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**THE PSYCHOLOGICAL CONTRACT:  
THE DEVELOPMENT AND VALIDATION  
OF A MANAGERIAL MEASURE**

**A thesis  
submitted in fulfilment  
of the requirements for the degree  
of  
Doctor of Philosophy  
at  
The University of Waikato  
by**

**DONALD A. J. CABLE**

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**The University of Waikato  
2008**

## ACKNOWLEDGEMENTS

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The research objective was to develop, through two phases involving development and validation, a measure of the psychological work contract for managerial level employees. The psychological contract is the unwritten implicit contract that forms in the minds of employees and contains the obligations and expectations that they believe exists between themselves and the organization. In the first and qualitative phase of the study, a structured interview procedure resulted in the collection of 651 responses from a convenience sample of 35 managers from seven New Zealand organizations. Responses related to what these managers believed they were obligated to provide the organization (perceived organizational expectations), and what they believed the organization was obligated to provide them (their expectations). Content analysis of these 651 statements resulted in the development of two initial measures of the psychological contract (employee obligations, organization obligations). The employee obligations measure (perceived organizational expectations of the employee) contained 16 items, and the organization obligations measure (employee expectations of the organization) contained 23 items.

In the second and quantitative phase of the study, and using the same criteria for participation as for phase one, a convenience sample of 124 managers from 13 New Zealand organizations completed questionnaires. The questionnaires included the measures of psychological contract content developed in phase one of the study, and 8 organizational psychology variables to be included in a nomological network. The nomological network included intention to quit, perceived organizational support, work and job involvement, job satisfaction, career plateau, organizational commitment, person-organization fit, and 2 performance measures. A separate questionnaire covering job performance and organizational citizenship behaviour was completed by 94 of the participants' managers. Of the 54 relationships predicted in the nomological network, 41 were significant. Of the 13 non-significant relationships, 10 involved relationships with the two performance measures.

The measures of the psychological contract were subjected to a construct validation process involving two steps. The first step involved item and factor analysis. Factor analysis of the two measures of the psychological contract

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In the second step of the validation process, the measures of the psychological contract were embedded into the nomological network and their relationships with the ten variables in that network were tested. Of the ten hypothesised relationships, only one emerged as significant, that being the relationship between the organization obligations component of the psychological contract and person-organization fit. Minimal support for construct validity of the measures of the psychological contract was provided confirming that further effort will be required before complete construct validity may be claimed for the measured. Although the contribution the research makes to the field of knowledge may be limited, it does provide some validation of existing measures of the psychological contract, developed in other studies using different samples. The present findings increase our knowledge of the content of the psychological contract for managers. Additionally, a methodological framework has been established for continuing research into the content of psychological contracts, including an exploration of the relationship between content and fulfilment, along with a structure for comparing the psychological contract of disparate occupational groups.

The most likely explanation for the hypotheses not being fully supported is that it is *fulfilment* (or conversely breach or violation) of the psychological contract, rather than the *content* of the contract per se, that is related to the variables in the nomological network. Whilst the hypotheses were based on research that considered *fulfilment* of the contract, this study focussed on the *content* of psychological contracts. The reasons for basing the hypotheses on

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## CHAPTER 1

### INTRODUCTION

*“The notion of a psychological contract implies that the individual has a variety of expectations of the organization and that the organization has a variety of expectations of him. These expectations not only cover how much work is to be performed for how much pay, but also involve the whole pattern of rights, privileges, and obligations between worker and organizations. For example, the worker may expect the company not to fire him after he has worked for a certain number of years and the company may expect that the worker will not run down the company’s public image or give away company secrets to competitors. Expectations such as these are not written into formal agreement between employer and organizations, yet they operate powerfully as determinants of behaviour.”*

(Schein, 1965, cited in Roehling, 1997)

#### **The Psychological Work Contract: History and Background**

The concept of a ‘psychological’ contract, which is unwritten and in the minds of the parties involved, generalises to many, if not most relationships, including salesperson and customer, doctor and patient, priest and parishioner, and lecturer and student. However, its role in understanding the behaviour of individuals in organizations had its early roots in Barnard’s (1938) theory of equilibrium, and the inducements-contributions model of March and Simon (1958) (Roehling, 1997). Although not acquiring construct status until the early 1990s (Millward & Brewerton, 1999), the ‘psychological *work* contract’ can be traced back to as early as 1960 when Argyris (1960, cited in Anderson & Schalk, 1998) used the term to describe the relationship between the employees and foreman in a factory in which he was conducting research. He saw this employee-employer relationship as being dominated by an environment within which the employees would maintain high production with minimal grievances if the foreman respected the norms of their informal culture. Argyris argued that this



was precisely what the employees needed. The same argument may prevail today and underlies the concepts of mutual *trust* (described by Morrison (1994) as a component in all of the difficult matters addressed by the psychological contract), *expectations* (described by Csoka (1995) as the fundamental building blocks of the new psychological work contract), and *obligations* (normally paired with expectations) between the employee and the employer. In the latter, the perceived obligations of one party (employer or employee) effectively become the expectations of the other, with each trusting the other to fulfil their obligations, thus meeting their own expectations.

Argyris initially appeared to be unsuccessful in arousing the attention, interest, and passion of researchers when he first introduced the term ‘the psychological contract’ in 1960. In the intervening years, between then and now, the concept has received only infrequent mention in the literature. Evolving as a construct through the 1970s and 1980s, the seminal work of Denise Rousseau (1989) marked a transition with the focus of research shifting from the relational level (individual-organization) to the level of the individual. Rousseau suggested *the* basis for the beliefs constituting the contract were the promises *perceived* by the individual. Rousseau (1995) confirmed the shift in research focus and described the psychological contract as comprising the *individual’s* beliefs that are shaped by the organization for which s/he works and that relate to the terms of an exchange agreement between the individual and the organization.

Hendry and Jenkins (1997), Coyle-Shapiro and Kessler (2000), and Patterson (2001), suggested that current employment dynamics have contributed to the ‘re-discovery’ of the psychological contract, providing a renewed focus for researchers. In using the term ‘survival of the fittest’, to describe young workers’ career schemata, Patterson contended that the current employment dynamics, precipitated by organizational reactions to world market adjustments occurring in the 1980s, have resulted in a loss of employee loyalty whilst employers demand flexibility, adaptability, and innovation from those same employees. These fundamental changes in obligations and expectations are the very dynamics underlying the re-discovery of, and interest in, the psychological contract as both employee and employer struggle to redefine the relationship that exists between them.

Gaining an understanding of the theory of the psychological work contract, and its antecedents in employee behaviour, is supported by couching the concept within the framework of organizational climate and the psychological meaning organizations afford peoples' lives generally. As McLean Parks and Schedemann (1994) argued, work contributes powerfully to psychological wellbeing, while providing an identity and sense of order. James, James, and Ashe (1990) proposed that, in this context, attributing meaning to work is the interpretative aspect of cognition and perception that refers to attempts to make sense of what is occurring in an environment. As Allen (1995) claimed, supported by Brown (1996), an assessment of how personally beneficial or detrimental the work environment is to their wellbeing, and whether the organization cares about their wellbeing, is continually being made by employees. This assessment will influence the extent to which employees engage in the workplace (Kahn, 1990).

Discussing the single general factor underlying psychological climate perceptions, and underpinning Allen's (1995) comment relating to an assessment of wellbeing, James et al. (1990) stated the assessment factor may be defined as "*a cognitive appraisal of the degree to which the work environment is personally beneficial versus personally detrimental to the organizational wellbeing of the individual*" (p. 53, original italics). Summarizing their theory of organizational wellbeing, they described the key aspect of their theory as an overall, abstract, and pervasive appraisal of the degree to which one's work environment is beneficial versus detrimental to one's wellbeing. The appraisal of the work environment is proposed to be an inherent component of the process involved in assessment of the state or degree of psychological contract fulfilment with a positive assessment contributing to individual well-being.

The objective of the current study was to develop a measure of the psychological work contract, by defining its content, that provides the ability or means to assess the extent to which a specific employment group believes their contracts are being fulfilled. Prior to describing, in the final section of this chapter, how this study approached that objective, a review of important factors underlying psychological contracts is presented. Firstly, discussion will centre on the parameters underlying the formation and content of psychological work contracts. The question of mutuality, the normally shared perceptions between two parties concerning contract obligations, and how this arises in the

psychological contract concerning the two parties (employee and the organization), will then be addressed. An exploration of the typology of contracts follows, including the two major types of relational contracts and transactional contracts.

A considerable influence exerted on both the content and fulfilment of psychological contracts is the employment relationship. The employment relationship is influenced greatly by the prevailing employment environment and its associated dynamics. The proposition is that the psychological contract provides a robust framework for the management of the employment relationship and research supporting that proposition is reviewed. The concept of trust between the employer and employee is also reviewed as the prevailing argument is that higher levels of trust, between the employer and employee, will support the development and maintenance of more healthy and robust psychological contracts that in turn enhance the relationship between the parties.

The major research interest in psychological work contracts surrounds the consequences of contract failure, or non-fulfilment through breach or violation, for it is from this that behaviours affecting the individual and the functioning of the organization may be predicted. Contract formation and assessment of fulfilment occurs as a normal function of the employment relationship and providing both parties to the contract honour its terms and conditions, minimal detrimental outcomes arise and the relationship is protected. However, if either party fails to deliver on their contractual obligations, the behaviour of individuals within the organization is likely to be adversely affected and perceived negatively by the other. Discussion on contract failure will focus on the two stages or levels of non-fulfilment, breach and/or violation, as perceived by the individual.

Finally, the question as to why this particular research effort sought to develop a specific measure of the psychological work contract will be addressed, and the context within which that research direction arose will be explored. I specifically argue that generic measures of the psychological contract fail to acknowledge the varying expectations of individuals at different employment levels within an organization. The proposition I present is that because those expectations vary, and subsequently the content of individual psychological contracts vary, specific measures of the psychological contract, each with specific

content, are required for clearly delineated employment groups within an organization.

Why this particular research effort focussed on the managerial level will be explained. The research itself approached the development of a specific measure of the contract through interviewing managers individually about what they believed the mutual expectations and obligations were between them and the organization. Their responses were analysed by a team of subject matter experts (Chapter 2) and a measure of the psychological contract pertaining to managers was created. The measure created through this phase of the research was finally subjected to a validation process involving other psychological work variables embedded in a nomological network. That particular validation process will be explained in detail in Chapters 5 and 6.

### **The Psychological Contract: Formation and Content**

How psychological work contracts form is answered simply by Andersson (1996), who suggested that a contract emerges when an employee perceives that the organization is obligated to reciprocate in some manner in response to contributions he or she has made. The process of psychological contract formation, appraisal, and assessment is iterative and provides both the structure of the contract and its content. Within that structure, and based on the content, the contract establishes the mechanisms (constructive, interpretive, and corrective) through which individuals seek meaning from the work they pursue, and from the organizational climate and environment within which that work is performed. As Sonnenberg (1997) proposed, expectations or hopes of personal development, reward, adjustment and regulation are generally present in the work one is engaged in. Individuals enter an organization with a set of beliefs, values, and needs, and with the expectation that these will be met, upheld, and respected, and their wellbeing ensured, preserved, and protected. This is the socialization process referred to as 'sensemaking' by de Vos, Buyens, and Schalk (2003).

The core of the psychological contract concerns the exchange of promises and commitments (Guest & Conway, 2001a). Within this context, the content of the contract is about cognitions, perceptions, expectations, beliefs, promises, and obligations. That is, it is concerned with non-tangible psychological issues

(Makin, Cooper, & Cox, 1996). These cognitions, perceptions, and expectations, and so forth, form part of the psychological and implicit employment contract coexisting with the explicit, formally documented and legally binding contract of employment. The contract is oriented toward the future, is dynamic, undergoes continual revision, and is based on evolving expectations, for, as Guzzo, Noonan, and Elron (1994) claimed, it is not possible for individuals to form expectations in advance about all the contributions an employer might make. Thus, psychological contracts evolve throughout the individual's employment with the organization (Goddard, 1984; Muchinsky, 2003), are possibly never complete (Yan, Zhu, & Hall, 2002), and must be capable of change, as the environment and conditions under which they form warrant that change (Wright, Larwood, & Doherty, 1996).

Whilst some researchers distinguish between *implied contracts*, arising from observations of repeated behaviours, and *psychological contracts*, existing only in the minds of individuals, the distinction is a subtle one with many researchers using the terms interchangeably (for example, Arnold, 1996; Rousseau, 1989; Rousseau & McLean Parks, 1992; Stalker, 2000). The psychological contract defines what the individual expects from the organization in order to achieve and maintain psychological wellbeing. Individuals are attracted to an organization because they believe the organization has the potential to contribute to their wellbeing. What that contribution will be, and how it will be delivered, is embedded in both the formal employment contract *and* the psychological work contract. If either contract is breached or violated, the individual will act to address the perceived injustice.

Within this discussion, a distinction is drawn between the *content* of psychological contracts (the perceived terms or 'clauses' and the focus of the present research) and the iterative *processes* through which the content of the contract is derived. Whilst Anderson and Schalk (1998) contended that most employees are able to describe the content of their contract, and every employee has one, they also argued that there is no real consensus about what the psychological contract is or what it actually encompasses. Cavanaugh and Noe (1999) supported Anderson and Schalk's viewpoint by agreeing that there is currently no consensus on what psychological contracts contain, although they do suggest some agreement on relational components such as career development, organizational commitment, and job security. Anderson and Schalk suggested

that the issue is compounded through the use of different combinations of terms such as perceptions, expectations, beliefs, promises, and obligations. However, individuals must appreciate the concept of the psychological contract before they can contribute to defining its content. It may be that the content of the psychological contract can only be defined through the creation of an awareness of the concept within individuals. Arnold (1996, p. 512) raised an interesting and pertinent point: “it may be that participating as a “subject” in research that asks about psychological contracts itself clarifies the respondent’s opinions—a more than usually clear illustration of how psychological research does not leave untouched the world it investigates.”

Both Kotter (1973) and Sims (1994) proposed that the psychological contract may literally contain *thousands* of items, and therefore making a complete list would be impracticable, if not impossible. It is from this list of ‘thousands of items’ that individuals draw specific and relevant items, grouped into higher level and broader categories or classes, to form the content of their own idiosyncratic psychological contract. The absence of a definitive description of content has not, however, retarded the popular use of the concept with different researchers developing measures ad hoc. Even though Bayliss (1998) introduced terms such as ‘virtual working’ (akin to ‘virtual organisations’, Cooper, 1999) and ‘presenteeism’ (workers attempting to demonstrate commitment by working unnecessarily long hours), and these may well, and likely do, influence content, a formal definition of what the actual content of the contract might be is no closer. The present research will contribute to a wider understanding and appreciation of the content of psychological contracts.

The variability and differences in workforce demographics and workplace environments are such that individual contracts are likely to differ somewhat, if not substantially. Further highlighting the immense scope of potential content, Herriot and Pemberton (1997) proposed that whilst areas of commonality will obviously exist, with some perceptions shared, the number of possible contracts may be limited only by the number of individuals in employment relationships. Following an interview with Denise Rousseau, Harwood (2003) acknowledged Rousseau’s acceptance that there will always be many aspects of contracts, local, unique and personal, that can not be standardised and it is, in part, acceptance of Rousseau’s comment that underpins the current research effort. This highlights

the difficulty involved in developing a generic measure of the psychological contract and, if substantive information is not to be lost, why the development of measures focusing on specific levels or groups of employees has practical merit.

Csoka (1995) provided some insight into what each party expects from the contract (Table 1.1) whilst Freese and Schalk (1996) found that contract content subdivided into the five aspects of job content, opportunities for personal development, social aspects, human resource management policy, and rewards. Rewards includes the critical component of employee benefits (Lucero & Allen, 1994). Csoka’s employer items can readily be mapped across Freese and Schalk’s five aspects. De Vos, Buyens, and Schalk (2005), based on a review of literature, also proposed five content areas, being career development, job content, financial rewards, social atmosphere, and respect for private life, which again bear some similarity to those already proposed.

**Table 1.1**

**Basic Parts to the New Psychological Contract**

<b>Employee Provides:</b>	<b>Employer Provides:</b>
<ul style="list-style-type: none"> <li>• Commitment to business objectives</li> <li>• Shared responsibility for success</li> <li>• Quality performance</li> <li>• Flexibility</li> <li>• Judgement</li> <li>• Strategic skills</li> <li>• Continuous improvement</li> </ul>	<ul style="list-style-type: none"> <li>• Employability</li> <li>• Learning</li> <li>• Flexibility</li> <li>• Performance-based compensation</li> <li>• Greater participation and involvement</li> <li>• Interesting and challenging work</li> </ul>

(Csoka, 1995, p. 27)

In a content analysis of publications relating to the ‘new employment relationship’, Roehling, Cavanaugh, Moynihan, and Boswell (1997) identified a number of ‘traits’ that characterise the new relationship, but caution that they possibly relate more accurately or appropriately to core employees in western, developed countries. These ‘traits’ are remarkably similar to what has been proffered by both Csoka (1995), and Freese and Schalk (1996), as forming the

content of the psychological contract, and lends support to the contention underlying the current research that psychological contracts will differ, depending on various individual and group characteristics, amongst other factors.

Providing further insight into what the content of psychological contracts may be, Guest and Conway (1999) identified six core items covering the areas of trust, fairness, and 'delivery of the deal' which they subjected to factor analysis. One factor emerged and this accounted for 50.8% of the variance in their measure of the psychological contract. Herriot, Manning, and Kidd (1997) conducted a more systematic approach to identifying content and concluded that perceptions of obligations under the contract do not differ significantly between employer and employee, and therefore the issue relates more to the relative salience of the components to each party. Nevertheless, through a process of inference, they did identify 12 organizational obligations, which they labelled training, fairness, needs, consult, discretion, humanity, recognition, environment, justice, pay, benefits, and security. They also identified seven employee obligations, which they labelled hours, work, honesty, loyalty, property, self-presentation, and flexibility.

In their research into the content of psychological contracts, Herriot, Manning, and Kidd (1997) made two important points, both of which are relevant to the current research. Firstly, in commenting on the research literature they noted that little work has been done on understanding the *content* of psychological contracts. Secondly, they noted that research often presents the *perceived* content of contracts, rather than the content being elicited from research participants. Their comments are particularly relevant with respect to the current research, which not only focused on *content*, but actually *asked* managers what they believed was in (content) their contract.

Hutton and Cummins (1997) identified two employer obligations; support, and respect and fair practice, and three employee obligations; getting the job done, flexible citizenship, and loyalty. The categories identified by Hutton and Cummins embrace many of the categories identified by Herriot, Manning, and Kidd (1997). While these categories, representing a selection from the 'thousands of items' suggested by Kotter (1973) and Sims (1994), may prove to be consistent and replicable across assessments of content of the psychological contract, the heterogeneity of the samples, from which these particular data were drawn, makes



it difficult to generalise the salience of the components to specific levels/groups of employment.

If, as Anderson and Schalk (1998) contended, one of the main functions of the psychological contract is to reduce insecurity in the employee, one would expect the dimensions or variables that comprise the contract to support that reduction in insecurity. This might provide one avenue through which the content of the contract may be identified. Extending the legal metaphor, as discussed by Guest (1998), these 'items' or 'variables', may be described as contract 'clauses'. Retrospectively one may, by creating the clauses to the contract, support an identification of the variables involved. Further extending the legal metaphor, the clauses would detail the deliverables (employee expectations/organizational obligations, and vice versa) under the terms of the contract. Rousseau (1998a), however, argued strongly against using the term as a metaphor, claiming that "In the end, metaphors do not explain variance in behaviour, nor do they give rise to predictions that can be confirmed. Constructs—and the theories in which they are embedded—do" (p. 667).

Rousseau (1990) provided some idea of the potential content of psychological contracts based on further analysis of an a priori measure developed for a study of the perceptions of new hires. Factor analysis revealed employer obligations to include advancement, high pay, training, job security, development, and support. Important obligations for employees included overtime, loyalty, extra-role behaviours, minimum stay, and willingness to accept transfers. Csoka (1995) proposed, however, that under psychological contracts today, loyalty no longer earns job security, with similar views being expressed by both Kessler and Undy (1996) and O'Reilly (1994), and described this as a simple statement of fact. High performance also no longer ensures job security (Stiles, Gratton, Truss, Hope-Hailey, & McGovern, 1997). Yet, for organizations that provide job security, the loyalty and commitment they receive from employees is likely to be higher (Gaertner & Nollen, 1989; Smithson & Lewis, 2000), although the perceptions of job security offered may actually be rated higher by employees than by the organization itself (Porter, Pearce, Tripoli, & Lewis, 1998). Loyalty itself intervenes in any decision to stay or leave an organization, as do the structural conditions of work, including the values and expectations of the individual (Mueller, Wallace, & Price, 1992).

Coyle-Shapiro and Conway (2005) suggested that, within the context of social exchange, the psychological contract is one way of operationalizing the employee-employer exchange. Understanding employee expectations relating to that social exchange may help identify the factors that shape employee perceptions of the psychological contract. One of those factors is reciprocity which provides a basis for a global evaluation of the employment relationship by the employee (Coyle-Shapiro & Conway, 2005). The evaluation of the employment relationship by the individual is in itself likely to influence the content of the psychological contract. Ho (2005) also suggested that social referents are likely to be influential in assessments of psychological contract fulfilment. Where perceptions of mutual obligations are shared by co-workers perceptions of fulfilment may also be shared. Ho suggested that organizations may make similar promises to all employees. Where those promises shape mutual expectations those expectations are likely to be shared with social referents, or co-workers, and be included in their psychological contracts. Rousseau (1990) also found that a new hire's career motivation and intention to stay with the recruiting organization were factors that shaped employee perceptions of the psychological contract

Although no totally encompassing definition of psychological contract content prevails, some appreciation of potential content may be acquired through the research efforts of the many researchers who have developed measures a priori and ad hoc to meet their particular requirements. What hampers consensus on content are the many factors at individual, organizational, and societal levels that influence contract formation, and hence the resulting content. These influences must be taken into consideration when developing measures of the psychological contract for it is these influences that hinder the development of a generic measure. My research argument is that psychological contracts will differ as a result of those influences and hence development of measures must focus on particular and specific employment segments in order to maximise relevancy and reliability in measurement. The concept of a 'contract' naturally conjures up the expectation that two parties are involved and hence mutuality concerning understanding and appreciation of contract obligations results. However, as *psychological* contracts exist in individuals' minds alone, the question arises as to how mutuality, through the involvement of the other party to the contract, occurs.

The concept of mutuality will now be explored before turning to a discussion on the various types of psychological contracts.

### **The Psychological Contract and the Question of Mutuality**

Contracts are generally formed between two parties, thus providing mutuality with respect to the management, acceptance and interpretation of the contract. In normal legal contracts each party has its perceptions concerning contract obligations and it is these shared perceptions that provide mutuality. However, psychological contracts are formed by only one party, the employee, who provides that mutuality by adopting a two-party (employee and organization) perspective. This concept of mutuality permeates (Goddard, 1984) even though psychological contracts are typically viewed solely from the employee perspective. Confirming this, Rousseau (1995) stated that the most general description relates to the belief in obligations that exist *between two or more* parties, with this belief largely being created through communications underpinning organizational human resource practices (Ostroff & Bowen, 2000; Rousseau & Wade-Benzoni, 1994; Sels, Janssens, & Van den Brande, 2004), but also subject to other influences such as perceptions of organizational culture (Turnley & Feldman, 1999a). Anderson and Schalk (1998) also argued that *mutual* obligations are the central issue in the relationship between employer and employee. Although these mutual obligations may be to some extent recorded in the formal employment contract, Anderson and Schalk contended that they are mostly implicit, are covertly held, and only discussed infrequently. Whilst mutuality does exist, my research adopted the prevailing stance and focused on viewing the contract from the employee perspective alone. This position is defended later in this chapter.

Formal contracts are 'normally' entered into between two or more parties with each party holding a written 'copy' of the contract that clearly spells out the terms and conditions. Before contracts are signed, and from that point becoming legally binding, any ambiguities or misunderstandings are resolved by the parties to that contract. However, the same process does not occur with psychological contracts. Psychological contracts, by definition, are held in the minds of the holders and are not formally negotiated. Therefore, the extent to which the terms

and conditions are shared between the parties involved is difficult, if not impossible to assess. This situation raises the perplexing question as to how the mutuality inherent in a formal written contract can also be inherent in a psychological contract. Can, for example, an organization's perspective on the content of an employee's psychological contract be assessed? Can, for example, a psychological work contract, held in the mind of an employee, become 'known' to the organization?

Two issues arise in considering the possibility that 'organizations' may develop specific views of the content of the psychological contract. Firstly, identifying the 'organization' is a complex undertaking (see for example Marks, 2001; Morrison & Robinson, 1997; Rousseau & Tijoriwala, 1998). Secondly, it follows that determining the organization's perspective would inherit similar complexity, for as Arnold (1996) correctly pointed out, the question then arises as to exactly who constitutes the 'organization' as the other party to the psychological work contract. Yan, Zhu, and Hall (2002) also faced this dilemma and cautioned that care needs to be exercised in defining what 'organization' stands for. Furthermore, because organizations do not have the capacity to do so, they cannot 'perceive', therefore 'their' perceptions, whether they relate to psychological contracts or any other concept, cannot be measured (Rousseau & Tijoriwala, 1998).

Although some researchers have attempted to assess the organization's perspective, such measures are potentially biased by the organizational agent's personal interpretation of the contract. For example, Hallier and James (1997) explored the issue of the 'organization' as a party to the psychological contract through an assessment of the role of middle managers. Guest and Conway (2002) relied on a cross-section of managers as identified by the participants. These managers were, in effect, the participants' immediate managers and as the participants were at multiple levels in the organizational hierarchy, the implication is that their managers were also at multiple levels in the organization. In their research, Tekleab and Taylor (2003) also focussed on the employee's immediate manager as the organizational agent. The nature of their sample was such that the immediate manager may have been, as for Guest and Conway, below the level of middle manager. Porter, Pearce, Tripoli, and Lewis (1998) chose high level executives to speak for the organization in their study. Decisions by researchers

to include different levels of management as organizational agents in studies of the psychological contract highlights the issue and reinforces the potential for different or distorted views based on those agents' own perceptions of contract content.

In Hallier and James' study (1997), middle managers were found to play a critical role in the employee-employer relationship by isolating senior managers from the realities of that relationship. Hallier and James confirmed that it was middle managers as agents of senior managers that played the more influential role in enacting the psychological contract, with the employee's perceptions being constrained or threatened by the perspectives and interpretations of the contract by those middle managers. Organizational agents may also have vested interests in work outcomes that, either directly or indirectly, are likely to influence those enactments and both employer contract fulfilment and compliance. My proposition is that more will be understood about the consequences of violation of the contract if the contract itself is understood from an employee perspective.

Central to this discussion is acceptance that for any contract to exist there must be at least two parties to it and, whilst mutuality does permeate, it is the employee alone who provides this mutuality. The employee adopts two perspectives; what *they* expect of the organization and what *they* believe the organization expects of them (Turnley, Bolino, Lester, & Bloodgood, 2003). These are the two views that influence an employee's behaviour and it is their behaviour that provides the current focus in the influence on the organization's functioning. Mutuality does, however, arguably imply that both parties hold the same beliefs regarding the obligations they have toward each other (Dabos & Rousseau, 2004; Rousseau, 2001), whether or not each is aware of the other's beliefs. Rousseau (1990) argued earlier that mutuality was not a requisite condition, with each party possibly holding quite different views as to the existence and terms of a psychological contract. Rousseau later clarified this, suggesting that the *belief* in mutuality creates a psychological contract rather than mutuality per se (Rousseau & McLean Parks, 1992), further describing this mutuality as a common frame of reference. However, in a later publication, Rousseau and Tijoriwala (1998) suggested that it is the *perception* of mutuality that constitutes a psychological contract and not mutuality in fact. Whether or not a reconciliation of these beliefs is necessary before an understanding of the terms

of the psychological contract can be reached may not require resolution and, as it is employee behaviour that is of interest, it may suffice to assess the contract from an employee perspective.

Confirming this stance, Rousseau (1989) proposed that the psychological work contract should be understood from the employee's perspective and not the organization's. Turnley, Bolino, Lester, and Bloodgood (2003, p. 188, italics added) stated that: "Specifically, psychological contracts are comprised of the obligations that *employees* believe their organization owes them and the obligations the *employees* believe they owe their organization in return". It is this perspective, that is, the employees' perceptions of the mutual obligations that exist between themselves and the organization that confirms that mutuality in the psychological contract is provided by the employee alone. Rousseau also argued that it is individuals who have psychological contracts, and that organizations do not.

Additionally, as Morrison and Robinson (1997) stated, by definition, *psychological* contracts are in the minds of *employees*. They are also unwritten (Van Buren, 2000), and as suggested by Rousseau and Tijoriwala (1998) a psychological contract is by definition an *individual* perception. Masterson and Stamper (2003) also pointed out that it is *perceptions* and not actual objective contractual obligations that comprise the psychological contract. They emphasised that these perceptions are the *employees'*. Watson (1997) agreed by suggesting that psychological contracts function at the *individual level* of analysis. De Vos, Buyens, and Schalk (2003), and Sels, Janssens, and Van Den Brande (2004) provided further support for these arguments.

In adopting this individually-focussed perspective one may, however, be left pondering as to how a psychological contract that resides in the mind of an employee can become knowable to or binding upon employers (Van Buren, 2000). Given that it is the *employee's* psychological contract, one could equally debate whether the organization needs to be an active party to it, or whether it just needs to anticipate it. Under such circumstances, the organization fulfilling employees' expectations, or successfully meeting its obligations as prescribed by the psychological contract may be described as fortuitous or coincidental. That, however, does not negate the role of the organization in understanding what its obligations *may* be, and to determine its position and intention to *meet* those

obligations, if it wishes to maintain productive and healthy relationships with its employees.

The present study also focussed on determining the employee's perspective and accepts Rousseau's (1989) perspective that only individuals have psychological contracts and that the organization merely provides the context within which these are created (Lucero & Allen, 1994). As Turnley and Feldman (1999a, p. 368) stated: "As currently conceptualized, then, the psychological contract is an inherently subjective perception; each individual possesses a unique psychological contract based upon his/her understanding of the reciprocal obligations in the employment relationship between the individual and the organization." Support therefore exists for adopting an employee perspective, and for accepting within that perspective the mutuality relating to obligations between employee and the organization that the individual provides or assigns to the psychological contract. Reflecting further the influence of employment, organizational and social factors, different types of psychological contracts emerge. Discussion now moves to a review of contract typology and contract orientation, and considers the influence of these on content.

### **The Typology of Psychological Contracts**

The new and prevailing organizational and employment dynamics have resulted in a shift away from so-called 'relational' contracts to 'transactional' contracts (Csoka, 1995). Relational contracts, in which the relationship between employee and employer is paramount, are based on collective interest (McLean Parks & Kidder, 1994), are linked to social exchange (Millward & Brewerton, 1999, 2000), involve the exchange of socio-emotional resources (Aselage & Eisenberger, 2003), and can be viewed as reflecting the traditional working 'partnership' that exists between employee and employer in which each acknowledges the other's interest (Millward & Brewerton, 2000). Such contracts may also be compared to employment relationships in which 'high commitment policies', reflecting mutual interest in positive outcomes, are adopted (Tsui, Pearce, Porter, & Tripoli, 1997). Kissler (1994) argued that relational contracts were enforced through the co-dependent relationship that existed between employer and employee. Such contracts may reflect longer term commitments.

Transactional contracts, on the other hand, tend to be unchanging with fixed content, based on self-interest, spell out precise responsibilities, focus on short-term relationships (Cavanaugh & Noe, 1999; McLean Parks & Kidder, 1994; Peel & Inkson, 2000), and may be compared to job-focused employment relationships (Tsui et al., 1997) in which the outcome of the transaction is more important than the maintenance of the relationship. They involve limited personal involvement in the job and low emotional investment (Rousseau, 1995), are linked to the exchange of economic resources (Aselage & Eisenberger, 2003), which may be the primary incentive, and in which a 'money comes first' attitude may prevail (Millward & Brewerton, 2000). Such contracts are likely to result in decreased loyalty and employee alienation (McLean Parks & Kidder, 1994). Smithson and Lewis (2000) also proposed that younger workers are more accepting of transactional psychological contracts than perhaps older workers might be, for example, by being more willing to manage their own careers and more accepting of job insecurity. The acceptance of transactional contracts by younger workers may help explain the shift toward 'protean careers' (Hall, 1996b; Yan et al., 2002) in which the employee has more control over and responsibility for their destiny, presenting yet another influence on the content of psychological contracts.

De Meuse, Bergmann, and Lester (2001) investigated the proposed shift from relational contracts to transactional contracts by studying the perceptions of three cohorts from three generations of relatives across four time periods (three periods representing each generation, with the fourth being the future). Confirming a main effect for time, they found that perceptions of trust, support, and respect had decreased during the past five decades indicating an erosion of relational elements of the psychological contract. Even though this result suggests that the relational elements of current psychological contracts have been eroded, resulting in lower levels of trust, support, respect, loyalty, and commitment, they did not predict further erosion of these elements beyond the year 2000. No differences in scores were found across the three generations, confirming that participants viewed the contract as being the same across time despite their cohort membership, lending support to the proposition that perceptions of erosion of the relational content are uniformly held. In practice, however, any contract will contain both relational and transactional components to varying degrees with each



influencing the other (Guzzo & Noonan, 1994). Rousseau and McLean Parks (1992) actually described the relational-transactional classification as a continuum, with a psychological reality, and anchored at each end by pure forms of the contract.

Although the transactional/relational typology predominates, other forms of contracts exist. Rousseau and Tijoriwala (1998) and Rousseau and Wade-Benzoni (1995) discussed balanced/hybrid and transitional/uncertain types of psychological contracts as ways of classifying relationships and which may influence the formation and content of psychological contracts. Janssens, Sels, and Van den Brande (2003) discussed psychological contracts within the context of the dimensions of degree and balance of obligations and, following analysis, defined six types of contracts they labelled 'instrumental', 'weak', 'loyal', 'strong', 'unattached', and 'investing', with each type indicating different patterns of employer and employee obligations, with a different profile and with different levels of affective commitment and employability. Sels, Janssens, and Van den Brande (2004) subsequently validated a six dimension model which included the dimensions of tangibility (intangible versus tangible), scope (narrow versus broad), stability (stable versus flexible), time frame (short-term versus long-term), exchange symmetry (equal versus unequal) and contract level (individual versus collective).

Watson (1997) introduced the concept of an *ideological contract* and argued that one's ideological position (liberal or communitarian) influences judgements relating to the employment relationship, thus leading to the formation of an ideological psychological contract. Thompson and Bunderson (2003) discussed a similar concept but instead referred to it as 'ideological currency' *within* the psychological contract, rather than a separate type of contract. They defined ideological currency as the credible commitments an individual makes to pursue a valued cause or principle. This commitment manifests as contributions made towards the organization's capacity to pursue that ideological objective. The similarity to Watson's concept is established, with Thompson and Bunderson adding that commitment to a 'cause' may enhance loyalty, satisfaction, and organizational commitment. These factors perhaps confirm a relational dimension to the ideological contract. Adopting a social exchange approach, Shore and Barksdale (1998) proposed a typology based on the extent to which employee and

employer obligations are balanced with mutual (employee – employer) high obligations offering a more robust relationship akin to a positive relational psychological contract.

A number of different types of contracts have been proposed. However, the relational versus transactional classification prevails and it is likely that many of the other types fit within this classification, albeit at a more refined level. It adds to the understanding of the complexity of psychological contract formation and content to appreciate the many types of contracts that may exist. For the present study the expectation was that, given the target population for the study (management), relational contracts, or relational content, were more likely to prevail. This expectation is based on two factors, firstly, the definition of a relational contract as involving “open-ended agreements to establish and maintain a relationship involving both monetizable and non-monetizable exchanges” (Rousseau, 1990, p. 391). This is in contrast to transactional contracts, which “involve specific monetizable exchanges” (Rousseau, 1990, p. 391). By the nature of their employment relationship, managers tend to commit to longer-term, open-ended employment agreements in which the maintenance of the employment relationship (non-monetizable exchange) is paramount (McLean Parks & Kidder, 1994). Secondly, as Rousseau also noted (1995, p. 106-107), “Core employees are likely to be party to contracts with many relational terms” whilst pooled or temporary workers “are likely to be party to transactional arrangements.” Accepting Rousseau’s (1995) statement, and Handy’s (1989) proposition that managers tend to form the core group of workers in an organization, the expectation would be for the psychological contracts of managers to contain more relational items and less transactional items.

A major influence on the content of relational contracts is the employment relationship itself. A healthy employment relationship, that supports the fulfilment of a relational contract, is proposed to result in an organizational environment more conducive to the on-going wellbeing of the individuals involved. An exploration of the development of the employment relationship, and how this influences the formation and fulfilment of the psychological contract, follows.

## **The Influence of the New Employment Relationship on the Psychological Contract**

The recent resurgence of research interest in the psychological contract stems in large part from the changes and developments that have occurred in the workplace over the past decade or so (Cooper, 1999; Coyle-Shapiro & Kessler, 2000; De Meuse & Tornow, 1990; Patterson, 2001; Robinson, 1996; Rogers, 1994) and which have, in many ways, placed more emphasis and focus on the individual. These changes and developments are sweeping and have permanently influenced both the individual and the organization. The changes include: increased entrepreneurship; a steady decline in the strength and role of trade unions; the decline of industrial manufacturing coupled with an increase in the service industries; the ever increasing development and application of new technology (Csoka, 1995; Furnham, 1990); and a shift from the industrial model of production to an information-based model (Jaffe & Scott, 1997). Although Tsui, Pearce, Porter, and Tripoli (1997) suggested the employee-employer relationship is distinct from the employee-organization relationship, which they claimed is different from a psychological contract, in practice many people define the organization as their employer. The terms may therefore be used interchangeably and without loss of meaning in the context of psychological work contracts.

From an individual perspective and impact, changes have included the abolition of compulsory retirement, increased acceptance and occurrence of dual-income households, and an increased focus on the achievement of a personally acceptable work-life balance. Guest (2004, p. 542-544) provided an overview of the many factors impacting on the traditional employment relationship and summarised these as:

- numbers employed in many workplaces are getting smaller
- increasing flexibility and fragmentation of the workforce within many establishments
- pervasiveness and urgency of change
- growing interest in work-life balance
- decline in the proportion of workers who are effectively covered by

established systems of consultation and negotiation

- decline in collective orientation... alongside the growth of an American-influenced form of individualism.

Additionally, these changes have been paralleled by the move toward a more flexible labour market involving core, contract, and temporary workers (Handy, 1989). O'Reilly (1994) and Shostak (1993) discussed a similar fragmentation of the labour market and referred to the core critical intellectual strength of a company (the “top guns”), the regular stable of contract-oriented individuals, plus the part-timers, with the latter often being referred to as the ‘just-in-time’ workforce. These labour market changes have been accompanied by more individual responsibility for self-development and career management, a responsibility increasingly being accepted by individuals (Cavanaugh & Noe, 1999; Ehrlich, 1994), and self-reliance for legal protection. Coinciding with the organizational shift from the delivery of a product to the delivery of a service, remuneration has become tied more to market value and less to position or seniority, with the concept of ‘job’ increasingly being replaced with the concept of ‘work’ (Bridges, 1994). Bridges (1995) succinctly captured these developments within a historical perspective by proposing that work was transformed from tasks during the industrial revolution in the 18<sup>th</sup> century, and was then transformed into jobs in the 19<sup>th</sup> century. The 20<sup>th</sup> century saw these same jobs transformed into careers, but what is currently being experienced is a reversion back to jobs, and possibly even tasks.

Hastened by the aforementioned changes in the individual and the organization, a new employment relationship has emerged (Burack & Singh, 1995; Byron, 1995; De Vos et al., 2005; Roehling, Cavanaugh, Moynihan, & Boswell, 2000). This new relationship is underpinned by changes in human resource management practices (Guest & Conway, 1999), in which occupational commitment may have replaced organizational commitment as an indicator of attachment (Rousseau, 1997), and where traditional boundaries between owners and workers are becoming less distinct (Rousseau & Shperling, 2003). The employment relationship continues to evolve as both employee and employer search for the basis of a new psychological contract, preferably one that is mutually understood and accepted, and empowering, rather than one imposed by

the organization with the potential to result in a loss of personal power (described by Rousseau (1996) as the ‘shotgun wedding’). Rousseau continued by adding that people need to *want* to be a party to a contract and it is the organization that must allow that want to be met. Tornow (1988) captured the many changes to the employment contract (Table 1.2).

**Table 1.2**  
**The Changing Employment Contract**

<u>From...</u>	<u>To...</u>
Stability & Predictability	Change and Uncertainty
Growth in Population	Population Downsizing
Permanence	Temporariness
Permanent Work Force	Flexible Work Force
Full-Time Employees	Part-Time Employees
Standard Work Patterns	Flexible Work Patterns
All-or-None Employment/Retirement	Gradual Retirement
Employee Retention	Targeted Turnover
“Build” Employees	“Buy” Employees
Valuing Loyalty and Tenure	Valuing Performance and Skills
Paternalism	Self-Reliance and Responsibility
Commitment to Company	Commitment to Self
Company-Defined Benefits	Company-Defined Contribution
Job Security	Employee Development and Achievement
Advancement	Plateauing
Linear Career Growth	Multiple Careers
One-Time Learning	Life-Long Learning

(Tornow, 1988, p. 98)

Furthermore, both the womb-to-tomb ‘grow-old-together’ mentality, with respect to life-long employment offered by an employer (De Meuse & Tornow, 1990; Sims, 1994), and the concept of a career for life, are anachronisms well past their use-by date. In addition, corporate manoeuvrings around globalisation, ‘right-sizing’, delayering, redundancies, restructuring, merger/acquisition, and the

onward march of technology, have all added to the complexity of the modern work environment as the psychological contract that characterises the relationship between employee and employer is redefined (Bayliss, 1998; Tornow, 1988). Hendry and Jenkins (1997) also discussed these many changes, and raised the issues of decline in motivation and job satisfaction, and an increase in stress from work pressures and the continuing threats of redundancy. They reported that the threat of redundancy had a significant affect on many work attitudes, including trust in the organization. Muchinsky (2003) described downsizing as one of the most critical violations of a psychological contract, with both Singh (1998) and Turnley and Feldman (1998) adopting a similar view.

These attitudinal effects are not restricted to the disenfranchised, with survivors also being demoralised (Doherty, Bank, & Vinnicombe, 1996) and reporting significant negative impact on all nine attitudes assessed in a survey conducted by Undy and Kessler (original reference not quoted, cited in Hendry & Jenkins, 1997). Davenport (1998) also argued that for employees, of the things that change in a merger, none carries more significance than the psychological contract. Robinson (1996) proposed that, given these changes to the work environment, employers and employees are both reconsidering their mutual obligations. Csoka (1995) summed up the current environment by suggesting that what companies are now saying, in essence, is that they will employ individuals only for as long as the skills and talents they possess are needed and add value to the business itself.

Herriot and Pemberton (1995b) claimed that the ‘captains’ of industry have shattered the previous psychological contract but have failed to negotiate the terms and conditions of a new one. In doing so, they have started a revolution which they never imagined regarding the emergence of a new employment relationship. The traditional employment relationship, which Sparrow (2000) suggested had been a historical blip, and may not have even existed in some employment sectors, was characterised by shared values, purpose, loyalty, commitment, and vision. Confirmation that this relationship has expired is suggested in the following: “The contract is dead. If one concept has been drummed into the noggins of Americans more than any other in recent years, it is this: The social contract between employers and employees in which companies promise to ensure employment and guide careers of loyal troops, is dead, dead,

dead” (Lancaster, 1994, cited in Watson, 1997, p. 5). A vast majority of managers report an increase in workload and responsibilities, and more concern over leading a balanced life, with more than half working more than 50 hours per week (Herriot & Pemberton, 1995b). Yet, interestingly, 60% of managers agree that relations between them and employees are good (Guest & Conway, 2001a). Despite this finding by Guest and Conway there is still value in focussing on the development of a managerial measure of the psychological contract for the many reasons discussed above.

Whilst a shift in psychological contract focus has occurred, it is argued to be dependent to some extent on the level of employment, and to be less pronounced for the core (managerial) group of workers (Handy, 1989) than it is for the contract and temporary groups. This argument is supported somewhat by Herriot and Pemberton (1995b) who proposed three different forms of psychological contract reflecting likely differences in the nature of the employment relationship that align with Handy’s groupings. They named these ‘life-style’ (part-timers), ‘autonomy’ (contractors), and ‘development’ (core). Shore and Tetrick (1994) and Millward and Brewerton (1999) also referred to differentiation of the labour market and the consequential impact of this on psychological contracts. Conway and Briner (2002) found that, whilst it is possible to conclude that part time workers differ from full time workers with respect to psychological contract fulfilment, they each responded in similar ways to adjustments in their contracts. Volunteer workers also offer another dimension to the nature of employment relationships and the psychological contract that forms as a result. Farmer and Fedor (1999) found, for example, that although volunteer workers do form psychological contracts with their organizations, their expectations under those contracts may not be as pronounced as they are for workers in paid employment.

