfilment actively builds it. Managing hybrid work's well-being impact, in other words, requires more than avoiding breach; it requires actively cultivating the relational contract.

METHODOLOGY

Research Design and Rationale

This is a conceptual, theory-building paper, not an empirical study. It does not collect data or test hypotheses statistically. Its purpose is to advance a novel integrative framework, the PCRf, by synthesising established theory with current empirical findings that have largely been treated as separate strands of the literature. Conceptual papers of this kind occupy a distinct space in management research: rather than testing relationships between pre-specified variables, they reframe an unresolved area, expose an under-theorised mechanism, and propose constructs that can later be tested empirically (Jaakkola, 2020).

The design follows what Jaakkola (2020) calls a problematisation and theory-synthesis approach: identifying an inconsistency in existing findings (the mixed, context-dependent evidence on hybrid work and well-being reviewed above), and resolving it by introducing a mediating mechanism, psychological contract renegotiation, that existing frameworks have not adequately specified. This approach fits because the problem here is not a shortage of empirical data on hybrid work, of which there is now a great deal, but a shortage of theoretical integration that can explain why broadly similar arrangements produce divergent outcomes across studies.

Literature Identification and Selection Strategy

Literature was identified through structured searches of Scopus, Web of Science, PsycINFO, and Business Source Complete, supplemented by targeted searches of Google Scholar, SSRN, and arXiv for recent working papers not yet indexed in peer-reviewed outlets. Search terms combined the core construct (psychological contract, breach, violation) with hybrid work, remote work, return-to-office, surveillance or monitoring, flexibility, and employee well-being, in varying combinations. Because hybrid work in its current form is recent, priority went to sources from 2020-2025, while foundational sources predating this window, Argyris (1960), Levinson et al. (1962), Schein (1965), Blau (1964), Rousseau (1989, 1990, 1995), Hobfoll (1989), and Morrison and Robinson (1997), were retained deliberately as the theoretical bedrock for the paper's integration.

Sources were included where they addressed psychological contract theory, hybrid or remote work, or employee well-being, and were either peer-reviewed articles, working papers from recognised bodies (NBER, SSRN, arXiv), or reports from organisations with established, transparent methodologies (Owl Labs, Gallup, the World Economic Forum, Great Place to Work, HR Executive, AIHR). Practitioner sources were included deliberately alongside peer-reviewed work, because the pace of hybrid work policy change, illustrated by the Amazon case, has consistently outrun the academic publication cycle; excluding recent practitioner evidence would have left the analysis reliant on a data lag that the paper's own argument identifies as part of the problem. This is a purposive, theoretically driven sampling strategy typical of integrative reviews (Torraco, 2016), not an exhaustive, PRISMA-style systematic review, since the goal is conceptual integration rather than pooling effect sizes.

Theoretical Integration and Framework Development Procedure

The PCRf was built through an iterative, abductive process rather than a linear derivation from one theory. It began with the empirical puzzle from Section 2: broadly similar hybrid arrangements produce inconsistent outcomes. Psychological contract theory was chosen as the candidate mechanism because it directly addresses the gap between what employees believe has been promised and what employers subsequently do (Rousseau, 1989). Three complementary theories, Social Exchange Theory, Conservation of Resources Theory, and the Job Demands-Resources model, were then cross-referenced against this mechanism to explain specific recurring patterns: reciprocity and withdrawal (Social Exchange Theory), the asymmetric weight of loss versus gain (Conservation of Resources Theory), and the conversion of resourceful conditions into demands (JD-R). This cross-referencing, detailed in Section 4, forms the theoretical triangulation behind the framework.

The four Contract Zones and three Process Phases were derived through a constant-comparison procedure borrowed from qualitative theory-building: recurring themes across the literature and case evidence, trust and monitoring (HR Executive, 2025), flexibility retraction (the Amazon case reported by Fayard & Weeks, 2025, alongside Bloom et al.'s, 2024, contrasting findings), and differential treatment across employee groups (Kalmanovich-Cohen, 2025), were grouped into discrete domains of the implicit bargain and checked against Rousseau's (1995) transactional-relational distinction for conceptual fit. The resulting zones and phases were then tested for coherence against Morrison and Robinson's (1997) breach-violation distinction and against justice theory (Greenberg, 1987; Colquitt, 2001), a mapping made explicit in Section 6.1, so that each component is traceable to established constructs rather than invented independently.