Indicating further refinement in the nature of the employment relationship, Guest and Conway (2001b) confirmed a shift in the promises that organizations make with these promises being more likely to relate to fairness and involvement and less likely to relate to interesting work and career matters. Jaffe and Scott (1997) suggested that the employment relationship is now characterised by commitment rather than compliance, empowerment rather than entitlement, an alignment around values rather than conformity, development of a generalist

capability rather than specialisation, deployment of competencies rather than a focus on clearly defined jobs or functions, a shift from a management focus to a leader/coach focus, an emphasis on cross-functional teamwork in preference to functional autonomy, and a shift in career focus imposed largely by the flattening of organizations. As previously discussed, the flattening of organizations has resulted in the demise of established career paths, with these being replaced with protean and boundaryless careers.

Shore and Tetrick (1994) argued that one function of the psychological contract is the reduction of uncertainty in individuals (Rousseau & McLean Parks, 1992) by establishing agreed-upon employment conditions, with this being one of the key factors in understanding the behaviour of individuals in the work environment. Both Millward and Hopkins (1998) and Turnley, Bolino, Lester, and Bloodgood (2003) reinforced the nature and relevance of the psychological contract by suggesting that it has a vital and important role to play in the definition of, and analysis of changes in, the employment relationship.

The psychological contract accomplishes two critical functional tasks in today's work environment, and in the employee-employer relationship. Firstly, it helps employers predict the contributions employees will make. Secondly, it helps employees understand what rewards they may expect as a result of their contributions (Hiltrop, 1996). Arnold (1996) and Guest and Conway (2001a) argued that the psychological contract is a helpful construct in describing how a person currently construes their employment relationship and provides a framework within which that relationship may be managed. In a national United Kingdom survey, 84% of the 1306 senior personnel managers who responded to the survey, had heard about the psychological contract, 33% reported using it to manage the employment relationship, and 90% agreed that it is a useful concept (Guest & Conway, 2001a). As Hall (1996a, p. 30) argued: "we are right back to one of the earliest dilemmas in organizational behaviour: how to integrate the needs of healthy individuals and the task requirements of effective organizations (McGregor, 1961; Argyris, 1957). This is why the nature of the changing psychological contract is so salient today."

Evidence of the influence of the changing employment relationship on both the formation and content of psychological contracts can readily be found, as confirmed in the preceding review. The redefining of the employment



relationship, imposed largely by organizational responses to changing global economic conditions, has had a marked impact on individuals as they struggle to come to terms with the new terms and conditions of that relationship. Within that struggle new psychological contracts are being negotiated. Understanding the nature of the psychological contract is essential as it provides a framework for the management of an employment relationship that reflects the independency of the individual and the organization, rather than co-dependency. A critical environmental factor in the negotiation of the new employment relationship, and the emergence of a new psychological contract, is trust. The premise that higher levels of trust between employee and employer leads to healthier psychological contracts will now be reviewed.

### **The Influence of Trust on the Psychological Contract and the Employment Relationship**

Breaches or violations (discussed next) of the psychological contract erode the essential element of trust (Deery, Iverson, & Walsh, 2006; Robinson, 1996; Rousseau & McLean Parks, 1992; Singh, 1998) in the employee-employer relationship, often resulting in anger, and with low trust leading to greater surveillance (Strickland, 1958, cited in Mayer, Davis, & Schoorman, 1995). When this surveillance includes vigilance in monitoring the psychological contract, it is likely to result in a greater number of perceived breaches or violations than otherwise may be expected. If both parties are to maximize the benefits accruing from the relationship, trust must prevail, as it provides a mechanism through which the parties can work effectively together. Because of the central role of trust in relationships, it will have a direct influence on how the parties behave toward each other (Coyle-Shapiro, 2002).

Trust will not prevail in an environment of employee cynicism and cynicism is likely to exist when employees experience repeated breaches or violations of their psychological contract (Andersson, 1996; Johnson & O'Leary-Kelly, 2003). Johnson and O'Leary-Kelly (2003) found distinctness between the constructs of psychological contract breach and organizational cynicism. Indeed, Guest and Conway (2001b) found that one of the key influences on trust for employees is whether or not the organization has fulfilled the psychological

contract. In one study (Cavanaugh & Noe, 1999), 17% of 136 employees who responded to the survey believed that their employer had failed to fulfil its obligations. The relationship between trust and psychological contract fulfilment is high and in one report was recorded at  $r = .43$  (Clinton & Guest, 2004). The promises at the core of the psychological contract create not only obligations but also foster an environment of trust. They do this by providing information about another's intentions that people would not otherwise have (Rousseau, 2001). These intentions help create and form the expectations that employees believe the employer will meet, and they trust that this will occur.

Andersson (1996) suggested that cynicism in the workplace is rife as a result of organizational changes such as restructuring. In organizations, where decisions that directly affect individuals are made unilaterally and without supportive dialogue, it may not be a simple objective to eliminate cynicism, rebuild trust, and restore psychological contracts. Andersson added a disquieting note by suggesting that even though employee wellbeing may be promoted as a genuine interest, modern management techniques are primarily directed toward the control and manipulation of employees to the organization's advantage. Bishop, Goldsby, and Neck (2001) also noted that rather than being treated as valued members of the organization, many employees feel that management is simply treating them as a means to corporate success. However, Arnold (1996), in reporting a follow-up analysis of a sample used by Rousseau (1990), noted that violations of psychological contracts least often concerned relationship-type issues and most often concerned transactional-type issues including training, compensation, and promotion.

In general, reciprocity of trust in the employment relationship appears reasonably high with Guest and Conway (2001a) reporting that only 20% of employees trust management 'only a little' or 'not at all', and with only 10% of managers suggesting that employees cannot be trusted. Kessler and Undy (1996), however, confirmed a possible lack of reciprocity with 33% of over 1000 respondents in their survey trusting management 'only a little' or 'not at all', a situation that may be explained to some extent by the power balance in the relationship (Mayer et al., 1995). Trust, or as in their report 'trustworthiness', was measured from an employer perspective through the respondent's perception of loyalty displayed toward employees. This makes a direct comparison with the

Guest and Conway data difficult but the pertinent point remains; an imbalance in reciprocity provides a source of conflict in the psychological contract (Kessler & Undy, 1996).

Clark and Payne (1997) discussed three facets of trust. The *modality* facet refers to cognition, feelings, and intentions towards a person or object or system. The *qualities* facet includes the elements of integrity, competence, consistent behaviour, loyalty, and openness. The *referent group* facet refers to the object or focus of evaluation and, within the context of trust in the employment relationship, the referent group for employees would be the organization or employer. Of these three facets two are particularly relevant to a discussion of the psychological contract. In the context of the *modality* facet, trust is based on perceptions and life experiences and is associated with expectations about outcomes. It is a belief about the trustworthiness of another. The proposition is, if the 'other' fails to live up to one's perceived expectations, as for example those expectations held under the psychological contract, trustworthiness will suffer and trust will be eroded. The elements comprising the *qualities* facet, that is integrity, competence, consistent behaviour, loyalty and openness, are often cited as also being components of the psychological contract. If any of these qualities are seen to be missing in the employment relationship, and specifically if the employee views the employer as lacking in these qualities, both trust and the state of the psychological contract will suffer. Conversely, the acceptance of the psychological contract in an environment of employee-employer trust is argued to underpin the participation, by employees, in positive work behaviours that benefit both parties.

The influence of trust on the psychological contract is generally accepted for, as Robinson (1996) noted "Rare is the theoretical paper on psychological contracts that does not mention the word trust or note its central role in psychological contracts". Clinton and Guest (2004) found, for example, that trust mediated the relationship between contract breach and performance, organizational citizenship behaviour, commitment, job satisfaction, and intention to quit. Given these findings my proposition was that the content of the psychological contract, and its relationship to the variables in the nomological network, would be influenced by the level of trust that prevailed in the organizations that participated in my research. If an environment of trust prevails

in an organization, the content of the psychological contract will reflect that trust. My argument was that if there is little or no trust between the individual and the organization the content of the psychological contract will reflect that.

Robinson (2000, p. 576) stated that, as a social construct, trust lies at the heart of relationships and contracts, influencing each others behaviour to the other and that “Trust in one’s employer may influence an employee’s recognition of a breach, his or her interpretation of that breach if it is recognized, and his or her reaction to that breach.” Lower levels of trust are likely to increase an individual’s vigilance regards monitoring the psychological contract. My proposition was that, under these same circumstances, items that might not otherwise be included in the individual’s contract will be included as that vigilance increases. As Rogers (1994) discussed, two key factors in building trust in an organization are business competence and people orientation, with these factors likely to be embraced by the content of the psychological factor. If an organization is not perceived to be competent by its employees, and it does not have a people orientation, then trust is unlikely to prevail. I argue that the absence of these factors, and of trust, will influence the content of psychological contracts, and considered it likely that the content of psychological contracts will differ, *ceteris paribus*, between organizations where trust prevails versus organizations where distrust prevails.

Trust, which is assessed in the present study, is proposed to be a critical factor with respect to psychological contract management, with the basic premise being that higher levels of trust provide a more conducive environment to the development and maintenance of healthy psychological contracts. Given the expectation that the psychological contracts of managers (the focus of the present study) tend to be more relational than transactional, the further expectation was for a strong relationship to be evident between the extent to which individuals believed the obligations to fulfil the contract were high and the level of trust that existed between the two parties. A major factor underlying erosion of trust is non-fulfilment of the psychological contract. In the next section the consequences of non-fulfilment of the psychological contract, through either breach or violation, are explored, and it is the potential for non-fulfilment, and its behavioural and attitudinal consequences, that raises research interest in the concept of the psychological work contract.

## **Non-fulfilment of the Psychological Contract: Breach and Violation**

The effect of breach or violation of the psychological contract is of interest to researchers and practitioners alike as the consequences influence both individual behaviour and organizational outcomes. This may well be the primary interest in studying the psychological contract. The fundamental premise is that a fulfilled and healthy psychological contract will result in positive individual behaviours, with both being associated with positive outcomes for the organization. Therefore, the organization has a vested interest in appreciating the potential content of employees' psychological contracts, and both managing and meeting the expectations employees have under those contracts. Adding complexity to our understanding of the concept, Freese and Schalk (1996) confirmed that the psychological contract is idiosyncratic, that is, different employees may interpret the same events or activities in different ways. What may be interpreted as a breach (less serious and a cognitive appraisal of the event) by one individual may be seen as a violation (more serious and initiating behaviour, attitude, or emotional response beyond the cognitive appraisal) by another, each resulting in a distinct and different course of action.

Understanding the content of the psychological contract, and its relationship to other organizationally focussed constructs, is critical to the management of actual or perceived breaches or violations of the contract (Morrison & Robinson, 1997; Robinson & Morrison, 2000). If an appreciation can be gained of what the consequences of breaches or violations may be, they may arguably be better managed. Guest (2004) categorized the outcomes of psychological contract fulfilment or non-fulfilment and draws a broad distinction between attitudinal consequences (including organizational commitment, work/job satisfaction, work-life balance, job security, motivation, and stress) and behavioural consequences (including attendance, intention to stay/quit, job performance, and organizational citizenship behaviour). Many of these variables were included in the present study for construct validation purposes. Certainly, employer violations of the psychological contract are associated with decreases in what employees feel obligated to provide (Robinson, Kraatz, & Rousseau, 1994).

Providing an early insight into the consequences of non-fulfilment of the psychological contract, Folger (1986, cited in Organ, 1990) used the term 'resentment' to describe the outcome from perceived injustice when a person's outcomes failed to match some referent cognition. That 'referent cognition' was operationalised as an implied contract detailing what individuals could expect to receive as a consequence of their behaviour or performance. By definition, the erosion or elimination of an expected benefit that an individual feels entitled to leads to a perceived breach or violation (Robinson et al., 1994) of the psychological contract, threatening an individual's sense of wellbeing. This results in behaviours described by Rousseau (1995) as exit (termination of the relationship), voice (actions to remedy the violation), loyalty (silence, willingness to endure), and destruction (neglect, counterproductive behaviours). Herriot and Pemberton (1995a) described those same behaviours as: 'get ahead' (voice), 'get safe' (loyalty), 'get even' (destruction), or 'get out' (exit).

Figure 1.1, adapted from Morrison and Robinson (1997) to include the behaviours of exit, voice, loyalty, and destruction, as described by Rousseau (1995), provides an insight into the processes surrounding breach and violation. The 'salience' and 'interpretation' processes determine whether any non-fulfilment of a component of the psychological contract will be perceived as either a breach or a violation, a perception also influenced by the 'magnitude of discrepancy' and its timing, and individual differences such as affectivity, equity sensitivity, and conscientiousness (Turnley & Feldman, 1999a).

Tracing any perceived breach or violation through the process proposed by Morrison and Robinson (1997, see Figure 1.1) leads to a possible interpretation of what an individual's behaviour may be in such an event. An individual will first assess the event to determine whether the organization has reneged on an obligation, or whether any incongruence exists in the individual's expectations. The salience of the event will be assessed and may increase the individual's vigilance in monitoring the contract. If the severity of the unmet promise is above what the individual is prepared to accept, a breach of the contract is perceived. If the breach exceeds the assessment factors against which it was interpreted, then a violation of the contract is perceived and one of four outcomes will occur. The individual's intention to quit may increase and he or she may make a decision to leave (Exit). The individual may complain and attempt to have the violation

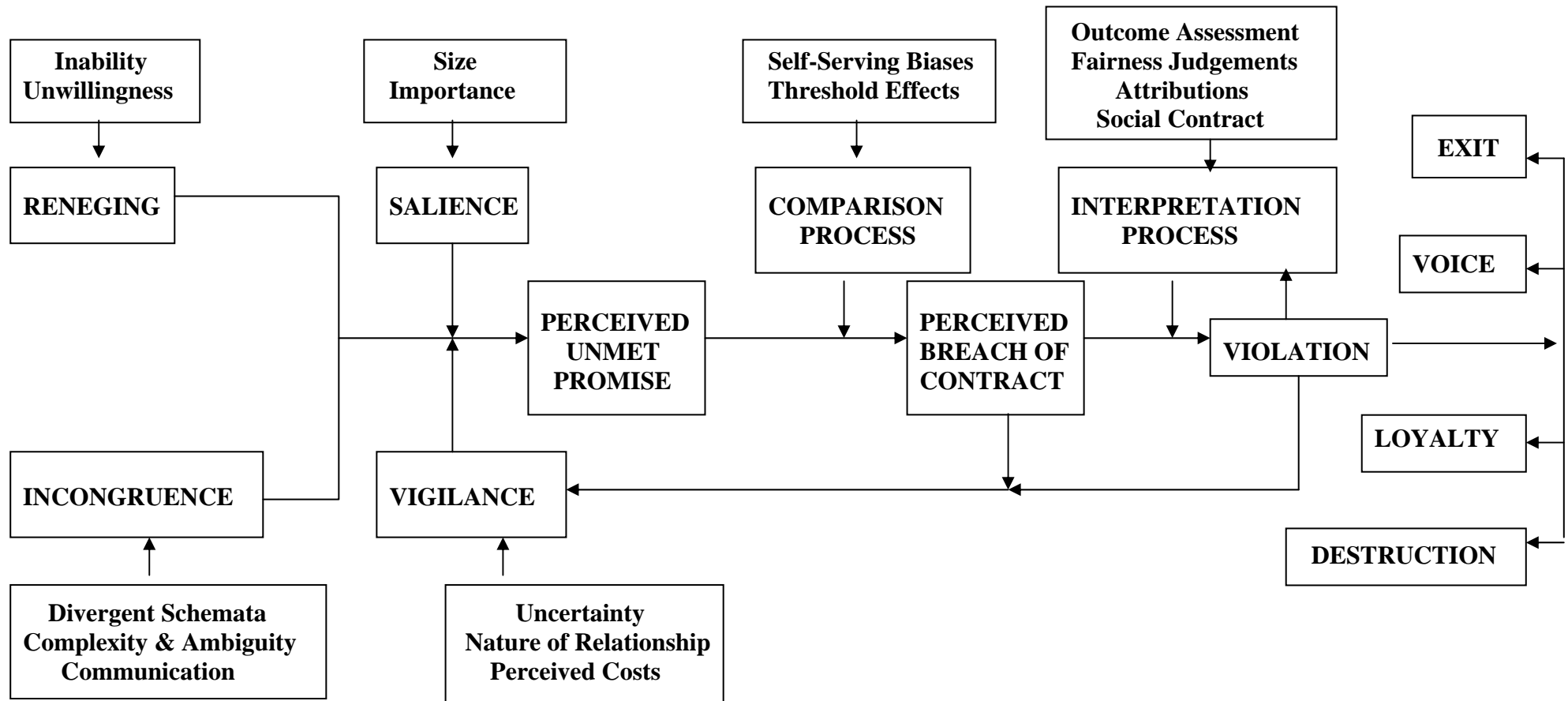


Figure 1.1. The Development of Violation. (Morrison & Robinson, 1997)

addressed (Voice). The individual may decide that, based on other factors, his or her employment and loyalty to the organization should not be threatened and the relationship continues but with possibly decreased commitment to the organization (Loyalty). Finally, the individual may make attempts to address the violation and hit back at the organization by engaging in counterproductive behaviours (Destruction).

Whilst research to date has primarily focussed on non-fulfilment, both Kotter (1973) and Turnley and Feldman described the situation in which expectations may actually be exceeded and suggested that in such circumstances problems may also arise, a situation also referred to by Lambert, Edwards, and Cable (2003), and explored more deeply by Ho (2005). Over-fulfilment of the psychological contract may still be perceived by an individual as a breach or violation. For example, whilst a certain level of autonomy in a role may be an expectation under the contract, too much autonomy may be counterproductive and the individual may feel abandoned or unsupported thus causing anguish resulting in a perceived breach of the contract. Arnold (2004), however, concluded that under-met expectations matter a lot more than over-met ones, which is basically the same conclusion reached by Lambert et al. (2003).

Supporting the views of Turnley and Feldman (1999) and Kotter (1973), Lambert et al. (2003) suggested that breach/violation may be viewed as a continuum ranging from deficiency in fulfilment to excess in fulfilment. The effects of a breach of the contract will then vary depending where on that continuum it falls, that is deficiency or excess in met expectations. For example, whilst an individual may perceive a breach (e.g. promotion not received by expected date), it may be appraised as not materially affecting the employment relationship (e.g. promotion still expected in the near future) and no action will be taken. The breach may, however, be perceived as significant, be interpreted as a violation (e.g. no likelihood of expected promotion being received in the foreseeable future) affecting the employment relationship, and resulting in counterproductive behaviours detrimental to the organization (Lemire & Rouillard, 2005).

Generally, as a matter of process and appraisal, a breach would normally need to occur before it can be interpreted as a violation, although the same event may firstly be perceived as a breach and then immediately as a violation. Any



perceived reduction in the benefits (obligations) employees expect (expectations) to receive from the employer will have a number of potential outcomes including a belief that their psychological contract has been breached or violated. Additionally, trust in the employment relationship will be eroded undermining the relationship and resulting in decreased positive and increased negative organizational behaviours.

Describing silence in terms of quiescence and acquiescence, Pinder and Harlos (2001) provided weight to the argument that quiet employees are not necessarily content and the absence of overt behaviours should not be interpreted as implied acceptance of the psychological contract. Loyalty may, in such circumstances, be missing and the absence of other responses to violations should not be read as loyalty. An assessment by the aggrieved individual as to the level of direct control the organization had in relation to the violation, versus say external economic factors which may largely be outside the organization's realm of control, will influence the resultant attitudes and behaviours, with some of these (for example, negative affect toward organization, job satisfaction, organizational citizenship behaviour) being moderated by equity sensitivity and/or justice interventions (Kickul & Lester, 2001; Kickul, Lester, & Finkl, 2002; Pinder & Harlos, 2001).

Insofar as predicting the state of the psychological contract is concerned, both Guzzo and Noonan (1994), and Guest and Conway (1999) argued that the number of human resources practices (defined as communications from the employer to the employee, and as understood by the employee) adopted by an organization remains superior as these contribute to perceptions of fairness, trust, and management's honouring of the contract. Fairness, in this context, relates to perceptions of organizational justice and whether an employee perceives fairness in outcomes (distributive justice) and fairness in the processes and procedures underpinning those outcomes (procedural justice). There is also evidence that human resource outcomes influence business outcomes, rather than business outcomes influencing human resource outcomes (Koys, 2001). The human resource practices adopted, and the framework within which the psychological contract is managed, therefore have the potential to influence organizational outcomes with many of those outcomes likely to be influenced by employee perceptions of psychological contract fulfilment.

Proactive management of the psychological contract is an important consideration for management (Coyle-Shapiro & Kessler, 2000). Failure to appropriately and equitably manage the breaches or violations that occur, both in content and process, has the potential to result in a number of negative consequences. These consequences are proposed to include counterproductive behaviours that undermine the organization achieving its goals and may manifest as psychological withdrawal from the job, retarded work performance, tardiness, tension and disharmony (Brooks & Harfield, 2000; Kahn, 1990; Kickul, 2001) and, ultimately, resignation.

In a case reported by English (2002) that resulted in resignation, the New Zealand Employment Relations Authority, finding in favour of the employee, said the communication in question “breached the essential element of *trust* and confidence which the law regarded as an *implied* term of all employment contracts” (emphasis added). However, one should not be dismayed for indications are that the majority of workers are, on balance, positive about the state of their psychological contract (Guest & Conway, 2001b), but this positiveness may depend on many factors. For example, the number of individuals perceiving non-fulfilment in a sample (N = 215) of MBA alumni was reported to be 55% (Robinson & Rousseau, 1994), although it must be noted that breach or violation of a specific item (obligation) within the psychological contract may not lead to the perception that the contract per se has been breached or violated (Turnley & Feldman, 1999a).

Interest in the psychological contract is driven to a large extent by a desire to appreciate the consequences of non-fulfilment and the potential impact of this on organizational functioning and the wellbeing of the individual. The maintenance of a sound employment relationship is proposed to lead to more positive organizational outcomes, and to higher levels of individual wellbeing. With its potential to provide a framework within which the employment relationship may be effectively managed, the value of the psychological contract is apparent. If the terms (content) of the psychological contract are violated, the employment relationship will suffer and the resultant individual behaviours and attitudes will undermine organizational effectiveness. On the other hand, if the organization, through its various agents, is proactive in managing the psychological contract, through recognising its perceived obligations under the

contract, it is likely to enjoy a level of employee involvement and commitment that supports the achievement of organizational objectives. Before any assessment of the state of psychological contracts may be made a valid and reliable measure must be available. This is the objective of the present research and the position that current measures of the psychological contract may not fulfil that requirement will be argued.

### **Developing a Measure of the Psychological Contract: The Current Study**

As is likely the case for many psychological constructs, research into the psychological work contract began from an interesting and perhaps chance observation by a researcher in a practical setting. Observing people at work, Argyris (1960) reported the apparent implicit and unspoken nature of “a relationship [that] may be hypothesised to evolve between the employees and the foreman which might be called the *psychological work contract*” (cited in Marks, 2001, p. 462, italics added). The turbulent employment dynamics of the 1980s and 1990s, reflective in large part of corporate responses to globalisation and increased competitiveness in world markets, and the consequential changes in both the nature of work and the work environment, has seen a resurgence of research interest in the psychological contract. Both employee and employer continue to struggle to redefine the employment relationship as the terms of the new relationship, and consequently the psychological work contract, between the two evolve.

Within the prevailing environment of redefinition of the employment relationship and evolving employee choice and employer demand, this study focussed on the development of a measure that, following validation, may be used to assess the extent of fulfilment of the psychological work contract based on managers’ perceptions of expectations and obligations existing between themselves and the organization. Rousseau and Tijoriwala (1998) offered three types of psychological contract assessment: *content-oriented*, which examines the content of the psychological contract including terms; *feature-oriented*, which compares the psychological contract to some attribute or dimension (feature) and describes it accordingly; and *evaluation-oriented*, which assesses the degree of fulfilment, change or violation. In discussing the content-oriented approach they

noted that one way the psychological contract may be operationalised is through the specific terms (content) of the contract by focussing on individual contract elements. They noted that “Content-oriented assessment addresses the terms and reciprocal *obligations* that characterise the individual’s psychological contract” (p. 685, emphasis added). This is the focus adopted for the present study because, in developing any measurement instrument, it follows that one must first define the content of that measure.

The basic premise of my study was that the content of psychological contracts will vary across a number of factors (Dabos & Rousseau, 2004; McLean Parks, Kidder, & Gallagher, 1998; Rousseau & Tijoriwala, 1998; Thomas, Au, & Ravlin, 2003). This follows Muchinsky (2003), who proposed that the globalization of business, including global labour markets, will bring an evolutionary focus on cultural differences in the development and management of the psychological contract, including employment level. These potential variances argue strongly against the development of a totally generic measure of the psychological work contract that may be used in any environment to assess the degree of fulfilment of the psychological contract amongst disparate occupational groups. Any attempt to define the content of a *generic* psychological contract would potentially fail to recognise the many factors that influence individual employees’ contracts. For example, an entry-level factory worker would have different expectations of their employer and perceive different obligations than a senior manager in a commercial organization (Herriot & Pemberton, 1997). As well as the likelihood that the factory worker’s contract would be more transactional, while the senior manager’s contract would be more relational, other potential differences can readily be identified. Senior managers, for example, may expect the organization to support them in their own development by releasing them during work hours to attend university courses. Factory workers are unlikely to have this expectation but may have an expectation that the organization will provide them with on-the-job training. Basically, my research argument is that a generic measure of the psychological contract has the potential to omit, in any assessment of contract fulfilment, important contractual information relevant to specific employment groups. This has ramifications concerning the management of the employment relationship.

For the many reasons expounded, my study concentrated on a particular employment segment and the development of a measure of the psychological contract specific to that occupational group. My decision to target a managerial population, in preference to groups at other levels of employment, was largely pragmatic and based on a number of factors. Based on my own managerial and previous research experience I believed that managers would be more accessible for surveying. I also believed that given their positions in the organization, and the likely education and training undertaken to achieve those positions, managers would be more likely to understand, appreciate, and articulate the concepts involved in the study. My review of published research also indicated that no measure of the psychological contract had yet been developed based on a clearly defined and distinct occupational group, hence I believed that no measure currently existed that may claim to be specific to managers. For example, a measure developed by Guest and Conway (2002) focussed solely on the organization's perspective. Rousseau (2000) developed a measure for use in a managerial environment but no information on the development of the items was provided.

I also propose and argue that because of their influential position in the organization, a breach or violation of a manager's psychological contract would potentially have greater consequences for the organization than a similar breach or violation of the psychological contract of a worker on the factory floor. I propose that the costs involved in recruiting, selecting, inducting, and training a manager would be greater than they would be for a factory labourer. Direct employment costs, such as provision of workspace and so forth, are also likely to be higher for a manager. Based on these factors I argue that the psychological contract, and employment relationship, of a manager is likely to be more important to the organization than the psychological contract, and employment relationship, of a factory labourer.

The expectation might therefore reasonably be that the measure being developed would provide more immediate benefit to organizations as it would be better positioned to manage the employment relationship of its managers. 'Managers' were clearly defined for the purposes of this study as the direct reports to the chief executive officer or managing director of the company, and their direct reports, (i.e. the two layers of management below the most senior position

in the organization) where such individuals held either line or staff budgetary and financial reporting responsibility for company resources or assets. Although as previously suggested, a shift from relational to transactional contracts is occurring, this shift is proposed to be less pronounced for this core managerial group than it is for other groups of workers. Given the nature of the management sample in this research the expectation therefore was for the psychological contract measure being developed to be more relational than transactional, although elements of the latter were likely to appear (see discussion on page 19).

Although some progress has resulted from efforts to develop measures of the psychological contract, since Freese and Schalk (1996) stated that no well-established measure existed, no measure has yet gained wide acceptance in research circles and certainly no sample-specific measures have been identified. De Vos, Buyens, and Schalk (2005, p. 42) also agreed and noted, with respect to the psychological contract, that “to date no generally agreed-upon scales for measuring these dimensions exist”. The dimensions referred to included career development, job content, financial rewards, social atmosphere, and respect for private life. The tendency still exists for researchers to develop measures a priori, and on an ad hoc basis, based on their own perceptions of the content of the psychological contract (for example, Janssens et al., 2003; Sels et al., 2004) and without providing justification or verification of the veracity or validity of those measures. This approach to developing measures concerned Herriot, Manning, and Kidd (1997) who suggested that psychological contract content should be elicited (as was done for the measure developed in this study) and not imposed a priori.

The absence of a universally accepted measure, or measures developed specifically for different populations, has possibly retarded research into the psychological contract through, for example, an inability to compare the outcomes of those research efforts. As Rousseau and Tijoriwala (1998, p. 680) stated, in reference to the plethora of measures currently in use “This veritable embarrassment of riches from a measurement perspective can be confusing to the would-be researcher of psychological contracts, who must choose appropriate and valid measures.” One may suggest from this that creating another measure may simply add to that confusion. However, as I have argued, most of the measures reviewed in published research were developed ad hoc and a priori, and possess

doubtful validity. I argue that it is this situation that underpins the confusion. One way to overcome the confusion is to eliminate the ad hoc and a priori measures and develop measures for specific and clearly defined occupational groups, and for researchers and practitioners alike to be aware that differences between those groups make the use of specific measures necessary.

A totally generic measure will, as I have argued, by default exclude content that would be considered to be common to a specific and clearly defined group of employees. Using such a measure to assess the fulfilment of the psychological contract of disparate occupational groups would lead to a comparison between those groups solely on the basis of the content that was common to those groups. By using measures that have been developed for specific and clearly defined groups a much more realistic comparison could be made. Confidence can not be gained that any one view of the content or fulfilment of psychological contracts is comparable to another. The many influences, including employment level, that impact on psychological contract content and formation add to the difficulty in both defining and measuring the state of psychological contracts. By developing new measures of the psychological contract, and measures that have been developed for specific and clearly defined occupational groups, these difficulties will be overcome.

One possible exception to the development of a widely accepted measure of the psychological contract is the Psychological Contract Inventory (PCI), which is still under revision, developed in the United States of America by Rousseau (2000). The PCI was based on 492 respondents from the Pittsburgh, Pennsylvania region (survey conducted 1997-1998) and 138 respondents from Singapore (survey conducted in 1999). Of the 492 Pittsburgh respondents, 424 had work experience in the US with a minimum work experience of four years. All participants were drawn from graduate programs at universities but no information was provided on their actual work experience. The Singapore sample comprised fulltime employees attending an evening graduate program. No additional information on the Singapore sample was provided although the point was made that Singapore has Asian cultural roots implying a potential cultural influence on the PCI. Some generalisability to Singapore is claimed, with support for construct validity being suggested.

Rousseau (2000) provided no information on the development of the items for the PCI and the extent to which these may be applicable to employment groups outside of those used in its development is open to speculation. One may even question whether the PCI was reflective of the expectations of individuals pursuing graduate programs given that it may not have been developed with this specific employment group in mind. Would, for example, employees pursuing a graduate program have the same or similar expectations under their psychological contract as those not pursuing a graduate program? This question is difficult to answer without first determining what those expectations might be, and if that determination is not made then the content of any measure applied in these circumstances may not be appropriate or valid. One may, however, reasonably conclude that, although Rousseau's measure may be valid within the environment in which it was developed, it is by its nature only relevant to employees sharing similar characteristics. Rousseau's measure may well target a specific employment group but information is not provided on what that employment group was. It would not produce a valid measure of the state of the psychological contract for employees outside that particular employment group. Different measures for different employment groups are required and it is this argument that supports the development of measures targeting specific and clearly defined employment groups.

Efforts to develop measures of the psychological contract have also occurred in the United Kingdom (Millward & Hopkins, 1998), and, from an employer perspective, by Guest and Conway (2002). The Millward and Hopkins (1998) measure was more a measure of contract orientation (relational versus transactional) intended to assess the contract orientation of employees, rather than to support the assessment of psychological contract fulfilment. Based on a vertical employment sample (date of survey not provided) from four UK-based private-sector multinationals in the service industry, it included respondents from professionally qualified, managerial/executive, inspectional/supervisory, and skilled manual sectors of the work-force. The assumption made in the study was that the various employment groups involved would have similar expectations under the psychological contract. I argue strongly that this assumption is invalid. Without first determining what those various expectations are it is incorrect to assume that they will be either similar or identical. Additionally, the items in the



Millward and Hopkins measure of the psychological contract were developed a priori and subsequently the measure does not appear to have been subjected, prior to use, to any construct validation process.

The argument prevails that, as psychological contracts are held by individuals, individuals themselves are the most accurate source of information on the content of those contracts. To develop a measure a priori presumes an awareness of knowledge held by another. To not verify that knowledge prior to using the measure suggests an invalid presumption. Guest and Conway (2002) focussed on the employer perspective measuring the use, content, reciprocity, outcomes, and fulfilment of the psychological contract as viewed by senior managers in a professional body for human resource practitioners. The present study focused on the employee's perspective and hence the Guest and Conway measure was not relevant in this particular context.

The heterogeneous nature of the samples in the Rousseau (2000) and Millward and Hopkins (1998) studies warrants specific mention. As I have argued strongly, psychological contracts will differ across a number of factors, including employment level. Measures of psychological contracts that fail to recognise this will by default be used inappropriately. Whether or not this proposition will be supported may only be determined by on-going research and time but, as Rousseau and Tijoriwala (1998, p. 693) stated, "We look forward to new research from the growing array of international researchers actively studying organizations and workers from the perspective of the psychological contract."

The growing body of research into the psychological contract will move us closer to understanding the differences that do exist across employment levels, as well as other potentially discriminating factors. The present research contributes to that understanding as it did focus on a specific employment level. Only further research will determine whether or not the differences that do exist will be significant enough to warrant specific and different measures of the psychological contract. This study is one foray into research involving the psychological work contract that will hopefully move us closer to addressing Sparrow's (1998) assertion that, in relation to employee behaviour, the dynamics of the psychological contract are not fully understood.

The idiosyncratic nature (McLean Parks et al., 1998) of the psychological contract makes defining it a difficult task, but it is a task that must be pursued for,

as Arnold (1996, p. 518) stated “much remains to be done in clarifying exactly what the psychological contract is and whether or not it has explanatory power over and above other constructs.” Only through continuing research will an understanding of the content of the contract, and the expectations and obligations that underlie that content, be gained. Such an understanding is imperative to the management of the employment relationship, and both the psychological wellbeing of individuals and the economic wellbeing of organizations. Whilst components or traits within the psychological contract are readily identifiable, defining the actual content, item by item, has inherent difficulties because of its potential to contain thousands of items. However, agreement can readily be found that the old psychological contract, promising paternalism, continuing employment and career guidance, has been replaced with a new contract under which the individual assumes a greater responsibility for self.

The development of a totally generic psychological contract would, by design and possibly by default, and because of the difficulties involved in defining the differences that may exist, fail to acknowledge or encompass all those potential differences. Sparrow and Cooper (1998, p. 365) added strong support to this argument by stating; “As we understand the increasing variety of contracts, individual differences are coming to the fore”. Howard (1995), in discussing the psychology of work, suggested that differentiation and individual differences should be taken into consideration when building models within this field with less reliance on models that assume that all people are the same. In making this suggestion Howard reinforced the need to consider, in developing measures, the many differences that do exist. That need is acknowledged in the present research by focussing on a specific level of employment. Although Millward and Brewerton (1999) suggested that the content of psychological contracts may only be examined in a ‘moment-in-time’ fashion, I propose that, for any specific employment group, content will in practice be reasonably stable and will be reflective of the prevailing employment conditions. (Addressing Point 11 – add the following) That is, unless there are changes in employment conditions, or other organizational changes such as restructuring, the content of the psychological contract would be unlikely to change. A relatively stable employment environment is likely to result in relatively stable psychological contract content. The salience of specific items may fluctuate but the items

forming the content are likely to remain relatively stable. Under such stable conditions the use of a standardized assessment (the focus of this research) is particularly appropriate (Rousseau & Tijoriwala, 1998). However, an employee's perception of fulfilment, that is met expectations under the contract, will vary based on prevailing circumstances and immediate influences.

In developing a measure for a specific employment group it must be acknowledged that such a measure will, to a certain degree, be generic and specific for that group of employees. The only way to avoid this would be to develop a measure of the psychological contract for each individual employee. Therein lays the idiosyncratic nature of the psychological work contract. The measure being developed will therefore reflect what the majority of managers (as a group) believe forms their psychological contract. Individuals may not agree that any specific item exists in their specific contract, or that some items may indeed have been excluded. However, given the process through which the items were generated in the development of the current measure, the expectation is that most managers would agree that the items proposed as constituting the psychological contract are reflective generally of the expectations of a managerial group of workers.

The potential therefore exists for some managers not to feel obligated to fulfil any specific component of their psychological contract if they do not believe that it forms part of their specific contract. Such idiosyncrasies will exist in any psychological contract but by focusing on a specific employment group such idiosyncrasies will be less pervasive than they would be in a totally generic measure of the psychological contract. Given that current measures of the psychological contract appear to be less specific in their focus, the development of a measure that focuses on a specific employment group will result in the inherent idiosyncratic nature of the psychological contract being less influential than it would otherwise be.

The measure created through this research was developed to provide organizations and practitioners with a means to assess the state of fulfilment of individual managerial-level psychological contracts and will provide a framework for the management of the employment relationship for that particular employment group. My underlying premise, and the purpose in developing a measure, is that individuals who perceive their psychological contract to be

fulfilled will be more disposed to behaviours and activities supportive of the achievement of organizational objectives and, as individuals, will consequently experience higher personal levels of psychological wellbeing and meaning. Having a valid measure by which to assess the state of an individual's psychological contract is argued to be a necessary prerequisite to understanding behaviour within this context.

### **Conclusion**

The primary research goal of the present study was to develop a measure for the psychological work contract focussing on a managerial sample. My research arguments are that firstly, very little research effort has been committed to an in-depth understanding of the content of psychological contracts. Measures have largely being developed a priori and ad hoc based on various researchers' beliefs as to what is or what may be included or not included in the psychological contract. Secondly, my proposition is that psychological contracts will vary according to many factors including social and cultural, and employment level. Given these two arguments, my contention is that the understanding and appreciation of the nature and dynamics of the psychological contract will be greatly enhanced by research directed toward how the content of psychological contracts may vary. By creating a measure that targets a specific employment group the potential arises to eliminate any requirement for researchers to develop a priori measures lacking empirical research support and doubtful construct validity. Ultimately, as the psychological contract is argued to provide a sound framework or structure for the management of the employment relationship, the creation of a specific measure will support that activity and hopefully provide input to enhance the relationship that exists between managers and their organizations, as fuller understandings of each party's respective obligations and expectations are realised.

Adhering to generally accepted procedures for creating measures, and establishing construct validity (Murphy & Davidshofer, 1998; Westen & Rosenthal, 2003), this particular effort in developing a measure was conducted in two major phases. The first phase of the study involved the development of the items believed to form the content of the psychological contract for managerial

persons. An in-depth explanation of the processes and activities involved in the development of the measure is provided in Chapter 2. In Chapters 3 and 4, the beginning of the second and validation phase, the focus is on the development of the nomological network against which the measure being developed was validated. A nomological network is the end result of a process known as construct explication which provides a detailed description of the relationships that are proposed to exist between the construct being validated and other constructs or behaviours (Murphy & Davidshofer, 1998). Within the framework of a review of relevant literature, I provide the theoretical context justifying and explaining the rationale for the inclusion of the variables included for validation and how they may be used to support an understanding of the dynamics of the psychological work contract and its function in managing the employment relationship. Many of these constructs have been included in previous research into the psychological contract (Coyle-Shapiro & Kessler, 2000), have also been explored within the framework of a nomological network involving the psychological contract (Rousseau, 1998a), and therefore provided a logical and sound framework for validation.

Extending the validation process beyond the nomological network, Chapter 5 continues the validation phase and confirms the method applied to the construct validation process based largely on the procedure advocated by Westen and Rosenthal (2003). The validity of the measure was explored through a process of item and factor analysis, and an evaluation of the inter-relationships hypothesised to exist between the psychological contract and the various organizational psychological variables reviewed in Chapters 3 and 4. The results of this exploration are presented in Chapter 6 with a discussion on the overall research being provided in Chapter 7.

## **CHAPTER 2**

### **DEVELOPING THE MEASURE**

#### **Introduction and Research Goals**

The overall objective of the present research was to develop a measure of the psychological work contract that could subsequently be used by researchers or practitioners to assess the degree of fulfilment of managers' psychological work contracts. The first phase of the study focussed on development and the second phase focussed on validation. The specific objective of this, the first phase of the study, was to generate a list of components (items) believed to form the content of the psychological contract for managers. A structured interview format (Appendix 1) was utilised for the collection of data relating to the participants' perceptions of their psychological contract with the organization. The interview format developed specifically for the study provided the criteria and protocol upon which the interviews of the participants were conducted.

The interview process itself addressed the issues or factors that managers viewed as being implicitly contractual (psychological contract) between themselves and the organization and covered the perceptions, expectations, obligations, beliefs, and so forth, that participants held that were not explicitly covered in their formal written legal employment contract. As Murphy and Davidshofer (1998) confirmed, the first step in the development of any measure is to specify or define the content domain of the behaviours believed to represent the construct in question. The structure and content of the interview format developed for this study reflected what is argued to be representative of the content domain of the psychological contract.

As argued by many authors (for example Masterson & Stamper, 2003; Morrison & Robinson, 1997; Rousseau, 1989; Turnley et al., 2003; Watson, 1997), the psychological contract is an individual perception. For that reason, individual managers were asked what they believed formed the content of their psychological contracts based on their own experiences, and these experiences were explored through the structured interview format developed for that purpose. Thirty-five managers were interviewed and their responses were then analysed to develop the items that were used to create the measure. The method adopted in the first phase

of the study, the development phase, is discussed. This phase focused on the collection of participants' views, the analysis of those views, and the creation of a measure to be subjected to construct validation in the second phase of the study.

## **Method**

### *Participants*

The participants for phase one were drawn from the senior managerial ranks of seven large New Zealand organizations, representing different industries (Table 2.1), with one from the public sector and the remainder from the private sector. Each organization was provided with a letter (Appendix 2) explaining the purpose and rationale of the study and confirming participants' rights. The letter was distributed by senior human resources personnel of each organization to potential participants to determine their willingness to participate. Criteria for inclusion in the study, as communicated to the organizations, were based on the participants being employed in a management position. For this study 'management' was defined as comprising the two levels or layers of management directly below the most senior position in the organization. These were the direct reports to the chief executive officer or managing director of the company, and their direct reports, where such managers held either line or staff budgetary and financial reporting responsibility for company resources or assets. Names of willing participants were passed to me and I liaised directly with those potential participants to coordinate interview logistics. Of the 42 invitations issued, 35 managers finally accepted and participated in the interview process, representing an 83% response rate.

A demographic analysis of the sample ( $N = 35$ ), based on data collected during the participants' interviews, revealed the following: 68.6% were male, 85.7% were married, 94.3% were of European descent, 51.4% were in the 30-40 age range, 77.1% were receiving an annual income greater than \$NZ100,000, and 86% held a tertiary qualification. On average, the participants had been with their current employer for 7.7 years ( $SD = 6.15$ , minimum = .5 and maximum = 23). A complete demographic analysis of the sample is provided in Appendix 3.

**Table 2.1****Industry Analysis of Participating Organizations**

<b>Industry</b>	<b>Number of Participants</b>	<b>Percentage of Sample</b>
Airline	5	14.3
Banking	6	17.1
Petroleum	4	11.4
City Administration	4	11.4
Entertainment/Hospitality	6	17.1
Electricity	4	11.4
Produce Marketing	6	17.1
Total N	35	100

***Measures***

The structured interview form (Appendix 1), developed specifically for use in this study, was designed to capture and identify the content of the psychological work contract for managers, and the environmental context within which it existed. Based on the language of the psychological contract, the interview format focussed on the individually held cognitions, perceptions, expectations, beliefs, hopes, promises, and obligations as perceived by participants. From both the managers' perspective (their own beliefs), and the organizations' perspective (what managers believed of their employer), the participants were asked for their views on the content of the psychological work contract. The questions took two general formats, for example: '*What do you expect of your employer?*' and '*What do you believe your employer expects of you?*' For each expectation, obligation, and so forth, each manager was asked to what *extent* this was being met and how *important* it was to them to have it met. Each response was rated on a four point scale (1 = low, 4 = high) indicating the extent to which the participant believed that particular item was being met or fulfilled, and the degree of importance of each item to them.

Because individuals may hold a psychological contract with different parties within the work environment, I sought to confirm the primary other party



to their contract. The potential exists for individuals occupying lower employment levels in an organization to view others, for example their immediate supervisor, as being the primary other party to their psychological work contract and to look to that party for fulfilment of the contract. Although such other parties may (and often do) act as agents of the organization, the perception of them as the primary other party influences the direction or target of behaviour when breaches or violations of the contract occur. The corollary is that individuals who identify the organization, or its most senior representative (for example chief executive officer), as the primary other party in the contract are more likely themselves to occupy senior positions within the organization. Such individuals will be less likely to identify other organizational agents as fully representing the company because these other agents will be perceived as lacking the power and/or status to act in that capacity. Although I had explained to participants that I was interested in their contract with the *organization*, they were asked who they viewed as their employer (Immediate Supervisor, Department Manager, Division/Branch Manager, General Manager/CEO, the Organization itself). The intention was to compare the focus of the participants' psychological contract from this phase of the study, with the focus of the participants' psychological contract from the second phase of the study, to ensure the focus from both samples was the same, thus confirming the managerial nature of the samples.

Participants were asked whether they trusted their employer and whether they believed their employer trusted them. I included in the interview phase an assessment of trust as I wanted to determine the level of trust that prevailed in the participating organizations. My proposition was that if lower levels of trust prevailed, the individual's vigilance relating to the monitoring of the psychological contract would increase, in terms of both content and breach/violation. With heightened vigilance, items (content) that might otherwise be excluded may be included, whilst items that might otherwise be included may be excluded.

Trust is believed to be an essential component of both a positive employment relationship and a positive psychological contract. Without trust prevailing, the belief is that management of the employment relationship and the psychological contract will be difficult and potentially fraught with acrimony. In

situations where trust is high, the conditions and potential for fulfilment of the psychological contract are likely to be perceived as positive. The intention was therefore to assess the perceived level of trust that prevailed between the participants and their employers in this phase of the study, and also to assess it in the second phase of my study. I wanted to be confident that the measure of the psychological contract I was developing was not distorted by content that might be reflective of an organization in which high levels of distrust between employees and the organization prevailed.

### ***Interview Procedure***

The interviews, conducted in the last quarter of 2002, were 30 to 45 minutes in duration. They sought the views and beliefs of managers on what they believed existed in the way of expectations, obligations, and so forth, between themselves and their employer. These views and beliefs were captured from two perspectives: (a) what managers believed *they* were expected or obligated to provide to the organization, and (b) what managers believed their *employer* was expected or obligated to provide to them. The ultimate objective of the interviews was to obtain and identify the categories of expectations and obligations relating to the content of the psychological contract, and which would be subjected to validation in phase two of the study.

Rather than engaging in pre-testing of the interview structure and protocol, the results of the first six interviews, all conducted in the same organization, were assessed by myself prior to continuing with the process. Assessment criteria included an acceptable understanding by participants of the concept of the psychological work contract, the process and aims of the interview, the question structure and interview format, and any ambiguities concerning format and content of the questions themselves. This assessment was based on my own knowledge of the psychological contract enhanced through a literature review of research into the topic. The assessment was such that no change to interview structure, protocol, or content was deemed necessary.

The interviews were conducted face-to-face at a time and place convenient to the interviewee and in all cases were held on the interviewee's organization's premises. Prior to the commencement of each interview, I confirmed with

participants that they understood what the interview was designed to achieve, and that they were aware of their rights. All participants were asked at the conclusion of the interview whether or not they wished to review a transcript of the interview. Of the transcripts provided to the 10 participants who requested them, only one participant requested any change and this was to add further items not recorded at the time of the interview. No other alterations to the original transcripts were made. All participants were provided with a summary of the results of this phase of the study.

### *Analysis*

To eliminate potential rater bias introduced to the content analysis process by myself, an independent content analysis exercise was conducted using subject matter experts (SME) familiar with the subject, language, and terminology of organizational psychology. Four such SMEs were recruited from the ranks of students enrolled in the Master of Applied Psychology program at the University of Waikato, New Zealand. Three were in their thesis or dissertation year and one, a mature student with considerable work experience, was a new enrolment in the graduate program having recently completed an undergraduate paper in industrial and organizational psychology as part of a psychology major. All SMEs were provided written instructions on the requirements for the content analysis process including the requirement not to confer with each other over the exercise unless otherwise directed. The content analysis process involved a number of steps and is explained diagrammatically in Figure 2.1. This process is explained in detail in the Results section of this chapter.

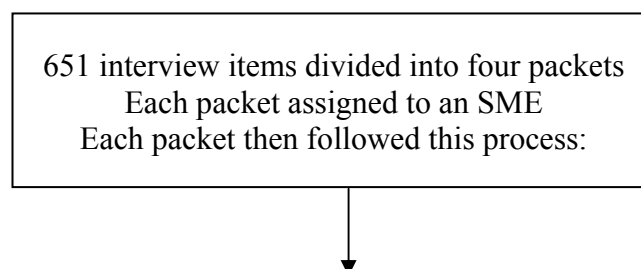


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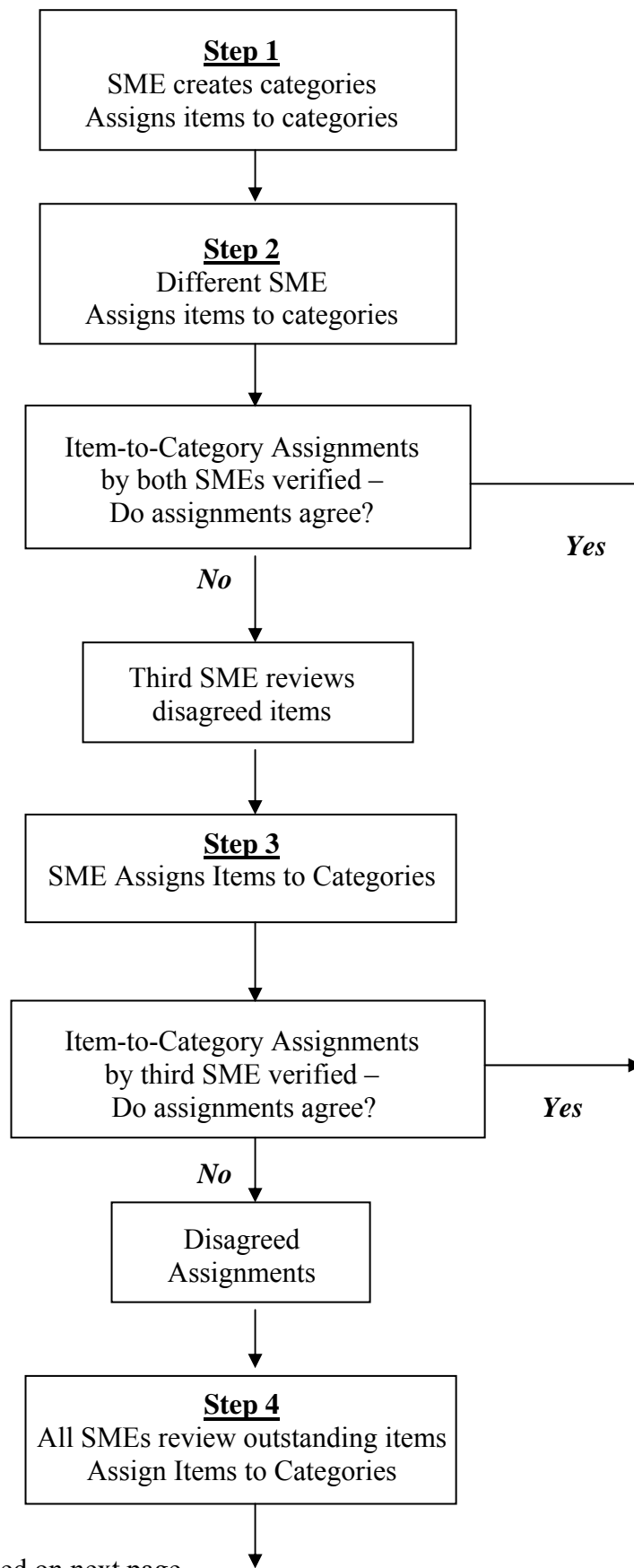
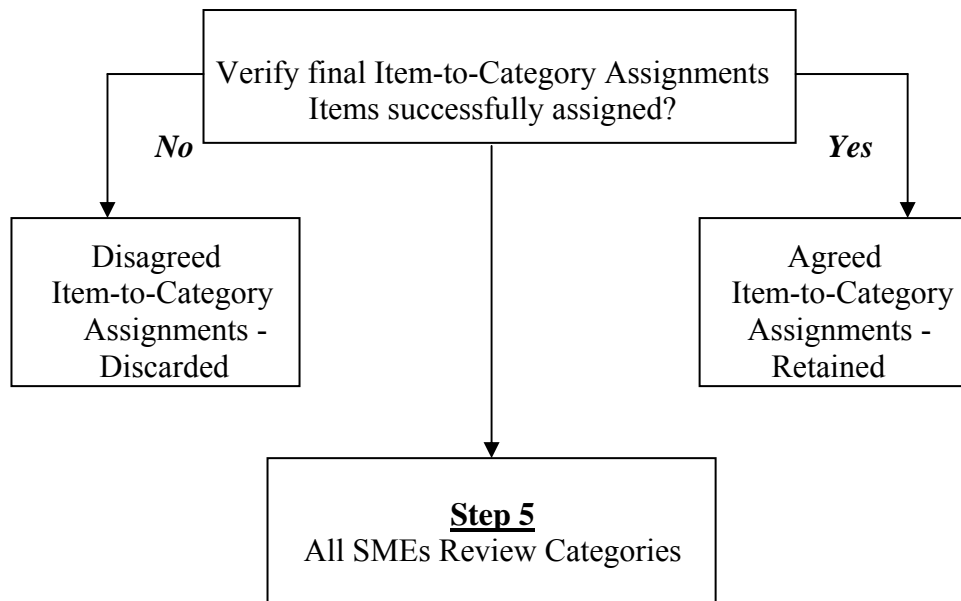


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**Figure 2.1. The Content Analysis Process**

## Results

The focus of participants' psychological contracts was first assessed. Of those interviewed, 74.3% (n = 26) considered the organization itself to be their employer, whilst 25.7% (n = 9) considered their employer to be the general manager or chief executive officer, that is the most senior organizational agent. All participants (100%) viewed either the organization or its most senior representative (CEO or General Manager) as their employer indicating that their psychological contract was more likely to be with the organization itself rather than with other organizational agents such as middle managers or human resource management representatives. This result was expected given that the participants were in senior management positions and as such would be unlikely to view peers or others as parties to their psychological contract. As individual responses were not identifiable following the content analysis process, an analysis of differences between the two groups (those viewing the organization versus the CEO or General Manager as the other party to the psychological contract) was not

practical. The organization was therefore accepted as the focus of managers' psychological contracts.

The prevailing level of trust was then evaluated from two perspectives; whether participants trusted their employer, and whether participants believed their employer trusted them (Table 2.2). A high percentage (82.9%) of participants trusted their employer, with the same percentage agreeing that it was very important for them to do so. All participants (100%) believed that their employer trusted them with 91.4% stating that it was important for this to be so. Whilst verification of employer trust in employees may be difficult to achieve, a reasonable conclusion from the data obtained is that, within this sample, high levels of perceived trust prevailed between employees and their employers.

**Table 2.2**

**Employee-Employer Trust (N = 35)**

<b>Question</b>	<b>Response</b>	<b>Number</b>	<b>Percentage</b>
Do you trust your employer?	Yes	29	82.9
	No	6	17.1
How important is it for you to trust your employer?	Not	0	0
	Slightly	2	5.7
	Quite	4	11.4
	Very	29	82.9
Do you believe your employer trusts you?	Yes	35	100
	No	0	0
How important do you believe it is for your employer to trust you?	Not	0	0
	Slightly	0	0
	Quite	3	8.6
	Very	32	91.4

The 651 statements (items) generated from the 35 interviews were then analysed to provide a list of categories proposed to form the content of the psychological work contract. As a preliminary step in analysing the interview

items I personally conducted a descriptive content analysis. In reviewing each of the 651 items I generated a list of 32 categories with descriptions (Appendix 4), indicative of psychological contract content, to which I was able to assign all items. I was able to allocate all 651 items to one of the 32 categories. The results of this preliminary exercise were compared to the results of the content analysis exercise conducted by the independent subject matter experts (SME) and this process is now described (refer Figure 2.1).

*Step 1. Category creation and initial item-to-category assignment.* The 651 items were divided into four approximately equal packets. Each packet was given to one of the SMEs with the instructions to review all the items in the packet and to create categories or keywords that described or reflected the content of each item. They were then instructed to assign all the items in their packet to one of the categories they had created.

*Step 2. Second item-to-category assignment.* Each packet, with the categories created by the first SME, but without the details of the item-to-category assignments that the first SME had made, was then given to a second and different SME. The second SME was instructed to review all the items in Packet One and allocate them to one of the categories that the first SME had created. This was done by the second SME without any knowledge of the item-to-category assignments that the first SME had made. The item-to-category assignments that were made by the second SME were then compared by myself to the item-to-category assignments that the first SME had made and agreements in those assignments identified. Those items for which both SMEs had made identical assignments (100% agreement between two SMEs) were accepted as being the final assignment. The items for which the second SME disagreed with the item-to-category assignments made by the first SME were used to create a separate packet of assignment discrepancies.

*Step 3. Third item-to-category assignment.* The packet of assignment discrepancies created in Step 2 was given to a third and different SME. The third SME was not provided with any information on the item-to-category assignments made by either of the first two SMEs. The third SME was instructed to assign the

discrepant items to the categories created by the first SME. The item-to-category assignments that the third SME made were then compared by myself to the item-to-category assignments that the first two SMEs had made. If an item-to-category assignment made by the third SME agreed with either of the assignments made by the first two SMEs, then that item-to-category assignment was accepted as final. Effectively, if any two of the three SMEs agreed on an item-to-category assignment (66% agreement between three SMEs) that assignment was accepted as final. The items for which no agreement on item-to-category assignment was reached were allocated to a separate and final packet of outstanding assignment discrepancies.

*Step 4. Review of Outstanding Discrepancies.* The packet of outstanding discrepancies in item-to-category assignment remaining from Step 3 was given to all four SMEs with the instruction to review the three item-to-category assignments previously made in steps one, two and three and to select from those the item-to-category assignment they believed was most accurate or appropriate. In this phase of the exercise the SMEs were provided with the complete list of categories and descriptions as created by all SMEs in step one. They were not permitted to assign any outstanding item to a new category but were requested to indicate the item-to-category assignment, from the previous assignments made in steps one, two, and three, the assignment they considered most accurate or appropriate. The item-to-category assignments for which any three out of the four SMEs agreed (75% agreement between four SMEs) were accepted as final.

At the conclusion of this step 66 items (10%) from the original total of 651 remained unassigned. Effectively at this stage, a 90% agreement rate in item-to-category assignment had been achieved. No obvious pattern existed within the 66 remaining items and they did not group noticeably within the original individual questions types. A representative sample from the unassigned items is provided in Table 2.3. The 66 unassigned items were considered unlikely to impact on the final list of categories and were therefore discarded from this exercise, and from subsequent analysis of phase one items. This step also saw one of the originally created categories (Job Satisfaction) become redundant with no items assigned to it. Table 2.4 details the processing statistics at each step of the content analysis exercise.



*Step 5. Rationalization of Categories.* The option to rationalize the categories, through the elimination of duplication and redundancy of categories, could have been exercised earlier in the process but this was not pursued. Duplication was

**Table 2.3**

**Representative Sample of Unassigned Items**

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Access to services eg food, gym, transport
Assistance in breaking down barriers between teams
Culture of appreciation/trust
Development of culture
Empowered to be self directed
Environment in which everyone is free to express themselves
Freedom to challenge
Latitude in process and rules
Manage environmental issues
Opportunity to be part of something that is iconic in NZ
Part of the business's conscience
Respect the time requirement re the development of internal relationships
Sounding board for issues/problems

---

evident with some categories created by different SMEs being substantially the same but labelled slightly differently. For example ‘balance’, ‘work/life balance’, and ‘work-life’ were all described in basically the same way with intent being quite clear. I felt these could easily be collapsed into one category at a later stage in the process without loss of integrity. In other cases, SMEs had created categories they considered unique to the items they were analysing. Whilst some of these had relatively few items assigned to them, to eliminate them early had the potential to remove categories that may have, as the exercise progressed, appeared relevant in their own right. The rationalization of the total categories emanating from step one in the content analysis process involved a number of activities the first of which was conducted with the SMEs.

**Table 2.4****Content Analysis Processing Statistics**

	Packet 1		Packet 2		Packet 3		Packet 4		Total	
	Total	%	Total	%	Total	%	Total	%	Total	%
Number agreed at Step 2	121	75.16	104	62.65	93	57.41	95	58.64	413	63.44
Number agreed at Step 3	20	12.42	32	19.28	41	25.31	38.00	23.46	131	20.12
<b><u>Total agreed at end of Step 3</u></b>	<u>141</u>	<u>87.58</u>	<u>136</u>	<u>81.93</u>	<u>134</u>	<u>82.72</u>	<u>133</u>	<u>82.10</u>	<u>544</u>	<u>83.56</u>
Number agreed at Step 4	7	4.35	14	8.43	9	5.56	11	6.79	41	6.30
<b><u>Total agreed at end of Step 4</u></b>	<u>148</u>	<u>91.93</u>	<u>150</u>	<u>90.36</u>	<u>143</u>	<u>88.27</u>	<u>144</u>	<u>88.89</u>	<u>585</u>	<u>89.86</u>
Number unassigned	13	8.07	16	9.64	19	11.73	18	11.11	66	10.14
<b><u>Total</u></b>	<u>161</u>	<u>100.00</u>	<u>166</u>	<u>100.00</u>	<u>162</u>	<u>100.00</u>	<u>162</u>	<u>100.00</u>	<u>651</u>	<u>100.00</u>

Eliminating the duplication in the complete list of 73 categories (Appendix 5), that came out of Step 1, was conducted as a joint exercise between myself and all four SMEs. The complete list of categories was given to each SME with the instruction to indicate what they viewed as duplication. Duplication was then eliminated, through group discussion and consensus, by collapsing together categories and transferring the items they contained to the remaining category. The result was an interim list (Table 2.5) of 37 categories.

In the next activity in the rationalization of categories process, those categories which had fewer than five items assigned were eliminated. This was purely an arbitrary decision undertaken to reduce the total number of categories by removing those which accounted for a minimal number of items. Such categories were considered to be less important, and to have minimal impact on the overall objective of the study, due to their idiosyncratic nature. This resulted in the removal of the following categories: Autonomy (3 items), Employee Involvement (1 item), Interesting Work (1 item), Job Security (3 items), Organizational Citizenship Behaviour (3 items), Role Clarity (2 items), and Social Fulfilment (4 items). The remaining 30 categories were retained for further analysis.

As an ancillary and confirmatory exercise, the 30 categories as finalised through the SME content analysis exercise were compared to the 32 categories developed by myself (Table 2.6). A high degree of similarity was evident. The exceptions included 'Role Clarity', identified by the SMEs and myself, and which had been eliminated from the SMEs' categories. 'Job Security', identified by SMEs, could be related to the 'Tenure' category as identified by myself. The three remaining categories identified by myself, and that could not be reasonably mapped onto an SME category were 'Career Opportunities', 'Challenge', and 'Relationship'. 'Career Opportunities' is likely embedded in the SMEs' 'Career Development' category. 'Challenge', which I saw as a need identified within some of the interview items for participants to receive challenge and personal stretch within their jobs, is possibly embedded in the SMEs' 'Intellectual Capital' and various 'commitment' categories. 'Relationship' pervades many of the SMEs' categories and is likely to be more strongly identified with the categories relating to values and the various forms of commitment. Overall, a high level of congruence between the two sets of categories is evident.

**Table 2.5****Categories (37) as defined by SMEs after elimination of duplication**

<b>Category Title</b>	<b>Number of Items in Category</b>	<b>Employee Expects</b>	<b>Employee Believes Employer Expects</b>
Autonomy	3	2	1
Career Development	46	29	17
Communication	35	22	13
Company Success	5	2	3
Employee Involvement	1	1	
Employment Contract	13	13	
Equitable Treatment	28	17	11
Fair Pay	9	4	5
Feedback	9	5	4
Flexibility	9	3	6
Follow Through	8	6	2
Honesty	5	4	1
Integrity	33	22	11
Intellectual Capital	10	7	3
Interesting Work	1	1	
Job Commitment	38	9	27
Job Security	3	3	
Leadership	28	16	12
Loyalty	35	16	19
Organizational Citizenship Behaviour	3	3	
Organizational Climate	7	3	4
Organizational Commitment	41	26	15
Organizational Culture	29	11	18
Organizational Objectives	15	10	5
Organizational Support	34	12	22
Personal Development	31	16	15

Note: Table 2.5 continued on next page.

**Table 2.5 Continued****Categories (37) as defined by SMEs after elimination of duplication**

<b>Category Title</b>	<b>Number of Items in Category</b>	<b>Employee Expects</b>	<b>Employee Believes Employer Expects</b>
Pleasant/Safe Working Environment	17	17	
Professionalism	10	10	
Resources	10	7	3
Respect	10	1	9
Rewards	8	3	5
Role Clarity	2	2	
Social Fulfilment	4		4
Social/Self Responsibility	6		6
Teaming	16	5	11
Trust	7	4	3
Work-Life Balance	18	12	6

Note: The ordering of categories is alphabetic.

Table 2.7 presents the mean (and SD) for ratings of extent and importance for the 30 categories retained from the rationalization process. ‘Extent’ relates to the extent to which the participant believed the expectation, as defined by the category title, was being met and was in response to the question “*To what extent do you believe you (your employer) is meeting this .....?*” measured on a four-point scale (1 = low, 4 = high). ‘Importance’ relates to the degree of importance to the participant/employer of the importance of the expectation or so forth and was in response to the question “*How important is this ..... to you (to your employer)?*” measured on the same four-point scale. Based on the data contained in Table 2.7, which includes the combined data relating to both employee and perceived employer expectations and obligations, the decision was made to not eliminate any further categories in the development of the final measure.

**Table 2.6****Comparison of Categories – SMEs and Researcher**

<b>Category Titles - SME</b>	<b>Category Titles - Researcher</b>
Career Development	Career Development
Communication	Communications
Company Success	Contribution, OCB
Employment Contract	Contract
Equitable Treatment	Equity
Fair Pay	Remuneration
Feedback	Communication
Flexibility	Empowerment
Follow Through	Communication
Honesty	Values
Integrity	Values
Intellectual Capital	Contribution
Job Commitment	Commitment, Performance
Leadership	Leadership
Loyalty	Loyalty
Organizational Climate	Climate
Organizational Commitment	Citizenship, OCB
Organizational Culture	Culture
Organizational Objectives	Vision
Organizational Support	Support, Organization and Person
Personal Development	Development
Pleasant/Safe Working Environment	Environment
Professionalism	Professionalism
Resources	Resources
Respect	Values
Rewards	Recognition
Social/Self Responsibility	Climate
Teaming	Team
Trust	Trust
Work-Life Balance	Balance

**Table 2.7****Category Extent and Importance, Means and Standard Deviations**

Category Title	Item N	Extent		Importance	
		Mean	SD	Mean	SD
Career Development	46	2.78	.832	3.27	.804
Communication	35	3.21	.631	3.68	.478
Company Success	5	3.00	1.000	3.67	.577
Employment Contract	13	3.50	.837	3.29	.756
Equitable Treatment	28	2.83	.778	3.42	.717
Fair Pay	9	3.71	.488	3.25	.707
Feedback	9	2.50	.535	3.38	.518
Flexibility	9	3.75	.463	3.87	.354
Follow Through	8	3.00	.000	4.00	.000
Honesty	5	4.00	.000	4.00	.000
Integrity	33	3.70	.542	3.81	.396
Intellectual Capital	10	3.70	.483	3.70	.483
Job Commitment	38	3.56	.558	3.64	.543
Leadership	28	3.25	.518	3.64	.488
Loyalty	35	3.66	.539	3.74	.657
Organizational Climate	7	2.67	.577	3.17	.753
Organizational Commitment	41	3.56	.673	3.66	.575
Organizational Culture	29	3.07	.594	3.89	.315
Organizational Objectives	15	3.40	.507	3.86	.363
Organizational Support	34	3.03	.684	3.52	.667
Personal Development	31	2.90	.845	3.45	.723
Pleasant/Safe Working Environment	17	3.24	.752	3.59	.507
Professionalism	10	3.56	.527	3.78	.441
Resources	10	3.20	.422	3.50	.707
Respect	10	3.22	.667	3.89	.333
Rewards	8	3.40	.548	3.87	.354
Social/Self Responsibility	6	3.67	.516	4.00	.000
Teaming	16	3.19	.544	3.75	.447
Trust	7	3.40	.548	4.00	.000
Work-Life Balance	18	3.00	.707	3.14	.663

Notes: Table includes combined data for both employee and employer expectations and obligations.

Standard deviations of 0.00 indicate total agreement among participants in rating.

All means for category importance were above 3 ('quite important') and ranged from a low of 3.14 (SD = .663) for Work-Life Balance to a high of 4.00 ('very important') for Follow Through, Honesty, Social/Self Responsibility, and Trust (all SDs = .000). This confirmed that, for the participants surveyed, the importance of all categories lay between 'quite' important and 'very' important. The means for the extent to which each expectation was being met ranged from a low of 2.50 (Feedback, SD = .535) to a high of 4 (Honesty, SD = .000). On the extent scale, 2.5 fell between 'Little' and 'Reasonable', whilst 4 equated to 'High'.

In the development of the final measure the direction of the expectations and obligations as defined by the original item was analysed. Two possible directions existed: what the employee expected from the employer (organization obligations), and what the employee believed the employer expected from them (employee obligations). If, in either direction, the number of items in any category fell below five, that category was removed from that particular direction only. This was purely an arbitrary decision undertaken to reduce the total number of categories by removing those which accounted for a minimal number of items. Such categories, because they likely reflected the idiosyncratic nature of psychological contracts, were considered to be inconsequential to the primary objective of the study.

This activity resulted in the following eight categories being removed from organization obligations: Company Success, Fair Pay, Flexibility, Honesty, Organizational Climate, Respect, Rewards, and Trust, and the following eight categories being removed from employee obligations: Company Success, Feedback, Follow Through, Honesty, Intellectual Capital, Organizational Climate, Resources, and Trust. In this activity Fair Pay would have been retained in employee obligations but not in organization obligations. This was considered an anomaly in that the employee cannot provide fair pay and Fair Pay was therefore retained for organization obligations but removed from employee obligations.

Three further anomalies existed with the categories of Job Commitment, Respect and Rewards. An analysis of the 11 items in the organization obligations component of Job Commitment confirmed that this was more appropriate to employee obligations only. Although Respect and Rewards appeared in employee obligations, further analysis of the items associated with each confirmed these two



categories more appropriately related to organization obligations and were therefore transferred into that set. Tables 2.8 (23 categories of organization obligations/employee expectations) and 2.9 (16 categories of employee obligations/organization expectations) describe the components included in the final measure (Appendix 6) adopted for validation in phase two of the study.

## **Discussion**

In this phase of the study, the primary objective was to develop a list of categories (items) believed to represent the content of the psychological work contract for managerial level employees. To that end, individual responses to the questions posed during the interviews were considered somewhat less critical than the aggregated responses (categories) from which the measure was to be developed because, for example, of the potential idiosyncratic nature of many of those responses. The 651 items (statements) derived from the 35 interviews conducted resulted in an initial list of 73 categories. Through the elimination of duplication and by eliminating less relevant categories, the list was reduced to 23 categories (items) of perceived employer obligations/employee expectations and 16 categories (items) of employee obligations/perceived employer expectations. These categories were adopted for the creation of the final measures of the psychological contract to be subjected to validation in the next phase of the study, with that phase primarily being concerned with establishing construct validity utilizing the procedures and techniques promoted by Westen and Rosenthal (2003) and Murphy and Davidshofer (1998).

The primary validation concern in this phase of the project was to establish content validity, without ignoring the very important aspect of face validity, the latter being defined by Muchinsky (2003, p. 96) as “the appearance that items in a test are appropriate for the intended use of the test by the individuals who take the test” and “Estimates of content validity are made by test developers; estimates of face validity are made by test takers”. To the extent that assessments of face validity are typically made by test takers it was not possible to assess face validity at this stage of the development of the measure.

**Table 2.8****Final List of 23 Organization Obligations**

<b>Organization Obligation</b>	<b>Relating to:</b>
Career Development	Availability of career development opportunities
Communication	Communicating organizational knowledge to employees
Employment Contract	Fulfilment of the formal employment contract
Equitable Treatment	Treating all employees fairly and equitably
Fair Pay	Competitive remuneration
Feedback	Providing feedback on performance and other issues
Follow Through	Apply organizational policy consistently
Integrity	Acting with integrity, staying true to values and beliefs
Intellectual Capital	Promotion and management of intellectual knowledge
Leadership	Providing leadership and motivation
Loyalty	Expressing support for organizational members
Organizational Commitment	Commitment to success of organization
Organizational Culture	Maintaining acceptable norms and values
Organizational Objectives	Managing change and providing strategic direction
Organizational Support	Providing professional and personal support
Personal Development	Providing personal development/growth opportunities
Pleasant/Safe Working Environment	Providing a physically and socially safe environment
Professionalism	Maintaining professionalism at all times
Resources	Providing resources to carry out role
Respect	Being treated with respect
Rewards	Providing rewards of value to employee
Teaming	Creating an environment in which people work together
Work-Life Balance	Supporting employees in maintaining work-life balance

**Table 2.9**

**Final List of 16 Employee Obligations**

<b>Employee Obligation</b>	<b>Relating to:</b>
Career Development	Pursuing career development opportunities
Communication	Keeping employer informed, sharing knowledge
Equitable Treatment	Treating fellow employees fairly and equitably
Flexibility	Remaining adaptable to role requirements
Integrity	Staying true to own values and beliefs
Job Commitment	Committing to the job
Leadership	Providing leadership to others
Loyalty	Loyalty toward the organization
Organizational Commitment	Commitment to the success of the organization
Organizational Culture	Subscribing to the organization's norms and values
Organizational Objectives	Meeting organizational goals and performance objectives
Organizational Support	Providing support and guidance to fellow employees
Personal Development	Committing to own personal development and growth
Social/Self Responsibility	Respecting others and self
Teaming	Committing to working with others to achieve performance goals
Work-Life Balance	Maintaining a balance between work and non-work activities

Murphy and Davidshofer (1998) suggested that modern validation studies do not typically concern themselves with face validity, and Muchinsky argued that content validity is more relevant for the science of industrial and organizational psychology, with face validity being more relevant for the practice. However, Murphy and Davidshofer also argued that for test takers to respond appropriately to the questions in a measure, those questions should appear to them to be valid and reasonable. The extent to which this measure possesses face validity, which is more involved in the practice of organizational psychology, will be assessed and discussed further in phase two.

Jewel (1998) proposed that evidence for content validity may be achieved through an assessment that test items are relevant and represent the test domain. Westen and Rosenthal (2003) proposed that content validity refers to “the extent to which the measure *adequately* samples the content of the domain that constitutes the construct” (p. 609, emphasis added). However, the degree to which representation may be confirmed is limited, for as Murphy and Davidshofer (1998) argued, to their knowledge content validity cannot be measured or assessed by a single statistic. Referencing Guion (1997), Murphy and Davidshofer proposed that content validity “represents a judgement regarding the degree to which a test provides an *adequate* sample of a particular content domain” (p. 151, emphasis added) and described a basic procedure for establishing this, although also claiming that, in practice, this procedure is difficult to implement. One may, however, make a reasonable assessment of the degree of compliance achieved with each of the steps involved in the procedure proposed by Murphy and Davidshofer and argue with some confidence that content validity has been achieved in a measure.

The first step in the content validation procedure described by Murphy and Davidshofer (1998) involves describing the content domain, that is establishing the boundaries around the total set of behaviours that describe what it is that is being assessed. Following my review of the relevant literature and the development of the interview structure based upon that review, I argue that the 651 statements derived in the interview process provided a comprehensive representation of the content domain for the psychological work contract and established the boundaries surrounding that construct. I propose that the content domain may be further described through the items in measures created by other researchers. To the extent that the items describe similar behaviours, I argue that such measures, in total, are descriptive of the content domain. I compared the newly-developed measure of the psychological contract with the measures developed by Guest and Conway (2002, Appendix 7), and Rousseau (2000, Appendix 8). A simple visual comparison between their measures and the current measure confirms sufficient similarity in content to suggest that these measures are reasonably representative of the same content domain.

The second step in Murphy and Davidshofer’s (1998) procedure involves determining the areas of the content domain that are measured by each test item.

This step is basically the step I undertook in having the subject matter experts analyse the 651 interview responses to derive the final list of categories included in my measure. Given that the 651 responses effectively describe the broader lower level behaviours expected or perceived to exist within the realm of the psychological contract, the categories (items) derived from those responses may be argued to be measuring those areas of the content domain from which they were derived.

Similarly, for the final step in Murphy and Davidshofer's (1998) procedure, which involves a comparison between the structure of the measure and the structure of the content domain, the same argument prevails. If the interview responses are indeed representative of the content domain, then grouping those responses based on similarity of descriptors provides the structure for the content domain. By default, the structure of the measure derived from those groupings must be comparable to the structure of the content domain from which they were derived. This is similar to the second step in a process used by Hughes, Ratliff, Purswell, and Hadwiger (1989, cited in Jewel, 1998), involving a demonstration of correspondence between the content domain and the content of the measure. Based on the definitions of content validity, as provided by Jewel (1998) and Westen and Rosenthal (2003), and the detail provided above in adhering as much as practicable to the procedure for establishing content validity as proposed by Murphy and Davidshofer (1998), the newly developed measure of the psychological contract provides an *adequate* measure of that construct and possesses an acceptable level of content validity.

The organizational environment and context was also considered to be critical to ensuring that the process of development was not exposed to biases that could undermine construct validity. To that end the factors of participants' biography and employment status, employer status, and trust, were all considered relevant to ensuring the integrity of the measure. The demographic analysis of the interview sample confirmed the seniority of the participants and confirmed the identification by the organizations involved of the managerial status of those participants. Ninety-seven percent of participants also described an open-ended employment contract indicating an expected on-going relationship with their organization. Such employment relationships are indicative of a relational psychological contract and the expectation is for relational contracts to be more

prevalent amongst managerial personnel. Further, the high percentage (74%) of participants who confirmed the organization itself as their employer, with the remainder confirming the most senior individual in the organization as their employer, attests to the seniority and status of the participants.

Low levels of trust between employee and employer have the potential to undermine the psychological contract process or, alternatively, to result from perceptions of contract breach or violation. The high levels of trust detected in the sample argue for a sound and resilient employment environment conducive to healthy and potentially fulfilled psychological contracts. Eighty-three percent of participants trusted their employer and 100% believed their employer trusted them. Kramer (1999, p. 576) provided a penetrating treatise into the subject of trust in organizations, and noted “individuals’ judgements about others’ trustworthiness are anchored, at least in part, on their *a priori* expectations about others’ behaviour” with those expectations changing in response to the extent to which subsequent experience validates or discredits them. From this one could conclude that psychological contract fulfilment (expected employer behaviours/obligations) leads to enhanced levels of trust, which in turn lead to psychological contract fulfilment (expected employee behaviours/obligations). Thus, trust and the psychological contract may be viewed as pivotal to healthy employee-employer relations. Organizations have a vested interest in promoting trust because of the reciprocity in behaviour that can occur within an environment where levels of trust are high. Citing Uzzi’s (1997) study reporting the decreased transaction costs where trust prevails, Kramer also noted that “individuals spontaneously and unilaterally engaged in a variety of actions that helped solve others’ problems as they arose” (p. 582). The organizational environment within which the data for phase one was collected was believed unlikely to have contributed in any negative manner to the process of measure development.

Interestingly, a high degree of similarity may be seen in the content of the psychological contract and the factors that contribute to an organization achieving ‘employer of choice’ status. These factors emerged in the ‘Best Places to Work in New Zealand’ survey (Charlesworth, 2003) and may provide insight to the means by which such organizations achieve this status, that is by understanding and meeting employee psychological contract expectations. The human resource

initiatives (Robertson, 2003), identified as “hot” in the survey, and listed below in abbreviated form, may easily be mapped onto psychological contract content:

- Encouraging honest, open communication
- Training and development opportunities
- Rewards and recognition programs
- Achievement of work-life balance
- Benefits programs
- Achievement/performance culture
- Feedback on performance
- Leadership development

These practices provide support for the proposition put forward by Guzzo and Noonan (1994) and Guest and Conway (1999) that, insofar as predicting the state of the psychological contract is concerned, the number of human resources practices adopted by an organization plays a significant role.

Having developed the measure for the psychological contract, the next phase of the present research was to establish construct validity. In Chapter 3, and from the perspective of the extent to which employees believe *they* are obligated to fulfil the psychological contract, the relationships between the psychological contract and intention to quit, perceived organizational support, work involvement, job involvement, and job satisfaction, are explored. The notion of a nomological network, and the rationale for including these particular variables in a nomological network, within which construct validity may be assessed, are covered. In Chapter 4, and from the perspective of the extent to which employees believe the *organization* is obligated to fulfil the psychological, the relationships between the psychological contract and career plateau, organizational commitment, person-organization fit, job performance, and organizational citizenship behaviour are explored.

# CHAPTER 3

## THE PSYCHOLOGICAL CONTRACT – EMPLOYEE OBLIGATIONS

### Introduction and Overview

Mutuality in contracting refers to the perceptions, shared between the two parties to a contract, of the obligations and expectations each party holds, under the terms and conditions of that contract. In the psychological work contract this mutuality is provided solely by employees, who adopt two perspectives: what they believe their obligations to the organization are, and what they believe the organization's obligations are to them. That is, two sets (mutuality) of obligations and expectations are perceived by employees: one involves what they perceive to be the organization's expectations of them and the other involves their expectations of the organization. In developing and validating the measure developed in this study, both of these perspectives, as adopted by the employee, were included.

In this chapter, the first perspective covering employee obligations is considered. The focus is on the extent to which managers believe they have an obligation to meet what they perceive to be the organization's expectations of them, thus creating the terms (content) under which they have the potential to fulfil their psychological work contract with the organization. I discuss the possible implications, should they not believe they have any obligation to meet the perceived expectations the organization has of them. Ultimately interest in the psychological work contract is in whether or not the expectations and obligations covered by the contract are actually believed to be fulfilled. However, as the present study focuses on *developing* a measure that will subsequently be used by practitioners or other researchers to assess the extent to which those expectations are being met, whether or not the contract was actually being fulfilled was not assessed. My argument is that a measure must first be developed and validated before it can be used, and this is the purpose of this research. The research objective was therefore to validate the *content* of the measure being developed to ensure it was in fact addressing what is proposed to be the psychological work contract. Hence the focus in this research was on the extent to which managers



believed or perceived the proposed obligations and expectations, as included in the measure being developed, actually existed.

The process of construct validation was approached through the development and application of a nomological network. A nomological network is the end result of a process known in construct validation methodology as construct explication. It provides a detailed description of the relationships that are proposed to exist between the construct being validated and other constructs or behaviours (Murphy & Davidshofer, 1998) included in the nomological network. In construct validation the aim is to embed the construct being validated into a network of other variables and to test the hypothesised relationships between those variables (Cronbach & Meehl, 1955, cited in Westen & Rosenthal, 2003). The resulting 'network' of variables is described as a nomological network.

The Merriam-Webster Online Dictionary (<http://www.m-w.com/dictionary/nomological>) defines nomological as "relating to or expressing basic physical laws or rules of reasoning". A nomological network may therefore be described as a network of relationships that describe rules of reasoning. Within the context of construct validation, a nomological network describes the rules relating to the expected relationships between the variables included in that network. The 'rules' describe those relationships, if they exist, in terms of direction, that is a positive relationship or a negative relationship, and the size or magnitude of the relationship.

In this chapter the variables reviewed for inclusion in the nomological network were:

*Intention to Quit (turnover)*: "Turnover intention... a conscious and deliberate wilfulness to leave the organization. ...the strongest cognitive precursor of turnover" (Tett & Meyer, 1993, p. 259). The basic premise is that, if managers are intending to quit their job, they will be less likely to believe that they are obligated to meet the expectations they believe the organization has of them, under the terms of the psychological contract. A high intention to quit suggests a low commitment to the employment relationship. Accepting this, managers may be less inclined to proactively manage this relationship, by not recognising their

obligations under the psychological contract, given that they are intending to terminate their employment.

*Perceived Organizational Support:* “to meet socioemotional needs and to determine the organization’s readiness to reward increased work effort, employees develop global beliefs concerning the extent to which the organization values their contributions and cares about their well-being (perceived organizational support)” (Eisenberger, Stinglhamber, Vandenberghe, Sucharski, & Rhoades, 2002, p. 565). The basic premise is that, if managers perceive high levels of support from the organization, they will be more likely to believe that they are obligated to meet the expectations they believe the organization has of them, under the terms of the psychological contract. High perceptions of organizational support suggest the likelihood of a correspondingly high level of commitment to the employment relationship. Accepting this, managers may be more inclined to proactively manage this relationship, by acknowledging their obligations under the psychological contract, given that the organization is providing the level of support it is.

*Work Involvement (Centrality):* “the beliefs that individuals have regarding the degree of importance that work plays in their lives” (Paullay, Alliger, & Stone-Romero, 1994, p. 225). If work is not important to managers, that is, they have what might be considered to be a low work ethic, the extent to which they believe they are obligated to the organization, as per the terms of the psychological contract, will be rated lower by those managers. Low work involvement probably suggests the likelihood of a correspondingly low commitment to the employment relationship. Accepting this, managers may be less inclined to proactively manage this relationship, by not acknowledging their obligations under the psychological contract, given that work does not feature prominently in their life.

*Job Involvement:* “the extent to which the individual sees his/her job as important to his/her self image. ...the importance of one’s job to one’s self-image” (Blau, 1987, p. 243). The proposition is that if managers do not identify strongly with their job, and are consequently less involved in that job, they will be less likely to believe they are obligated to meet the expectations they believe the organization

has of them, under the terms of the psychological contract. Low job involvement suggests the likelihood of a correspondingly low commitment to the employment relationship. Accepting this, managers may be less inclined to proactively manage this relationship, by not acknowledging their obligations under the psychological contract, given that their job is not important to their self-image.

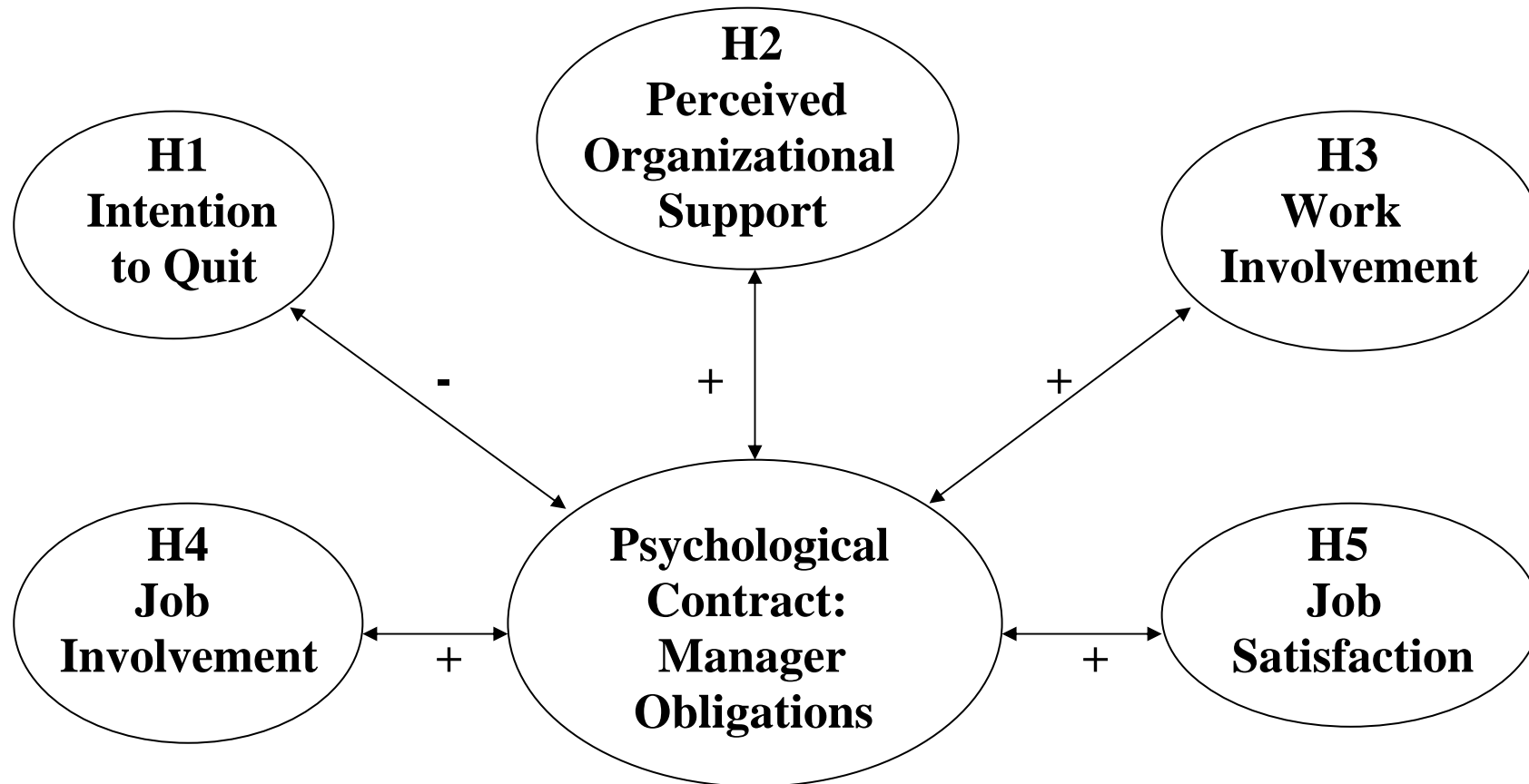
*Job Satisfaction:* That state which results from “the appraisal of one’s job as attaining or allowing the attainment of one’s important job values, providing these values are congruent with or help to fulfil one’s basic needs” (Locke, 1983, p. 1319). The basic premise is that, if managers are satisfied with their job, they will be more likely to believe that they are obligated to meet the expectations they believe the organization has of them, under the terms of the psychological contract. High levels of job satisfaction suggest the likelihood of a correspondingly high commitment to the employment relationship. Accepting this, managers may be more inclined to proactively manage this relationship, by acknowledging their obligations under the psychological contract, given that the job provided by the organization is fulfilling their basic needs.