Scope, Boundary Conditions, and Quality Criteria

Because this paper does not test hypotheses against sampled data, the standard criteria of reliability, statistical power, and sampling adequacy do not apply. Conceptual work of this kind is better judged against internal consistency, parsimony, definitional clarity, and, most importantly, whether it generates propositions specific enough to be falsifiable in later research (Whetten, 1989). Each Contract Zone and Process Phase is specified precisely enough, in terms of when it is breached and how it is renegotiated, to be operationalised into survey items or coded from organisational data, a translation this paper leaves to future empirical work. The framework's reliance on secondary, predominantly Western evidence, and its untested assumption that renegotiation can avert breach, are addressed in Section 6.4.

Theoretical Framework

Psychological Contract Theory as the Primary Lens

This paper uses Rousseau's (1989, 1995) psychological contract theory as its primary lens. In hybrid work, the relevant contract is predominantly relational: built on mutual expectations of trust, long-term commitment, autonomy, and reciprocal investment. The pandemic did not simply change the operational content of this contract, where and when work happens, it triggered a fundamental renegotiation of its relational terms. HR policies that change operational conditions without attending to the relational dimension are, from this view, almost guaranteed to produce breach.

The distinction between breach and violation (Morrison & Robinson, 1997) matters here. Many hybrid employees are not merely aware that something changed; they feel betrayed. The intensity of reactions to RTO mandates, and the speed with which trust collapses when monitoring tools appear without notice, sit closer to violation than to simple breach. This has implications for renegotiation strategy: violations need more than a policy adjustment; they need relational repair.

Social Exchange Theory

Social Exchange Theory (Blau, 1964) offers a complementary lens. Under a social exchange logic, both employers and employees operate on reciprocity: benefits received create obligations to return something in kind. Hybrid flexibility, the trust to work from home and manage one's own schedule, is a significant benefit employees receive; in return, they feel obliged to reciprocate through commitment, discretionary effort, and organisational citizenship behaviour.

When employers retract these benefits through RTO mandates or surveillance, Social Exchange Theory predicts employees will withdraw their reciprocal contributions in turn. This is not spite; it is the ordinary logic of exchange norms. The well-documented findings that RTO mandates reduce satisfaction, raise turnover intention, and disproportionately push out high performers are entirely consistent with this (Ding & Ma, 2023; van Dijke et al., 2024; Smite et al., 2025).

Conservation of Resources Theory

Hobfoll's (1989) Conservation of Resources (COR) Theory adds a perspective particularly relevant to well-being. COR theory holds that people work to obtain, protect, and build resources, objects, conditions, and

personal characteristics valued in their own right or as a means to other valued ends. Autonomy, control, trust, predictability, and fairness are among the most significant psychological resources at work.

Under COR theory, a contract breach is a resource-loss event. When the implicit promise of flexibility is withdrawn, employees lose not just convenience but a valued condition, autonomy, and related resources such as work-life balance and a sense of professional trust. Because COR theory holds that losses are felt more intensely than equivalent gains, the well-being cost of breach in hybrid contexts is disproportionate to whatever countervailing benefits employers may emphasise. This asymmetry helps explain why the reaction Fayard and Weeks (2025) document seems so out of proportion to what employers experience as a rational policy adjustment.

Job Demands-Resources Model

The Job Demands-Resources (JD-R) Model (Bakker & Demerouti, 2017) is the fourth pillar of the framework. It classifies work characteristics as demands, which require sustained effort, or resources, which support goals, reduce demands, or promote growth. High demands paired with low resources produce burnout; adequate resources buffer against strain and support engagement. Hybrid work interacts with the JD-R model in complex ways. When supported by adequate resources, managerial trust, clear expectations, appropriate technology, hybrid arrangements produce positive outcomes (Bloom et al., 2024; Dara et al., 2025). When resources are inadequate, when monitoring signals mistrust, when policy changes arrive without explanation, when evaluation still favours in-office presence, hybrid work becomes a net demand-intensifier, producing the digital burnout and screen fatigue documented by Mateen et al. (2025).