The proposition was that the variables included in this perspective (Employee Obligations) would influence more what managers believed to be *their* obligations to the organization, than these same variables would influence what managers believed to be the *organization’s* obligations to them, under the terms (content) of the psychological contract. For example, if managers are intending to quit their job, and contemplating terminating their employment relationship, the result or outcome is likely to be a belief or acceptance that they are less obligated, or have fewer obligations, toward the organization. Conversely, their perception or belief concerning the organization’s obligations toward them, and the expectations they have of the organization is less likely to be influenced by an intention to quit. As the intention to quit suggests a future behaviour, and it has not been expressed or implemented, the organization would presumably be unaware of that intention. Under this condition, the manager’s expectation would likely be that, until his/her intention has been expressed, the organization would maintain the status quo. Therefore, managers’ intentions to quit are more likely to affect their beliefs concerning their own obligations, whilst their beliefs

concerning the organization meeting their expectations are less likely to be affected.

Similarly, if managers are satisfied with their job, they are more likely to believe that they are more obligated to the organization, than they are to believe that the organization is more obligated to them, under the terms (content) of the psychological contract. Again, higher levels of job satisfaction are more likely to affect managers' beliefs about their obligations toward the organization, than they are to affect their beliefs and perceptions concerning the organization's obligations toward them. In summary, the variables included in the Employee Obligations perspective were proposed to influence managers' beliefs regarding their own obligations, and the importance of these, more than these same variables would influence what managers believed to be the organization's obligations toward them, under the terms (content) of the psychological contract.

The research history of each of the variables included in the Employee Obligations perspective is reviewed. As published research literature is largely devoid of studies that consider the content of psychological contracts, research considering fulfilment of the contract was reviewed in order to propose the likely relationships between the variables included in the nomological network and the psychological contract. The inter-relationships between the variables included in the study are then explored and the nomological network further developed. Finally, *why* the variables in the nomological network are proposed to relate to the psychological contract will be discussed. From this, in a summary and detailed hypothesis, *how* they are proposed to relate to the psychological contract will be presented, thus completing the nomological network that formed the framework for construct validation of the measure being developed. Figure 3.1 provides a diagrammatic representation of the proposed relationships between the psychological work contract and the variables reviewed.



**Figure 3.1. Diagrammatic Representation of the Research Hypotheses – The extent to which managers believe they have an obligation to fulfil the psychological contract.**

## **Intention to Quit (Turnover)**

*“given alternatives, people stay if they are satisfied with their jobs and committed to their organizations and leave if they aren’t.”*

(Mitchell, Holtom, Lee, Sablinski, & Erez, 2001, p. 1102)

The costs, both tangible and intangible, of staff turnover on organizations are felt in two significant areas; the loss of experience, skills, knowledge, productivity, and so forth, of the terminating employee, and the direct costs associated with the recruitment, selection, induction, training, and so forth, of the new employee. Managing such turnover is therefore in the interests of the organization, whether such turnover is classified as voluntary (reflecting an employee’s decision to leave), involuntary (reflecting an employer’s decision to release the employee), or reduction-in-force (down-sizing). As an intention to quit likely signals dissatisfaction with the employment relationship, understanding the role and function of the psychological contract provides the organization with the possibility of improving that relationship and minimizing the costs of staff turnover. All classes of turnover have been associated with undesirable consequences for organizational performance (McElroy, Morrow, & Rude, 2001) but the current study focussed on the potential for voluntary turnover. The potential for voluntary turnover may be assessed through an expressed intention by the individual concerned to quit. Such intentions may be underpinned by, or accompanied by, perceptions by the individual of low or minimal obligations under the psychological contract.

## ***Review of Research***

Maertz and Campion (1998, p. 50) defined voluntary turnover as “instances wherein management agrees that the employee had the physical opportunity to continue employment with the company, at the time of termination.” Determining whether or not an expressed intention to quit is an indication of a desire to voluntarily terminate employment is inherently difficult. However, as the intention is expressed by the individual, and without evidence that any termination is being initiated or constructed by the organization, it must

be viewed as being an indication of a desire by the individual to terminate voluntarily. A desire or intention on the part of an individual to leave an organization may result from any of a number of reasons including dissatisfaction with the job and dissatisfaction with the organization. Such dissatisfaction may also result from the perception that the organization has failed to acknowledge that it has obligations to the employee under the terms of the psychological contract.

A model that holds employee turnover to result from a combination of job dissatisfaction and perceived alternative employment opportunities has driven much of the research into the subject (Lee & Mitchell, 1994; Lee, Mitchell, Wise, & Fireman, 1996). Whilst Lee and Mitchell's (1994) 'unfolding' model of employee turnover may explore the wider psychological bases of turnover, and challenges the generally accepted job dissatisfaction-perceived alternatives model of turnover, an intention to quit, to exit from the current job, to resign, to opt out, is generally accepted as the most *immediate* predictor of eventual turnover (Cotton & Tuttle, 1986; Steel & Ovalle, 1984, cited in Maertz & Campion, 1998; Tett & Meyer, 1993). However, the state of the economy, and in particular prevailing rates of unemployment, may override many of these factors as they have been argued to be the most accurate *single* predictor of turnover (Hulin, 1979, March & Simon, 1958, both cited in Mobley, 1982).

Confirming the strength of intentions, meta-analysis puts the relationship between expressed intentions to quit and actual turnover between .38 (Griffeth, Hom, & Gaertner, 2000), over a 10-year study period, and .65 (Tett & Meyer, 1993), over a 24-year study period. A general review of relevant research (Jaros, 1997) suggests that turnover intentions may be expressed in any of three different ways: through thoughts of quitting, through an intention to quit, or through an intention to search for alternative employment opportunities, although this pattern of behaviour may represent progressive steps in the withdrawal process (Hom & Griffeth, 1991). In only one study reviewed was a relationship between intention to quit and actual turnover not detected (Feeley, 2000). Notwithstanding Feeley's (2000) result, this confirms perhaps at least insofar as jobs or careers are concerned, that people generally behave in a way consistent with their cognitive processes, a proposition that was supported by Bedeian et al.'s study (1991).

The most common reasons cited by individuals for changing jobs, as reported by Nicholson and West (1988), were to do something more challenging and fulfilling, to achieve career objectives, to change career direction, and to improve standard of living. Borgen, Weiss, Tinsley, Dawis, and Lofquist (1968, cited in Rhodes & Doering, 1993) quoted similar reasons including inadequate pay, lack of advancement, and job insecurity. Rhodes and Doering (1993) found that both job satisfaction and career satisfaction were significantly related to intention to change careers. Many of these reasons may be encompassed under the scenario of 'seeking more meaningful work' as described by Heppner, Multon, and Johnston (1994) and Thomas (1980). Hall (1996a), who also proposed that people seek to work in an organization with values and purpose that earn respect, confirmed the 'meaningful work' scenario. He suggested that people are increasingly basing their career on work that provides meaning whilst also producing value for the world. Many of these reasons are argued to be encompassed by, and to fall within the boundaries of, the psychological work contract within which employees potentially perceive an obligation on the organization to provide career opportunities and meaningful and fulfilling work.

Reinforcing the career development aspect of the psychological work contract, the two career motives central to a manager's desire for movement are fear of stagnation (career plateau) and career impatience (desire for promotion) (Atkinson, 2001; Veiga, 1983). Atkinson (2001) also noted the situation in which organizations failed to provide older plateaued workers with interesting work. Having interesting work, along with good relationships with co-workers, were the two most often cited reasons for not changing jobs. Hill and Miller (1981, cited in Rhodes & Doering, 1993) found that 43% of the variance in managerial career change could be explained by lack of career enhancement. Nicholson and West (1988) reported that the achievement of career objectives was the most predominant reason cited for job change in their managerial sample.

The fewer promotional opportunities that are available within the organization, the lower the commitment to the organization will potentially be and the more likely the individual will be to quit (Scholl, 1983). The relationship between promotion and turnover may, however, be moderated by a number of other factors including perceived employment alternatives, age, and tenure. The more mature senior executives in a company desiring promotion may not be



exposed to advancement opportunities internally and will be constrained in their external job search activities by the absence of desirable alternatives, their age, and current tenure (Griffeth et al., 2000). Longer tenures are likely to result in high continuance commitment to the organization due to the cost of severing employment through the loss of benefits and the like. Such individuals could therefore find themselves in a double bind and either questioning the fulfilment of their psychological contract or unilaterally renegotiating and moderating the terms to support any decision to stay in the current role.

Attesting to the potential impact of turnover, one survey reported 27% of employees (number of survey participants not reported) stating an expectation to leave their current employer within 12 months (Smith, 1997). Surprisingly, Smith also reported that average tenure had not fallen dramatically in the new employment environment (just over six years in the mid-1970s compared to five-and-a-half years in 1997). Boxall and Rasmussen (2001) found that, in a New Zealand study (N = 549), close to 85% of turnover was voluntary, with the most cited reason for changing jobs being a quest for more interesting work. They reported that only 49% of those surveyed had changed jobs within the last five years, a figure considerably lower than the between 40% and 60% annual turnover rates of the 1960s. Higher incidences of turnover occurred in those earning less than \$NZ20,000 per annum (70%), and those under 30 years of age (72%). As age increased, so did tenure. They built a picture of a workforce that wants: interesting work and some regular stimulation in job interest; good relationships with co-workers and supervisors; appropriate levels of pay and security; faith in the rationality of the management process; and reasonable, work loads. One could easily argue that these factors are included in, and form a reasonable part of the psychological contract of many workers.

Huselid and Day (1991, p. 384) found support for the interaction between organizational commitment and job involvement in predicting turnover. They portrayed the individual who leaves an organization as “exhibiting lower attitudinal commitment, lower continuance commitment, received lower salaries, were younger, had less tenure and more education, perceived less pay equity, received lower performance appraisals and rated themselves lower, had their expectations about the job met to a greater degree, and perceived less opportunity for advancement”. This portrayal is germane in that it allows one to imply

distinctions relating to the psychological contract of younger and older workers. Compared to older workers, younger workers may be more prepared to pursue career objectives outside of their current organization if their psychological contract, especially regarding financial reward, equity, and career advancement, is not being fulfilled. Reinforcing the shift from relational contracts to transactional contracts, increased career mobility may be the norm for younger workers, those included in the so-called Generation X and Generation Y, with a consequential diminished organizational commitment.

Bedeian et al. (1991, p. 340) summarised: “an organization that is unwilling or unable to provide career growth opportunities faces double jeopardy, in that turnover will be both higher for individuals who are highly committed to their careers and lower for those who are not as committed to their careers.” As raised earlier, the availability of promotional opportunities may be perceived by the individual as an obligation on the organization, under the terms of the psychological contract. Under these conditions the organization is likely to lose its more skilled employees, who because of their career mobility can readily find alternative employment opportunities, whilst less mobile employees will be inclined to stay put. Scholl (1983) and Nicholson (1993) found support for this proposition and suggested individuals who pass an expected promotion point have a decreased intent to remain. However, Nicholson also found that plateaued groups had less desire to quit than other groups perhaps indicating acceptance by plateaued individuals of their career status. Those organizations providing less support to their employees may also experience greater turnover with the correlation between the two ranging from  $-.22$  to  $-.33$  in one longitudinal study in which 226 individuals participated in the entire study (Blau, Tatum, & Ward-Cook, 2003).

Davis and Rodela (1990) described one of the major transitional forces in job change as the personal change experienced by individuals and which contributes to their psycho-physiological make-up. A major component of this force is career dissonance. As Davis and Gould (1981, cited in Davis & Rodela, 1990) and Levinson (1979) indicated, this occurs to one degree or another in every adult because of subtle but irrefutable personal change, some of which can be linked to age-related developmental influences. Heppner et al. (1994) found that economic reasons were second only to seeking more meaningful work in

explaining why people sought a change in job. However, confirming its status as a high priority determinant, Skovholt and Morgan (1981, p. 235) claimed that “In the occupational success trinity of money, power, and status, money has the lead....” with the role of remuneration also being confirmed by Shaw, Delery, Jenkins, and Gupta (1998). As Steel (2002) confirmed, lifestyle maintenance, and access to the basic necessities of life, may be threatened by financial insecurity, with their job being the primary means by which most people maintain financial security.

Problems relating to mental well-being were suggested by Kirjonen and Hanninen (1986) as most common on the lowest levels of the occupational hierarchy. This may suggest that one of the consequences of career transition/progression is a diminution in these problems, that is the further one progresses up the employment hierarchy the higher one’s level of well-being may be. Insofar as career transitions are sought to improve one’s position in life, the outcome should be positive. Providing support for the ‘spillover’ hypothesis, Perosa and Perosa (1983) suggested that one of the positive outcomes of transition is the influence it has on other parts of one’s life. Without the potential for benefits to accrue, individuals would of course be less likely to pursue transitions. However, where any transition is involuntary the suspicion may be that, initially at least, the event will have a negative impact on the individual.

A potential and perhaps obvious outcome to quitting an unacceptable job situation is personal growth or development. Individuals may perceive the organization as violating the psychological contract by not providing such opportunities. However, as Nicholson (1984; 1994) noted, there are many dimensions to personal change that fall under the influences brought to bear through job change. West and Nicholson (1989) argued that research evidence confirms that personal growth, satisfaction, and innovation are the more common outcomes of job change, and as Hall (1986) contended, a change in jobs is more likely to promote growth than not changing. Insofar as voluntary transitions are concerned, one could readily argue that they are pursued for that very reason, that is, the individual is dissatisfied with their current position and is actively seeking to change it thereby initiating an event resulting in personal growth and enhanced psychological well-being. Perosa and Perosa (1984) confirmed that individuals who changed jobs scored highest on an identity achievement measure. Further

support for the proposition comes from West and Nicholson, who also argued that job change offered greater perceived opportunities for growth for those pursuing this option over those who elected to accept the status quo of an unsatisfactory career state.

Closely linked to personal growth is the concept of career growth and the pursuit of this likely underpins the greater percentage of voluntary career transitions. If the sought after career growth occurs, the event is most likely to be perceived as positive and beneficial. Kirjonen and Hanninen (1986) found that, on average, career changers reported that changing to a more challenging job had been beneficial and Eby and Buch (1995) contended that the opportunity to remove oneself from a dissatisfying job promoted career growth. There is of course a certain degree of risk in initiating a job change and careerists would most likely assess those risks before embarking on a change, pursuing it only if the perceived benefits outweighed the assessed risks. Perosa and Perosa (1983) noted, for example, that one of the more significant reasons for not changing is security, with some not changing and opting to remain in their current role as they perceive considerably more risk in changing. As would be expected, downward moves are generally viewed as having a negative impact on career growth, with West, Nicholson, and Rees (1990) confirming that these lead to reduced career opportunities and personal growth. What affect the latter two scenarios would have on the psychological contract is open to on-going research.

***Relationship of Intention to Quit to the Psychological Contract –  
Developing the Nomological Network***

As McElroy, Morrow, and Rude (2001) suggested, the reasons people quit an organization vary considerably but do include a desire to escape negative work environment factors. Those negative factors are proposed to embrace many of the expectations employees hold under the terms of the psychological contract, and as Arnold (1996) contends, the psychological contract may be superior to other concepts in predicting and explaining voluntary turnover. If one of the negative factors suggested by McElroy, Morrow, and Rude is the perceived non-fulfilment of the psychological contract, then the individual so affected will likely express a greater intention to quit, a likelihood mooted by Turnley and Feldman (1999a) and

subsequently demonstrated (1999b; 2000), thus conveying a desire to escape the perceived negative work environment. This relationship was moderated by attractive employment alternatives, procedural justice, and the degree of justification of the violation of the psychological contract.

The nature of the relationship between psychological contract fulfilment, or non-fulfilment (breach/violation), and turnover intentions is confirmed as significant in a number of studies (Kotter, 1973; Lemire & Rouillard, 2005; Lester & Kickul, 2001; Robinson, 1996; Shore & Barksdale, 1998; Sutton & Griffin, 2004), with breach or violation of the contract increasing an individual's intention to quit. Clinton and Guest (2004) recorded the relationship between the *content* of the psychological contract and intention to quit at -.39, and between *fulfilment* of the contract and intention to quit at -.26. The relative strength of these two relationships may suggest that what is in the psychological contract (the content), which is the focus of the present study, may impact more on an individual's intention to quit, than non-fulfilment of the contract. In the study the participants were asked to select from a pool of 14 items commonly used in psychological contract research, those they believed represented an obligation on the part of the organization. Because of the specific research focus of the study, contract content was used as a background variable. No further information was provided by Clinton and Guest on contract content or the nature of the measure used in their study.

However, despite Clinton and Guest's finding (2004), the relevance of intention to quit to the present study is confirmed by Larwood, Wright, Desrochers, and Dahir (1998), who reported that non-fulfilment of the psychological contract is associated with greater expressed intentions by individuals to quit their current job. This finding is supported by others (Freese & Schalk, 1996; Guest & Conway, 2001b; Tekleab & Taylor, 2003).

### ***Relationships with Other Study Variables***

Brown (1995) proposed that planned or pro-active (i.e. voluntary) job changes occur for two basic reasons: the present job does not satisfy the worker's values (perhaps an aspect of either person-job or person-organization fit) resulting in dissatisfaction, or inter-role conflict exists, that is conflict between the

individual's work role and other life roles. Dissatisfaction, with both the job and the employer, is a widely understood and accepted reason for employees deciding to quit an organization (Larwood et al., 1998). Lee et al. (1996) noted, for example, that in their study of nurses who had quit ( $N = 44$ ), 55% reported job dissatisfaction. They did not provide correlations between job dissatisfaction or turnover and intention to quit from this particular study, but, in an earlier study ( $N = 445$ ) reported a correlation of  $-.44$  between intention to leave and job satisfaction (Lee & Mowday, 1987).

Confirming the strength of the relationship between job satisfaction and intention to quit, similar correlations have been reported by Firth, Mellor, Moore, and Loquet (2004), Vancouver and Schmitt (1991), and Hom and Griffeth (1991). However, against common expectations, satisfaction facets alone tend to account for no more than approximately 15% of the variance in turnover with turnover expected to be higher amongst 'apathetic' employees, those low in job involvement and low in organizational commitment (Blau & Boal, 1989; Mobley, 1982). The 'apathy' hypothesis is supported by Lee and Mowday who recorded correlations of  $-.35$  between organizational commitment (Vancouver and Schmitt reported  $-.53$ ), and  $-.22$  between job involvement, and intention to leave. The correlations were, however, not as strong with actual leaving, at  $-.10$  for both, although between intention to leave and actual leaving it was  $.24$ .

Not surprisingly, Bartol (1979, cited in Bedeian et al., 1991) found a significant inverse relationship between career commitment and actual turnover indicating that the less commitment an individual has to their career the more likely they are to pursue other opportunities. Blau, Tatum, and Ward-Cook (2003) also reported a high correlation ( $.58$ ) between professional withdrawal cognitions and organizational withdrawal cognitions. A lack of commitment is a likely precursor to job seeking behaviour with Kirjonen and Hanninen (1986) viewing voluntary change of employer as a coping strategy which aims at reducing the misfit between the job and the person. They concluded from their study that change of employment did indeed serve as a coping strategy in an unsatisfactory work situation, a situation that would include a lack of commitment. Along with other proximal precursors in the withdrawal process, including job satisfaction, commitment is amongst the best predictors of turnover

(Griffeth et al., 2000) with distal predictors, including distributive justice and promotional chances, demonstrating smaller effect sizes.

The relationship between commitment and turnover was confirmed by Blau and Boal (1989) with both organizational commitment and job involvement being related to intention to quit and significantly interacting to predict actual turnover. However, positive affectivity has been reported to be significantly and negatively associated with intention to quit, but negative affectivity to be significantly yet positively associated, indicating that the dispositional affectivity of the individual is a consideration in this relationship (Cropanzano & James, 1993). Cropanzano and James (1993) claimed that the data from their study were consistent with the view that the relationship between dispositional affect and intention to quit was mediated by organizational commitment. Firth et al. (2004) and Feeley (2000) also established the link between commitment and intention to quit concluding that those expressing higher levels of commitment were less likely to express this intent. Surprisingly, in Feeley's sample of workers in the fast-food industry, those expressing higher commitment were also more likely to leave. This finding may indicate a more general work commitment amongst the highly committed and confidence or confirmation in their ability to secure more favourable or higher level employment elsewhere.

### *Summary and Hypothesis*

Perhaps it is mankind's eternal search for meaning and the pursuit of happiness, and how that search and pursuit are conducted through one's work, that is at the core of all voluntary career change. Mankind's eternal search for meaning, and attempts to establish identity, may underlie all transitions for it is through this that opportunities for the modification of life structures (Salomone & Mangicaro, 1991) are presented, including the correction and adjustment of earlier career decisions (Simon & Osipow, 1996). It must be acknowledged that employee turnover is not necessarily dysfunctional and in some instances may be beneficial to both the individual and the organization. However, the current focus is on the potential for the organization to effectively manage turnover through proactive management of the psychological contract for, as Maertz and Campion

(1998, p. 58) concluded, employees may be induced to quit their job more willingly if they perceive non-fulfilment of their psychological contract.

Intention to quit was previously defined as “a conscious and deliberate wilfulness to leave the organization” (Tett & Meyer, 1993, p. 260). Whatever reasons may have precipitated the intention to quit it is likely that some dissatisfaction will be directed at the organization for its failure to provide sufficient incentive or inducement for the individual to stay. Whilst demonstrating loyalty to the organization is likely to be important for all managers, it is proposed to be less important or relevant for those managers who have developed an intention to leave. The relevance of this relationship will be eroded through the belief that the organization has failed to provide adequate incentive or inducement (non-fulfilment), possibly as perceived obligations under the psychological contract, and therefore the manager no longer owes the organization any loyalty or obligation. For managers who no longer ‘owe’ the organization anything, any obligations they believe they had under the psychological contract are likely to dissipate. Therefore, managers expressing a greater intention to quit are hypothesised to rate the extent to which they believe they are obligated to meet the expectations they believe the organization has of them, under the terms (content) of the psychological contract, lower than managers not intending to quit.

***Hypothesis 1: The relationship between the Psychological Contract and Intention to Quit.***

*The extent to which managers believe they are obligated to fulfil the psychological contract will be rated lower by those intending to quit.*



## **Perceived Organizational Support**

*“when an individual believes that the organization values his or her contribution to the organization and cares about his or her well-being, then the individual will be inclined to reciprocate by putting forth greater effort on behalf of the organization.”*

(Bishop et al., 2001, p. 300)

The argument prevails that employees who perceive high levels of organizational support will respond by participating in positive behaviours that flow through to performance and other measures of organizational effectiveness, and will show more commitment to the organization (Cropanzano, Howes, Grandey, & Toth, 1997; Guest & Conway, 2001b; Hutchison, 1997; Settoon, Bennett, & Liden, 1996; Shore, 1991). Consistent with psychological contract theory, Wayne, Shore, and Linden (1997) provided support for that argument and proposed that organizations may foster the development of strong social exchange relationships by investing in and providing recognition for employees. A survey of senior personnel managers (N = 1306), however, found that employees are more willing to support the organization than vice versa (Guest & Conway, 2001a). Despite this, Wayne, Shore, and Linden suggested that employees will have attitudes and behaviours that reflect the degree of commitment the employer provides and will seek to balance this commensurately in their exchange relationship.

### ***Review of Research***

Accepting the norm of reciprocity (Gouldner, 1960, cited in Eisenberger, Armeli, Rexwinkel, Lynch, & Rhoades, 2001), an organization could reasonably expect perceptions of perceived organizational support to manifest, through reciprocation, in employee behaviours that support the achievement of organizational objectives. Eisenberger et al. (2001) argued that, based on this norm, an obligation (felt obligation) to repay benefits is likely to strengthen the relationship. However, the relationship may be undermined if the employee fails to receive what they believe they are entitled to. In this scenario, the aggrieved

individual may see the organization as unwilling to reciprocate (Lynch, Eisenberger, & Armeli, 1999). Discussing organizational support theory, Eisenberger, Stinglhamber, Vandenberghe, Sucharski, and Rhoades (2002, p. 565) proffered that “employees develop global beliefs concerning the extent to which the organization values their contributions and cares about their well-being”, and defined this as perceived organizational support (POS). They suggested that employees develop beliefs, ranging from positive to negative, about the orientation the organization has toward them, and covering recognition of contribution and concern for welfare.

Stemming from the norm of reciprocity is the exchange ideology central to the marketplace philosophy of the workplace in which employees contribute effort toward the achievement of organizational goals, with the expectation that the organization will reciprocate with desired and favourable outcomes. To the extent employees perceive the support being received from the organization to be positive they will feel compelled to exert extra effort toward the stated goals, thus confirming a strong exchange ideology. Exchange ideology is akin to the psychological contract in that they both involve expectations between two parties, in this case the employee and employer. Further, a strong exchange ideology is likely to be related to expectations held under the terms of the psychological contract in that both conditions are proposed to result in the individual’s practice of positive work behaviours. Eisenberger and colleagues (Eisenberger, Huntington, Hutchison, & Sowa, 1986) extrapolated this proposition and suggested that, for those with a strong exchange ideology, both absenteeism and performance would be influenced by POS. Their findings were generally confirmed, with absenteeism being lower where POS was higher, with this relationship being greater for those with a stronger exchange ideology.

The extent to which employees favourably view actions directed toward them by the organization may depend on whether those actions are considered voluntary or dictated by circumstances. Where the action is considered more voluntary or discretionary on the organization’s part, it is viewed more positively by the individual and POS is correspondingly rated higher (Eisenberger, Cummings, Armeli, & Lynch, 1997). Rhoades and Eisenberger (2002) reviewed the literature and found that antecedents of POS included fairness and organizational rewards, and job conditions including recognition, pay,

promotions, job security, and training. These antecedents may be viewed by employees as obligations on the organization. This view potentially confirms these antecedents as components of the psychological contract, and also possibly confirms the relationship between POS and the psychological contract.

***Relationship of Perceived Organizational Support to the Psychological Contract  
– Developing the Nomological Network***

Reciprocity was explored within the context of the psychological contract by Coyle-Shapiro and Kessler (2002). They argued that if the organization meets the obligations employees believe it has, employees will meet the obligations they believe the organization has of them, with employees adjusting their behaviour and attitude in reciprocation of treatment by the employer. They stated that the key explanatory mechanism underlying psychological contract theory is the norm of reciprocity with the fulfilment of obligations representing its essence. Their research makes a valuable contribution to an understanding of the concept of reciprocity within the context of the psychological contract. Evidence was found of the reciprocal influence that occurs in the exchange relationship with support for the norm of reciprocity coming from both employee and employer. Fulfilment of obligations by one party creates an obligation to reciprocate. Kolb, Rubin, and Osland (1995, cited in Dent, 2001, p. 648, emphasis added) succinctly captured the fundamental nature of this in the following: “When individuals join an organization, they form an unwritten, implicit, or (less frequently) explicit, psychological contract with the organization. This contract consists of the mutual expectation employees and employers have of each other. The psychological contract is based on the perception of both the employee and the employer that their contributions *obligate* the other party to *reciprocate*.”

Perceptions of psychological contract fulfilment are likely to strengthen the employer-employee relationship with the relationship also possibly being underpinned by trust for, as Ambrose and Schminke (2003) reported, a strong relationship ( $r = 0.47$ ) exists between perceived organizational support and trust in immediate supervisor. As trust is argued to be a critical precursor to psychological contract formation and perceptions of fulfilment, any initiative by

the organization to foster higher levels of trust will support that objective. The potential exists for organizational support provided to employees to enhance the trust that prevails in the employee-employer relationship.

Rhoades et al. (2001) proposed that, because of the personification of the organization by employees, favourable or unfavourable treatment, for example in the form of perceived justice, would be viewed as indicative of the organization's benevolent or malevolent orientation toward them. Similar views were echoed by Aselage and Eisenberger (2003) who proposed that less vigilance in psychological contract monitoring would occur within employees who perceived higher levels of organizational support. Strong correlations exist between perceived organizational support and the various forms of justice (procedural = .52, interactional = .41, distributive = .53) (Ambrose & Schminke, 2003). As such, any orientation the organization has toward them is likely to be seen by individuals as representing underlying organizational values with those values likely to be internalised by individuals (Bishop et al., 2001), and potentially incorporated into their psychological contract.

Cropanzano et al. (1997) argued that a supportive and non-political workplace is important in order to foster a committed, satisfied, and healthy workforce. My contention is such an environment also presupposes a positive (fulfilled) psychological contract. Rhoades et al. (2001, p. 834) argued that "high POS conveys the organization's preference for a strong relational [psychological] contract with an employee". Indeed, POS has been used to measure the status of the psychological contract (Guzzo et al., 1994), with Aselage and Eisenberger (2003) noting several similarities between the two (whilst also noting several major differences and advocating an integrated model). However, Coyle-Shapiro and Conway (2005) suggested that POS is distinct from various components of the psychological contract although the relationship between the two may be quite high. Based on these arguments, and the research reviewed, the proposition is that as perceptions of psychological contract fulfilment increase, so will POS. POS, therefore, is also likely to be related to the extent to which managers believe obligations exist, under the terms of the psychological contract.

### *Relationships with Other Study Variables*

One might readily propose that if individuals perceive a high level of organizational support, they will be both more committed to the organization, and less inclined to leave. Research has found a positive relationship between POS and affective commitment to the organization (Eisenberger, Fasolo, & Davis-LaMastro, 1990; Guest & Conway, 2001b; Rhoades et al., 2001; Shore, 1991), with results suggesting that changes in POS precede changes in both affective commitment and job satisfaction (Randall, Cropanzano, Bormann, & Birjulin, 1999). POS was also found to be negatively related to turnover (Eisenberger et al., 2001). The correlation between the two has been recorded at -0.16 (Allen, Shore, & Griffeth, 2003), and -.60, (Randall et al., 1999). Negative and significant relationships between POS and turnover intention (intention to quit), and positive and significant relationships between POS and organizational commitment, have been reported in studies by Cropanzano et al. (1997), Guzzo, Noonan, and Elron (1994), and Bishop, Goldsby, and Neck (2001) who found the relationship between POS and intention to quit to be fully mediated by organizational commitment. Allen et al. (2003) also found a significant relationship between POS and turnover intentions ( $r = -0.44$ ), although they did find that the relationship between POS and withdrawal intentions to be mediated by both commitment and satisfaction.

The relationship between POS and commitment (positive) and organizational citizenship behaviours (positive) was also supported in research by Wayne, Shore, Bommer, and Tetrick (2002) and Wayne, Shore, and Linden (1997), but Cropanzano et al. (1997) reported no significant relationship between POS and two dimensions of organizational citizenship behaviour (OCB, compliance and altruism). They did, however, report a significant and positive relationship between POS and job satisfaction putting this at  $r = 0.49$  (as did Masterson, Lewis, Goldman, and Taylor (2000) and Allen et al. (2003)) thus providing some support for Randall et al.'s (1999) finding. Many of these findings, particularly regarding organizational commitment (positive), job involvement (positive), performance (positive, but in some cases small), desire to remain with the organization (positive, the corollary to intention to quit), and withdrawal behaviours including intention to quit (negative), were confirmed in a

separate review of the literature by Rhoades and Eisenberger (2002). The variables involved in these findings are included in the present study as they are believed to be related to the psychological contract in similar ways to which they are related to POS.

Although their study focussed on employed mothers, which constrains the generalisability of their findings, Casper, Martin, Buffardi, and Erdwins (2002) found that POS was related to increased affective commitment and decreased continuance commitment concluding that supportive companies may have, in human resource terms, a competitive advantage over companies in which less commitment is fostered. Randall et al. (1999) described a supportive organization as one that takes pride in their employees, compensates them fairly, and looks after their needs. The extent to which the organization achieves this will result in the employee's perceptions of organizational support, and, one might argue, expectations under the terms of the psychological contract. On a single measure of organizational commitment, Hutchison and Garstka (1996) reported a significant relationship with POS (.38) whilst Masterson et al. (2000) reported a much higher correlation (.61) as did Setton, Bennett, and Linden (1996,  $r = .58$ ) and Allen et al. (2003,  $r = 0.73$ ). Equally important, in the context of the present study, was their conclusion that human resource management practices, relevant in that they underpin both the employment relationship and the psychological contract, are influential in the perceptions employees gain regarding the organization's commitment to them.

Eisenberger and colleagues' (2001) research, which found that POS was positively related to an employee's felt obligation toward the organization, supports the view that POS strengthens both commitment and performance. They also reported POS to be positively related to performance. Considering the two distinct forms of performance, Coyle-Shapiro and Conway (2005) reported positive relationships between POS and aspects of OCB. Lynch, Eisenberger, and Armeli (1999) recorded significant correlations between POS and extra-role (OCB) performance in one study ( $r = .15$ ), but not in another, and in-role (task) performance in both studies ( $r = .13$ ,  $r = .14$ ). Setton, Bennett, and Liden (1996) also reported the relationship between POS and OCB as not significant, although Kaufman, Stamper, and Tesluk (2001) found a positive relationship between POS and OCBO (OCB directed toward the organization). POS has been found to be

negatively related to absenteeism measured both in days absent and number of periods absent (Eisenberger et al., 1990) and this finding is of interest as the proposition is that individuals who believe they are less obligated to meet the expectations the organization has of them may also be more inclined to absent themselves from the workplace.

### ***Summary and Hypothesis***

Perceived organizational support was previously defined as individuals' "beliefs concerning the extent to which the organization values their contribution and cares about their well-being" (Eisenberger et al., 2002, p. 565). High levels of perceived organizational support are likely to foster within individuals an obligation to reciprocate by meeting the expectations that they believe the organization has of them. Whilst feeling obligated to reciprocate support received may be important for many managers, the extent of that obligation is likely to be higher for managers perceiving higher levels of organizational support. This expectation will be nurtured through the belief that, because they are receiving support from the organization, they are obligated to reciprocate. Therefore, managers receiving higher perceived levels of support from the organization are hypothesised to rate the extent to which they believe they are obligated to meet the expectations they believe the organization has of them, under the terms (content) of the psychological contract, higher than managers receiving less support from the organization.

#### ***Hypothesis 2: The relationship between the Psychological Contract and Perceived Organizational Support.***

*The extent to which managers believe they are obligated to fulfil the psychological contract will be rated higher by those perceiving higher levels of organizational support.*

## **Work Involvement (Centrality)**

*“work is good in itself and bestows dignity on a person, everyone should work and those who do not are not useful societal members, hard work overcomes all obstacles, success and wealth are a function of one’s efforts, and thrift and frugality are virtues.”*

(Buchholz, 1976, cited in Morrow, 1993, p. 10)

Long before Max Webber’s 1905 publication *‘The Protestant Ethic and Spirit of Capitalism’*, the question as to why people work, and what creates the individual belief that work is virtuous, good and right, has been of interest to academics and laypersons alike. Research into what has variably been termed the Protestant Work Ethic (PWE), work ethic endorsement, work centrality, or simply work involvement, has captured the attention of researchers for decades (Morrow, 1993). Surprisingly, given its centrality to work commitment (see Figure 3.2), and compared to other facets such as job involvement and organizational commitment, it has been underrepresented in work commitment studies and has received the least construct validity attention (Blau & Ryan, 1997).

Beder (2000) provided the historical context within which the Christian churches, advocating service to God, were foremost in instilling in Western man the virtues of work and thus creating a philosophy toward life that had as its roots the concept of paid work. Whilst the work ethic is applicable across all religious affiliations and with ‘Protestant’ generally no longer being included in the term (Blau & Ryan, 1997; Morrow, 1993), it was through the Protestant Reformation in the sixteenth and seventeenth centuries that work acquired a moral dimension and became a factor defining human existence (Beder, 2000). From this point on those who worked attracted a societal status above those who, for whatever reason, chose not to work. As Beder asserted, “At the heart of the work ethic is the idea that work is worthwhile for reasons other than the rewards it brings in terms of pay, products and profit. The work ethic gives work an intrinsic value” (p. 10). Citing Gini and Sullivan (1989), Beder (p. 124) also offered the following: “For most of us the primary source of life’s labels and ego boundaries is our work. In work we come both to know ourselves and orient ourselves to the



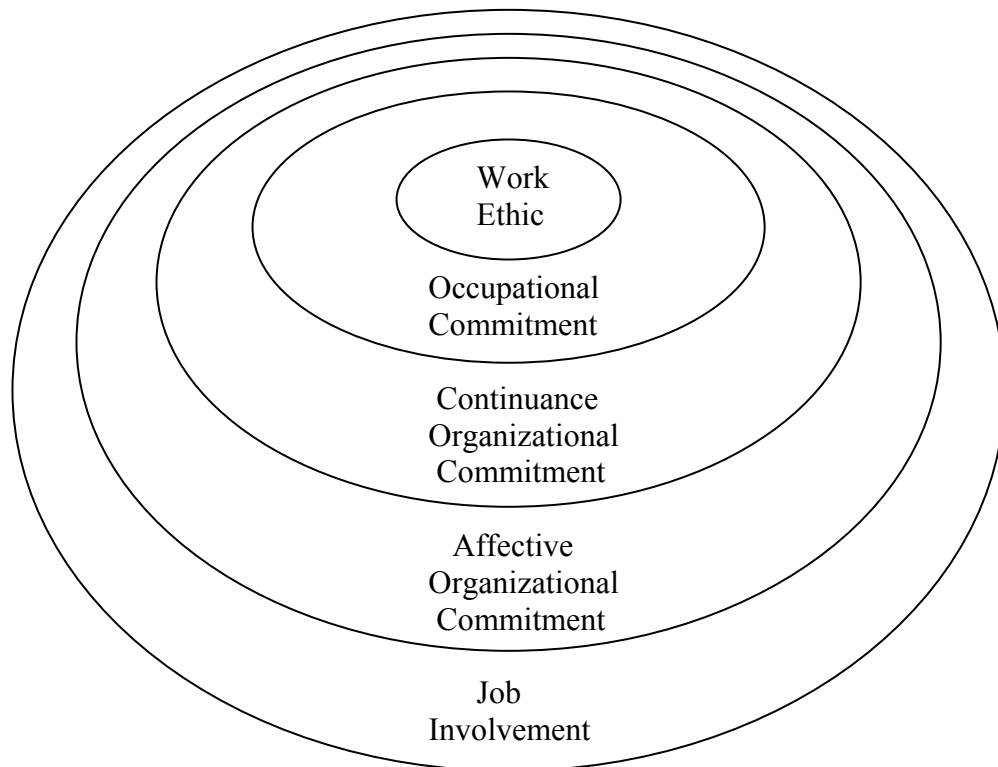
external world. Work allows us to establish a ‘coherent web of expectations’ of the rhythm, direction, and definition of our lives.”

The centrality of work is thus confirmed as the basis upon which people build their identity with the implication being that individuals not engaged in meaningful paid work lack a substantive component of identity. Beyond the extrinsic rewards of paid work, it is the search for identity and meaning in life that underpins the desire to engage in work, whether this is through work as a value in itself, or as the key to success (Blau & Ryan, 1997). Within this context ‘meaning’ includes psychological meaning, with this being seriously eroded in recent times as employees became simply another variable in organizational and economic success with changes in both the employment relationship and the psychological work contract impacting on work (Beder, 2000). It is within this context that the relevance of work in any discussion of the psychological work contract becomes apparent. One way that work may provide meaning is through an understanding and appreciation of the terms and conditions of the psychological work contract.

### ***Review of Research***

Having reviewed previous research, Morrow (1993) proposed that work ethic overlaps with other work commitment constructs, is broader than work involvement but is independent of work as a central life interest, job involvement (discussed next), and organizational commitment (discussed in Chapter 4). Cohen (1999) tested Morrow’s model and whilst support was found for the five components concept of work commitment, little support was found for the actual structure of the model itself. However, based on Morrow’s work, Muchinsky (2003) illustrated work ethic as residing in the centre of a concentric circle model of work commitment (see Figure 3.2). Whilst distinctions can be drawn between the various constructs included, they nevertheless all attempt to answer the same interesting question as to what importance or value people place on work. The importance or value that people attribute to work will influence the extent to which they commit to work generally, and further, to the organizational environment within which they perform that work. Such commitment is proposed

to be related to higher expectations that the organization will fulfil its obligations under the psychological contract.



**Figure 3.2. Concentric Circle Model of Work Commitment (Muchinsky, 2003, p. 314)**

As Freund and Carmeli (2003) pointed out, the various forms of work commitment fall into two main groups; one group that has no relation to the organization within which the individual works, with the other group being directly influenced by the organization within which the individual works. Whilst work involvement influences other work attitudes it falls into the former group, forms part of the individual's belief system, and is not related to the organization itself. The organization is therefore not in a position to modify an individual's work ethic. Blood (1969) and Furnham (1990a, b) asserted that work ethic is the most basic commitment and the one with the smallest ability for influence and change (both cited in Freund & Carmeli, 2003). Freund and Carmeli concluded that work ethic is a permanent and relatively stable characteristic. An individual

either believes in the virtuous nature of paid work, accepts the intrinsic and extrinsic benefits derived from the same, with this forming part of the individual's prevailing and overall belief system, or they do not. The extent to which an individual embraces the work ethic is proposed to influence their expectations under the psychological contract. The relationship the individual has with the organization will permit the individual to assess the degree to which their current employment provides meaningful work and the extent to which this satisfies their work ethic.

Preferring the term 'work centrality', although I suggest this is basically the same as 'work involvement', Paullay et al. (1994) conceptualised it as "the beliefs that individuals have regarding the degree of importance that work plays in their lives" (p. 225). Beder (2000) describes work centrality, whilst being embedded in the work ethic, as being more focussed on or related to the acceptance of work as a means to success, or to work as a responsibility. O'Brien (1986, cited in Paul, Niehoff, & Turnley, 2000) made the very important point that work provides a means of personal development and Beder proposed that paid work has become essential in defining a person's identity. Paul, Niehoff, and Turnley (2000) commented further adding that self-actualisation theories, upon which O'Brien's point is based, are underpinned by a belief that the drive to express individual skills and capacities to the fullest extent is a dominant motive for human behaviour. One may argue that an ability to express individual skills and capacities forms an essential component of the psychological contract. This conceptualisation of the role of work in peoples' lives is central to this study as the contention is that people who identify strongly with work will likely hold greater expectations that the organization is obligated to fulfil the psychological work contract. As Hirschfeld and Feild (2000) proposed, people who identify strongly with their work believe the work role itself to be an important and central part of their lives. The extent to which their beliefs are reinforced will be influenced by their expectations under the terms and conditions (content) of the psychological contract.

Reinforcing the earlier work of Kanungo (1982), Paullay et al. (1994) provided support for the meaningful distinction between job involvement and work centrality, even though they shared modest amounts of variance. Kanungo's work involvement measure was included in a validation study in New Zealand

conducted by Paterson and O'Driscoll (1989), in which it was suggested that it focused more on the importance (centrality) of work than it does on work ethic beliefs. Reporting reliability coefficients (alpha) of .75 and .78, Kanungo's measure received only mixed support. The results may confirm the appropriateness of Kanungo's instrument as a measure of work centrality. Hirschfeld and Feild (2000) also provided evidence for the empirical distinction between *engagement* in the work role versus *identification* with the work role. Work involvement should also be distinguished from workaholism, which whilst related, refers more to an addiction or compulsion to work rather than an acceptance of the centrality of work to one's life, with perhaps the former being viewed as healthy (enjoyment-fulfilment) and the latter unhealthy (obsession-compulsion/addiction) (Bonebright, Clay, & Ankenmann, 2000; Spence & Robbins, 1992).

***Relationship of Work Involvement to the Psychological Contract –  
Developing the Nomological Network***

Considering Schnieder's (1987) Attraction-Selection-Attrition framework, my premise is that individuals with high commitment to their work, and a strong overall work ethic, will possess beliefs and values relating to work that must be congruent with the organization's ideology, philosophy, and social responsibility, else they will select themselves out of that organization. Whether their commitment to the organization and their job is motivated by the intrinsic rewards of work (work as value in itself), or is motivated by extrinsic rewards (work as the key to success) primarily supporting the consumer ethic (Beder, 2000), individuals would not voluntarily remain with an organization that does not enable them to endorse their own work ethics or values. Therefore, the extent to which their work involvement/work ethic needs are met will influence their expectations under the terms and conditions of the psychological contract. This contention underpins the hypothesised relationship between work involvement (centrality) and the psychological work contract.

### *Relationships with Other Study Variables*

Blau, Paul, and St. John (1993) suggested that Kanungo's (1982) work involvement measure, and work ethic, were in fact homing in on a common 'value of work' theme. In the broader concept of work involvement, Cohen (1999) found non-significant relationships between work ethic and two forms of organizational commitment, although Freund and Carmeli (2003) reported a significant correlation of .20 between affective commitment and PWE. However, a meta-analysis by Mathieu and Zajac (1990) revealed a positive but moderate level of correlation ( $r_t = .29$ ) between PWE and organizational commitment. The results of Hackett, Lapierre, and Hausdorf (2001) suggested that the relationship between work involvement and organizational commitment was mediated by job involvement. Meanwhile, Randall and Cote (1991) found that PWE increased the explained variance in organizational commitment, although their measure of PWE had low reliability (Cronbach's alpha = .54).