Together, these four theories suggest that the psychological contract is the mechanism through which HR policy change becomes a well-being outcome. Breach depletes psychological resources (COR), disrupts the exchange equilibrium (SET), and converts former resources, autonomy, trust, and flexibility into demands: surveillance, uncertainty, and presence obligation. JD-R explains the downstream consequences; contract theory identifies the mediating mechanism; SET and COR explain why the dynamics feel so asymmetric and emotionally charged.

Conceptual Framework: The Psychological Contract Renegotiation Framework (PCRF)

Framework Overview

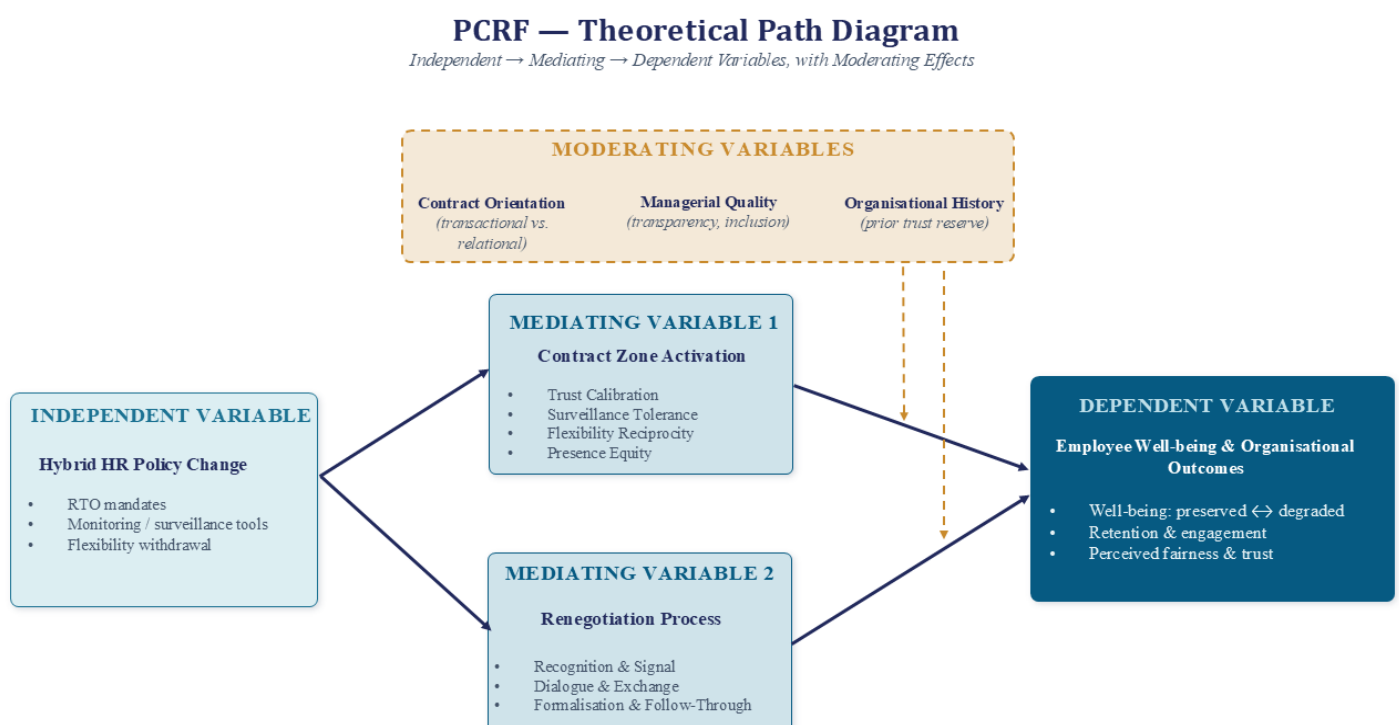


Figure 1. Psychological Contract Renegotiation Framework (PCRF)

The PCRf, shown in Figure 1, identifies the conditions under which hybrid HR policy changes lead either to successful renegotiation, which preserves or enhances well-being, or to unresolved breach, which degrades it. The framework rests on four Contract Zones, the primary domains where the implicit employment bargain is at stake, and three Process Phases through which renegotiation succeeds or fails. It draws directly on the theoretical integration in Section 4 and the evidence reviewed in Section 2.

The Four Contract Zones

Zone 1, Trust Calibration. Before widespread remote work, most employment relationships ran on presence-based trust: reliability shown partly through physical attendance. The pandemic forced a rapid shift to performance-based trust, employees evaluated on output rather than when and where it was produced. Many experienced this as professional recognition and a genuine upgrade to the relational contract.

When employers later reintroduce monitoring tools or mandate physical presence, they implicitly pull trust calibration back toward verification. Even where the operational case is reasonable, collaboration, client relationships, culture, the relational message employees receive is that their prior trust was provisional. This zone is breached when the downgrade happens without acknowledgement or discussion of what trust now means in the new arrangement.

Zone 2, Surveillance Tolerance. Before the pandemic, most office workers operated under ambient supervision, observable but rarely subject to systematic tracking of inputs. Remote work changed that, with monitoring technologies deployed at scale. By 2025, AI-powered surveillance had become common enough that “AI surveillance fears” were documented as an independent stressor (HR Executive, 2025).

The implicit contract around surveillance is rarely made explicit but is strongly felt. Employees used to trust-based management experience systematic monitoring as a signal of distrust. This zone is breached when monitoring is introduced or intensified without consultation, transparency about what is tracked and why, or proportionality to genuine performance concerns. Renegotiation requires employers to be explicit about what is monitored, why, and what limits apply, and to invite employee input on those boundaries.

Zone 3, Flexibility Reciprocity. Rousseau (1995) described relational contracts as open-ended rather than quid pro quo. Flexibility became embedded in the relational contract during the pandemic: employers offered schedule and location autonomy, employees reciprocated with sustained performance and loyalty. This is not anecdotal; Bloom et al.’s (2024) large-scale trial found that hybrid flexibility improved retention and maintained performance precisely because it was experienced as relational investment rather than a concession.

When flexibility is withdrawn, whether through formal RTO mandates, gradual “hybrid creep,” or informal managerial pressure, employees experience it as a unilateral revision of the contract without any equivalent renegotiation of their own obligations. This zone is breached when the employer withdraws flexibility without offering equivalent relational investment elsewhere, and without the conversation renegotiation requires. Great Place to Work (2024) data confirms that employees who can choose between remote, hybrid, and onsite work are more productive and engaged than those subject to a mandate, suggesting that agency over the flexibility bargain is itself a relational resource.

Zone 4, Presence Equity. The fourth, and most under-theorised, zone concerns perceived fairness across an employee’s peer group. Breach is not purely individual; it is shaped by social comparison. Employees who see colleagues receiving different flexibility treatment experience a form of relational inequity layered on top of individual breach. Kalmanovich-Cohen’s (2025) research on RTO mandates found that they disproportionately affect women, caregivers, employees with disabilities, and lower-wage workers, producing a structural equity breach on top of individual contract tension.

This zone is breached when hybrid policy is applied inconsistently across roles or demographics, when informal presence norms vary across teams, or when the gap between stated policy and lived experience creates a two-tier workforce. Renegotiation here requires not just individual conversation but organisational

systems: clear documentation, equitable manager training, transparent attendance criteria, and monitoring of distributional outcomes.

The Three Process Phases of Renegotiation

Phase 1, Recognition and Signal. The first phase is the recognition, formal or informal, by one or both parties that the terms of the implicit agreement have changed. In practice this phase is often skipped: employers announce changes without acknowledging their relational dimensions, and employees experience the change as a *fait accompli* rather than an opening position in a negotiation.

The PCRF proposes that organisations must actively create the conditions for this recognition. That means developing HR communicators and line managers who can speak to relational as well as operational concerns. An RTO announcement that addresses only business rationale, collaboration, innovation, client relationships, while ignoring the relational disruption it causes, accelerates straight to breach rather than opening a negotiation.

Phase 2, Dialogue and Exchange. The second phase is genuine two-way conversation about the terms of the renegotiated contract. This is where psychological safety becomes operationally relevant: employees can only engage authentically if they trust that raising concerns will not be penalised. Mohase et al. (2025) found inclusive leadership to be the strongest predictor of psychological safety in hybrid contexts, which in turn enables the employee voice that this phase depends on.

Dialogue here is not just a feedback survey, though surveys can help. It means substantive negotiation: what flexibility means in practice, what trust looks like in a monitored environment, which presence requirements are genuinely necessary versus habitual. AIHR's (2025) analysis notes that employees who feel heard are significantly more likely to feel empowered at work, suggesting that dialogue itself has well-being value independent of its outcome.