Diefendorff et al. (2002) and Freund and Carmeli (2003) found a positive correlation between job involvement and work centrality supporting the contention that people who are more involved in their job are also more likely to view work as being central to their lives. Freund and Carmeli recorded the correlation between the two at  $r = 0.34$ . They also reported a relationship between work centrality and one dimension of organizational citizenship behaviour (civic virtue) but concluded that work centrality was not reliable as a predictor of supervisor ratings of performance.

### *Summary and Hypothesis*

Work involvement was previously defined as "the beliefs that individuals have regarding the degree of importance that work plays in their lives" (Paullay et al., 1994, p. 225). Whatever the importance of work is to individuals, it is likely to impact on the obligations they perceive themselves to have to the organization. Whilst acknowledging that such obligations exist may possibly have some importance for all employees, it is proposed to be rated as less important or relevant for those individuals who also rate the importance of work to their lives as lower. The relevance of this relationship will be nurtured through the belief

that, as their work is less important to their lives, any obligations they have to the organization will also be less important, including any obligation to meet any expectations they believe the organization may have of them under the psychological contract. Therefore, managers less involved in work, are hypothesised to rate the extent to which they believe they are obligated to meet the expectations they believe the organization has of them, under the terms (content) of the psychological contract, lower than managers more involved in their work.

**Hypothesis 3: *The relationship between the Psychological Contract and Work Involvement.***

*The extent to which managers believe they are obligated to fulfil the psychological contract will be rated lower by those less involved in their work.*

**Job Involvement**

*“job involvement is more strongly related to how people view their work and their approach to it and less related to how well they perform their jobs.”*

(Muchinsky, 2003, p. 311)

Job involvement, as described by Lodhal and Kejner (1965), “develops in the individual through a long and meaningful process” (cited in Freund & Carmeli, 2003, p. 710). It was defined by Blau (1987) as the degree of daily absorption an individual experiences in a work activity, or the importance of one’s job to one’s self-image, and by Kanungo (1982) as the creation of a strong relationship between the worker and his/her job. Job involvement is argued to be a key mediating variable in the interrelationships among the various work commitment constructs (Randall & Cote, 1991), and a primary determinant of organizational effectiveness (Pfeffer, 1994, cited in Diefendorff et al., 2002). The work of Blau (1985; 1987) supports the empirical unidimensionality of job involvement assessing the centrality of the job to individuals and their

psychological identity. However, there is inherent difficulty in gaining an in-depth understanding of the role of job involvement in work behaviour, and its relationship to other organizational constructs. Despite Reeve and Smith's (2001) search revealing 1203 articles published between 1968 and 1998, in which job involvement was a major subject heading, recent research on the topic has been minimal despite it often being included in studies as an additional construct of interest.

### ***Review of Research***

Paullay, Alliger, and Stone-Romero (1994) described the apparent confusion between job involvement and work centrality (see above) and the associated terms of work alienation, work involvement, job commitment, and work commitment, and suggested that existing literature is fraught with inconsistencies. They subsequently differentiated between the two, describing job involvement as “involvement with the *present* job” and work centrality as “involvement with work or paid employment *generally*” (p. 224, italics added). They defined job involvement as “the degree to which one is cognitively preoccupied with, engaged in, and concerned with one's *present* job” (p. 225, italics added). Based on their own research, involving confirmatory factor analysis, they concluded that a meaningful distinction between job involvement and work centrality can be made. That distinction is supported in this study.

Whilst early conceptions of job involvement (JI) may have focussed on a behavioural definition, it has of late been more widely accepted and defined in organizational research as a work attitude (Paton, Jackson, & Johnston, 2003; Reeve & Smith, 2001). Within that research, and explaining its definition as an attitude, a measure developed by Lodhal and Kejner (1965) has been widely used, despite its questionable reliability (Reeve & Smith, 2001). Huselid and Day (1991), for example, used a subset of the measure and reported an alpha of 0.59, which is below the level of 0.70 generally accepted (Nunnally, 1978, cited in Jewel, 1998). The multidimensionality of this particular measure (confirmed in Reeve and Smith's research), and its contribution to research into JI, undermines to some extent, the unidimensionality of the construct as supported by Blau (1985; 1987). As Reeve and Smith pointed out, most researchers using the Lodhal and

Kejner measure used only a subset of it without considering its multidimensional nature. In attempting to validate the Lodhal and Kejner measure, a process Reeve and Smith suggested has been seriously overlooked, they highlighted that the measure uses the words *job* and *work* interchangeably and questioned whether research participants view these synonymously.

Brown (1996) proposed that considerable common ground exists with respect to the workplace conditions that lead to met psychological needs. He described the work environments conducive to job involvement as those that: “(a) provide a sense of the meaningfulness of one’s work, (b) offer control over the methods by which work is accomplished, (c) maintain clear and consistent behavioral norms, (d) provide feedback about the work accomplished, (e) include supportive relationships with superiors and coworkers, and (f) offer opportunities for personal growth and development” (p. 239). Brown provided confirmation of the role of environment in both job involvement and effort in the results of another study. Such positive work environments may also be argued to be conducive to employee perceptions of psychological contract fulfilment, and indeed to be actual components of many psychological contracts. The proposition that higher levels of job involvement will be associated with higher levels of beliefs concerning obligations to fulfil the psychological contract naturally follows.

### ***Relationship of Job Involvement to the Psychological Contract – Developing the Nomological Network***

Whilst Millward and Hopkins (1998) used the term ‘job commitment’, they defined this as embracing involvement in a particular job. I have therefore assumed that, within their research context, job commitment was basically the same as job involvement and was intended to measure the same phenomenon. Their research is relevant as it investigated the relationship between job and organizational commitment and the psychological contract. They found a positive relationship between high levels of job commitment and the two types of psychological contract; lower for a transactionally oriented contract and higher for a relationally oriented contract. Factors involved included type/level of job, fulltime employment versus part-time employment, and permanent employment



versus temporary employment. Commenting on the results of this particular research, Millward and Brewerton (2000, p. 22, original emphasis), noted that “*commitment to the job* was a far stronger mediator of the psychological contract than *commitment to the organization*.” Some differences in the psychological contract expectations of fulltime versus part-time employees, and by gender, have also been noted by Freese and Schalk (1996), with part-timers and contingent workers faring less well (Hulin & Glomb, 1999).

Although job involvement has not received much research attention in recent time, sufficient research has been published to enable some assessment to be made of its potential relationship with the psychological contract. One of many work commitment constructs, job involvement appears to be related to the psychological contract in two ways. As the transactional nature of the psychological contract increases, job involvement decreases. However, as the relational component of the psychological contract increases, so does job involvement. Earlier I offered the proposition that, the higher in the organization individuals are, and the stronger their membership of the core group of workers, the more relational their psychological contracts will be. The strong influence of job involvement on organizational commitment (Randall & Cote, 1991) supports this proposition in that those workers at the core of the organization are likely to be more committed to the organization than contractors or temporary workers. The expectation, therefore, would be for the core group of workers (primarily managers) to be more involved in their jobs, for their psychological contracts to be more relational, and for them to believe that they are more obligated toward acknowledging their expectations under the contract.

### ***Relationships with Other Study Variables***

Randall and Cote (1991) suggested that job involvement is a powerful influence on organizational commitment which, in their study, explained 14.8% of the variance in commitment. In one meta-analysis (S. P. Brown, 1996) average correlations of .50 were reported between job involvement and organizational commitment, and these were very similar in another at .43 (Mathieu & Zajac, 1990). Freund and Carmeli (2003) reported a significant correlation of .45 between job involvement and affective commitment. Martin and Hafer (1995)

reported lower levels of job involvement in employees expressing high intentions to quit and described such employees as ‘apathetic’. They found that these particular employees were in direct contrast to those described as ‘institutional stars’, those high in job involvement and low in intention to quit.

In a meta-analysis, Brown (1996) explored relationships between job involvement and general job satisfaction (positive), turnover intentions (intention to quit, negative), and organizational commitment (positive) but failed to find any significant relationship with actual turnover or overall job performance. The latter finding was somewhat at odds with Diefendorff et al. (2002) but supported by Cohen (1999). Diefendorff et al. also found a positive correlation between job involvement and work centrality indicating that individuals highly involved in their jobs were also more likely to have a work orientation. They also found job involvement to be significantly and positively related to four of five organizational citizenship behaviour dimensions. Job involvement was significantly related to affective organizational commitment in Cohen’s research. Job involvement has also been shown to be positively related to job satisfaction, with evidence of the distinctiveness of the involvement/commitment concepts being argued (Paterson & O’Driscoll, 1990). Keller (1997) also reported significant relationships between job involvement and organizational commitment, job satisfaction, and job performance, although, based on research reported by Rabinowitz and Hall (1981), some correlates with job involvement may differ at various career stages (early, mid, late career).

### ***Summary and Hypothesis***

Job involvement was previously defined as “the extent to which the individual sees his/her job as important to his/her self image” (Blau, 1987, p. 243). Whatever a person’s self image may be, and the importance of their job to that self image, it is likely to impact on the obligations they perceive themselves to have to the organization. Whilst acknowledging that such obligations exist may possibly have some importance for all managers, this is proposed to be rated as less important or relevant for those managers who believe that their job is less important to their self image. The relevance of this relationship will be nurtured through the belief that, as their job is less important to them, they have no need or

desire to involve themselves in it to any degree. That diminished involvement will manifest in a number of ways including any belief they have toward meeting the expectations they believe the organization may have of them, under the terms of the psychological contract. Therefore, managers less involved in their job, are hypothesised to rate the extent to which they believe they are obligated to meet the expectations they believe the organization has of them, under the terms (content) of the psychological contract, lower than managers more involved in their job.

**Hypothesis 4: *The relationship between the Psychological Contract and Job Involvement.***

*The extent to which managers believe they are obligated to fulfil the psychological contract will be rated lower by those less involved in their jobs.*

### **Job Satisfaction**

*“participation and empowerment are salient determinants of meaning in work, and influence attitudes such as satisfaction and commitment”*

(Paton et al., 2003, p. 133)

Job satisfaction, that state which results from “the appraisal of one’s job as attaining or allowing the attainment of one’s important job values, providing these values are congruent with or help to fulfil one’s basic needs” (Locke, 1983, p. 1319), has occupied the attention of researchers for decades. Locke reported that by 1972 well over 3300 studies on the subject had been published with no suggestion that the rate of publication was likely to abate. Given this level of interest it is not surprising that job satisfaction is frequently included as an additional phenomenon of interest and consideration in studies relating to the behaviour and attitude of individuals in organizational settings. Locke recorded a number of consequences of job satisfaction but suggested that the evidence supporting the findings should be interpreted with caution because in many cases

the results are inconclusive. These consequences range from effects on physical and mental health and longevity, to impacts on organizational criteria such as productivity, absenteeism, and turnover (Landy, 1989; Locke, 1983).

### ***Review of Research***

Hodson (1991) argued that job satisfaction studies are more suited to taking workers' attitudinal 'pulse' than to understanding the actual behaviour of workers. However, in the context of Locke's definition, and with respect to employment, 'one's basic needs' may capture the expectation that individuals must experience psychological contract fulfilment before they can experience job satisfaction. Locke's definition has, however, been noted as embracing only an affective reaction to one's job and excludes the cognitive aspect (Brief, 1998; Brief & Weiss, 2002; Moorman, 1993). In response to this, Brief (1998) proffered an alternative definition: "an internal state that is expressed by affectively and/or cognitively evaluating an experienced job with some degree of favor or disfavor" (p. 86). In so doing he also noted that current measures of job satisfaction are dominated by those assessing cognitions. In describing what he terms the "new" job satisfaction, heavily laden with affect, Brief suggested that those who experienced positive moods at work would likely be motivated to attend so as to maintain their level of satisfaction. Moorman (1993) did detect some difference in the relationship between affective and cognitive measures of job satisfaction and organizational citizenship behaviour, providing support for Brief's distinction.

If job dissatisfaction is indeed a precursor to quitting as suggested, one might expect job satisfaction to improve once the job change has been effected. This expectation is supported in a number of studies. Keller and Holland (1981), for example, found that a change in job preceded an increase in job satisfaction and given the longitudinal nature (12 months) of their study it would appear that such increases in satisfaction are reasonably sustainable. Comparing those who had effected an inter-organizational change with those who had moved intra-organizationally, Kirjonen and Hanninen (1986) found that job dissatisfaction only decreased in those who had changed employers. Exploring further the differences between intra and inter-organizational moves, West and Nicholson

(1989) reported that the former are generally preceded by relative satisfaction, whilst the latter are generally preceded by relative dissatisfaction. Smart and Peterson (1997) also found that voluntary career change resulted in higher overall job satisfaction but there was little difference in career satisfaction. This finding is consistent with Thomas (1980), although he did record some differences, particularly between blue and white-collar workers, with blue-collar workers faring less well in either situation. In discussing the association between work and mental health, Warr (1987, cited in Landy, 1989) suggested that workers who do change jobs frequently experience higher levels of job satisfaction which results in reduced levels of symptoms characteristic of emotional turmoil.

Mobley, Griffeth, Hand, and Meglino (1979, cited in Bedeian et al., 1991) suggested that individuals may be dissatisfied with their present job but still be attracted to it because of its perceived relevance to their career. In this situation the individual may believe that career objectives will still be achieved, for example by providing career growth, indicating some fulfilment of the psychological contract, even though the current role does not provide immediate satisfaction. So, even though job dissatisfaction may be present, an individual may not immediately act to resolve that dissatisfaction in the belief that to do so could undermine broader career goals. Cable and DeRue (2002) offer a different perspective. They believe their research offered confirmation that job satisfaction rests primarily on the basis of fit between employees' needs and the rewards they receive for their contribution to the organization, and not on any perceived congruence of values or ability to perform the job. Interest in these findings is stimulated by the proposal that both meaningful work and the delivery of acceptable career management outcomes are believed to be essential components of the psychological contract.

***Relationship of Job Satisfaction to the Psychological Contract –  
Developing the Nomological Network***

The basic premise, that individuals who believe they have a greater obligation to meet the expectations the organization has of them are likely to be those more satisfied with their jobs, finds support in research conducted by Guest and Conway (1999). Johnson and O'Leary-Kelly (2003) reported a correlation of

-0.59, and Sutton and Griffin (2004) a correlation of -.57, between psychological contract breach and job satisfaction. Lower levels of job satisfaction, and unmet expectations under the psychological contract, are both theorised to be significantly associated with greater expressed intentions to quit the current job. The corollary also prevails with Kotter (1973) confirming that fulfilment (matches in expectations) of the contract is related to greater job satisfaction, more so than non-fulfilment.

Cavanaugh and Noe (1999) and Martin, Staines, and Pate (1998) found that non-fulfilment (more specifically employer violations) of the psychological contract had both a direct and indirect effect on job satisfaction with the relationship being affected by perceptions of fairness. Clinton and Guest (2004) reported a significant correlation of .35 between fulfilment of the psychological contract and job satisfaction, whilst Tekleab and Taylor (2003) reported correlations of -0.34 (employee perception of organizational violation) and -0.41 (managers' perceptions of employee violation) between the psychological contract and job satisfaction. Similar findings were reported by Lambert, Edwards, and Cable (2003) who found that satisfaction increased as inducements provided under the psychological contract also increased.

Met expectations theory also lends support to the proposed psychological contract-job satisfaction relationship in that unmet job expectations are theorised to cause low job satisfaction (Paul et al., 2000). Furthermore, the provision of meaningful work, which may be considered a critical component of many psychological contracts, also appears to be highly correlated with job satisfaction indicating perhaps that, insofar as this particular component is concerned, individuals will believe that the organization has a strong obligation to meet this expectation. If this expectation is not met, job dissatisfaction is likely to result (Porter et al., 1998). In summary, I expect this study to support the findings of Larwood et al. (1998), Cavanaugh and Noe, (1999) and Martin, Staines, and Pate, (1998) and identify a significant relationship between the psychological contract and job satisfaction with the extent to which individuals believe they have an obligation to meet the expectations the organization has of them, as defined in the psychological contract, being associated with higher levels of overall job satisfaction.

### *Relationships with Other Study Variables*

A relationship between job satisfaction and an intention to quit is indicated with studies concluding that dissatisfied workers are more likely to quit (Hellman, 1997; Hom & Griffeth, 1991; Landy, 1989; Larwood et al., 1998; Mitchell et al., 2001; Westerman & Cyr, 2004), with this relationship remaining significant at an aggregated business unit level (Harter, Schmidt, & Hayes, 2002). As Hom and Griffith asserted (1991, p. 361) “job dissatisfaction may stimulate a general behavioural predisposition to withdraw, which in turn may mobilize more specific withdrawal intentions”. If, as proposed, employees believe that the organization has no real obligation to meet their expectations under the psychological contract, job satisfaction is likely to be lower and the withdrawal intentions of individuals are likely to be higher.

A meta-analysis conducted by Griffeth, Hom, and Gaertner (2000) found that of the job attitudes included in the study (including promotional chances and job content factors), overall job satisfaction emerged as the best predictor of eventual turnover. That intentions are acted upon is supported in a study by Heppner et al. (1994) who found that dissatisfaction with current employment was indicated by approximately 50% of a sample (N = 300) that was in the process of effecting a job change. The relationship between job satisfaction and intention to quit may be, however, partially mediated by organizational commitment. Using structural equation modelling, Clugston (2000) reported a partially mediated model as providing a superior fit. Job satisfaction had a significant and positive impact on affective, continuance, and normative commitment. Affective and continuance commitment had a significant impact on intention to leave but normative commitment did not. In that particular study, job satisfaction still had a greater direct impact on intention to quit than did organizational commitment. The potential role of dispositional affectivity in these relationships should not be overlooked as individuals high in positive affect are more likely to report higher levels of job satisfaction whilst those high in negative affect are more likely to report lower levels (Cropanzano & James, 1993).

### ***Summary and Hypothesis***

Job satisfaction was previously defined as the state which results from “the appraisal of one’s job as attaining or allowing the attainment of one’s important job values, providing these values are congruent with or help to fulfil one’s basic needs” (Locke, 1983, p. 1319). Whatever the level of job satisfaction managers are experiencing, it is likely to impact on the psychological contract obligations they believe they have to the organization. Whilst acknowledging that such obligations exist may possibly have some importance for all managers, acknowledging those obligations is proposed to be more important or relevant for those managers who are experiencing higher levels of job satisfaction. The relevance of this relationship will be nurtured through the belief that, as their job is satisfying and meeting their needs, they owe the organization something in return, including an obligation to meet the expectations the organization has of them, under the terms and conditions of the psychological contract, as the organization is providing them with a satisfying job. Therefore, managers expressing higher levels of job satisfaction are hypothesised to rate the extent to which they believe they are obligated to meet the expectations they believe the organization has of them, under the terms (content) of the psychological contract, higher than managers expressing lower levels of job satisfaction.

#### ***Hypothesis 5: The relationship between the Psychological Contract and Job Satisfaction.***

*The extent to which managers believe they are obligated to fulfil the psychological contract will be rated higher by those more satisfied with their jobs.*



## Summary of Hypotheses

Under the concept of the psychological work contract, individuals perceive two sets of obligations; obligations they believe the organization has to them, and obligations they believe they have to the organization. Relationships are proposed to exist between the extent to which managers believe these obligations exist and the various constructs included in this study. Generally, the proposition is that strong beliefs regarding the extent to which these obligations exist will be positively associated with outcomes believed to be supportive of effective organizational functioning, whilst negatively associated with outcomes considered to be non-supportive of effective organizational functioning.

As noted earlier, published research literature is largely devoid of studies that consider the content of psychological contracts. Therefore, research considering contract fulfilment was reviewed to gain an appreciation of the likely nature of the proposed relationships between the variables included in the nomological network and the extent to which individuals believe they have an obligation to fulfil the psychological contract. Higher obligations to fulfil the terms and conditions (content) of the psychological contract will be accepted as confirming the content of the measure of the psychological contract being developed.

The proposed relationships existing between the extent to which employees believe they have an obligation to fulfil the psychological contract, and the variables reviewed above, are expressed in the following hypotheses.

**Hypothesis 1: *The relationship between the Psychological Contract and Intention to Quit.***

*The extent to which managers believe they are obligated to fulfil the psychological contract will be rated lower by those intending to quit.*

**Hypothesis 2: *The relationship between the Psychological Contract and Perceived Organizational Support.***

*The extent to which managers believe they are obligated to fulfil the psychological contract will be rated higher by those perceiving higher levels of organizational support.*

**Hypothesis 3: *The relationship between the Psychological Contract and Work Involvement.***

*The extent to which managers believe they are obligated to fulfil the psychological contract will be rated lower by those less involved in their work.*

**Hypothesis 4: *The relationship between the Psychological Contract and Job Involvement.***

*The extent to which managers believe they are obligated to fulfil the psychological contract will be rated lower by those less involved in their jobs.*

**Hypothesis 5: *The relationship between the Psychological Contract and Job Satisfaction.***

*The extent to which managers believe they are obligated to fulfil the psychological contract will be rated higher by those more satisfied with their jobs.*

The greater the intention of managers to quit is (Hypothesis 1), or the less involved they are in their work (Hypothesis 3) or the less involved they are in their job (Hypothesis 4), the lower they will rate the *extent* to which they believe *they have an obligation* to meet the expectations they believe the organization has of them, under the terms (content) of the psychological contract. The higher their perceived support from the organization (Hypothesis 2), or the higher they rate their satisfaction with their job (Hypothesis 5), the higher they will rate the *extent* to which they believe *they have an obligation* to meet the expectations they believe the organization has of them, under the terms (content) of the psychological contract. These hypothesised relationships are represented diagrammatically in Figure 3.1 (page 78).

In Chapter 4 the focus turns to the organization and the extent to which managers believe the organization has an obligation to meet their expectations, under the terms (content) of the psychological contract, is considered. Chapter 4 concludes with the presentation of the nomological network against which the measure of the psychological contract developed in this study was validated.

## CHAPTER 4

### THE PSYCHOLOGICAL CONTRACT – ORGANIZATION OBLIGATIONS

#### Introduction and Overview

Chapter 3 considered mutuality in the psychological work contract from the perspective of managers' obligations. It explored the extent to which managers believe they are obligated to meet the expectations they believe the organization has of them, under the terms and conditions of their psychological contracts. The alternative perspective, covering organization obligations, is now adopted, and the focus is on the extent to which managers believe the *organization* is obligated to meet *their* expectations, under the terms of their psychological contracts. In this chapter the variables reviewed for inclusion in the nomological network for construct validation were:

*Career Plateau*: “That point where it becomes painfully evident that further job advancement is blocked for any or all of a variety of reasons....” (Kelly, 1985, p. 65). The basic premise is that, if managers believe their careers have plateaued, they will also believe that the organization is more obligated to meet their expectations, under the terms of the psychological contract. Based on this belief, higher perceptions of career plateau are likely to result in a greater awareness within managers of their psychological contract with the organization and increase the extent to which they believe the organization is obligated to meet their expectations under that contract.

*Organizational Commitment*: “the strength of an individual’s identification with and involvement in a particular organization” (Porter, Steers, Mowday, & Boulian, 1974, cited in Bozeman & Perrewe, 2001, p. 161). The proposition is that, if managers are strongly committed *to* the organization, they will expect a similar level of commitment *from* the organization. Managers are likely to expect the organization to confirm that commitment to them by acknowledging its obligations to them, under the terms of the psychological contract. That

expectation is likely to be rated higher by managers with a stronger commitment to the organization.

*Person-Organization Fit*: “the compatibility between people and organizations that occurs when: (a) at least one entity provides what the other needs, or (b) they share similar fundamental characteristics, or (c) both” (Kristof, 1996, p. 4). If managers perceive that the degree of fit they have with the organization is high, the proposition is that they will expect the organization to acknowledge this fit in various ways. One way the organization is proposed to acknowledge the degree that managers fit into the organization is through meeting their expectations, under the terms of the psychological contract. Therefore, managers who perceive a high degree of fit with the organization are likely to rate higher the extent to which they believe the organization is obligated to meet their expectations, as per the psychological contract.

*Job Performance*: “task performance consists of job-specific behaviors including core job responsibilities, for which the primary antecedents are likely to be ability and experience” (Conway, 1999, p. 3). The basic premise is that if managers are performing at a high level, the expectation of acknowledgement from the organization for that effort will be correspondingly higher. Beyond the financial rewards of high performance, managers are likely to also expect recognition in other forms. That expectation is likely to extend to the psychological contract and the extent to which managers believe the organization is obligated to meet their expectations, under the terms of the psychological contract, will be rated higher.

*Organizational Citizenship Behaviour*: “consists of informal contributions that participants can choose to proffer or withhold without regard to considerations of sanction or formal incentives” (Organ, 1990). The proposition is that if managers are contributing to organizational success through supportive citizenship behaviour, acknowledgement from the organization for that contribution will be forthcoming. As well as potentially receiving informal acknowledgement for their participation in organizational citizenship activities, managers are likely to also expect recognition in other forms. That expectation is likely to extend to the psychological contract, and the extent to which such managers believe the

organization is obligated to meet their expectations under the terms of the psychological contract, will be rated higher.

The proposition was that the variables included in this perspective (Organization Obligations) would influence more what managers believed to be the *organization's* obligations to them, than these same variables would influence what managers believed to be *their* obligations to the organization, under the terms (content) of the psychological contract. For example, if managers believe their career has plateaued, their belief in the extent to which the organization is obligated to meet their expectations, under the terms of the psychological contract, is likely to be higher, more so than it would affect their belief that they were obligated to meet the expectations they believed the organization had of them. That is, perceptions of being career plateaued are more likely to heighten or strengthen managers' beliefs that the organization is obligated to acknowledge their expectations under the psychological contract, whilst either having less affect on, but possibly lessening, their own obligation to acknowledge the organization's expectations of them.

Continuing the structure followed in Chapter 3, the research history of each of the variables included in this perspective is reviewed. Noting again that as published research literature is largely devoid of studies that consider the content of psychological contracts, research considering contract fulfilment was reviewed in order to propose the likely relationships between the variables included in the nomological network and the psychological contract. The relationships between the variables are then explored, and *why* the variables in the nomological network are proposed to relate to the psychological contract will be discussed. From this, in a summary and in detailed hypotheses, *how* they are proposed to relate to the psychological contract will be presented, thus completing the nomological network for construct validation of the measure being developed. Figure 4.1 provides a diagrammatic representation of the proposed relationships between the psychological work contract and the variables reviewed in this chapter.



Figure 4.1. Diagrammatic Representation of the Research Hypotheses – The extent to which employees believe the organization is obligated to fulfil the psychological contract.

## **Career Plateau**

*“the need to understand how people react to career plateaus will become more urgent in the near future”*

(Chao, 1990, p. 191)

Coinciding with the re-emergence of the psychological contract as a topical research subject, the economic boom times of the 1960s and 1970s, which offered greater opportunity for career advancement, have been displaced by periods of environmental, economic, and organizational uncertainty. The result, through organizational manoeuvrings such as restructuring or ‘right-sizing’ (termed ‘organizational liposuction’ by Kissler, 1991, cited in Kissler, 1994), is not only the elimination of many jobs but also, in many ways, redefinition of the term ‘job’ itself (Bridges, 1994; Ehrlich, 1994; Handy, 1989; Howard, 1995; Rotondo, 1999), and, along with that, the erosion of any employee expectation under the psychological contract of continuing career progression or development. Career plateau becomes the individual manifestation of the dearth of career advancement opportunities. The consequences of which, both behavioural and attitudinal and discussed further herein, are spelt out by Atkinson (2001).

The new organizational dynamics, along with other factors such as the ‘baby-boom’ wave of employees reaching mid-career status, have contributed to increasing occurrences of the phenomenon of career plateau. With the relentless elimination of layers (delaying) of middle management (Sparrow & Cooper, 1998), and with the loss of jobs generally, the baby-boom generation has fewer opportunities to advance, prompting Hall and Richter (1994) to warn that they face the likelihood of serious career plateauing. Furthermore, by remaining static and plateaued, the baby-boomers continue to occupy job positions that are in turn denied younger workers seeking career advancement, thus creating problems of plateau at earlier ages and earlier career stages for this younger group of workers (Chao, 1990). Hall (1990) confirmed this, noting that whereas the forties and fifties were the ages generally associated with plateau, many people now plateau

in their thirties with length of tenure increasing with age and related to greater perceived obligations under the psychological contract (Rousseau, 1989).

### ***Review of Research***

The prevalent belief and expectation is that, within any organization, all individuals will eventually experience a career plateau with many plateauing more than once during their work history (Bardwick, 1986; Near, 1980). The perceived finality surrounding the occurrence may underpin feelings of failure, frustration, and low job satisfaction resulting in disruptions to work performance and normal life, and lowered feelings of well-being and self-worth. With employees' success often being evaluated by the height or level to which they rise in an organization through the vehicle of promotions (Joseph, 1996), failure to achieve such advancement may be viewed by the employee as a violation of the psychological contract, under which the provision of opportunities for continuing advancement was perceived to be an organizational obligation. Argument prevails for a shift away from recognition of traditional symbols of success, such as the trappings of status that continual organizational advancement underpins, to new symbols of success, likely assessed in psychological terms, which provide individuals an opportunity to claim success whilst achieving greater balance in life. Psychological success was described by Hall (1996a) as the feeling of success and personal accomplishment that results from the awareness or knowledge that one has done one's "personal best". Furnham (1990, p. 248) provided some insight to what the future symbols of success are likely to be:

- Free time any time
- Recognition as a creative person
- Oneness of work and play
- Regarded less by money than by respect and affection
- Major social commitments
- Easy laughter, unembarrassed tears
- Philosophical freedom
- Loving, and in touch with self



The extent to which these symbols are permitted to replace the historical symbols of success may determine the extent to which expectations of continuing career advancement remain an inherent and vital component of the psychological contract.

Whilst the prospect of continuing career advancement may have been a component of the 'old' relational psychological contract, the birth of the 'new' transactional contract may not have negated this expectation for some age cohorts of employees. Many organizations may find themselves in a dilemma. Accepting Bardwick's (1986) 'Rule of 99%', which predicts that 99% of all employees will experience career plateau at some time in their career, the major organizational determinant of career plateau can be found in the hierarchical structure of those organizations. The organization is just unable to offer jobs at continuing higher levels to all aspirants. Organizational structure emerged as a major predictor of career outcome in a study by Herriot, Gibson, Pemberton, and Pinder (1993). Added to the inherent influences of organizational hierarchy are the knock-on effects of restructuring, an activity pursued by organizations as they reposition and fight for survival in the emerging global market conditions. As a by-product of restructuring, the out-sourcing of non-core activities has not only contributed to a further reduction in hierarchical levels but has also eliminated many career paths previously existing in those hierarchies. The end result of these activities is a greatly reduced number of levels and positions within those organizations to which career-oriented individuals may aspire.

### ***Relationship of Career Plateau to the Psychological Contract – Developing the Nomological Network***

In considering the relationship between the psychological contract and career plateau, it is worth noting the difference between *being* plateaued, a fact, versus *feeling* plateaued, a psychological state (Bardwick, 1986). The differences between the two conditions will obviously result in differing behavioural consequences, the most pronounced of which for *feeling* plateaued is likely to be withdrawal, both psychological and physical, from the job itself. This possibility is supported in a study by Perosa and Perosa (1983) who reported that 49% of the

individuals in their study of mid-career crisis indicated feelings of depression resulting in withdrawal from the job. It is the psychological state of 'feeling' plateaued (perception), and the consequences of this that arouse research interest, for it is this state that is proposed to have a more pronounced relationship with the psychological contract. D. A. J. Cable (1999) found, for example, that whilst the objective measures of career plateau of tenure, time at same salary level and time since last promotion were not significantly related to intention to quit, a subjective measure (individual perception of career status) accounted for significant variance in intention to quit. If employees feel they are career plateaued, they may possibly attribute this to a failure on the organization's part to meet their expectations relating to career advancement under the terms and conditions of their psychological contracts.

A commonly held perception is that many plateaued employees adjust to their status over time and that any negative consequences are therefore temporal (Bray & Howard, 1980, cited in Driver, 1994). Arguing against this perception, Scholl (1983) proposed that individuals do develop timetables for promotion, indicating an expectation under their psychological contract, and that if an individual passes the time of an expected promotion, without the promotion eventuating, changes in attitudes and behaviours do occur. The non-fulfilment of promotion timetables may be perceived by individuals as a breach of the psychological contract, resulting in many of the negative or counter-productive behaviours discussed herein. This perception may be stronger for older plateaued workers who may also be denied access to interesting work or opportunities that would allow more appropriate utilization of their skills (Atkinson, 2001). Ettington (1998), who examined factors that might explain why some plateaued employees do not experience negative effects, also found that, contrary to this proposition, plateaued employees do not adjust to their career status even when given the time to do so. The negative consequences of career plateau, including turnover intentions, attitude to job, psychological withdrawal, performance, and stress/strain, are confirmed in research conducted by Rotondo and Perrewé (2000).

The old psychological contract, under which career stability, secure employment, predictable career mobility, and loyalty to the employer were expected, has been displaced by a new contract (Hendry & Jenkins, 1997). The

new contract, which promotes self-reliance, will generally offer less guarantee of organizationally initiated or sponsored career advancement (e.g., Hiltrop, 1995, 1996). The possible outcome is that employees who perceive themselves to be career plateaued will likely attribute their retarded career advancement to the *organization's* real or perceived inability, or unwillingness, to offer appropriate career opportunities, an expectation possibly held under the psychological contract. The inability of the organization to sustain a flexible and vibrant internal labour market (Howard, 1995), and the consequential failure of individuals to achieve career progression or advancement within that market, may be viewed negatively by employees and viewed as a lack of commitment on the organization's part to meet their expectations under the terms and conditions of the psychological contract. Employees may therefore be faced with the prospect of having to increase external mobility in order to secure more senior roles, or stabilise internally at a lower level (Hiltrop, 1995).

### ***Relationships with Other Study Variables***

Investigations into the relationship between career plateau and job satisfaction have to date been inconclusive (Tremblay, Roger, & Toulouse, 1995). Support for the contention that career plateau does not impact job satisfaction can be found in a number of studies. Reporting similar levels of job satisfaction amongst plateaued and non-plateaued subjects, Veiga (1981) was unsuccessful in finding any relationship between the occurrence of plateau and a number of sources of job satisfaction and argued that plateaued managers adjust effectively to their status. Whilst similar results are reported by others (Evans & Gilbert, 1984; Near, 1985; Slocum, Cron, Hansen, & Rawlings, 1985), Evans and Gilbert did find some differences in various facets of job satisfaction, particularly with aspects of remuneration, where less satisfaction was recorded amongst older plateaued managers. Arguing that the consequences of plateau are in fact unrelated to career satisfaction, Nicholson (1993) recorded that more mobile careerists, who because of their mobility are less likely to be plateaued, reported higher levels of career satisfaction.

However, research that reported an inverse relationship between job satisfaction and career plateau appears to be conclusive (Bardwick, 1986; Burke,

1989; D. A. J. Cable, 1999; Corzine, Buntzman, & Busch, 1992; Tremblay et al., 1995). Chao (1990) found, for example, that lower levels of job satisfaction were reported by those who perceived themselves to be more plateaued. In a sample of plateaued male executives, Judge, Boudreau, and Bretz (1994) found that those who had reached a plateau, who recorded high levels of job tenure, and who were considered to still be ambitious, were significantly less satisfied with their jobs. Further support for the role of tenure comes from Stout, Slocum, and Cron (1987). D. A. J. Cable (1999) distinguished between objective and subjective measures of career plateau and found that, of the objective measures, only time since last promotion was significant ( $r = -0.18$ ), but that a measure of the employee's perception of their own career status was much more strongly correlated ( $r = -0.71$ ) with 24% of the variance in overall job satisfaction being explained.

Stout, Slocum, and Cron (1988) supported the view that organizational commitment is generally lower for plateaued individuals and continues to decrease as time goes on, with plateaued managers tending to withdraw (Near, 1980). Burke (1989) found that the intention to turn over, that is change jobs, was higher amongst plateaued individuals, although Nicholson (1993) suggested that there is actually less desire to quit. Where perceptions of internal job mobility were higher, that is career progression was more likely and career plateau less likely, psychological commitment to the organization was also higher (Gaertner & Nollen, 1989). Greenhaus and Callanan (1992) proposed that career plateau is one of the trigger events leading to career indecision, a condition which is likely to influence both commitment and absenteeism. Tremblay et al. (1995) found that the longer the plateau existed, the lower the intention to quit became. Higher turnover rates amongst the less successfully adjusted plateaued was reported by Veiga (1981), a result that supports Near's (1985) finding that lower tenure rates were experienced by plateaued employees.

Whilst Near (1985) and Veiga (1981) supported the position that career plateau has no affect on performance, a greater weight of evidence points toward lower levels of performance/productivity from plateaued individuals. Stoner, Ference, Warren, and Christensen (1980, cited in Burke, 1989) differentiated between successful and unsuccessful people at plateau with only the successful performing at a satisfactory level. This finding supports Ettington's (1998) contention that career plateau for some individuals may not necessarily be a

negative event, likely influenced by the feeling-plateaued versus being-plateaued distinction, and if viewed positively need not adversely impact on performance, or perceptions of psychological contract fulfilment. Ettington's own work found that a negative correlation existed between performance and plateau with performance ratings for plateaued managers being lower than for non-plateaued managers. Further support for the view that performance/productivity is generally lower amongst plateaued individuals can be found in Elsass and Ralston (1989) and Bardwick (1986).

### ***Summary and Hypothesis***

Career plateau was previously defined as "That point where it becomes painfully evident that further job advancement is blocked for any or all of a variety of reasons" (Kelly, 1985, p. 65). Whatever the reasons or explanation for the career plateau may be, the likelihood exists that some cause will be attributed by the individual to the organization, which may be perceived as failing to provide appropriate career development opportunities. Whilst being provided with career development or career progression opportunities may be important and relevant for all employees, the proposition is that the extent to which the organization has an obligation to provide such opportunities will be rated higher by individuals who perceive themselves to be career plateaued. The relevance of this relationship will be nurtured through the belief that the organization has an obligation, under the terms of the psychological contract, to provide such opportunities. Therefore, managers who perceive themselves to be career plateaued, are hypothesised to rate the extent to which they believe the organization is obligated to meet their expectations, under the terms (content) of the psychological contract, higher than managers who do not perceive themselves to be career plateaued.

#### ***Hypothesis 6: The relationship between the Psychological Contract and Career Plateau.***

*The extent to which the organization is perceived to be obligated to fulfil the psychological contract will be rated higher by career plateaued managers.*

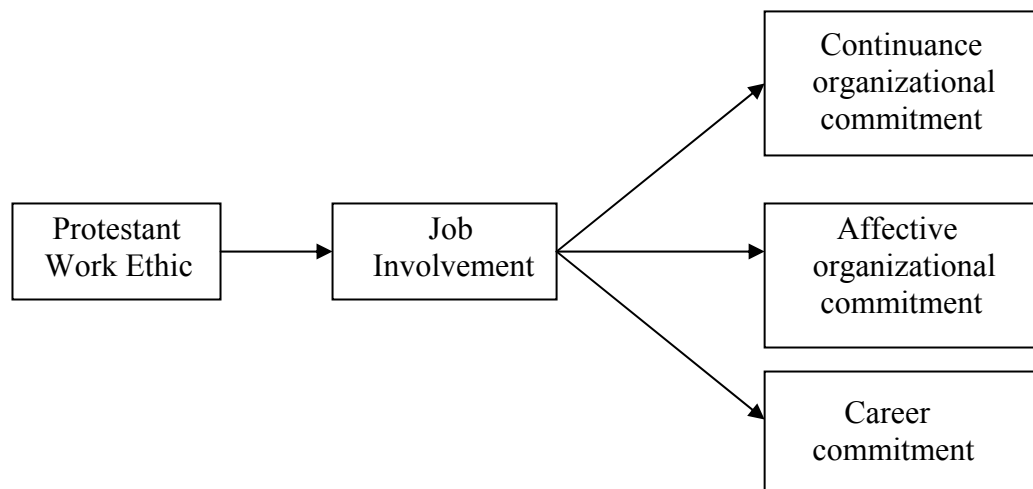
## Organizational Commitment

*“...employees who are strongly committed are those who are least likely to leave the organization.”*

(Allen & Meyer, 1990, p. 1)

The multidimensional nature of employee work commitment has been reinforced through the work of Freund and Carmeli (2003), Hackett, Lapierre, and Hausdorf (2001), Mueller, Wallace, and Price (1992) and Randall and Cote (1991). Many studies (Mathieu & Farr, 1991; Meyer, Allen, & Smith, 1993) supported the conceptual distinctiveness of work involvement, work group attachment, organizational commitment, occupational commitment (career/professional commitment, career salience), job involvement, and loyalty and intent to stay, though each tends to be positively related to the other and overlaps in specific areas may occur. For example, some overlap between organizational commitment and professional commitment has been noted in the areas of security and extreme effort (Brierley, 1996).

After meta-analysis, Mathieu and Zajac (1990, p. 186) concluded that “although the different forms of work commitment illustrated varying degrees of interrelationship, the fact that none of the corrected correlations were particularly large supports the theoretical arguments that they represent separate constructs.” In their research into five forms of work commitment, Freund and Carmeli (2003) found greater support for the model of Randall and Cote (1991) (Figure 4.2), over that of Morrow (1993), in which job involvement follows affective organizational commitment, and Cohen (1999), in which career commitment precedes organizational commitment.



**Figure 4.2. The Randall and Cote Model of Commitment. (Freund & Carmeli, 2003, p. 716).**

### *Review of Research*

The interest in organizational commitment is fostered by the possibly universal belief that highly committed employees are more likely to contribute positively to the attainment of organizational goals through an enhanced desire to remain with, and pursue development within, the organization (e.g., Freund & Carmeli, 2003). Organizational commitment has, as an antecedent, been most often used to predict withdrawal behaviours and is, in its many definitions, considered to be a linking or bonding to the organization by the individual (Mathieu & Zajac, 1990). Allen and Meyer (1990), for example, referred to commitment as the psychological state that binds the individual to the organization making voluntary quitting less likely. The relationship between organizational commitment and what may be viewed as employee loyalty may be assessed through either an intention to stay or an intention to leave. The employee's intention, to either remain with or quit their current organization, is of particular relevance as the extent to which individuals believe the organization has an obligation to meet their expectations, under the terms and conditions of the psychological contract, is proposed to be similarly related.

General acceptance can also readily be found for the multifaceted nature of organizational commitment and for the three-component model (affective, ‘want to stay’, indicating an emotional attachment; continuance, ‘have to stay’, indicating a cost and benefit-based attachment; normative, ‘ought to stay’, indicating a moral attachment) (Allen & Meyer, 1996; Dunham, Grube, & Castaneda, 1994; Irving, Coleman, & Cooper, 1997; Jewel, 1998; Meyer & Allen, 1997; Meyer, Allen, & Topolnytsky, 1998). Given Meyer and Allen’s (1997, p.11) definitions of affective commitment (“employee’s emotional attachment to, identification with, and involvement in the organization”) and normative commitment (“a feeling of obligation to continue employment”) these two components of the three-component model are possibly more relevant to the present study, given the expected relational nature of managers’ psychological contracts.

Affective commitment, derived from the premise that emotional attachment to the organization underpins commitment (Allen & Meyer, 1990), appears to be the more central focus in research into organizational commitment (Goffin & Gellatly, 2001; Lee, Carswell, & Allen, 2000; Rhoades et al., 2001; Tisak & Tisak, 2000). Continuance commitment, connoting a ‘have to stay’ commitment, may be more strongly related to transactionally oriented psychological contracts and the transactional aspects, with affective commitment being associated with the relational aspects (Kessler & Undy, 1996). Dunham et al. (1994) found support for two sub-dimensions within the continuance commitment component: one relating to personal sacrifice, the other relating to a lack of alternatives. The former may provide a more direct association with the psychological contract.

Gaertner and Nolan (1989) cited a number of studies to support the distinction between exchange-based or instrumental commitment (behavioural) and moral or psychological (attitudinal) commitment. In doing so they suggested that psychological commitment denotes an affective attraction to the organization and in that regard may be the same as the affective commitment component described in Meyer and Allen’s (1991) three-component model. Although Meyer and Allen confirmed that their three-component model includes both attitudinal and behavioural aspects, Gaertner and Nolan’s attitudinal/affective suggestion has some validity. Describing the ways in which this commitment may develop,



Gaertner and Nolan leave one pondering how close the concepts of the psychological contract and psychological commitment may be. Promotion from within the organization, security of employment resulting in higher tenures, and training and development provided by the organization, are all proposed to be essential components of the psychological contract. If the absence of these factors in the employment relationship undermines commitment to the organization then one could readily propose that a failure on the organization's part to acknowledge its obligations, relating to these elements of the psychological contract, would also undermine commitment.

Arguing against a multidimensional view of organizational commitment, Brown (1996) suggested it should be viewed uni-dimensionally and defined the concept as a "dedication to and support of the organization (or referent unit) beyond that associated with job expectations and rewards" (p. 249). Brown argued that, whilst individual commitments may differ, and may be directed toward multiple foci or parties, these may in fact be different outlooks one adopts on the uni-dimensional concept. Brown suggested, for example, that continuance commitment exists through a perception of an absence of alternative work opportunities and should not in itself be construed as commitment. Given the prevailing organizational attitude to loyalty and the diminished expectation concerning membership commitment, Brown also proposed that composite measures of organizational commitment are no longer appropriate.