Phase 3, Formalisation and Follow-Through. The third phase translates the outcomes of dialogue into visible, trackable commitments. This does not mean the renegotiated contract becomes a legal document, by definition, it cannot. It does mean policies that are clearly communicated and consistently applied, managers trained and held accountable for enacting the new terms, and review mechanisms that let the contract keep evolving. Consistency of follow-through matters because breach perception is sharpest when commitments are made but not kept (Morrison & Robinson, 1997; AIHR, 2025).

Moderating Variables

The relationship between HR policy change and breach perception is not uniform. Three variables shape its severity and the odds of successful renegotiation.

First, individual contract orientation matters. Employees with predominantly transactional contracts may be less vulnerable to relational breach but more sensitive to changes in concrete benefits, pay, hours, and location. Employees with predominantly relational contracts, who experience work as a relationship rather than a transaction, tend to find hybrid policy changes more deeply threatening and to need more intensive renegotiation.

Second, managerial quality is critical. Chakraborty and Pandey (2025), Mohase et al. (2025), and Dara et al. (2025) all identify managerial support and inclusive leadership as key buffers against breach-related decline. Managers who communicate transparently, acknowledge relational disruption alongside operational necessity, and create real space for dialogue substantially reduce the well-being cost of policy change. Managers who announce changes without explanation, or who signal distrust through micromanagement, amplify breach perceptions well beyond the objective content of any policy.

Third, organisational history moderates initial vulnerability. Organisations with a track record of keeping promises and communicating transparently are better positioned to navigate hybrid changes without

catastrophic breach; their employees have, in effect, a trust reserve that absorbs some disruption. Organisations without that reserve are exposed: any change, however reasonable, is filtered through prior disappointment.

DISCUSSION

Implications for HRM Theory

The PCRf contributes by connecting HR policy change directly to well-being through psychological contract renegotiation. Existing literature has tended to treat work modality (remote, hybrid, onsite) as the independent variable and well-being as the outcome, seeking to establish which arrangement performs better. The results have been mixed for reasons the existing frameworks struggle to explain. The PCRf resolves this by arguing that it is not the arrangement itself but the relational process by which it is introduced, changed, or contested that determines its well-being impact.

This has implications for contract theory more broadly. The literature on breach and violation is extensive; the literature on renegotiation is sparse. Robinson and Morrison (2000) found that employees sometimes overlook breach when they attribute non-performance to circumstances beyond the employer's control, suggesting perceived intentionality is critical. The PCRf extends this by proposing that breach can be avoided even when contract terms change, provided the change is managed through deliberate, transparent renegotiation, reframing the study of psychological contracts from reactive to proactive.

The framework also connects contract theory more tightly to justice theory. Research on procedural and distributive justice (Greenberg, 1987; Colquitt, 2001) suggests employees evaluate not just outcomes but the fairness of the process behind them. The PCRf's three phases map closely onto justice concerns: Recognition addresses informational justice, Dialogue addresses procedural and interactional justice, and Formalisation and Follow-Through address both procedural and distributive justice. Integrating justice theory with psychological contract theory in hybrid work opens useful lines for future empirical inquiry.

Implications for HRM Practice

The practical implications are fairly concrete. For HR leaders, the central message is that managing hybrid arrangements is not primarily a logistics problem- how many days, which days, how to track attendance- but a relational one: how to maintain and actively renegotiate the implicit commitments underpinning the employment relationship.

In practice, this means that any significant change to hybrid policy should be preceded by explicit recognition of its relational dimensions (Phase 1), accompanied by genuine dialogue (Phase 2), and followed by consistent implementation and regular review (Phase 3). HR functions need explicit competence in what might be called "contract communication", the ability to state plainly what the organisation offers, what it expects in return, and what happens when circumstances require changes to either side of the bargain.

The four Contract Zones give practitioners a diagnostic lens for the state of the hybrid employment relationship. A structured approach might include pulse surveys designed to surface breach perceptions in each zone: trust calibration ("Do you feel your organisation trusts you to manage your own performance remotely?"), surveillance tolerance ("Are you aware of what is monitored, and does the level feel appropriate?"), flexibility reciprocity ("Does your current flexibility match what was implicitly or explicitly promised when you took this role?"), and presence equity ("Are attendance expectations applied consistently across your team and the wider organisation?").

The National Institute of Occupational Health's 2025 study of 24,763 public sector workers underlines a practical priority: management development that equips line managers for the relational conversations renegotiation requires. Managers are the primary interface through which the psychological contract is experienced day to day; their capacity for transparent, empathetic communication is arguably the single biggest determinant of well-being in hybrid arrangements.

The Surveillance Question: A Special Concern

The Surveillance Tolerance Zone deserves particular attention because the pace of technological change is outrunning organisational deliberation about how monitoring should be used. By 2025, AI-powered productivity monitoring, digital attendance tracking, and remote screen oversight had moved from fringe practice to mainstream tool (HR Executive, 2025), often adopted for legitimate reasons: productivity accountability in dispersed teams, security compliance, performance management.

The problem is not the tools but how they are adopted. When monitoring is deployed without explicit communication about what is tracked, why, by whom, and with what consequences, it rewrites the Trust Calibration dimension of the contract unilaterally. The implicit promise of professional trust is replaced, without negotiation, by an explicit regime of verification. The PCRf suggests that organisations deploying or expanding monitoring should treat it as a formal renegotiation event: communicate transparently, explain the reasoning, consult employees on scope and limits, and establish clear review mechanisms. Treating surveillance as a technical matter rather than a relational one is a reliable route to breach.

Limitations of the Conceptual Framework

As a framework built through theoretical synthesis rather than primary research, the PCRf has real limitations. First, the four Contract Zones rest on theoretical reasoning and existing literature rather than empirical validation as distinct, measurable constructs. The zones may overlap more than the framework implies, or different populations may surface different salient dimensions.

Second, the framework assumes renegotiation is, in principle, possible, that breach can be averted or repaired through deliberate dialogue. The literature on violation (Morrison & Robinson, 1997) suggests that once violation, the emotionally intense form of breach, has occurred, repair is considerably harder and may need more than the dialogic mechanisms proposed here. Future work should explore where breach tips into violation, and what additional repair mechanisms are then needed.

Third, the framework draws primarily on research from Western, developed-economy contexts. Its applicability elsewhere is an open question. Psychological contract content varies across cultures (Rousseau, 1995); the contract zones most salient in hybrid work may differ substantially where labour regulation, union representation, or norms around managerial authority diverge from the Anglo-American contexts dominating this literature.

CONCLUSIONS

This paper has argued that the missing link in understanding hybrid work's impact on well-being is psychological contract renegotiation. The speed of HR policy change, driven by post-pandemic operational pressure, competitive talent retention, and legitimate cultural needs, consistently outpaces the relational renegotiation required to maintain the implicit employment bargain. When this renegotiation lag occurs, employees experience breach, engagement declines, trust erodes, and well-being deteriorates. The problem is not remote work, hybrid work, or even return-to-office policy itself: it is the failure to treat policy change as a relational event that requires deliberate renegotiation.

The PCRf offers both a theoretical contribution and a practical tool. Theoretically, it shifts the psychological contract literature from a largely reactive orientation, breach and its consequences, toward a proactive one: prevention through renegotiation. It identifies four contract zones particularly salient in hybrid work: Trust Calibration, Surveillance Tolerance, Flexibility Reciprocity, and Presence Equity. It proposes a three-phase renegotiation process (Recognition, Dialogue, Formalisation and Follow-Through) alongside three moderating variables (individual contract orientation, managerial quality, organisational contract history).

The stakes are high as organisations continue to recalibrate hybrid policy, some pushing toward more office presence, others expanding flexibility. Mandated changes to established hybrid arrangements reliably produce dissatisfaction, turnover intention, and the disproportionate exit of high performers (Ding & Ma, 2023; Bloom

et al., 2024; Fayard & Weeks, 2025; Smite et al., 2025). Equally, hybrid flexibility, when well managed and properly resourced, produces genuine well-being and performance benefits (Bloom et al., 2024; Dara et al., 2025).

The path between these outcomes is less about operational design- how many office days, which schedule, which monitoring tool, than about relational management: whether organisations can renegotiate the implicit deal with their people explicitly, honestly, and consistently. The PCRf offers a structured starting point for that work. The next step is empirical validation of its constructs, a research agenda this paper invites.

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