Despite Brown's (1996) contention, and accepting the multidimensional nature of organizational commitment (Bishop & Scott, 2000; Hunt & Morgan, 1994), the intention in this study was to measure commitment using the three-component model. Cohen (1996) also illustrated, through confirmatory factor analysis, that the Meyer and Allen scales (see Meyer & Allen, 1991, for a comprehensive discussion) provided acceptable discriminant validity and did not increase concept redundancy by integrating them into the work commitment concept. However, one must also acknowledge Allen and Meyer's (1990) proposition that each of these components reflect distinct psychological states and can therefore be experienced by employees to varying degrees. Meyer and colleagues (Meyer, Stanley, Herscovitch, & Topolnytsky, 2002) found a considerable overlap between the affective and normative components, with the continuance component correlating with these only modestly.

In discussing the antecedents of commitment, Meyer and Allen (1997, p. 46) suggested “research highlights the importance of work experiences that communicate that the organization is supportive of its employees, treats them fairly, and enhances their sense of personal importance and competence by appearing to value their contributions to the organization”. However, this view may not be realistic in light of the current employment relationship which promotes self reliance. For example, Hiltrop (1995) argued that the traditional ‘carrots’ that historically fostered commitment are now beyond the financial means of most organizations which are currently faced with identifying new types of incentives. Successful organizations, with reputations for being ‘employers of choice’ and the commitment that emanates from that status, may be those that can meet the challenge of replacing financially tangible incentives with valued intangibles that foster self-reliance, personal well-being, and success. These valued intangibles are proposed to be included as expectations in the psychological contracts of many employees.

Meyer and Allen (1997) also suggested that affective commitment to an organization will be developed by employees to the extent the organization meets their expectations, satisfies their needs, and provides an environment within which they may achieve their goals. This is the language of the psychological contract and hints at the possibility that organizational commitment is central to perceived fulfilment of the psychological contract. Conversely, the proposition may be that if employees perceive that their psychological contracts are being fulfilled, they will be more committed to the organization. Caldwell, Chatman, and O’Reilly (1990) showed that organizational commitment was heightened by the positive recruitment, selection, and early socialization experiences of new entrants. These experiences are also believed to contribute to the formation of expectations included in the psychological contract, further supporting the proposed relationship between organizational commitment and the psychological contract.

Inherent throughout much of what has been discussed are the overlaying concepts of organizational and personal values. Finegan (2000) found in a regression analysis that, for affective commitment, the main effect for person variables was not significant but that it was for two organizational variables (humanity and vision). If the organization was perceived as embracing these values, the affect on affective and normative commitment was greater than if

those values were not embraced. Other results included: the greater the similarity between organizational and personal values, the greater the affective commitment; the more the person valued obedience, cautiousness, and formality, the more likely they were to be normatively committed.

***Relationship of Organizational Commitment to the Psychological Contract –  
Developing the Nomological Network***

The consequences of organizational commitment have been well documented (Randall, 1990), and research that investigates the relationship between this and the psychological contract is now appearing. Research conducted by Freese and Schalk (1996) and Guest and Conway (2001b) found that perceptions of contract fulfilment were associated with greater commitment to both work and the organization. Lester et al. (2002) also reported a significant relationship between affective organizational commitment and employee perceptions of psychological contract breach (-0.60) with commitment suffering as the perceived breach increased in magnitude. This finding was supported by more recent research conducted by Johnson and O’Leary-Kelly (2003), who reported a correlation of -0.52 between psychological contract breach and commitment, and Lemire and Rouillard (2005) who reported a correlation of -.45. Sels, Janssens, and Van den Brande (2004) described the relationship as ‘strong’.

Exploring the psychological contracts of new hires, Rousseau (1990) found employee obligations to be positively related to commitment to stay with a long-term relationship anticipated when employees perceived themselves to be obligated to a relational contract. Within the context of social exchange, Shore and Barksdale (1998) found that employees who perceived high levels of mutual obligations in the employment relationship, also reported high levels of affective commitment. Although, as Tsui, Pearce, Porter, and Hite (1997, p. 118) questioned, “Is it possible for organizations to have both the freedom to terminate workers and expect them to be committed to the organization at the same time?”

As Meyer, Allen, and Topolnytsky (1998) contended, commitment can be influenced through the impact of organizational change on the psychological contract. Whether, as they pondered, it is affective, continuance, or normative commitment that is affected by changes in the psychological contract will depend,

in part, on the nature of the contract itself. Alongside organizational changes, and changes in the psychological contract, they proposed that changes to the foci of employee commitment were also occurring. Becker (1992) investigated both foci and bases of commitment and concluded that distinctions between the various identifications were worth making. Of particular current interest are the foci of the organization, top management, immediate supervisors, and work groups. For example, the possibility and probability exists for psychological contracts to develop between the individual and any or all of these foci. Whether or not the individual is able to distinguish between these foci, when assessing the state of their psychological work contract, is open to research. Given a scenario in which the 'old' career, offering almost guaranteed life-long employment, has been replaced by the 'new' career, in which the employee is forced to embrace more responsibility for self, it is not unreasonable to expect a re-focus of commitment accompanied by a shift in emphasis of content of the psychological contract. Immediate supervisors and work-groups may assume more priority as the new employment relationship, in which there is less reliance on the organization, continues to evolve.

Millward and Hopkins (1998) raised the interesting argument that the psychological contract may merely be a model of organizational commitment by another name and described it as operationally similar. However, its distinctiveness has been noted (Marks, 2001). Indeed, Guzzo, Noonan, and Elron (1994) concluded that the psychological contract is a useful construct for understanding commitment to an organization. Rousseau also stated that "The concept of a psychological contract is tied to the individual's commitment to the organization" (1989, p. 125). Griffin and Bateman (1986, cited in Randall, 1990) defined two major approaches to defining organizational commitment. The first, defined as 'calculative', embracing an 'involvement for rewards' commitment may be related to a transactional psychological contract. The second, defined as 'moral' or 'attitudinal', embracing an 'identification' commitment may be related to a relational psychological contract. Research reviewed supports a positive relationship between organizational commitment and a number of organizational psychological constructs. Many of these constructs are also believed to relate to the psychological contract. Based on this scenario, and supported by Guest and Conway (2001b) and Clinton and Guest (2004), the expectation is that individuals

who are committed to the organization are more likely to expect the organization to acknowledge its obligations, under the terms and conditions of the psychological contract.

### ***Relationships with Other Study Variables***

Research investigating the relationship between organizational commitment and other constructs included in this study abounds and is of interest within the context of the psychological contract. Lok and Crawford (2001) investigated the mediating role of job satisfaction on the antecedents of organizational commitment and found that job satisfaction had a significant positive affect on commitment. The significant and positive relationship between organizational commitment and general job satisfaction has been reported in a number of studies (Becker & Billings, 1993; Ellemers, de Gilder, & van den Heuvel, 1998; Feather & Rauter, 2004; Maier & Brunstein, 2001; Moorman, Niehoff, & Organ, 1993; Schappe, 1998; Westerman & Cyr, 2004). These findings are consistent with a meta-analysis conducted by Allen and Meyer (1996).

In another meta-analysis, Meyer and colleagues (Meyer et al., 2002) also reported positive correlations between all three components of commitment and overall job satisfaction with affective commitment emerging considerably stronger than continuance and normative commitment. Allen and Meyer (1996) also reported positive relationships between affective and normative commitment and job involvement. Many of these relationships are likely to vary based on the dispositional affectivity of the individual with differences noted between outcomes for those with positive affectivity versus negative affectivity (Cropanzano & James, 1993). Cropanzano and James found, for example, that organizational commitment was positively and significantly associated with positive affectivity, and negatively and significantly associated with negative affectivity.

Rhoades et al. (2001) researched the contribution that perceived organizational support (POS) made to affective commitment. From the results of multiple studies they reported that POS was significantly related to affective commitment, that POS and affective commitment were distinct though closely

related, and that taken together, their findings provided support for the contention that favourable work experiences operate via POS to increase affective commitment. For example, Tansky and Cohen (2001) reported a correlation of 0.57 between organizational commitment and POS. Morrison (1994) found that employees high in affective and normative commitment were more likely to define their roles broadly and engage in extra-role behaviours. Becker and Billings (1993), Moorman, Niehoff, and Organ (1993), and Schappe (1998) also found that committed employees were more often engaged in pro-social organizational behaviours than uncommitted employees. Randall, Fedor, and Longenecker (1990, p. 219) reported four behavioural expressions of organizational commitment indicating “a concern for quality, a sacrifice orientation, a willingness to share knowledge, and presence in the work place.” A possible link between these and the ‘good citizen’ concept underpinning organizational citizenship behaviour (OCB) is intuitively appealing and was confirmed by Van Dyne and Pierce (1995).

However, the relationship between commitment and OCB may be dependent on the stage of organizational tenure and the proximity of the intended target of such behaviour. In Gregersen’s (1993) study, organizational commitment was not associated with OCB for participants with less than two years tenure. For participants with more than two years tenure commitment to immediate supervisors was associated with OCB. Surprisingly, for participants with more than eight years service, commitment to senior management was negatively related to OCB, yet commitment to management-oriented targets (supervisors, top management) and the organization was higher than for those with less than eight years tenure. Why OCB would decrease with tenure, whilst commitment increases, is not immediately apparent and is open to speculation. Gregersen does raise the possibility of measurement artefacts but this does not account fully for the finding.

O’Reilly and Chatman (1986) found that at least three dimensions underlay an individual’s psychological commitment to the organization. They reported that, in addition to ‘identification’ (affiliation), and in some circumstances ‘compliance’ (extrinsic rewards), commitment based on internalization (similarity of values) was positively related to an intention to remain (the corollary to intention to quit) with the organization, and negatively

related to actual turnover. The nature of the relationship between commitment and attachment to the organization (intention to stay or quit) has been reported by others (Jaros, 1997; Mitchell et al., 2001; Randall, 1990,  $r = .23$ ; Vandenberg & Scarpello, 1994; Westerman & Cyr, 2004). Somers (1995) also explored this relationship and reported it as positive with affective commitment (.46), continuance commitment (.12), and normative commitment (.39), although as with Jaros (1997), affective commitment emerged as the only significant predictor of turnover intentions. Higher levels of commitment to the organization were associated with less expressed desire to leave in a study conducted by Ellemers, de Gilder, and van den Heuvel (1998), and in a meta-analysis commitment was better than job satisfaction in predicting turnover (Griffeth et al., 2000).

Hackett, Lapierre, and Hausdorf (2001) and Becker and Billings (1993) found that an intention to leave the organization was related to organizational commitment, with this in turn probably being directly influenced by job involvement (Hackett et al.). Hunt and Morgan (1994) and Bishop, Goldsby, and Neck (2001) reported a direct relationship between a global measure of organizational commitment and an intention to quit. Meyer and Allen (1997) reported a strong relationship between affective commitment and turnover with the relationship between affective commitment and intention to quit recorded at  $-.60$  by Wayne, Shore, and Linden (1997). Allen and Meyer (1996) also noted significant correlations between the various components of commitment and both intention to turnover and actual turnover, a finding earlier reported by Hackett, Bycio, and Hausdorf (1994) and Whitener and Walz (1993). Martin and Hafer (1995) investigated the multiplicative effects of organizational commitment and job involvement on turnover intentions and found that employees low in both exhibited the strongest intentions to turnover. In direct contrast, fulltime employees who were high in both exhibited the lowest intention to leave.

Perhaps not surprisingly, Cohen (1993) found that the shorter the duration between when measures of commitment, turnover intentions and actual departure from the organization were taken, the stronger the relationship proved to be. An expectation for commitment to the organization to decline as an individual contemplates, and finally acts upon a decision to leave, is not unreasonable and intuitively makes sense. Age played a larger role in the relationship than did tenure with older workers tending to remain with an organization even though

they may report lower levels of commitment. The age and tenure (organization and position) factor was confirmed in a study by Luthans, Baack, and Taylor (1987) who reported positive and significant relationships between these variables and commitment to the organization, whilst Smithson and Lewis (2000) proposed that the contemporary labour market appears to be producing younger workers without any great commitment to their employers.

### ***Summary and Hypothesis***

Organizational commitment was previously defined as “the strength of an individual’s identification with and involvement in a particular organization” (Porter, Steers, Mowday, & Boulian, 1974, cited in Bozeman & Perrewé, 2001, p. 161). Whatever the level of commitment an individual exhibits, it is likely to be predicated on the understanding or expectation that it will be reciprocated or acknowledged by the organization. Whilst having commitment to the organization reciprocated or rewarded is likely to be important for all managers, it is proposed to be rated as more important or relevant for those managers who claim higher levels of commitment than others. The relevance of this relationship will be nurtured through the belief that the organization has an obligation to reciprocate by meeting the expectations of its managers, because they are demonstrating their commitment to the organization. Therefore, managers who express greater commitment to the organization are hypothesised to rate the extent to which they believe the organization is obligated to meet their expectations, under the terms (content) of the psychological contract, higher than managers who express less commitment to the organization.

### ***Hypothesis 7: The relationship between the Psychological Contract and Organizational Commitment.***

*The extent to which the organization is perceived to be obligated to fulfil the psychological contract will be rated higher by managers more committed to the organization.*



## **Person-Organization Fit**

*“Higher levels of person-organization fit exist when there is congruence between the norms and values of organizations and the values of persons.”*

(Chatman, 1989, p. 335)

As employees manoeuvre through organizational life, they develop and use perceptions of fit (Cable & DeRue, 2002). Whilst person-*job* fit was given renewed credence as new work competencies were adopted toward the end of the twentieth century, a move toward a person-*organization* perspective has since emerged (Sparrow, 2000). Evidence exists that an assessment of job applicant fit to the organization is made at time of recruitment (by applicant and by organization, and possibly based on stereotype (Cleveland, 1991)), that it predicts hiring recommendations and hiring decisions (Cable & Judge, 1997; Kristof-Brown, 2000), and that perceived person-organization fit predicts job offer acceptance (Cable & Judge, 1996). Additionally, the attraction-selection-attrition (ASA) framework asserts that the attraction between individuals and organizations is based on similar values and goals (Schneider, 1987) with individuals basing job choice decisions on perceived fit between their own and the organization’s values (Cable & Judge, 1996).

### ***Review of Research***

Person-organization (P-O) fit is concerned with the antecedents and consequences of compatibility between organizations and the people that work in them (Kristof, 1996) and refers to the fit between the culture or climate of the organization and individual factors such as needs, interests and values that reflect the overall personality of the individual (Bowen, Ledford, & Nathan, 1991). Like many psychological constructs, P-O fit has been defined and operationalised a number of ways (e.g., Bretz & Judge, 1994). This has led to some confusion, particularly with respect to other person-environment fit measures such as person-*job*, person-*group*, and person-*vocation* fit. Extending Kristof’s statement, and

accepting the arguments of Cable and Judge (1996) and Cable and Parsons (2001), P-O fit is defined as the degree to which individuals perceive their values and goals to be congruent with their own perceptions of their organization's values and goals.

Socialisation plays an important role in confirming initial assessments of P-O fit. Freese (2000) argued for organizations paying particular attention to this insofar as establishing communication networks. Freese suggested that individuals who do establish relationships, and who are more central in the organizational communication networks, tend to remain longer with the organization. New entrants' subjective person-organization fit can be predicted from pre-entry values congruence (Cable & Parsons, 2001) with, increasingly, an assessment of person-organization fit being included as a critical step in the hiring process (Bowen et al., 1991). The greater the level of perceived congruence in values, the higher the level of perceived P-O fit, with the antecedents of this being the selection and socialisation processes individuals move through (Chatman, 1989). From this, one could naturally assume, at least in the very early tenure stages of employment, the fit between the employee and the organization to be reasonably positive, as perceived by both the individual and the organization. For as long as the values and goals of both parties are congruent, as initially perceived or as evolved through socialisation, the person-organization fit should remain positive and intact. As Chatman also asserted, people have a natural tendency to gravitate toward situations they are most compatible with, and to perform better in those situations.

Meglino and Ravlin (1998) provided a valuable insight to the concept of values and reinforced the distinction made by Rokeach (1973, cited in Meglino & Ravlin, 1998) between terminal values (end-states of existence that a person strives to achieve) and instrumental values (modes of behaviour). Within that context P-O fit may be more about instrumental values but congruence of those values with the organization are likely to underpin the attainment of terminal values (for example, a comfortable life-style). Extending the argument further, the psychological contract may also be more about instrumental values, and non-fulfilment of the contract may possibly be associated with emerging conflict of those values. Meglino and Ravlin suggested that it is organizational members that provide the organization with values, which the organization would not otherwise

possess. This raises the question as to whether congruence of values relates to congruence with the organization's values, or whether it merely connotes compatibility of values amongst organizational members.

Different distinctions exist within the concept of P-O fit. In an in-depth review of P-O fit, Kristof (1996) noted the work of Muchinsky and Monahan (1987), who contrasted supplementary and complementary fit, and Caplan (1987) and Edwards (1991), who drew a distinction between needs-supplies (N-S) fit (congruence between employees' needs and the rewards they receive) and demands-abilities (D-A) fit (congruence between the demands of a job and the employee's ability to perform that job). The need fulfilment aspect of person-organization fit is argued as important by Masterson and Stamper (2003). In their promotion of the concept of Perceived Organizational Membership they also depicted the psychological work contract as relating to need fulfilment. They proposed that high levels of perceived fit will occur when the organization satisfies the individual's needs, desires, or preferences. Whilst the N-S factor may relate more closely to the fulfilment of the psychological contract, some aspects of D-A may also be relevant, for example the ability for an individual to productively and meaningfully engage in the job through the application of competencies including intellectual capability.

Cable and DeRue (2002) provided evidence for the strong support of a three-factor conceptualisation (P-O, N-S, D-A) of employee fit. From their research they concluded that employees do differentiate between the three conceptualisations. Whilst the N-S perspective may be more relevant than other perspectives, the current interest is in the individual's general perceived fit with the organization. As Kristof (1996) argued, individual outcome variables are likely to be influenced more by *perceptions* of organizational characteristics than would fit with *actual* organizational characteristics. As Lauver (2001) suggested, predictions of behaviour have generally been found to be better through perceptions of fit rather than actual fit.

***Relationship of Person-Organization Fit to the Psychological Contract –  
Developing the Nomological Network***

Within the context of the psychological work contract, the concept of organizational identification, the extent to which an individual identifies with the organization, is of additional interest and raises the question as to whether this would be high if an employee's contract was not being fulfilled (e.g, Rousseau, 1998b). Freese and Schalk (1996) found, for example, that where perceptions of psychological contract fulfilment were higher, identification with the organization was also higher. If employee-employer trust was low, organizational identification may also be expected to be low. Similarly, if an employee did not expect the organization to honour its obligations, under the terms and conditions of the psychological contract, organizational identification may again be expected to be low.

The possibility exists, as purported by Cable and DeRue (2002), for N-S and D-A fit to be high, and yet for P-O fit to be low. They suggested that if employee-employer value congruence is low, the employee would be less likely to identify with the organization, be less trusting of the organization's motives, be less likely to participate in citizenship behaviours, and be more likely to quit. The same consequences or outcomes are argued equally for expectations under the psychological contract. The inference follows that if P-O fit is low it is unlikely for organizational identification to be high, with individuals expecting the organization to meet their expectations under the psychological contract.

The attrition component of Schneider's (1987) ASA framework suggests that, if individual perceive a lack of P-O fit, they will quit their current organization in favour of one which provides for greater congruence of values and goals. That is, individuals who perceive a lack of fit between themselves and their organization will leave. The extent to which individuals perceive this 'fit' is proposed to also be influenced by their perception of the organization's obligations under the psychological contract. A connection between P-O fit and the psychological contract was indicated to an extent in research by Cable and Parsons (2001). They found that new entrants were "more likely to report positive P-O fit... (i.e., they received information concerning the *sequences and timetables associated with career progression*)" (p. 16, emphasis added). Career progression

is believed to be a component of the psychological contract hence the inclusion of career plateau as a construct of interest in the present research. If individuals do not believe that the organization is obligated to meet their expectations, as defined in the psychological contract, the consequence could be lowered perceptions of fit with the organization.

Individuals entering an organization are believed to make preliminary assessments relating to the congruence between their own values and those of the organization. As the employment relationship matures, the assessment of congruence will be re-evaluated based on socialization processes and the ongoing employment experience with the individual's perception of fit being modified accordingly. Perceptions of strong person-organization fit will result in positive behaviours stemming from, amongst others, enhanced job satisfaction, stronger organizational commitment, and increased levels of organizational citizenship behaviour and when person-organization fit is weak the individual is more likely to consider quitting the organization (Cable & Judge, 1996; Kristof, 1996; Lauver & Kristof-Brown, 2001). Positive employment experiences will likely result in the perception of fit increasing, and vice versa. As for the psychological contract, for which similar outcomes are predicted, the need fulfilment aspect of person-organization fit will influence perceptions and, if individuals perceive that their needs are not being met, they will take action to address the situation. There appears to be a difference between perceived congruence of values, as assessed by an independent person (e.g. an interviewer), and actual congruence of values, as reported by each party. Although the relationship between the two may be significant, it has been reported as relatively small (Cable & Judge, 1997). Both Cable and Judge (1997), and Kristof (1996) argued that perceived congruence better predicts P-O fit judgements.

### ***Relationships with Other Study Variables***

Kristof (1996) reviewed a number of studies and concluded that, where P-O fit was strong, higher levels of job satisfaction, organizational commitment, and increased levels of organizational citizenship behaviours and organizational tenure were evident. Where P-O fit was weak, intention to quit was higher, with this predicting eventual turnover, although Van Vianen (2000) found only mixed

support for this relationship across a number of dimensions of P-O fit. Verquer, Beehr, and Wagner (2003) also conducted a meta-analytic review of 21 studies and found mean correlations in the mid to high .20s between P-O fit and job satisfaction and organizational commitment. The relationship between P-O fit and intention to quit was reported at -.18.

Confirming the nature of P-O fit, congruence in values between the individual and the organization was also found to result in many of the same relationships (Meglino & Ravlin, 1998). Lauver and Kristof-Brown (2001), Cable and Judge (1996), and O'Reilly, Chatman, and Caldwell (1991), found significant relationships variously between P-O fit and job satisfaction, organizational commitment, intention to quit, turnover, and contextual performance. Bretz and Judge (1994) also found that P-O fit positively predicted tenure, and job satisfaction explained additional variance in both. Their research also recorded that those who perceived greater P-O fit earned higher salaries, worked at higher job levels, and reported higher levels of job satisfaction. Many of these findings were supported by Cable and DeRue (2002) who found relationships between P-O fit and organizational identification, perceived organizational support, citizenship behaviours, and turnover intentions. Furthermore, these organizational outcomes were better predicted by P-O fit than by either N-S or D-A fit.

### ***Summary and Hypothesis***

Person-organization fit was previously defined as “the compatibility between people and organizations that occurs when: (a) at least one entity provides what the other needs, or (b) they share similar fundamental characteristics, or (c) both” (Kristof, 1996, p. 4). Whatever the level of fit managers perceive they have with the organization, it is likely to impact on the obligations they believe the organization has to them. Whilst acknowledging that the organization has obligations to them may possibly have some importance for all managers, it is proposed to be rated as more important or relevant for those managers who perceive a higher level of fit with the organization. The relevance of this relationship will be nurtured through the belief that, as there is a high level of fit between them and the organization, the organization should recognize this by acknowledging its obligations, under the terms and conditions of the

psychological contract. Therefore, managers perceiving a higher level of fit with the organization are hypothesised to rate the extent to which they believe the organization is obligated to meet their expectations, under the terms (content) of the psychological contract, higher than managers perceiving a lower level of fit.

**Hypothesis 8: *The relationship between the Psychological Contract and Person-Organization Fit.***

*The extent to which the organization is perceived to be obligated to fulfil the psychological contract will be rated higher by managers reporting a higher degree of fit with the organization.*

**Job (Task) Performance**

*“The performance of people at work remains a critical factor both in the viability of organizations and in the well-being of their members.”*

(Ilgen & Pulakos, 1999, p. 3)

Motowidlo, Borman, and Schmit (1997, p. 73) stated that, as a construct, “performance is behaviour with an evaluative component, behaviour that can be evaluated as positive or negative for individual or organizational effectiveness.” Two specific types or classes of job performance come under the general heading of work performance: task performance, which relates to the pursuit of activities described in the formal job description and which bears a direct relationship to the organization’s technical core; and contextual performance, often referred to as discretionary performance or organizational citizenship behaviours (OCB) and which does not contribute through the organization’s core technical processes (Conway, 1999; Motowidlo et al., 1997; Motowidlo & Schmit, 1999). Borman and Motowidlo (1997b, p. 102) distinguish between the two in at least four different ways:

- task activities contribute, directly or indirectly, to the processing and transformation of the organization's products
- task activities vary considerably across jobs whereas contextual activities tend to be more similar across jobs
- task activities are more likely than contextual activities to be role-prescribed
- antecedents of task performance are more likely to involve cognitive ability, whereas antecedents of contextual performance are more likely to involve personality variables

Whilst both types of performance are included in this research, the term 'job performance' will refer specifically to task performance. Contextual performance, referred to as organizational citizenship behaviour (OCB), is reviewed next. I note, however, that making this distinction in this particular study, with its focus on a managerial sample, may not be entirely valid. Organ (1988) and Conway (1996) have noted that it is more difficult to distinguish between the two types of performance (task and OCB) for higher level positions due to the open-ended nature of their position descriptions.

### ***Review of Research***

A great deal of the research into job performance explores the relationship between performance and job satisfaction, often under the perennial premise that a happy (and committed) worker is a productive worker (Christen, Iyer, & Soberman, 2006; Judge, Thoresen, Bono, & Patton, 2001; Moorman, 1993; Saari & Judge, 2004; Wright & Cropanzano, 2000). Although much of the research exploring the job satisfaction-job performance relationship has been inconclusive and inconsistent (Judge et al., 2001; Schnake, 1991) there is also much research that confirms the relationship (Christen et al., 2006; Schleicher, Watt, & Greguras, 2004; Van Dyne & Pierce, 2004). When 'happiness' was operationalised as psychological well-being, Wright and Cropanzano found a positive relationship between satisfaction and supervisor ratings of job performance. This was larger than the effect of overall job satisfaction. That is, well-being was more predictive



of performance than job satisfaction. Whilst there appears to be a universally accepted definition of job performance, it is largely not stated with most research reviewed concentrating on measuring job performance without exploring or defining precisely the phenomenon itself. Perhaps this is because “With respect to specifying the meaning of performance, complex problems arise in attempting to define the domain of the construct in such a way as to include all of the important and relevant dimensions of effectiveness...” (Ilgen & Pulakos, 1999, p. 7).

The relationship between commitment and performance appears to be reasonably well established, supporting the ‘committed worker-productive worker’ proposition but with this dependent on the nature of the commitment. For example, Mathieu and Zajac (1990) concluded that, based on meta-analysis, in most instances the direct influence of commitment on performance was not great. However, Meyer, Paunonen, Gellatly, Goffin, and Jackson (1989) found that individuals with higher affective commitment to the organization also indicated higher levels of overall performance, whilst individuals with higher levels of continuance commitment indicated lower levels of overall performance. This finding was at odds with Somers and Birnbaum (1998) who found no such relationships. In the Meyer et al. (1989) study, in which performance measures were provided by supervisors, the latter finding (high commitment/low performance) was attributed to the possibility that these particular individuals, whilst having little desire to remain with the organization, were not in a position to leave. In order to protect their jobs, on which they had become dependent, they performed at the minimum level required.

Whilst multi-rater (often referred to as 360 degree) assessments of job performance are becoming increasingly more accepted, the most frequently used measure of job performance is a subjective rating provided by an immediate supervisor (Scullen, Mount, & Goff, 2000; Viswesvaran, Ones, & Schmidt, 1996). Bernardin and Beatty (1984), for example, reported that in one survey the rate of use of supervisory ratings was over 90% (cited in Viswesvaran et al., 1996). Concern exists, however, in the lack of convergence in ratings obtained from different sources (Faction & Craig, 2001). Insofar as managerial performance is concerned, three theoretically important measures of performance exist. These are “administrative (e.g., planning, organizing, assigning to tasks), human (working with and through people to accomplish objectives), and technical (knowledge of

relevant methods and techniques in the functional area)” (Scullen et al., 2000, p. 958). Performance in some of these areas may be difficult to measure quantitatively and hence the source of any assessment also becomes a consideration.

***Relationship of Job Performance to the Psychological Contract –  
Developing the Nomological Network***

Based on the ‘happy worker – productive worker’ proposition (Wright & Cropanzano, 2004), one might extend the proposition and argue that a happy and productive worker may also be a worker who accepts the organization’s good intentions to reciprocate by honouring its obligations under the terms and conditions of the psychological contract. Feedback on job performance is an important input to employees’ developmental planning. Without this feedback, assessment of the contribution by individuals to organizational effectiveness is very one-sided. Under the terms of the psychological contract, the provision of this feedback may be viewed by the employee as an organizational obligation. Additionally, perceived fulfilment of the psychological contract may be a precursor to achievement of performance objectives which, in turn, may be perceived by the organization as an employee obligation. Turnley et al.’s (2003) research confirmed that fulfilment of the psychological contract explained a significant amount of variance in task performance with Johnson and O’Leary-Kelly (2003) reporting a correlation of -0.33 between psychological contract breach and task performance. Based on these findings, a relationship between job performance and the content of the psychological contract may be reasonably expected, with employees believing that the organization has an obligation to meet their expectations, as defined in the psychological contract, in return for high levels of job performance.

Lester, Turnley, Bloodgood, and Bolino (2002) reported a significant relationship (-0.37) between psychological contract breach and supervisor ratings of performance. The higher the magnitude of the perceived breach, the lower the supervisor’s rating of the employee’s performance was. Tekleab and Taylor (2003) reported a negative relationship between managers’ perceptions of psychological contract violation and those same managers’ reports of both OCB

and task performance. Robinson (1996) also reported that perceived breach of the psychological contract was negatively related to performance. Turnley et al. (2003), also using supervisor ratings, reported correlations between job performance and contract fulfilment of 0.20 (transactional contract) and 0.41 (relational contract).

The psychological contract is about trust (Rogers, 1994), with some suggestion that the level of trust in management in many organizations had been eroded some time ago (Farnham, 1989). Anything undermining trust may also be perceived as undermining the psychological contract. Hypothesising that the acceptance of the performance appraisal system by employees would result in increased trust levels, Mayer and Davis (1999) monitored the replacement of such a system. The new system was much more transparent, the implementation of which resulted in significant increases in trust for management. This possibly confirms that what is measured is equally important to how it is measured, and the context within which it is measured, for as Stiles, Gratton, Truss, Hope-Hailey, and McGovern (1997, p. 57) proposed, a key role in creating a framework within which the psychological contract is determined is played by performance management processes.

### ***Relationships with Other Study Variables***

The distinctiveness of the two concepts, task performance and OCB, and of their construct validity, is confirmed in research presented by Conway (1996) and Motowidlo and Scotter (1994). Motowidlo and Scotter reported substantial variance in overall performance being explained by contextual performance (12-34%) beyond task performance, and vice versa (17-44%), and concluded that both measures of performance contributed independently to overall performance. However, Conway found that the distinction is less clear for managerial jobs, possibly because some management task dimensions rely on contextual performance. Managerial performance also appears to be time dependent with Russell (2001) suggesting that initial performance centred on resource problem solving with changes in performance better predicted by people-oriented dimensions. The relationship between the two is strong as confirmed by Turnley et al. (2003), who reported correlations between and task performance and

organizationally directed OCB (OCBO) of 0.76 and individually directed OCB (OCBI) of 0.65.

Potentially providing some insight to an individual's intention to quit is current level of performance. Low performance may indicate a higher intention to quit. Meta-analysis confirms that high performers are less likely to leave the organization than low performers (Griffeth et al., 2000), although earlier research found the performance-turnover relationship inconclusive (Mobley, 1982). A significant and positive relationship between affective commitment and performance was reported by Sturges, Conway, Guest, and Liefoghe (2005) suggesting that high performers identify more strongly with the organization and may therefore be less likely to leave.

### *Summary and Hypothesis*

Job performance was previously defined as “job specific behaviors including core job responsibilities, for which the primary antecedents are likely to be ability and experience” (Conway, 1999, p. 3). Whatever the level or quality of performance that managers display, it is likely to be predicated on the understanding or expectation that it will be rewarded or acknowledged by the organization. Whilst having job performance rewarded or acknowledged is likely to be important for all managers, it is proposed to be rated as more important or relevant for those managers who deliver higher levels of performance than others. The relevance of this relationship will be nurtured through the belief and expectation that the organization has an obligation to reciprocate, by honouring its obligations under the terms and conditions of the psychological contract, because managers are delivering a level and quality of performance they believe they are obligated to, and by doing so, honouring their own obligations under the contract. Therefore, higher performing managers are hypothesised to rate the extent to which they believe the organization is obligated to meet their expectations, under the terms (content) of the psychological contract, higher than lower performing managers.

**Hypothesis 9: *The relationship between the Psychological Contract and Job Performance.***

*The extent to which the organization is perceived to be obligated to fulfil the psychological contract will be rated higher by higher performing managers.*

**Organizational Citizenship Behaviour**

*“employee adaptability and a willingness to engage in self-development to help the organization remain competitive becomes more and more important. These and related trends focus attention on contextual performance”*

(Borman & Motowidlo, 1997a, p. 67)

Work behaviour that is voluntary and discretionary, beyond the immediate requirements of the role, distinct from in-role behaviour or task performance, and contributes indirectly to the achievement of organizational objectives, has alternatively been labelled contextual performance, extra-role behaviour, prosocial organizational behaviour, and organizational citizenship behaviour (Coleman & Borman, 2000) with all terms being described by Motowidlo (2000) as embracing the study of ‘helping behaviour’. Van Dyne, Cummings, and Parks (1995) used the collective term ‘extra-role behaviour’ to describe all discretionary behaviours that benefit the organization. Interest in the concept of discretionary behaviour can be traced back to as early as 1938 (Barnard, cited in LePine, Erez, & Johnson, 2002), but it was Bateman and Organ (1983) who introduced the term organizational *citizenship behaviour* and initiated a continuing research interest in the phenomenon. Organizational citizenship behaviour (OCB), defined by Borman and Motowidlo (1997b, p. 100) as “extra-role discretionary behavior intended to help others in the organization or to demonstrate conscientiousness in support of the organization”, is believed to be vital to the effective functioning and performance of organizations.

Organ (1997) noted the distinction between ‘job’ and ‘role’ and suggested that whilst some behaviours may be ‘extra-role’ they may not necessarily be

'extra-job', and hence may not fall within the definition of OCB. A further distinction is warranted; OCB is in direct contrast to the concept of workplace deviant behaviour (Lee & Allen, 2002; Robinson & Bennett, 1995), also voluntarily executed but which undermines organizational effectiveness. Although some researchers may use the term to embrace both beneficial (pro-role) and detrimental (anti-role) behaviours (see for example McLean Parks & Kidder, 1994), or to also include behaviours that an individual refrains from doing (Organ, 1990), I use the term to describe only those voluntarily performed behaviours that support organizational effectiveness.

### ***Review of Research***

OCB, including helping others, volunteering, attending functions, promoting the organization, and making suggestions, can be distinguished from task performance in that it (a) supports the environment in which the organization's products are processed and transformed, rather than the actual production process itself, (b) is common to many or all jobs, (c) is less likely to be role prescribed, and, (d) is more related to personality variables (Borman & Motowidlo, 1993). The less prescribed a role is, as it tends to be for managerial roles, the more likely it is to include OCB. Borman and Motowidlo inductively analysed managerial performance requirements and estimated that contextual performance (OCB) accounted for approximately 30% of the managerial performance domain. Borman and Brush listed the dimensions of managerial contextual performance as "organizational commitment, representing the organization to customers and the public, maintaining good working relationships, persisting to reach goals, training, coaching, and developing subordinates, and communicating effectively and keeping others informed" (1993, cited in Borman & Motowidlo, 1993, p. 85). Interestingly, the implication of research by Shore, Barksdale, and Shore (1995) is that managers regard OCB as providing greater information about employees' motivations in remaining in a role than does job (task) performance and, as Borman and Motowidlo (1997b) proposed, with changes to the work environment, discretionary performance will become more important in organizations.

Despite the generally accepted proposition, supported by some empirical evidence (Podsakoff, Ahearne, & MacKenzie, 1997; Podsakoff & MacKenzie, 1997; Podsakoff, MacKenzie, & Hui, 1993), that OCB contributes to performance through individual, work-group, and organizational effectiveness, Bolino, Turnley, and Bloodgood (2002) claimed that the theoretical link between the two is underdeveloped. Instead they proposed that social capital, a resource that derives from relationships among individuals, is a consequence of OCB. They argued, as did Settoon and Mossholder (2002) for person-focused interpersonal citizenship behaviour, that individuals who like and trust each other are more likely to engage in OCB, thus supporting the organization's social structure. Support for this contention may be drawn from the findings of Moorman and Blakely (1995) who explored the bi-polar collectivism-individualism construct as a predictor of OCB. They reported that collectivists (those more concerned with group welfare/interest) were more likely to engage in OCB than individualists (those more concerned with self welfare/interest). The argument is those who are more concerned with the welfare of the organization (a collectivistic tendency) would be more likely to engage in behaviours (OCB) that benefit the organization. The fostering by management of an environment of group cohesion and cooperation would therefore, from this perspective, be advantageous and beneficial to the organization. Not only may the extent to which that goal can be achieved in an individualistic Western society present its own challenges but it may also, to some extent, depend on the organizational environment created by leader style (Podsakoff, MacKenzie, Moorman, & Fetter, 1990).

Positive and significant relationships have been reported between OCB and trust in supervisor (Konovsky & Pugh, 1994), trust in manager and managerial trustworthy behaviour (Korsgaard, Brodt, & Whitener, 2002), and propensity to trust (Van Dyne, Vandewalle, Kostova, Latham, & Cummings, 2000). If Bolino et al.'s (2002) argument is accepted, these relationships likely support the integrity of the organization's social structure. The creation and maintenance of this social capital, Bolino et al. claimed, is what enhances organizational performance. Additionally, OCB needs to be distinguished from ingratiating behaviour, which Eastman (1994) describes as politically motivated behaviour or tactics used by employees to further their personal interests. For the observer the distinction may not always be apparent and in some cases

ingratiating behaviour may be classified and reported as OCB. Eastman found that concerns over distinguishing between the two are well founded and that the perceived motive of the individual influenced the supervisor's assessment of the behaviour. Greater rewards were directed toward employees labelled 'good citizens' than were directed to those labelled 'ingratiators', or those not displaying extra-role behaviours at all. Moorman (1993, p. 766) added an alternative perspective suggesting that OCB may be "the result of a cognition dominated, controlled decision and not the result of a more ephemeral good mood."

Graham (1991) adopted a political approach to OCB and treated the terms 'citizenship behaviours' and 'citizen responsibilities' synonymously. She argued that responsible citizenship requires a balance between *obedience*, demonstrated by respect for rules and instructions, punctuality, and stewardship; *loyalty*, demonstrated by defence of the organization, building its reputation, and cooperating with other for the betterment of the whole; and *participation*, demonstrated by attendance at non-required meetings and the like. This led to the classification of irresponsible citizens as aliens (those who obey the law but do not participate), hypocrites (those who feign allegiance but pursue personal gain), and anarchists (political activists who pursue parochial interests). The influences on OCB therefore appear to originate from two areas, the geopolitical environment and the organization. If the organization provides more to the employee than is required under statute, stronger relational ties are likely, and OCB is likely to be higher than might otherwise be predicted.

The taxonomy of OCB has often been expanded to embrace the dimensions of loyalty, compliance, altruism (helping behaviour), conscientiousness (akin to generalised compliance, Smith, Organ, & Near, 1983), sportsmanship, courtesy, and civic virtue (Podsakoff, MacKenzie, Paine, & Bachrach, 2000), and, in some cases, has been extended to embrace aspects of task performance (Coleman & Borman, 2000). These dimensions have, however, been found to fit into two more clearly defined categories of organizational behaviours; those directed toward and benefiting specific individuals in the organization (OCBI), and those directed toward and benefiting the organization itself (OCBO) (Borman & Motowidlo, 1993; LePine et al., 2002; Settoon & Mossholder, 2002; Williams & Anderson, 1991). Whilst both dimensions of OCB



were included in the current research, the expectation was for the psychological contracts of managers to be more closely related to OCBO than to OCBI.

The degree to which an employee shares the values and goals of the organization may also contribute to the engagement in OCB by the individual. If the fit between the individual and the organization is high, the likelihood is for that individual to engage in higher levels of OCB, than if the fit was lower. Goodman and Svyantek (1999) found that the perceived culture of the organization, combined with the conceptualised ideal culture, as expressed by the individual, predicted OCB better than perceived culture alone. This may suggest that the individual makes concessions where the organizational fit is not perfect and in doing so does not allow this to interfere with engagement in OCB. The expectation of reciprocity was raised by Goodman and Svyantek as a possible explanation. As they espoused, changes in the psychological contract, which establishes many of the 'rules' for reciprocity, including long-term commitment, may remove some of the incentive for employees to engage in OCB. However, and counter to prior research, the level of perceived organizational support, also thought to be relative to the psychological contract, was found to not influence the engagement in OCB (Lambert, 2000). Lambert did still conclude that "positive actions on the part of an organization propel workers to reciprocate in beneficial ways" (p. 811).

### ***Relationship of Organizational Citizenship Behaviour to the Psychological Contract – Developing the Nomological Network***

Drawing on political philosophy and the concept of covenantal relationships, Van Dyne, Graham, and Dienesch (1994) drew a comparison to psychological contracts and the perceived bi-partisan commitment. When the commitment from the organization is perceived by the individual to be positive, and high expectations of the organization meeting its obligations under the psychological contract, the likely outcome is greater involvement in OCB as the employee demonstrates their commitment to the organization. Pond et al. (1997) reported a positive correlation between organizational commitment and OCB of .27. This reciprocity, believed to be inherent in successful employment relationships, suggests that high expectations of psychological contract fulfilment

will be associated with higher levels of OCB. This was confirmed in research by Turnley et al. (2003) who reported significant correlations between OCBO and both relational contracts (.45) and transactional contracts (.31) and between OCBI and relational contracts (.30). The correlation between OCBI and transactional contracts was not significant.

Coyle-Shapiro (2002) also reported positive correlations (ranging from  $r = 0.10$  to  $r = 0.30$ ) between various components of OCB and the psychological contract with the latter being assessed through both employer obligations and employer inducements. However, Johnson and O'Leary-Kelly's (2003) prediction of a direct effect of psychological contract breach on organizational citizenship behaviour was not supported, though they did not differentiate between OCBO and OCBI. They proffered the explanation for this finding that aggrieved employees may not withdraw support from co-workers if they perceive that by doing so their fellow employees may be harmed. Tekleab and Taylor (2003) explored different aspects of the psychological contract and reported significant correlations between these (managers' perception of obligation = 0.28, employees' perception of organization's violation = -0.16, managers' perception of organization violation = 0.24, managers' perception of employee violation = -0.69) and OCB.

In this particular study, OCB was assessed by the participant's manager, making the final correlation reported as particularly relevant in that it may suggest that managers view employee violation of the psychological contract as being evidenced by non-participation in OCB. Lee and Allan (2002) also suggested that individuals in positive moods are more likely to participate in OCB than those in negative moods. Extrapolating this argument hints at the possibility that positive mood, contributed to by continuing expectations of psychological contract fulfilment, will also be associated with increased displays of OCB. Non-fulfilment of the psychological contract is more likely to be associated with negative mood than with positive mood.

Shore and Wayne (1993) found that employees operating under an economic exchange model (akin to a transactional psychological contract) would engage in OCB if that behaviour was directly rewarded, and those operating under a social exchange model (akin to a relational psychological contract) would engage in OCB despite no immediate reward (see also Organ, 1990; Rousseau &

McLean Parks, 1992). Extrapolating their findings, my proposition, supported by Van Dyne, Cummings and Parks (1995), is that OCB would be more likely to be engaged in by employees who believed the organization was committed to honouring its obligations, under the terms and conditions of the psychological contract, than those who did not have this belief. In other words, the positive outcome of their exchange ‘agreement’, economic or social, with the organization will be construed by employees as expected fulfilment of the psychological contract.

A positive relationship between OCB and the psychological contract is likely, for as Robinson and Morrison (1995, p. 289) stated, “the very definition of OCB assumes the existence of an employee-employer contract.” Their research found that engagement in OCB (in the form of civic virtue) reduced as employee perceptions of non-fulfilment of the psychological contract increased, with the relationship being mediated by trust (see also Robinson, 1996). Supporting this relationship is Turnley et al.’s research (2003) which reported that fulfilment of the psychological contract explained a significant amount of variance in OCB, with the relationship being stronger for OCBO than for OCBI. The expectation that OCB would reduce (and antisocial workplace behaviours increase) when psychological contracts were violated was also proposed by Turnley and Feldman (1999a), and subsequently demonstrated (1999b; 2000).

### ***Relationships with Other Study Variables***

The relationship between job satisfaction and performance has been of interest since Mayo’s studies at the Hawthorne plant of Western Electric in Chicago. The relationship between job satisfaction and OCB has, however, attracted research interest for a comparatively shorter period of time. The strong indication that most forms of OCB can be predicted by contextual work attitudes (Konovsky & Organ, 1996) hints at the likely nature of this and other relationships. Support for a positive relationship between OCB and job satisfaction has been found in a number of studies (Chiu & Chen, 2005; McNeely & Meglino, 1994; Murphy, Athanasou, & King, 2002; Van Dyne et al., 1995), but not others (Schappe, 1998), and was explored in depth by Organ (1990). Organ reported a positive correlation between job satisfaction and supervisory ratings of

OCB. In their own study, in which they measured both supervisor ratings and personnel records, Murphy et al. (2002) found the relationship to be positive and reasonably strong suggesting that employees who are satisfied with their jobs are also more likely to engage in OCB. As Bolino, Turnley, and Bloodgood (2002, p. 505) concluded from prior research, “individuals are most likely to go beyond their formal job requirements when they are satisfied with their jobs..., when they are given intrinsically satisfying tasks to complete...”

Supporting the distinctiveness of OCBI and OCBO, and in contrast to LePine et al. (2002), Williams and Anderson (1991) found significant relationships between OCB and two components of job satisfaction (affect and cognition), but at odds with Allen and Rush (1998), no relationship with organizational commitment. Organ (1995) suggested that the relationship between various measures of OCB and job satisfaction is modest. Although Pond, Nacoste, Mohr, and Rodriguez (1997) reported a highly significant relationship between the two (.44), their one-item measure of job satisfaction was suspect (“how satisfied are you with the *type* of work you do?” p. 1532, emphasis added). Using a more robust measure of job satisfaction (20 bipolar adjectives), Smith, Organ, and Near (1983) reported a significant correlation (.27) with the altruism dimension of OCB. A significant relationship was found by Chen, Hui, and Sego (1998) between OCB and turnover intentions with less OCB being recorded against higher intentions to leave the organization.

The relationship between OCB and job satisfaction may require further research for, as reported by Moorman (1991), job satisfaction was not related to organizational citizenship when perceptions of fairness (organizational justice) were measured separately. Moorman cited Organ (1988a, 1988b) in suggesting that this situation results from a large fairness component being included in job satisfaction measures. As previously mentioned, fairness, concerning fulfilment of the psychological contract, relates to perceptions of organizational justice. Therefore, any relationship between OCB and job satisfaction may be moderated by perceptions of fairness relating to perceived fulfilment of the psychological contract.

### ***Summary and Hypothesis***

Organizational citizenship behaviour was previously defined as “individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization” (Organ, 1988, cited in Organ, 1997, p. 86). Whatever the level or quality of citizenship behaviour managers engage in, it is likely to be predicated on the understanding or expectation that it will be rewarded or acknowledged by the organization. Whilst having participation in citizenship behaviour rewarded or acknowledged by the organization is likely to be important for all managers, it is proposed to be rated as more important or relevant for those managers who participate in higher levels of citizenship behaviour than others. The relevance of this relationship will be nurtured through the belief that the organization has an obligation to reciprocate by fulfilling the psychological contract. Managers engaging in OCB potentially believe they are obligated to, thus fulfilling their psychological contract. Therefore, managers engaging in higher reported levels of organizational citizenship behaviour are hypothesised to rate the extent to which they believe the organization is obligated to meet their expectations, under the terms (content) of the psychological contract, higher than managers engaging in lower reported levels of organizational citizenship behaviour.

**Hypothesis 10: *The relationship between the Psychological Contract and Organizational Citizenship Behaviour.***

*The extent to which the organization is perceived to be obligated to fulfil the psychological contract will be rated higher by managers exhibiting higher levels of organizational citizenship behaviour.*

## Summary of Hypotheses

Under the concept of the psychological work contract, individuals perceive two sets of obligations; obligations they believe the organization has to them, and obligations they believe they have to the organization. Relationships are proposed to exist between the extent to which managers believe these obligations exist and the various constructs included in this study. Generally, the proposition is that strong beliefs regarding the extent to which these obligations exist will be positively associated with outcomes believed to be supportive of effective organizational functioning, whilst negatively associated with outcomes considered to be non-supportive of effective organizational functioning.

As noted earlier, published research literature is largely devoid of studies that consider the content of psychological contracts. Therefore, research considering contract fulfilment was reviewed to gain an appreciation of the likely nature of the proposed relationships between the variables included in the nomological network and the extent to which individuals believe they have an obligation to fulfil the psychological contract. Higher perceived obligations by the organization, to fulfil the terms and conditions (content) of the psychological contract, will be accepted as confirming the content of the measure of the psychological contract being developed.

The proposed relationships existing between the extent to which employees believe the organization has an obligation to fulfil the psychological contract, and the variables reviewed above, are expressed in the following hypotheses.

**Hypothesis 6: *The relationship between the Psychological Contract and Career Plateau.***

*The extent to which the organization is perceived to be obligated to fulfil the psychological contract will be rated higher by career plateaued managers.*

**Hypothesis 7: *The relationship between the Psychological Contract and Organizational Commitment.***

*The extent to which the organization is perceived to be obligated to fulfil the psychological contract will be rated higher by managers more committed to the organization.*

**Hypothesis 8: *The relationship between the Psychological Contract and Person-Organization Fit.***

*The extent to which the organization is perceived to be obligated to fulfil the psychological contract will be rated higher by managers reporting a higher level of fit with the organization.*

**Hypothesis 9: *The relationship between the Psychological Contract and Job Performance.***

*The extent to which the organization is perceived to be obligated to fulfil the psychological contract will be rated higher by higher performing managers.*

**Hypothesis 10: *The relationship between the Psychological Contract and Organizational Citizenship Behaviour.***

*The extent to which the organization is obligated to fulfil the psychological contract will be rated higher by managers exhibiting higher levels of organizational citizenship behaviour.*

The more career plateaued managers are (Hypothesis 6), or the more committed they are to the organization (Hypothesis 7), or the higher their perceived level of fit with the organization (Hypothesis 8), or the higher their reported job performance (Hypothesis 9), or the more they are perceived by their manager to engage in organizational citizenship behaviours (Hypothesis 10), the higher they will rate the *extent* to which they believe the *organization is obligated* to meet their expectations, under the terms (content) of the psychological contract. These hypothesised relationships are represented diagrammatically in Figure 4.1 (page 119).

## **Research Goals**

Based on the preceding review of relevant literature, the relationships amongst the variables for which data have been collected for this research are predicted to hold to what that review suggests those relationships are likely to be, that is either a positive or negative relationship. From that review a nomological network was developed against which the relationships arising from variables included in this research were validated. Citing Cronbach and Meehl (1955), Westen and Rosenthal (2003, p. 608) noted that “The aim of construct validation is to embed a purported measure of a construct in a nomological network” and then to establish or verify the relationships that are expected or proposed to exist.

If one is to establish the relationships between a newly developed measure and other variables, I argue that one should first confirm that the relationships that exist between those variables conform to prior research and that no anomalies exist. Confirming that the relationships are replicated, and conform to what prior research suggests should prevail, will form the first step in establishing the construct validity of the measure for the psychological contract being developed. Because of the number of variables included in this study the nomological network is represented in a table rather than diagrammatically. The predicted nature of the relationships between the research variables, including both organization and employee obligations as expressed in the psychological work contract, are represented in Table 4.1.

Having now constructed the nomological network focus shifts to the method used to embed the measure of the psychological contract being developed into it, and to assessing its validity. The methodology applied to this process is covered in Chapter 5.



**Table 4.1****Nomological Network: Predicted Relationships Between Research Variables**

<b>H</b>	<b>Variable</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
<b>1</b>	Intention to Quit										
<b>2</b>	Perceived Organizational Support	-									
<b>3</b>	Work Involvement										
<b>4</b>	Job Involvement	-	+	+							
<b>5</b>	Job Satisfaction	-	+	+	+						
<b>6</b>	Career Plateau	+				-					
<b>7</b>	Organizational Commitment	-	+	+	+	+	-				
<b>8</b>	Person-Organization Fit	-	+			+		+			
<b>9</b>	Job Performance	-	+		+	+	-	+			
<b>10</b>	Organizational Citizenship Behaviour	-	+	+	+	+		+	+	+	
	Psychological Contract (Employee Obligations)	-	+	+	+	-					
	Psychological Contract (Organization Obligations)						+	+	+	+	+

Notes. H = Hypothesis the variable was included in

‘+’ depicts a positive relationship

‘-’ depicts a negative relationship

## **CHAPTER 5**

### **VALIDATING THE MEASURE – METHOD**

#### **Overview**

In the first phase of the study a list of items believed to be representative of the content of the psychological contract for managers was developed through an interview process. The objective in this, the second phase of the research, was to collect sufficient data to support the validation of the measure of the psychological contract being developed. To that end a survey approach was adopted and a questionnaire developed. The process followed in obtaining the data included in the validation process and deriving the final form of the measure of the psychological contract will be described in this chapter. The final measure of the psychological contract, along with the other variables included in the study, was carried through to the actual validation process described in Chapter 6.

#### **Participants**

The participants for the study were drawn from the managerial ranks of 13 organizations representing the following industries: travel (2), insurance (2), health (1), petroleum (1), local government (3), retail (1), entertainment (1), produce marketing (1), and utilities (1). Forty-nine other organizations from varied industry sectors in both New Zealand and Australia were approached to gain support for the research and to increase the sample size but all these organizations declined to participate. The most oft cited reasons for declining participation included that this study was similar to internal surveys conducted, time-pressures on management and/or the organization, too many requests for survey participation, and failure to see relevance to organizational objectives. Three hundred and sixty eight questionnaires were distributed to the 13 participating organizations and the final N of 124 represents a 34% response rate.

In terms of demographics, 69% (n = 83) were male and 85% (n = 104) defined themselves as married or living in a marriage situation. The age of participants ranged from 27 years to 63 years with a mean age of 44. The largest ethnic groups represented in the sample were European (85%) and Maori (4%).

Forty-six percent of the sample were earning in excess of \$NZ100,000 per annum. The next highest income bracket was \$NZ80,000 to \$NZ100,000 with 24% of participants falling in this range. Thirty-seven percent of the participants held an undergraduate degree and 26% held a post-graduate qualification. On average, the participants recorded tenures with their current employer of 8.6 years (minimum = 1 year, maximum = 48 years, SD = 8.76). A complete analysis of the sample demographics for this phase of the study is provided in Appendix 9.

A comparison was undertaken between the demographics of the participants from the interview phase (Phase 1, N = 35, Chapter 2, Appendix 3) and the participants of the validation/survey phase (Phase 2, N = 124, Appendix 9) to determine the extent to which the samples displayed similar characteristics. This comparison was considered important to ensure that the participants completing the phase two questionnaire were reasonably similar in key demographics to the participants in phase one, and that both samples displayed managerial characteristics, thus ensuring that the measure of the psychological contract being developed was indeed representative of managerial level employees. A comparison of the two samples on key demographics is provided in Table 5.1. Although, based on this comparison, the participants in phase two were slightly older and more were on higher salaries, the characteristics of the two samples confirmed an acceptable level of comparability, and were considered representative of managerial employees. Given the anonymity provided to participants in this phase, it was not possible to determine whether any participants from the first phase also participated in the second phase.

### **Procedure**

Copies of the two-part questionnaire utilized in this research are provided in the appendices. The first part of the questionnaire (Part A, Appendix 10), which included the measure of the psychological contract and the measures for the non-performance related variables included in the study, was completed by the participants themselves. Participants were instructed to give the second part of the questionnaire (Part B, Appendix 11), which included the measures of job (task) performance and organizational citizenship behaviour, to their manager for completion. The two parts of the questionnaire were cross-coded to enable them

to be matched following completion without compromising the confidentiality or anonymity of participants.

**Table 5.1**

**Comparison of Both Samples on Key Demographics**

<b>Demographic Variable</b>	<b>Descriptive</b>	<b>Phase 1 Sample Percent</b>	<b>Phase 2 Sample Percent</b>
Age	40+	49	64
Salary	\$80,000+	64	91
Type of Work	General Management	66	59
Gender	Male	69	69
Marital Status	Marital Situation	86	85
Ethnicity	European	94	85
Education	University Degree	85	63

The two questionnaires were included in a packet with two return-addressed envelopes and distributed to participants via the internal mail service of participating organizations. The managerial focus of the development of the measure for the psychological contract was stressed and agreement was secured that only those participants meeting the stated criteria as previously defined for management (the direct reports to the chief executive officer or managing director of the company, and their direct reports, where such individuals held either line or staff budgetary and financial reporting responsibility for company resources or assets), would be offered the opportunity to participate. Personnel from each organization's human resource management department managed the distribution of the questionnaire packs on the agreed criteria for participation. In some cases the participating organization provided a list of participants and this was used to pre-address the questionnaire packs. The questionnaire packs were sealed prior to distribution to ensure all instructions and information included and relating to voluntary participation, completion and return of the questionnaires, and participants' rights, were received by the participants.

Instructions were provided to participants to record their name on the detachable cover sheet on Part B (performance questions) of the questionnaire, so

their manager could identify for whom they were completing it, and to hand that part of the questionnaire (Part B) to their manager for completion. To ensure confidentiality, the cover sheet requested the manager to remove the cover sheet bearing the participant's name after completing the questionnaire and prior to returning the questionnaire in the envelope provided. Instructions were also provided to participants regarding the options to complete Part A of the questionnaire. The two options available were to complete and return the hard copy provided, or complete the questionnaire on-line.

A URL (World Wide Web internet address) was provided to facilitate the completion of the questionnaire on-line. In practice this option did not prove overly popular, with only 10% (N = 13) of participants choosing to complete the questionnaire in this manner. Participants were also provided with two alternative methods, email or request slip, to request a summary of the research results. A total of 67 participants requested a summary of the results (email = 19, request slip = 48). For a full description of instructions and directions relating to participation and the completion of the questionnaires refer to Appendices 10 (Questionnaire Part A) and 11 (Questionnaire Part B).

Part A (participants' survey questions) of the questionnaire measured the perceptions and attitudes of participants across the variables included in the nomological network and reviewed in Chapters 3 and 4. As the measures, including that for the psychological work contract, involved the perceptions and attitudes of individuals, collecting this information directly from those individuals is argued to be the most appropriate method of doing so. Although self-report methods of data collection may introduce common method bias, other methods of data collection were inappropriate given the nature of the research. The subject of method bias, and how it was addressed in this research, is discussed in Chapter 7.

One step taken to diminish the effects of mono-method bias, potentially introduced through social desirability, was to modify the title of each measure such that it was more readable and lessened any possible negative connotation introduced by those titles, and any resultant reluctance or resistance to complete (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003; Podsakoff & Organ, 1986). For example, 'career plateau', which has the potential to be viewed negatively by career-minded individuals, was renamed "Career Status", and 'intention to quit', which, if this intention was high, could possibly be perceived by some individuals

as a sign of disloyalty to the organization, was renamed “Intention to Seek Alternative Employment”.

All processing was conducted using SPSS 11 for Windows™. To avoid listwise deletion of missing data a within-person mean substitution was adopted. The measures of the psychological contract contained no missing scores. For all other measures, and after the reverse coding of required item scores, missing scores were replaced with the mean of remaining item scores. This action resulted in 12 separate occurrences of measures completed by participants each having one missing score replaced with the mean of the remaining scores in those individual measures. This adheres to the within-person mean imputation procedure advocated by Roth, Switzer, and Switzer (1999, cited in Lambert et al., 2003).

## **Measures**

Included in Part A of the questionnaire were questions relating to the general demographics of participants (Appendix 9). Apart from the measure relating to the psychological contract, which was developed in the first phase of this study, all other measures utilised in this study have been widely used in other research, were drawn from reputable sources, and have established research validating their usage. The complete questionnaires are provided in Appendices 10 and 11. I discuss the measure of the psychological contract first, followed by a discussion of the other measures included in the questionnaire (p. 174).

### ***The Psychological Contract***

The content of the measure for the psychological contract (Appendix 6), and the current focus for construct validation, was developed in the first phase of the study. Consideration was given to including in the questionnaire an additional psychological contract measure assessing content and fulfilment, either that developed by Guest and Conway (2002) or Rousseau (2000), to support the validation process. However, upon a review of the items in those measures some similarity was evident and it was decided that their inclusion could add an element of duplication, and potentially detract from questionnaire completion by participants, whilst not necessarily offering anything unique or incremental. The

decision was therefore made to not include any additional psychological contract measures and to rely on validating the measure against the nomological network developed for that purpose.

The psychological contract measure comprised two parts: (a) the 23 expectations employees have of the organization (organization obligations) and (b) the 16 expectations employees believe the organization has of them (employee obligations). Participants were requested to state, item by item, the *extent* to which they believed they or the organization had an *obligation* to meet each of those expectations. The questions followed the format “*To what extent do you believe [you have/your organization has] an obligation to...*” with responses rated on a seven-point scale anchored from 1 = *No Obligation* to 7 = *Extreme Obligation*. The stems for the questions relating to the psychological contract in my survey were very similar to the stems in the questions that Rousseau (2000) used in the Psychological Contract Inventory (PCI). The PCI contains both content, in the form of an inventory from which participants may choose content, and evaluation (fulfilment) measures. For example, one stem used in the PCI relating to content was “*To what extent has your employer made the following commitment or obligation to you*” (p. 6). Chapter 7 (pages 230-231) provides a more detailed comparison of the items developed for my measure with those utilized by Rousseau (2000) and Guest and Conway (2002).

Participants were also asked to state how *important* each item was to them personally to meet their obligations or for the organization to meet its obligations. The questions followed the format “*How important is it to you personally [or for your organization] to...*” with responses rated on a seven-point scale anchored from 1 = *No Importance* to 7 = *Extreme Importance*. The importance rating was used to further assess the relevance of each item as a component of the measure of the psychological contract being developed.

The two components of the measure of the psychological contract (organization obligations and employee obligations) were subsequently assessed, item by item, to determine the importance of each item as rated by respondents in phase two. From this process the mean importance and standard deviations for each item were developed (Table 5.2 – Organization Obligations, Table 5.3 – Employee Obligations). The intention was to eliminate from the measure, prior to any subsequent processing, items that were rated below a specific level of

importance. Given that the items were originally derived from responses to the interview process and made by participants in the first phase of the study, and hence were likely considered important anyway, the expectation was for no items to be rated as not important at this stage of measure development.

Based on the analysis of the *importance* to participants of the *organization* fulfilling its obligations (Table 5.2) and thus meeting their expectations, the decision was made to not delete any items from this component of the measure and to retain the measure intact for subsequent processing. Whilst some individuals rated some items as having either “No” or “Minor” importance to them, the nature of the descriptive statistics suggests that all items within this component of the measure are more than “Reasonably” important to individuals overall with all item means above 4.8 on the seven-point scale in which four equated to *Reasonable Importance* and five equated to *High Importance*.

Based on the analysis of the *importance* to participants of *them* fulfilling their obligations (Table 5.3), and thus meeting the expectations they believed the organization has of them, the decision was made to not delete any items from this component of the measure and to retain the measure intact for subsequent processing. Whilst some individuals rated some items as having either “No” or “Minor” importance to them, the nature of the descriptive statistics suggests that all items within this component of the measure are more than “Highly” important to individuals with all item means above five (*High Importance*) on the seven-point scale.

The possibility that some individual participants consistently scored low on all items, while others consistently scored high, was explored to determine whether or not this potential trend may have affected the overall item means. The average score for each participant on each of the psychological contract measures was calculated and the frequency with which those average scores occurred over all participants was analysed.

In the first analysis (Table 5.4), the measure of the *importance* of organization obligations was analysed. The results of this analysis confirmed that very few participants consistently scored low on all items in this measure, confirming that all participants considered most items, if not all, to be important. One participant scored an average of 3.78 (just below reasonable importance), and



**Table 5.2****Importance of Organization Obligations (N=124)**

<b>Item No.</b>	<b>Item Description</b>	<b>Min</b>	<b>Max</b>	<b>Mean Importance</b>	<b>Standard Deviation</b>
1	Provide career development opportunities	2	7	4.85	1.19
2	Communicate organizational knowledge	2	7	5.46	.88
3	Fulfil the formal employment contract	3	7	6.06	1.02
4	Treat all employees fairly and equitably	2	7	5.89	1.10
5	Provide competitive remuneration	2	7	5.56	.94
6	Provide feedback on performance and other issues	3	7	5.68	.97
7	Apply organizational policy consistently	3	7	5.53	1.12
8	Act with integrity, staying true to its values and beliefs	4	7	6.17	.86
9	Promote and manage the use of intellectual knowledge	2	7	5.08	1.05
10	Provide leadership and motivation	3	7	5.80	.99
11	Express support for employees	3	7	5.58	1.04
12	Demonstrate commitment to its own success	1	7	5.51	1.19
13	Maintain acceptable norms and values	2	7	5.55	1.12
14	Manage change and provide strategic direction	3	7	5.81	.97
15	Provide professional and personal support	2	7	5.06	1.15
16	Provide personal growth and development opportunities	2	7	4.92	1.18
17	Provide a physically and socially safe environment	2	7	5.73	1.13
18	Maintain professionalism at all times	2	7	5.65	1.05
19	Provide employees with the resources to carry out the job	2	7	5.85	.94
20	Treat employees with respect	4	7	6.04	.91
21	Provide rewards of value to employees	1	7	5.14	1.11
22	Create an environment in which people work together	2	7	5.31	1.08
23	Support employees in maintaining work-life balance	2	7	5.01	1.28

Note: All items measured on 7-point scale anchored 1 = No Importance, 7 = Extremely Important.

**Table 5.3****Importance of Employee Obligations (N=124)**

<b>Item No.</b>	<b>Item Description</b>	<b>Min</b>	<b>Max</b>	<b>Mean Importance</b>	<b>Standard Deviation</b>
1	Pursue career development opportunities	2	7	5.08	1.245
2	Keep your employer informed and share knowledge	1	7	5.49	.96
3	Treat fellow employees fairly and equitably	2	7	6.06	1.00
4	Remain adaptable to role requirements	2	7	5.68	.96
5	Stay true to your own values and beliefs	4	7	6.29	.83
6	Be committed to the job	2	7	5.81	1.00
7	Provide leadership to others	4	7	5.96	.87
8	Be loyal to the organization	1	7	5.52	1.17
9	Be committed to the success of the organization	1	7	5.82	1.00
10	Subscribe to the organization's norms and values	2	7	5.20	1.16
11	Meet organizational goals and performance objectives	2	7	5.87	.92
12	Provide support and guidance to fellow employees	3	7	5.86	.88
13	Be committed to own personal growth and development	2	7	5.48	1.08
14	Respect others and self	4	7	6.15	.92
15	Be committed to working with others to achieve performance goals	3	7	5.79	.95
16	Maintain a balance between work and non-work activities	2	7	5.77	1.05

Note: All items measured on 7-point scale anchored 1 = No Importance, 7 = Extremely Important.

eight participants scored an average of between four and 4.5 (from reasonable importance and to below the mid-point to high importance). Ninety-three percent of all participants scored an average of over 4.5 (being the mid-point between reasonable importance and high importance) on the seven point scale. Based on this analysis, the decision to not eliminate any items from this measure was considered justified.

**Table 5.4**

**The Psychological Contract – Importance of Organization Obligations:  
Average Response Frequency Analysis**

<b>Measure Score Range</b>	<b>Number of Occurrences</b>	<b>Percent of Total</b>
3.5 – 4.0	1	0.8
4.0 – 4.5	8	6.5
4.5 – 5.0	19	15.3
5.0 – 5.5	28	22.6
5.5 – 6.0	28	22.6
6.0 – 6.5	35	28.2
6.5 – 7.0	5	4.0
<b>Total</b>	<b>124</b>	<b>100</b>

In the second analysis (Table 5.5), the measure of the *importance* of employee obligations was analysed. The results of this analysis confirmed that very few participants consistently scored low on all items in this measure, confirming that all participants considered most items, if not all, to be important. One participant scored just below four (reasonable importance) and four participants scored between four and 4.5 (between reasonable importance and the mid-point between reasonable importance and high importance). Ninety-six percent of all participants scored an average of over 4.5 (being the mid-point between reasonable importance and high importance) on the seven-point scale. Based on this analysis, the decision to not eliminate any items from this measure was considered justified.

In the third analysis (Table 5.6) the measure of the *extent* to which organization obligations existed was analysed. The results of this analysis confirmed that very few participants consistently scored low on all items in this measure, confirming that all participants considered that the organization had at least some obligation to provide most items, if not all. Two participants scored just below four (reasonable obligation) and three participants scored between four and 4.5 (between reasonable obligation and the mid-point between reasonable obligation and high obligation). Ninety-six percent of all participants scored an average of over 4.5 (being the mid-point between reasonable obligation and high

obligation) on the seven-point scale. Based on this analysis, the decision to not eliminate any items from this measure was considered justified.

**Table 5.5**

**The Psychological Contract – Importance of Employee Obligations:**

**Average Response Frequency Analysis**

<b>Measure Score Range</b>	<b>Number of Occurrences</b>	<b>Percent of Total</b>
3.5 – 4.0	1	0.8
4.0 – 4.5	4	3.2
4.5 – 5.0	13	10.5
5.0 – 5.5	22	27.7
5.5 – 6.0	31	25.0
6.0 – 6.5	37	29.9
6.5 – 7.0	16	12.9
<b>Total</b>	<b>124</b>	<b>100</b>

**Table 5.6**

**The Psychological Contract – Organization Obligations:**

**Average Response Frequency Analysis**

<b>Measure Score Range</b>	<b>Number of Occurrences</b>	<b>Percent of Total</b>
3.5 – 4.0	2	1.6
4.0 – 4.5	3	2.4
4.5 – 5.0	17	13.7
5.0 – 5.5	27	21.8
5.5 – 6.0	35	28.2
6.0 – 6.5	33	26.6
6.5 – 7.0	7	5.7
<b>Total</b>	<b>124</b>	<b>100</b>

In the fourth and final analysis (Table 5.7), the measure of the *extent* to which employee obligations existed was analysed. The results of this analysis confirmed that very few participants consistently scored low on all items in this measure, confirming that all participants considered that they had some obligation to provide most items, if not all. Three participants scored just below four (reasonable obligation) and six participants scored between four and 4.5 (between reasonable obligation and the mid-point between reasonable obligation and high obligation). Ninety-three percent of all participants scored an average of over 4.5 (being the mid-point between reasonable obligation and high obligation) on the seven point scale. Based on this analysis, the decision to not eliminate any items from this measure was considered justified.

**Table 5.7**

**The Psychological Contract – Employee Obligations:**  
**Average Response Frequency Analysis**

<b>Measure Score Range</b>	<b>Number of Occurrences</b>	<b>Percent of Total</b>
3.5 – 4.0	3	2.4
4.0 – 4.5	6	4.8
4.5 – 5.0	16	12.9
5.0 – 5.5	19	15.3
5.5 – 6.0	42	33.9
6.0 – 6.5	29	23.4
6.5 – 7.0	9	7.3
<b>Total</b>	<b>124</b>	<b>100</b>

Finally, the two components of the measure for the psychological contract (Organization Obligations and Employee Obligations) were subjected to item analysis. In the first analysis the measure of organization obligations was assessed (Table 5.8). In the second analysis the measure of employee obligations was assessed (Table 5.9). Based on this analysis the decision was made to retain both measures intact for all subsequent processing. Deleting any items from these measures would not have improved their reliability.

**Table 5.8****Reliability Analysis – Scale (Alpha): Organization Obligations**

<b>Item</b>	<b>Scale Mean if Item Deleted</b>	<b>Corrected Item-Total Correlation</b>	<b>Alpha if Item Deleted</b>
1. Provide career development opportunities	124.16	.33	.94
2. Communicate organizational knowledge	123.14	.35	.94
3. Fulfil the formal employment contract	122.35	.34	.94
4. Treat all employees fairly and equitably	122.50	.53	.93
5. Provide competitive remuneration	123.71	.63	.93
6. Provide feedback on performance and other issues	123.03	.62	.93
7. Apply organizational policy consistently	122.85	.60	.93
8. Act with integrity, staying true to its values and beliefs	122.59	.59	.93
9. Promote and manage the use of intellectual knowledge	123.42	.62	.93
10. Provide leadership and motivation	122.93	.72	.93
11. Express support for employees	123.26	.74	.93
12. Demonstrate commitment to its own success	122.99	.57	.93
13. Maintain acceptable norms and values	123.15	.62	.93
14. Manage change and provide strategic direction	122.87	.67	.93
15. Provide professional and personal support	123.71	.69	.93
16. Provide personal growth and development opportunities	124.05	.57	.93
17. Provide a physically and socially safe environment	122.76	.51	.93
18. Maintain professionalism at all times	122.92	.69	.93
19. Provide employees with the resources to carry out the job	122.92	.74	.93
20. Treat employees with respect	122.77	.76	.93
21. Provide rewards of value to employees	123.96	.64	.93
22. Create an environment in which people work together	123.45	.72	.93
23. Support employees in maintaining work-life balance	123.87	.65	.93

Notes: N = 124, Alpha = .94

**Table 5.9****Reliability Analysis – Scale (Alpha): Employee Obligations**

	<b>Scale Mean if Item Deleted</b>	<b>Corrected Item-Total Correlation</b>	<b>Alpha if Item Deleted</b>
1. Pursue career development opportunities	85.00	.50	.90
2. Keep your employer informed and share knowledge	83.94	.56	.90
3. Treat fellow employees fairly and equitably	83.33	.59	.90
4. Remain adaptable to role requirements	83.69	.56	.90
5. Stay true to your own values and beliefs	83.91	.48	.91
6. Be committed to the job	83.63	.64	.90
7. Provide leadership to others	83.58	.67	.90
8. Be loyal to the organization	83.95	.54	.90
9. Be committed to the success of the organization	83.54	.63	.90
10. Subscribe to the organization's norms and values	83.98	.49	.90
11. Meet organizational goals and performance objectives	83.65	.64	.90
12. Provide support and guidance to fellow employees	83.90	.72	.90
13. Be committed to own personal growth and development	84.40	.62	.90
14. Respect others and self	83.59	.72	.90
15. Be committed to working with others to achieve performance goals	83.67	.77	.89
16. Maintain a balance between work and non-work activities	84.52	.47	.91

Notes: N = 124, Alpha = .91

## Employee Survey (Part A of Questionnaire)

In addition to the two measures of the psychological contract (Employee Obligations, Organization Obligations), as described above, the questionnaire completed by participants (Part A) included the following measures:

**Trust:** As for the first phase of the study, the aim was not to formally assess the level of trust existing between the employee and the employer but to determine whether or not a general environment of trust prevailed in the employment relationship, the argument being that the process of psychological contract formation and fulfilment is more likely to have positive outcomes if an environment of employee-employer trust prevails. The format of the questions relating to trust adhered to the format for the same questions in phase one and asked participants whether or not they trusted their employer (*Yes* or *No*), and whether or not they believed their employer trusted them (*Yes* or *No*). Participants were also asked to rate how important it was for this trust to exist on a four-point scale anchored from *1 = Not important* to *4 = Very important*. The format of the four questions relating to trust was based on a review of relevant studies (Clark & Payne, 1997; Korsgaard et al., 2002; Kramer, 1999) and the measurement of trust (Clinton & Guest, 2004; Kessler & Undy, 1996).

**Intention to Quit.** A five-item bank of questions developed by Bozeman and Perrewe (2001), and based on the work of Mowday, Koberg, and MacArthur (1984), was used to assess participants' intention to quit. Containing both positively and negatively worded items, the measure asked individuals how likely it was that they would look for a new job and whether they were thinking about quitting their existing job. The measure included items such as "*I will probably look for a new job in the near future*", and "*I do not intend to quit my job*". All items were measured on a seven-point scale anchored from *1 = Strongly Disagree* to *7 = Strongly Agree*. Bozeman and Perrewe reported coefficient alphas of .94 and .90 for two different samples in their study. Cronbach's alpha for the present study was .88.



**Perceived Organizational Support.** The early work on the Survey of Perceived Organizational Support (SPOS) can be found in the 1986 study by Eisenberger, Huntington, Hutchison, and Sowa (1986). From an original pool of 36 items ( $\alpha = .97$ ), 17 were retained in a shortened version of the measure ( $\alpha = .93$ ). Subsequent use of the 17-item SPOS (Shore & Wayne, 1993) realised an alpha of .95. In another study, Eisenberger, Cummings, Armeli, and Lynch (1997) selected the eight items that loaded most highly onto the main factor with a resulting alpha of .90.

Accepting the veracity of Eisenberger et al.'s (1997) work with the eight-item measure, and its use in research by Lynch et al. (1999) and Rhoades et al. (2001), the eight-item measure was accepted for the present study and included items such as "*This organization really cares about my well-being*" and "*Help is available from this organization when I have a problem*". All items were measured on a seven-point scale anchored from 1 = *Strongly Disagree* to 7 = *Strongly Agree*. Lynch et al. and Rhoades et al. both reported a coefficient alpha of .90 for the eight item measure. Cronbach's alpha for the present study was .85.

**Work Involvement.** In conjunction with the development of the job involvement measure, Kanungo (1982) developed a six-item measure of work involvement ( $\alpha = .75$ ). Providing support for the use of Kanungo's measure, Hirschfeld and Feild (2000) and Diefendorff et al. (2002) measured *work centrality* using 12 items from Paullay et al. (1994). Reporting alphas of .76 and .80 respectively, Hirschfeld and Feild noted that the measure contained five of the six items from Kanungo's work involvement measure. Paullay et al. subjected the measure ( $\alpha = .80$ ) to construct validation and indicated that the model that best fit the data had work centrality (involvement) as a separate factor.

Hackett et al. (2001) also adopted Kanungo's (1982) measure and reported an alpha of .77. In a review of work involvement measures, Morrow (1993) reported alphas for Kanungo's measure as falling in the range .73 to .84. Again, given the comparable reliability between the shorter and longer versions of the two measures, and the desire to minimize the length of the questionnaire, Kanungo's original six-item measure, which included items such as "*Work is only a small part of my job*" and "*My personal life goals are work-oriented*", was selected for use. All items were measured on a seven-point scale anchored from 1

= *Strongly Disagree* to 7 = *Strongly Agree*. Cronbach's alpha for the present study was .74.

**Job Involvement.** Since its inception, Kanungo's (1982) measurement of job involvement has found favour with researchers. Through factor analysis Kanungo showed the distinction between job involvement and work involvement. Kanungo's validation was supported by Paullay et al. (1994) who concluded that, whilst the two constructs shared modest amounts of variance, they did not appear to be redundant constructs.

Kanungo's (1982) original 10-item measure was reduced to nine for the present study by the removal of the negatively worded item seven (*Usually, I feel detached from my job*). Paterson and O'Driscoll (1990) found this item reduced the internal consistency of the measure. Blau, Paul, and St John (1993) also suggested this item be removed. Although Blau, Paul, and St John also found that items three and six loaded dominantly onto other factors, and argued for a seven-item measure, the nine-item measure was adopted for the present research. The measure included items such as "*To me, my job is only a small part of who I am*" and "*Most of my personal life-goals are job-oriented*". All items were measured on a seven-point scale anchored from 1 = *Strongly Disagree* to 7 = *Strongly Agree*. The alpha coefficients for the nine-item measure reported by Paterson and O'Driscoll of .81 and .85, and Blau, Paul, and St John of .83, are close to the alpha of .87 recorded in Kanungo's original study. Cronbach's alpha for the present study was .83.

**Job Satisfaction.** The Michigan Organizational Assessment Questionnaire (Cammann, Fichman, Jenkins & Klesh, 1979, cited in Cook, Hepworth, Wall, & Warr, 1981), consisting of a three-item bank of questions, was relied on for a measure of overall job satisfaction. For this measure of general job satisfaction, Cook et al. note that means were not cited in the source publication but they did cite a coefficient alpha of 0.77 (N>400). Using this measure in a previous study D. A. J. Cable (1999) reported a coefficient alpha of .80. Citing Moch (1980a), Cook et al. also recorded an average inter-correlation between the three measure items of 0.50. Correlations of -0.58 with intention to turnover and 0.35 with job involvement were also reported. Items in the measure included "*In general, I*

*don't like my job*" and "*All in all, I am satisfied with my job*". All items were measured on a seven-point scale anchored from 1 = *Strongly Disagree* to 7 = *Strongly Agree*. Cronbach's alpha for the present study was .87.

**Career Plateau.** The two methods of measuring career plateau are grounded in either objective or subjective criteria. Objective measures are generally based on predefined criteria such as job tenure (Chao, 1990; Gregson, 1990; Joseph, 1996; Near, 1985; Stout et al., 1988), whilst subjective measures are based on the perceptions of the individual. A perceptual or subjective measure of career plateau provides for greater variability and, as Chao argued, it is the individual's perceptions that are more important than either reality or the assessment by other people. Chao also reported that in her study the explanatory power of a perceptually based measure of career plateau was significantly higher than a job-tenure based measure. Tremblay and Roger (1993) suggested that the components of a reliable subjective career plateau measure include *perceptions* of having been at one's level for too long and of having reached a dead end in one's career progress.

To assess career plateau, a measure developed by D. A. J. Cable (1999) was utilized. In this five-item measure Cable adopted items from Chao (1990, items 1-2) and Ettington (1998, items 3-5) which were converted to a common scale and realised a coefficient alpha of .83. The questions in the measure addressed the likelihood of the participant being promoted or getting ahead in the organization and included such items as: "*I am not getting ahead in this organization*" and "*I expect to advance to a higher level in the near future in this organization*". All items were measured on a seven-point scale anchored from 1 = *Strongly Disagree* to 7 = *Strongly Agree*. Cronbach's alpha for the present study was .74.

**Organizational Commitment.** Acknowledging the multidimensionality of organizational commitment, a three-component (affective, 'want to stay', continuance, 'have to stay', normative, 'ought to stay') measure was adopted. The measure developed by Meyer and Allen (1997) was used because of its succinctness and its ability to differentiate the three dimensions of organizational commitment. Clugston (2000, p. 478) suggested that this measure, as an

assessment of organizational commitment, appears to be emerging as the predominant conceptualization, and is gaining support.

In a revision of their original 24-item measure, Meyer and Allen (1997) reduced the three components to six items each. Meyer and Allen report median reliabilities for the affective, continuance, and normative commitment components of .85, .79, and .73 respectively. They suggested that, with few exceptions, reliability estimates exceeded .70. Casper et al. (2002) recorded coefficient alphas of .87 and .78 respectively for the continuance and affective components of the measure. Factor analysis, both exploratory and confirmatory, supports the factor structure of the measure (Allen & Meyer, 1996). The measure included items such as “*I really feel as if this organization’s problems are my own*” and “*This organization deserves my loyalty*”. All items were measured on a seven-point scale anchored from 1 = *Strongly Disagree* to 7 = *Strongly Agree*. Cronbach’s alpha for the present study for the overall measure of organizational commitment measure was .81. Cronbach’s alphas for the individual measures of affective commitment, continuance commitment, and normative commitment, were .72, .76, and .82 respectively.

***Person-Organization Fit.*** Cable and Judge (1996) used a one-item measure to assess perceived person-organization fit in the first part of a two-part study. Acknowledging the questionable reliability of one-item measures, they added two additional items to the measure in the second part of their study. Their three-item measure realised an alpha of .87 and they noted that the one-item measure predicted work outcomes identically to the three-item measure. In a subsequent study Cable and Parsons (2001) used two of the three questions and reported an alpha of .85.

Basing their questions on the three-item bank developed by Cable and Judge (1996), Lauver and Kristof-Brown (2001) reported an alpha of .83. Reinforcing Kristof’s comment (Kristof, 1996), that good fit can be claimed to exist so long as it is perceived to exist, this measure assesses that perception. However, this perception is likely not static and, like the psychological contract, may change as individual needs evolve, or the organization itself undergoes change. The original three-item measure of Cable and Judge was adopted for the present study, but with the wording changed slightly to conform to the overall

format of the questionnaire. For example, “To what degree do you feel your values ‘match’ or fit this organization and the current employees in this organization” was changed to “*My values ‘match’ or fit those of this organization*” and “*My values ‘match’ or fit those of current employees in this organization*”. All items were measured on a seven-point scale anchored from 1 = *Strongly Disagree* to 7 = *Strongly Agree*. Cronbach’s alpha for the present study was .82.

**Demographics.** The participants’ questionnaire (Appendix 10) also included a section on demographics. As some of these demographic variables were proposed to potentially exert influence on the relationships between the variables in the nomological network and the psychological contract, they were included as possible control variables for subsequent processing. Where these demographic variables are significantly correlated with the various measures of the psychological contract, they will be controlled for in the relevant regression analyses.

The following demographic variables were included as possible control variables. *Age*: the potential for cohort effects to exist was considered with differences in psychological contract content proposed between the “baby boom” generation, and the so called generations X and Y. *Salary*: The potential for lower income earners to be more transactionally oriented with respect to their psychological contracts was considered. *Gender*: differences between the work attitudes of males and females, with respect to such phenomenon as the “glass ceiling” was considered to be a potential influence. *Tenure*: the expectations managers have concerning their psychological contract is likely to be influenced by the length of time they have worked for the organization, with longer serving managers being more relationship oriented with respect to their expectations. *Education*: the potential for managers with a higher level of education to have, for example, higher expectations with respect to their psychological contract was considered.

### Supervisor Survey (Part B of Questionnaire)

The questionnaire completed by the participant's manager (Part B) included the following two performance measures:

***Job (Task) Performance.*** Three possible sources for job performance ratings were considered. A decision was made to rely on supervisor ratings rather than ratings from either peers or self, supported in part by the findings of Borman, White, and Dorsey (1995), and comments by Somers and Birnbaum (1998). Werner (1994) noted that obtaining measures of both job performance and organizational citizenship behaviour from a single supervisory source may affect the reliability of the measure of the latter which may be understated. However, given the nature of the present study, and the difficulties involved in obtaining performance data from other sources, any biases introduced through supervisory assessments of the two classes of performance are proposed to be less problematic than biases introduced through self-reports on these measures. Self-ratings were considered to be potentially less reliable due to self-report biases such as social desirability, whilst peer ratings are arguably more susceptible to rater bias than supervisor ratings. Whilst obtaining performance measures from supervisors added a complexity to the study, in terms of capturing the requisite information, the expected higher reliability in performance ratings warranted that investment.

Williams and Anderson (1991) developed a 21-item measure of job performance containing both organizational citizenship behaviour items and in-role (task performance) behaviour items. Adding to the three items measuring task performance drawn from O'Reilly and Chatman (1986), Williams and Anderson's final seven-item measure for task performance clearly showed high single-factor loading for all items with an eigenvalue of 8.37 (unrotated solution). Williams and Anderson reported that the additional items developed by them described behaviours typically found in both formal appraisal systems and job descriptions. The measure included items such as "*Adequately completes assigned tasks*" and "*Meets formal performance requirements of the job*". All items were measured on a seven-point scale anchored from 1 = *Strongly Disagree* to 7 = *Strongly Agree*. Williams and Anderson reported a coefficient alpha for their study of .91 and, adopting the same measure, Allen and Rush (1998)

recorded an alpha of .95. Based on these reported alphas the seven-item measure was considered robust and was therefore adopted for the present study and realised a Cronbach's alpha of .87.

***Organizational Citizenship Behaviour.*** As for task performance, three possible sources for assessment of organizational citizenship behaviour (OCB) were considered (self, peer, supervisor). For the same reasons relating to the decision to rely on supervisor rating of task performance, primarily reliability (Borman et al., 1995) and the susceptibility of OCB to socially desirable responses in self-report (Schnake, 1991), the decision was again made to rely on supervisor ratings of OCB. This decision was made despite Moorman and Blakely's (1995) assertion that the relationship between OCB and other organizational variables may be robust to the influence of possible common method bias. Note was made earlier relating to the possibility of introducing common method bias to the two performance measures (task performance and OCB) by obtaining these measures from the same source, that is, from the participant's supervisor or manager. However, this avoids the potential for further common method variance being added by having the actual participants complete the performance measures.

Accepting that organizational citizenship behaviours (OCB) may be directed to either specific individuals (OCBI) or to the organization (OCBO), both facets were measured. Although LePine et al. (2002) suggested that peers might be best suited to rating OCBI, possibly because they are better positioned to observe such behaviour (Lee & Allen, 2002), and supervisors best suited to rating OCBO, the overhead and added complexity of pursuing alternative sources for OCBI and OCBO ratings was considered not warranted for this study and a decision was made to rely on supervisor ratings. Eight-item measures for OCBI (alpha = .83) and OCBO (alpha = .88) from a study by Lee and Allen (2002) were selected for use. The Lee and Allen measure included items such as "*Helps others who have been absent*" (OCBI) and "*Takes action to protect the organization from potential problems*" (OCBO). All items were measured on a seven-point scale anchored from 1 = *Never* to 7 = *Always*. Cronbach's alphas for the present study were .93 for the overall measure of OCB, .89 for OCBI (individually focussed OCB) and .90 for OCBO (organizationally focussed OCB).

The next step in the process of construct validation was to embed the measure of the psychological contract into the nomological network and to test the hypotheses presented in Chapters 3 and 4. I cover the process relating to this step in construct validation in Chapter 6. Note: In subsequent chapters I have adopted the following naming convention: Where I refer to the actual measure of a *variable* as taken in this study, the name of that variable is capitalized. References to the *construct* generally are not capitalized.



## **CHAPTER 6**

### **VALIDATING THE MEASURE – RESULTS**

The validation process for the measure being developed for the psychological work contract was approached in three major steps and the structure of this chapter reflects that approach. Firstly, the dimensionality and factor structure of the two component measures (Employee Obligations, Organization Obligations) of the psychological contract were explored using factor analysis. Secondly, inter-correlations between the variables included in the nomological network were reviewed and the integrity of the network itself established. Finally, the hypotheses presented in Chapters 3 and 4 were tested at both bivariate and multivariate levels by embedding the measures of the psychological contract into the nomological network.

#### **The Psychological Contract Measure**

The dimensionality and factor structure of the two component measures of the psychological contract (Employee Obligations and Organization Obligations) were analysed using maximum likelihood factor analysis. In order to firstly determine the appropriateness of conducting factor analysis, the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO-MSA), which tests whether the partial correlations among the variables are small, was interpreted. The closer the KMO-MSA is to one the more appropriate it is to conduct factor analysis (Hair, Anderson, Tatham, & Black, 1995).

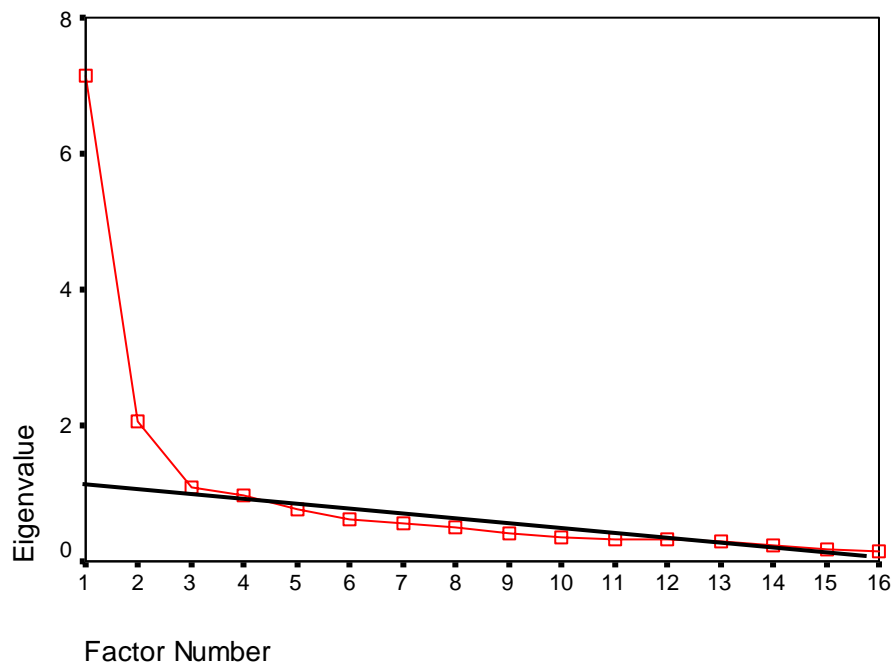
As the measures of the psychological contract were new measures, maximum likelihood factor analysis was considered appropriate to search for factors in the measures (Kline, 2000). Three criteria were used to determine the number of factors to rotate in the factor analysis: (a) the a priori hypothesis that each measure was unidimensional, (b) the values of the eigenvalues (latent roots) as confirmed in the scree plots, with eigenvalues greater than 1 indicating potential factors, and (c) the interpretability of the factor solution (Hair et al., 1995; Kline, 2000).

In the initial analyses, a factor loading criterion of 0.40 was taken as confirming a significant loading. Given that this was a new measure being

developed, a conservative approach was adopted to ensure less significant items were not included. Although Kline (2000) suggested that loadings above 0.30 could be regarded as meeting the minimum level, a minimum significant loading of 0.40 is more consistent with the level advocated by Hair et al. (1995) and Ford, MacCallum, and Tait (1986), and hence was adopted.

### *Employee Obligations*

The KMO-MSA for the original 16 items in the Employee Obligations measure was .88, confirming that it was very appropriate to conduct factor analysis for this measure (Hair et al., 1995). The scree plot (Figure 6.1) indicated that the initial hypothesis of unidimensionality was incorrect, with two factors having eigenvalues of 7.14 and 2.07 respectively. Consequently, two factors were rotated and, as the factors were expected to be correlated, an oblimin (oblique) rotation procedure with Kaiser normalization was used (Breakwell, Hammond, & Fife-Schaw, 2000; Hair et al., 1995).



**Figure 6.1. Factor Analysis Scree Plot: Employee Obligations**

In the initial analysis, and based on the factor loading criterion of 0.40, the only item that a factor did not significantly load onto was item two, “Keep your employer informed and share knowledge” (loading = .36). Additionally, both factors showed a substantial cross-loading onto item 15, “Be committed to working with others to achieve performance goals” (loadings = .56, .41). These two items (2 and 15) were therefore deleted from the measure for all subsequent processing and the factor analysis was rerun with the remaining 14 items using the same criteria as in the initial analysis. The final rotated solution (Table 6.1) yielded two interpretable factors. The first factor accounted for 44% of the item variance, and the second factor accounted for 15% of the item variance. The correlation between the two factors was  $r = .50, p < .01$ .

**Table 6.1**

**Factor loadings of items assessing Employee Obligations**

<b>Item No.</b>	<b>Item</b>	<b>Factor 1</b>	<b>Factor 2</b>
9	Be committed to the success of the organization	<b>.88</b>	-.11
6	Be committed to the job	<b>.78</b>	.00
10	Subscribe to the organization’s norms and values	<b>.71</b>	-.01
11	Meet organizational goals and performance objectives	<b>.70</b>	.01
8	Be loyal to the organization	<b>.68</b>	.01
4	Remain adaptable to role requirements	<b>.63</b>	.00
7	Provide leadership to others	<b>.60</b>	.25
16	Maintain a balance between work and non-work activities	-.18	<b>.82</b>
13	Be committed to own personal growth and development	.00	<b>.75</b>
5	Stay true to your own values and beliefs	-.01	<b>.71</b>
14	Respect others and self	.26	<b>.63</b>
12	Provide support and guidance to fellow employees	.35	<b>.55</b>
1	Pursue career development opportunities	.13	<b>.48</b>
3	Treat fellow employees fairly and equitably	.31	<b>.43</b>
Eigenvalues		6.14	2.01
Percent variance explained		44	15

Factor one items (Table 6.1) appear to relate to obligations that more directly affect the organization itself, for example, “Be committed to the job” (Item 6), “Be loyal to the organization” (Item 8), and “Meet organizational goals and performance objectives” (Item 11). These obligations may be interpreted as expressing the way employees believe they should behave toward the organization. Factor two items appear to relate to obligations that have a more direct effect on the individual him/herself or fellow workers, for example, “Treat fellow employees fairly and equitably” (Item 3), “Be committed to own personal growth and development” (Item 13), and “Respect others and self” (Item 14). These obligations may be interpreted as expressing the way employees expect to behave in the work place generally and how they expect to behave toward fellow employees.

Following Guzzo and Noonan’s (1994) contention that psychological contracts contain both relational and transactional components, the factor one items (Table 6.1) were viewed as relational as they appear to be more concerned with nurturing and maintaining the relationship between the individual and the organization. Relational items in a psychological contract, in which the relationship between employee and employer is paramount, are based on collective interest (McLean Parks & Kidder, 1994), and the mutual interests of employee and employer may be seen in those items. My assessment of these particular items was that they are oriented more to what the individual believes they are obligated to provide the organization, that is they are the organization’s expectations of the individual that pertain more specifically to the organization itself. These items are organizationally oriented or focused, rather than being either self or other oriented/focussed. They are also more continuous and open-ended in nature. By honouring these obligations the individual will likely believe that they are nurturing the relationship between them and the organization. By being committed to the organization, committed to the job, subscribing to the organization’s norms and values, and so forth, the individual will portray the characteristics of what may be described as a good corporate citizen. By being perceived as a good corporate citizen the individual is likely to believe that he/she is protecting and nurturing their relationship with the organization. Based on this analysis I concluded that these particular items were more concerned with the

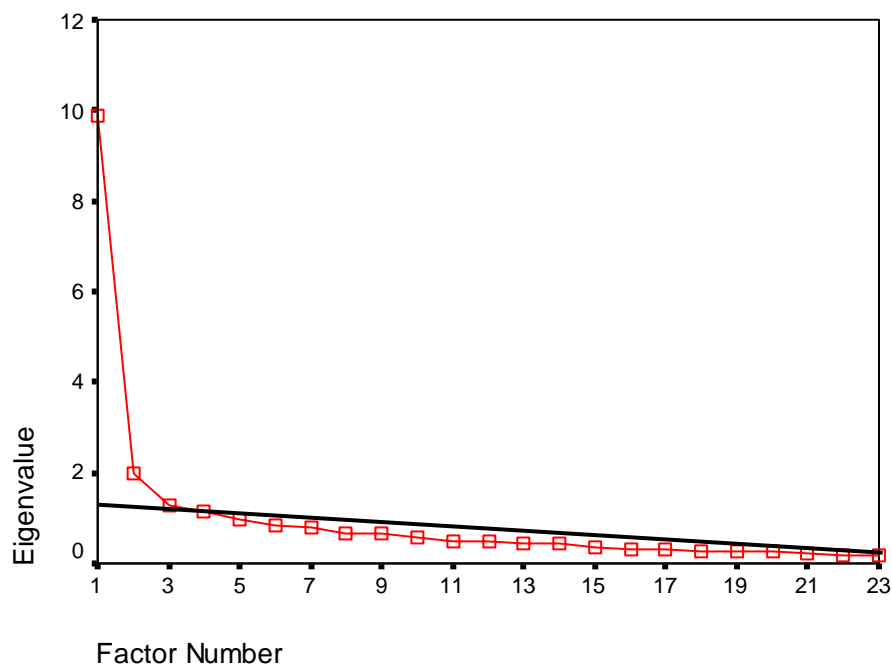
individual's belief that he/she was obligated to his/her relationship with the organization. I therefore labelled this factor "Relational".

I viewed the factor two items (Table 6.1) as being more concerned with the transactions engaged in by employees that affect themselves and their relationships with fellow employees. Transactional items in a psychological contract tend to focus on self-interest (Cavanaugh & Noe, 1999; McLean Parks & Kidder, 1994; Peel & Inkson, 2000) and may indicate job-focused employment relationships (Tsui et al., 1997) in which the outcome of the transaction is more important than the maintenance of the relationship. My assessment of these items is that they are oriented more toward what the individual believes the organization expects of them concerning their own behaviour and the impact this may have on themselves or others, on a day-by-day basis. That is, they are more self or other focused and are less organizationally focused. They are also more discrete in nature. These items, if honoured by the individual, are likely, in transactional terms, to have a more immediate positive outcome, reward, or payback for the individual. For example, by maintaining a balance between work and non-work activities, the individual's immediate "reward" may well be a happier personal life. By providing support and guidance to fellow employees the "positive outcome" the individual may immediately experience will be more harmonious work relationships, and likely reciprocation from others in support and guidance. I suggest that the individual is more likely to honour these obligations because of the immediate benefits of doing so. I concluded that these obligations would likely be perceived as a 'transaction' by the individual, that is they offer the individual something in return, more immediately than a relational item. I therefore labelled this factor "Transactional".

Based on this analysis, two variables were constructed for use in subsequent analyses. The first variable contains the seven items termed Employee Relational Obligations ( $\alpha = .88$ ), and the second variable contains the seven items termed Employee Transactional Obligations ( $\alpha = .85$ ). Item analysis confirmed that deleting any further items from these measures would not improve their alpha reliability.

## *Organization Obligations*

The KMO-MSA for the original 23 items in the Organization Obligations measure was .92, confirming that it was very appropriate to conduct factor analysis for this measure (Hair et al., 1995). The scree plot (Figure 6.2) indicated that the initial hypothesis of unidimensionality was incorrect, with two factors having eigenvalues of 9.89 and 1.99 respectively. Consequently, two factors were rotated and, as the factors were expected to be correlated, an oblimin (oblique) rotation procedure with Kaiser normalization was used (Breakwell et al., 2000; Hair et al., 1995).



**Figure 6.2. Factor Analysis Scree Plot: Organization Obligations**

In the initial analysis one item did not achieve a significant loading ( $> .40$ ), “Communicate organizational knowledge” (Item 2, loading = .26). This is interesting in that it is similar to item two in the Employee Obligations measure (“Keep your employer informed and share knowledge”), which a factor also failed to load significantly onto. A possible explanation for this is that the sharing of information may be viewed by individuals as influencing the employment

relationship bi-directionally, with the obligation being shared by both the organization and the individual.

Additionally, both factors showed a substantial cross-loading onto item 11 “Express support for employees” (loadings = .46, .42), and item 22 “Create an environment in which people work together” (loadings = .41, .46). These three items (2, 11, and 22) were therefore deleted from the measure for all subsequent processing and the factor analysis was rerun with the remaining 20 items using the same criteria as for the initial analysis. The final rotated solution yielded two interpretable factors (Table 6.2). The first factor accounted for 41% of the item variance, and the second factor accounted for 7% of the item variance. The correlation between the two factors was  $r = .61, p < .01$ .

Following the same argument as for the employee obligations factors (above), the factor one items (Table 6.2) appear to relate to obligations that affect more directly the organization’s culture or climate, or the general working environment, for example, “Treat all employees fairly and equitably” (Item 4), “Provide leadership and motivation” (Item 10), and “Maintain acceptable norms and values” (Item 13). These obligations may be interpreted as expressing the way employees expect the organization to behave generally. My assessment of these items is that they are oriented more to what the individual believes the organization is obligated to provide employees generally, that is, what the employee expects from the organization. The items tend to focus on creating and/or providing a work environment that is conducive to the physical, social, economic, and psychological wellbeing of employees. That is, they are organizationally focused and concern the maintenance of the relationship between the organization and the individual. They are also more continuous in nature and may be viewed by the individual as a longer term investment by the organization in them. My proposition was that if the individual believes the organization is willing to acknowledge and honour these obligations (their expectations), it is signalling to employees that they are important members of the organization and that the organization wishes to retain them and will attempt to do so, by protecting and nurturing the employment relationship. Based on this analysis I came to the conclusion that these particular items are more concerned with the individual’s belief as to what the organization is obligated to provide in order to develop/maintain a productive employment relationship with its employees. As

the items appear to be more concerned with the relationship between the individual and the organization I labelled this factor “Relational”.

Factor two items (Table 6.2) appear to relate to obligations that have a more direct and immediate affect on the individual him/herself, for example, “Provide competitive remuneration” (Item 5), “Provide personal growth and development opportunities” (Item 16), and “Provide rewards of value to employees” (Item 21). These obligations may be interpreted as expressing the way employees expect the organization to behave toward them individually. My assessment of these items was that they are oriented more to what the individual believes the organization is obligated to provide them specifically. These items are concerned with the immediate needs of the individual. That is, they are personally focused rather than organizationally focused. They are also more discrete in nature. My proposition was that, as well as expecting the organization to nurture the employment relationship, the individual will have immediate needs that he/she will expect the organization to meet. For example, as a group of employees, managers are likely to expect career and other development as the pursuit of this will help them achieve their own career goals and objectives. Similarly, the provision of rewards of value will contribute to the achievement of the individual’s personal goals and/or needs requirements allowing him/her to enjoy their success. For their contribution to organizational success the individual expects reciprocation and opportunities that provide a more immediate payback, reward, or positive outcome. Given the nature of these items, and my proposition that individuals are likely to expect an immediate outcome from their contribution to organizational success, I labelled this factor “Transactional”.

Based on this analysis, two variables were constructed for use in subsequent analyses. The first variable contains the 14 items termed Organization Relational Obligations ( $\alpha = .92$ ), and the second variable contains the six items termed Organization Transactional Obligations ( $\alpha = .85$ ). An item analysis confirmed that deleting any further items from these measures would not have improved their alpha reliability.



**Table 6.2****Factor loadings of items assessing Organization Obligations**

<b>Item No.</b>	<b>Item Description</b>	<b>Factor 1</b>	<b>Factor 2</b>
20	Treat employees with respect	<b>.83</b>	.00
8	Act with integrity, staying true to its values and beliefs	<b>.81</b>	-.14
7	Apply organizational policy consistently	<b>.74</b>	-.01
6	Provide feedback on performance and other issues	<b>.73</b>	.00
18	Maintain professionalism at all times	<b>.71</b>	.01
14	Manage change and provide strategic direction	<b>.67</b>	.01
19	Provide employees with the resources to carry out the job	<b>.62</b>	.23
17	Provide a physically and socially safe environment	<b>.60</b>	.00
4	Treat all employees fairly and equitably	<b>.60</b>	.00
13	Maintain acceptable norms and values	<b>.59</b>	.11
10	Provide leadership and motivation	<b>.53</b>	.29
12	Demonstrate commitment to its own success	<b>.51</b>	.13
9	Promote and manage the use of intellectual knowledge	<b>.48</b>	.26
3	Fulfil the formal employment contract	<b>.42</b>	-.01
16	Provide personal growth and development opportunities	.00	<b>.81</b>
15	Provide professional and personal support	.22	<b>.68</b>
1	Provide career development opportunities	-.15	<b>.64</b>
21	Provide rewards of value to employees	.19	<b>.62</b>
5	Provide competitive remuneration	.22	<b>.57</b>
23	Support employees in maintaining work-life balance	.32	<b>.49</b>
Eigenvalues		8.65	2.00
Percent variance explained		41	7

Following the creation of the four factors, I considered using factor scores for subsequent analysis. “Factor scores are weighted combinations of scores on a series of measured variables. A set of factor scores exists for every person on every component of a factor” (Marsh, 2001, p. 11). Marsh (2001) described three methods available in SPSS for extracting factor scores. Of these methods, the Regression and Bartlett methods were applied (the Anderson-Rubin method was rejected as it extracts orthogonal factor scores) and factor scores computed for all

four measures of the psychological contract. As the Regression and Bartlett methods use different procedures for deriving factor scores, both were applied to assess the impact of that difference on the application of factor scores in hypothesis testing. The same factor analysis extraction and rotation parameters as previously applied (see above) were used with the factor loadings (Tables 6.1, 6.2) derived in the initial analyses applied as weights in the calculation of factor scores.

The correlations between the two sets of factor scores (Regression and Bartlett) for the psychological contract and the variables in the nomological network were assessed. However, the use of factor scores made little overall difference to the nature of the hypothesised relationships at either the bivariate or multivariate levels, hence their use in hypothesis testing was not pursued further and the original four unweighted factors (psychological contract) were retained for subsequent analysis.

### **Transformations**

Prior to pursuing analysis, the study variables were assessed for normality and transformed where normality was not evident. In respect of non-normality of variables, Tabachnick and Fidell's (2001, p. 81) recommendation "is to consider transformation of variables in all situations unless there is some reason not to." I followed their recommendation. An initial exploration of normality for the study variables indicated moderate to high levels of skewness in many of them. Variables for which the level of skewness was greater than the standard error of skewness were transformed as per the following procedures, advocated by both Tabachnick and Fidell (2001) and Norusis (1992).

With the exception of Intention to Quit, which was positively skewed, with a low score indicating less intention to quit, all other transformed variables (Table 6.3) were negatively skewed. Tabachnick and Fidell (2001) suggested that for negatively skewed variables, "the best strategy is to *reflect* the variable and then apply the appropriate transformation for positive skewness" (p. 81, original emphasis). Reflection of negatively skewed variables is performed because, "if you use the standard transformations, the negatively skewed variable will become

even more negatively skewed, because the transformations are designed to reduce positive skewness” (Tabachnick, personal communication, January 31, 2007).

**Table 6.3**

**Transformation of Significantly Skewed Study Variables**

Variable	Skew before Transformation	Skew after Transformation
Intention to Quit	.62	.24
Perceived Organizational Support	-.73	.25
Job Satisfaction	-1.91	-.13
Organizational Commitment – Total	-.36	-.07
Organizational Commitment – Affective	-.30	-.14
Organizational Commitment – Normative	-.40	-.07
Person-Organization Fit	-.65	-.02
Job Performance	-1.4	.12
Org. Citizenship Behaviour – Total	-.71	.06
Org. Citizenship Behaviour – Individual	-.59	-.21
Organizational Citizenship Behaviour – Organization	-.68	-.09
Psychological Contract – Employee Relational Obligations	-1.03	.13
Psychological Contract – Employee Transactional Obligations	-.54	-.18
Psychological Contract – Organization Relational Obligations	-.53	-.15
Psychological Contract – Organization Transactional Obligations	-.39	-.19

Note: All variables listed reflected prior to transformation except Intention to Quit.

Following the recommendation of Tabachnick and Fidell (2001) and Norusis (1992), negatively skewed variables were firstly reflected by reversing the response scale. As also recommended by Tabachnick and Fidell, moderately skewed variables (all skewed variables except Job Satisfaction) were transformed by taking their square root. Job Satisfaction, which was severely skewed, was transformed by taking its logarithm. These transformations, square root for moderately skewed variables and logarithm for the severely skewed variable (Job Satisfaction), transformed the skewed variables into an approximately normal

distribution (Tabachnick & Fidell, 2001). The square root transformation of a severely skewed variable does not result in a normal distribution hence the requirement to transform it by taking its logarithm. Table 6.3 records the degree and nature of skewness in these variables, before and after transformation. All subsequent analysis was performed with the transformed variables.

One issue noted by Tabachnick and Fidell (2001) relates to the interpretation of data following transformation. The reflection (reversal) of scales prior to transformation can change the direction of the relationship between the transformed variable and other variables. Of the variables listed in Table 6.3, the only one not to be reflected during transformation was Intention to Quit, which was positively skewed. All other variables listed were negatively skewed and these were reverse scored (reflected) to enable them to be transformed. To aid in interpretation the direction of all relationships between the variables in this study has been interpreted and reported in all tables and discussions as those relationships existed prior to reflection and transformation.

### **Bivariate Correlations – Exploring the Nomological Network**

Due to the complexities involved in presenting the entire set of descriptive statistics for all the study variables in one table, these are presented in three tables (Tables 6.4, 6.5, 6.7). Table 6.4 includes the inter-correlations between the key demographic variables and the study variables, and the sample size, means and standard deviations for all study variables. As indicated in Table 6.4, age was significantly related to both Employee Relational Obligations ( $r = .22, p < .01$ ), and Employee Transactional Obligations ( $r = .17, p < .05$ ). Salary was significantly related to Employee Transactional Obligations ( $r = -.16, p < .01$ ), and Organization Transactional Obligations ( $r = .23, p < .01$ ). Gender was significantly related to Organization Relational Obligations ( $r = .21, p < .01$ ), and Organization Transactional Obligations ( $r = .26, p < .01$ ). Tenure and education were not significantly related to the psychological contract. Because of these significant relationships, age, salary, and gender were included as control variables in the relevant regression analyses.

**Table 6.4****Sample Size, Means, Standard Deviations, and Inter-correlations of the Demographic Variables and all Study Variables**

Variable	N	M	SD	1	2	3	4	5
1 Age	122	44.11	8.50					
2 Salary <sup>(a)</sup>	122	4.00	1.11	.21**				
3 Gender <sup>(b)</sup>	121	1.31	.47	-.16*	-.39**			
4 Tenure (years)	117	8.57	8.76	.43**	-.01	-.21*		
5 Education <sup>(c)</sup>	122	3.61	1.24	-.15*	.37**	.06	-.36*	
Intention to Quit	124	2.99	1.52	-.21*	-.02	.03	-.17*	.08
Perceived Org Support	123	4.85	.88	.22**	.01	.12	.09	-.03
Work Involvement	124	3.63	.92	-.01	.08	-.07	-.17*	.20*
Job Involvement	123	3.77	1.01	.06	.13	.05	-.05	.09
Job Satisfaction	124	5.61	1.04	.12	.00	.17*	-.09	-.04
Career Plateau	124	4.03	1.28	.28**	.14	-.08	.21*	-.05
Organizational Commitment - Total	124	4.25	1.02	.22**	.06	.16*	.30**	-.20*
- Affective	124	4.84	1.02	.35**	.14	.12	.16*	-.10
- Continuance	124	3.73	1.20	.07	-.06	.07	.36**	-.24*
- Normative	124	4.19	1.14	.07	.08	.15*	.10	-.08
Person-Organization Fit	124	5.13	.93	.25**	.07	.13	.10	.04
Job Performance	100	5.97	.69	-.11	.01	.17*	.00	.07
Org. Citizenship Behaviour - Total	99	5.56	.75	.01	.07	.03	-.07	.12
- Individual – OCBI	99	5.42	.82	.04	-.04	.08	-.03	.05
- Organization – OCBO	99	5.71	.81	-.03	.17*	-.03	-.10	.16
Employee Obligations - Relational	124	5.76	.74	.22**	.01	.07	-.07	-.05
Employee Obligations - Transactional	124	5.39	.86	.17*	-.16*	.09	.06	-.11
Organization Obligations - Relational	124	5.93	.63	.13	-.15	.21**	.01	.08
Organization Obligations - Transactional	124	4.88	.85	.00	-.23**	.26**	.01	.01

Notes: \*\* Correlation is significant at the  $p < .01$  level.

\* Correlation is significant at the  $p < .05$  level.

(a) Gender coded – 1 = Male, 2 = Female

(b) Salary coded – 4 = \$80,000 - \$99,999

(c) Education coded – 3 = Technical, 4 = Graduate Degree

**Table 6.5**

**Alpha Reliabilities and Inter-correlations of the Nomological Network Variables**

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1 Intention to Quit	.88														
2 Perceived Org Support	-.51**	.85													
3 Work Involvement	-.10	.17*	.74												
4 Job Involvement	-.17*	.19*	.71**	.83											
5 Job Satisfaction	-.43**	.63**	-.03	.08	.87										
6 Career Plateau	.24**	-.31**	-.05	.02	-.23**	.74									
7 Organizational Commitment	-.42**	.45**	.12	.39**	.28**	-.17*	.81								
- Total															
8 - Affective OC	-.46**	.59**	.20*	.41**	.44**	-.25**	.76**	.72							
9 - Continuance OC	-.04	-.06	-.02	.16*	-.14	.16*	.62**	.13	.76						
10 - Normative OC	-.41**	.47**	.08	.28**	.33**	-.31**	.77**	.56**	.12	.82					
11 Person-Organization Fit	-.33**	.60**	.12	.10	.46**	-.14	.42**	.55**	-.01	.39**	.82				
12 Job Performance	.00	.18*	.02	-.02	.13	-.07	-.14	-.14	-.13	-.06	-.02	.87			
13 Org. Citizenship Behaviour	-.06	.25**	.05	-.01	.13	-.10	-.04	-.01	-.13	.02	.20*	.52**	.93		
- Total															
14 - Individual – OCBI	.00	.21*	-.02	-.05	-.10	-.06	-.07	.00	-.14	-.03	.14	.44*	.90**	.89	
15 - Organization – OCBO	-.11	.24**	.07	.03	.13	-.10	.01	.02	-.09	.08	.22*	.48**	.88**	.59**	.90

Notes: \*\* Correlation is significant at the  $p < .01$  level.

\* Correlation is significant at the  $p < .05$  level.

Alpha reliabilities on the diagonal in italics.

Table 6.5 (above) presents the means and alpha reliabilities of the variables in the nomological network. I now discuss the nature of these relationships and explore the structure of the nomological network itself after which I test the research hypotheses.

### ***Intention to Quit***

As predicted, Intention to Quit (ItQ) was significantly and negatively related to Perceived Organizational Support, Job Involvement, Job Satisfaction, the Affective and Normative components of Organizational Commitment, and Person-Organization Fit, and significantly and positively related to Career Plateau. ItQ was significantly related to the total measure of Organizational Commitment but was not significantly related to Continuance Organizational Commitment. ItQ was not significantly related to Job Performance, perhaps supporting Mobley's (1982) contention that the performance-turnover relationship is inconclusive. In contrast to the finding of Chen, Hui, and Segó (1998), ItQ was not significantly related to Organizational Citizenship Behaviour. The expectation that managers expressing an intention to quit their jobs may decrease their performance (both task and contextual), or conversely, that higher performing managers would have less intention to quit, was not supported in this study.

### ***Perceived Organizational Support***

In addition to the predictions already discussed, Perceived Organizational Support (POS) was also predicted to be significantly and positively related to Job Involvement, Job Satisfaction, Organizational Commitment, Person-Organization Fit, Job Performance, and Organizational Citizenship Behaviour (OCB). Except for the relationship with the Continuance Commitment component of Organizational Commitment, all these relationships were confirmed.

Although not predicted, because no research was reviewed that specifically explored these relationships, significant relationships also emerged between POS and Work Involvement (positive) and between POS and Career Plateau (negative). Intuitively these relationships appear reasonable. Individuals perceiving higher levels of support from their organization may well be more involved in their work. Individuals with greater perceptions of experiencing a career plateau may also perceive lower levels of support from the organization.

Given that opportunities for continuing career advancement may be perceived as an organizational obligation, under the terms of the psychological contract, the absence of such opportunities may be viewed as non-fulfilment of the contract, and interpreted as indicating a lack of support from the organization.

### ***Work Involvement***

In addition to the above, Work Involvement (WI) was predicted to be significantly and positively related to Job Involvement, Job Satisfaction, Organizational Commitment, and Organizational Citizenship Behaviour. In this study WI was significantly and positively related to Job Involvement. WI was also significantly and positively related to the affective component of Organizational Commitment, consistent with the finding of Freund and Carmeli (2003), but was not significantly related to the total measure of Organizational Commitment, or the continuance or normative components. Against predictions, the relationships between WI and Job Satisfaction, and between WI and Organizational Citizenship Behaviour, did not emerge as significant.

### ***Job Involvement***

Additionally, Job Involvement (JI) was predicted to be significantly and positively related to Job Satisfaction, Organizational Commitment, Job Performance, and Organizational Citizenship Behaviour. Of these predicted relationships, the only one that emerged as significant in this study was with Organizational Commitment. As well as being significantly and positively related to the total measure of Organizational Commitment, JI was also significantly related to all three components, Affective Commitment, Continuance Commitment, and Normative Commitment. Consistent with a meta-analysis by Brown (1996) the relationship between JI with Job Performance was not significant and although Brown found a significant relationship between job involvement and job satisfaction this relationship was not significant in this study.

### ***Job Satisfaction***

In addition, Job Satisfaction (JS) was also predicted to be significantly and negatively related to Career Plateau and positively related to Organizational Commitment, Person-Organization Fit, Job Performance, and Organizational



Citizenship Behaviour. JS was significantly and negatively related to Career Plateau and significantly and positively related to the total measure of Organizational Commitment, and the two component measures of Affective and Normative Commitment, and to Person-Organization Fit. In contrast to the findings of Organ (1990), Murphy (2002), and Wright and Cropanzano (2000), the predicted relationships with Job Performance and Organizational Citizenship Behaviour did not emerge in this study.

### ***Career Plateau***

Additionally, Career Plateau (CP) was also predicted to be significantly and negatively related to Organizational Commitment and Job Performance. CP was significantly and negatively related to total Organizational Commitment and both Affective and Normative Commitment but significantly and positively related to Continuance Commitment. The nature of the relationship between CP and Continuance Commitment possibly indicates that career plateaued managers are more likely to commit to the organization because they wish to protect the benefits accrued through tenure, and a possible acceptance that they may not source a more satisfying job externally. The predicted relationship between CP and Job Performance did not emerge as significant in this study.

### ***Organizational Commitment***

Organizational Commitment (OC) was also predicted to be significantly and positively related to Person-Organization Fit, Job Performance, and Organizational Citizenship Behaviour. Although the total measure of Organizational Commitment was not significantly related to Person-Organization Fit, the separate components of Affective OC and Normative OC were. The predicted relationships between OC (total measure plus component measures) and Job Performance and Organizational Citizenship Behaviour did not emerge. These latter findings were inconsistent with Morrison (1994), Becker and Billings (1993), and Meyer et al. (1989). Continuance Commitment was not significantly related to Person-Organization Fit, Job Performance, or Organizational Citizenship Behaviour.

### ***Person-Organization Fit***

In addition to the above, Person-Organization Fit (POF) was predicted to be significantly and positively related to Organizational Citizenship Behaviour (OCB). POF was significantly related to the total measure of OCB and was also significantly related to the component measure of OCBO (OCB directed toward the organization). POF was not significantly related to OCBI (OCB directed toward other individuals).

### ***Job Performance***

Additionally, Job Performance was predicted to be significantly and positively related to Organizational Citizenship Behaviour (OCB). This relationship emerged as significant, with Job Performance being positively related to the total measure of OCB and the two component measures of OCBO (OCB directed toward the organization) and OCBI (OCB directed toward other individuals).

### ***Organizational Citizenship Behaviour***

The predicted relationships between Organizational Citizenship Behaviour (OCB) and the other variables in the nomological network have been discussed in the preceding paragraphs. To summarise, the only relationships for OCB that emerged as significant in this study were with Perceived Organizational Support, Person-Organization Fit, and Job Performance. Additionally, the component measures of OCBO and OCBI were significantly related to Perceived Organizational Support and Job Performance. OCBO was significantly related to Person-Organization Fit whilst OCBI was not.

### ***Summary – The Nomological Network***

The nature of the relationships between the variables in the nomological network is summarised in Table 6.6. Of the relationships predicted in the nomological network, those between Job Satisfaction and both Job Involvement and Work Involvement did not emerge as significant. Of the predicted relationships with Job Performance and Organizational Citizenship Behaviour, the only one that did emerge as significant was with Perceived Organizational Support. The relatively homogeneous nature of the study sample possibly

contributed to these outcomes. Managers, being the core group of workers in an organization (Handy, 1989), and because of their potential relationship with the organization, are likely to be highly satisfied with their jobs, to be high performers, and to be well remunerated. As confirmed by the statistics in Table 6.3, this was largely true for the managers in this sample. The potential for these factors to suppress the relationships between these variables cannot be dismissed.

**Table 6.6**

**Nomological Network: Relationships Between Research Variables**

<b>Variable</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>
<b>1</b> Intention to Quit												
<b>2</b> Perceived Org Support	-											
<b>3</b> Work Involvement		(+)										
<b>4</b> Job Involvement	-	+	+									
<b>5</b> Job Satisfaction	-	+	+	+								
<b>6</b> Career Plateau	+	(-)			-							
<b>7</b> Organizational Commitment (OC)	-	+	+	+	+	-						
<b>8</b> - Affective OC	-	+	+	+	+	-						
<b>9</b> - Continuance OC				+		+						
<b>10</b> - Normative OC	-	+		+	+	-						
<b>11</b> Person-Organization Fit	-	+			+		+	+		+		
<b>12</b> Job Performance	-	+		+	+	-	+					
<b>13</b> Org Citizenship Behaviour (OCB)	-	+	+	+	+		+				+	+
<b>14</b> - OCB – Individual		+										+
<b>15</b> - OCB – Organizational		+									+	+

Notes: ‘+’ depicts a positive relationship; ‘-’ depicts a negative relationship.

The 2 relationships in parentheses were found but not predicted.

The 41 relationships in large bold positive/negative signs were predicted and found.

The 13 relationships in small positive/negative signs were predicted but not found.

The soundness of the nomological network for testing the hypothesized relationships between the research variables and the psychological work contract is largely established. Of the 54 relationships that were predicted to be significant (Table 4.1), 41 were found to be so, and 13 were not found to be so. Two relationships that were not predicted were found. Accepting these differences in the predicted relationships, I considered the nomological network robust and valid for the next step in construct validation. The next step involved embedding the psychological contract into the nomological network and testing the hypothesised relationships. I now discuss the hypotheses relating to the relationships between the psychological work contract and the variables in the nomological network.

### **Testing the Hypotheses – Bivariate Analysis**

The inter-correlations between the four measures of the psychological work contract, the demographic variables, and the variables in the nomological network, are presented in Table 6.7. In order to test the study's hypotheses, and attempt to establish the construct validity of my measure of the psychological contract, that measure was embedded into the nomological network. I now discuss this process of validation and the nature of the relationships that emerged between the variables in the nomological network and the psychological contract. The hypotheses (Hypotheses 1 – 5) relating to Employee Obligations under the terms (content) of the psychological contract are discussed first, followed by a discussion of the hypotheses (Hypotheses 6 – 10) relating to Organization Obligations under the terms (content) of the psychological contract.

#### ***Employee Obligations***

Hypotheses 1 – 5 related to the employee's obligations under the terms (content) of the psychological contract. Given that the factor analysis identified two factors, labelled Employee Relational Obligations and Employee Transactional Obligations, both variables were included in hypothesis testing. The inter-correlations that emerged in this study, relevant to these hypotheses, are presented in Table 6.7.

**Table 6.7****Inter-correlations between the Psychological Contract and Study Variables**

Variable	Employee Obligations		Organization Obligations	
	Rel.	Trans.	Rel.	Trans.
Age	.22**	.17*	.13	.00
Salary	.01	-.16*	-.15	-.23**
Gender	.07	.09	.21**	.26**
Tenure	-.07	.06	.01	.01
Education	-.05	-.11	.08	.01
Intention to Quit	.05	-.09	.19*	.11
Perceived Org Support	.03	.03	.00	.05
Work Involvement	.00	.02	.02	.04
Job Involvement	.02	.02	-.06	.01
Job Satisfaction	.10	-.01	-.01	.04
Career Plateau	.00	-.11	.11	-.02
Organizational Commitment - Total	.00	.03	-.06	.01
- Affective	.16*	.10	.02	.03
- Continuance	-.11	.04	-.03	.06
- Normative	.00	.04	-.08	-.12
Person-Organization Fit	.20*	.13	.16*	.19*
Job Performance	-.15	-.10	.01	.01
Org. Citizenship Behaviour - Total	-.03	.01	.11	.10
- Individual	-.04	.03	.15	.12
- Organization	-.01	-.05	.04	.04
Employee Obligations – Transactional	.50**			
Organization Obligations – Relational	.54**	.39**		
Organization Obligations – Transactional	.37**	.38**	.61**	
Alpha Reliabilities	.88	.85	.92	.85

Notes: \*\* Correlation is significant at the  $p < .01$  level.

\* Correlation is significant at the  $p < .05$  level.

Rel. = Relational

Trans. = Transactional

The inter-correlations (Table 6.7) were analysed to test the hypotheses that: the greater the intention of managers to quit (Hypothesis 1), or the less involved they were in their work (Hypothesis 3), or the less involved they were in their job (Hypothesis 4), the *lower* they would rate the *extent* to which they believed *they had an obligation* to meet the terms (content) of the psychological contract. The higher their perceived support from the organization (Hypothesis 2), or the higher they rated their satisfaction with their job (Hypothesis 5), the *higher* managers were hypothesised to rate the *extent* to which they believed *they had an obligation* to meet the terms (content) of the psychological contract.

No support was found at the bivariate level in this study for these hypothesised relationships. The Employee Obligations components (Relational and Transactional) of the psychological work contract were not significantly related to Intention to Quit, Perceived Organizational Support, Work Involvement, Job Involvement, or Job Satisfaction.

### ***Organization Obligations***

Hypotheses 6 – 10 related to the organization's obligations under the terms (content) of the psychological contract. Given that the factor analysis identified two factors, termed Organization Relational Obligations and Organization Transactional Obligations, both variables were included in hypothesis testing. The inter-correlations that emerged in this study, relevant to these hypotheses, are presented in Table 6.7.

The inter-correlations (Table 6.7) were analysed to test the hypotheses that: the more career plateaued managers were (Hypothesis 6), or the more committed they were to the organization (Hypothesis 7), or the higher their perceived level of fit (Hypothesis 8), or the higher their job performance (Hypothesis 9), or the more they engaged in organizational citizenship behaviours (Hypothesis 10), the *higher* they would rate the *extent* to which they believed the *organization had an obligation* to meet the terms (content) of the psychological contract. Of these hypothesised relationships, the only one supported at the bivariate level in this study was Hypothesis 8.

As illustrated by the correlations in Table 6.7, significant and positive correlations were found between both Organization Relational Obligations ( $r =$

.16), Organization Transactional Obligations ( $r = .19$ ) and Person-Organization Fit, thus supporting Hypothesis 8. The nature of these relationships suggests that managers who perceived higher levels of fit between themselves and their organizations also believed that their organizations were more obligated to meet their expectations, under the terms (content) of the psychological contract. The Organization Obligations components (Relational, Transactional) of the psychological work contract were not significantly related to Career Plateau, Organizational Commitment, Job Performance, or Organizational Citizenship Behaviour.

### ***Summary of Hypotheses – Bivariate Analysis***

The only hypothesised relationship supported in this study at the bivariate level was between the Organization Obligations components of the psychological work contract and Person-Organization Fit. Possible reasons as to why the remaining hypothesised relationships failed to emerge in this study are discussed further in Chapter 7. Despite these results, I decided to conduct multivariate analyses. I now discuss these analyses and the reason underlying my decision to pursue them.

### **Testing the Hypotheses – Multivariate Analysis**

As previously confirmed, the only hypothesised relationship supported at the bivariate level was between Organization Obligations and Person-Organization Fit. However, given the significant relationships that emerged between the psychological contract and the demographic variables of age, salary, and gender (Table 6.7), the potential existed for these particular variables to influence the various relationships between the psychological contract and the variables in the nomological network. One way to assess that potential was by controlling these variables in a hierarchical multiple regression analysis, so this multivariate level of analysis was pursued. The five hypotheses relating to the Employee Obligations components of the psychological contract were examined

first, followed by the five hypotheses relating to the Organization Obligations components of the psychological contract.

### *Employee Obligations*

Hierarchical multiple regression analysis (N = 124) was conducted to test the hypotheses that: the greater the intention of managers to quit (Hypothesis 1), or the less involved they were in their work (Hypothesis 3), or the less involved they were in their job (Hypothesis 4), the *lower* they would rate the *extent* to which they believed *they had an obligation* to meet the terms (content) of the psychological contract. The higher their perceived level of support from the organization (Hypothesis 2), or the higher they rated their satisfaction with their job (Hypothesis 5), the *higher* managers were hypothesised to rate the *extent* to which they believed *they had an obligation* to meet the terms (content) of the psychological contract.

Of the demographic variables that were considered likely to be related to the Employee Obligations components of the psychological contract, age was significantly related to both the relational ( $r = .22$ ) and transactional components ( $r = .17$ ), and salary was significantly related to the transactional component ( $r = -.16$ ). Age and salary were therefore entered as control variables in a two-step hierarchical regression analysis. The measures of Intention to Quit, Perceived Organizational Support, Work Involvement, Job Involvement, and Job Satisfaction, were entered as the predictor variables in the second step.

The regression model including the variables relating to Employee Relational Obligations (Table 6.8) was consistent with the bivariate analysis and confirmed a significant relationship between this and the control variable of age ( $\beta = .22, p < .05$ ). However, in this step of the analysis the multiple R was not significantly different from zero, with no significant variance in Employee Relational Obligations being explained by these control variables overall. In step two of the analysis, in which the predictor variables were entered as a set, the change in  $R^2$  was not significant. None of these predictor variables were significant in explaining variance in Employee Relational Obligations.

The regression model including the variables relating to Employee Transactional Obligations (Table 6.9) indicated that the control variables of age ( $\beta$



= .21,  $p < .05$ ) and salary ( $\beta = -.21$ ,  $p < .05$ ) were significant in accounting for variance in Employee Transactional Obligations. The multiple R was significantly different from zero ( $F = 4.31$ ,  $p < .05$ ), with age and salary explaining 7% (5% adjusted) of the variance in Employee Transactional Obligations. In step two of the analysis, in which the predictor variables were entered as a set, the change in  $R^2$  was not significant. None of these predictor variables were significant in explaining variance in Employee Transactional Obligations.

**Table 6.8**

**Hierarchical Multiple Regression Analysis of Research Variables on Employee Relational Obligations (Psychological Work Contract)**

Variable	Step 1 Beta	Step 2 Beta
Age	.22*	.24*
Salary	.04	.04
Intention to Quit		.15
Perceived Organizational Support		.07
Work Involvement		.00
Job Involvement		.04
Job Satisfaction		.19
R	.21	.28
R Square	.05	.08
Adjusted R Square	.03	.02
Change in R Square		.03
F	2.76	1.34

Note: \* Significant at the  $p < .05$  level.

**Table 6.9****Hierarchical Multiple Regression Analysis of Research Variables on Employee Transactional Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Age	.21*	.20*
Salary	-.21*	-.21*
Intention to Quit		-.08
Perceived Organizational Support		.04
Work Involvement		.01
Job Involvement		.00
Job Satisfaction		-.03
R	.26	.27
R Square	.07*	.07
Adjusted R Square	.05	.02
Change in R Square		.01
F	4.31	1.28

Note: \* Significant at the  $p < .05$  level.

The hypotheses tested in this analysis concerned the relationships between the Employee Obligations components of the psychological contract and Intention to Quit (Hypothesis 1), Perceived Organizational Support (Hypothesis 2), Work Involvement (Hypothesis 3), Job Involvement (Hypothesis 4), and Job Satisfaction (Hypothesis 5). As illustrated by the beta coefficients in Tables 6.8 and 6.9, and consistent with the bivariate analysis, these hypotheses were not supported at the multivariate level and the relationships concerned were not influenced by age or salary.

### *Organization Obligations*

Hierarchical multiple regression analysis (N = 124) was conducted to test the hypotheses that the more career plateaued managers were (Hypothesis 6), or the more committed they were to the organization (Hypothesis 7), or the higher their perceived level of fit (Hypothesis 8), or the higher their job performance (Hypothesis 9), or the more they engaged in organizational citizenship behaviours (Hypothesis 10), the *higher* they would rate the *extent* to which they believed the *organization had an obligation* to meet the terms (content) of the psychological contract.

Of the demographic variables that were considered likely to be related to the Organization Obligations components of the psychological contract, salary was significantly related to Organization Transactional Obligations ( $r = -.23$ ), and gender was significantly related to the both Organization Relational ( $r = .21$ ) and Organization Transactional Obligations ( $r = .26$ ). Salary and gender were therefore entered as control variables in a two-step hierarchical regression analysis. The measures of Career Plateau, the component measures of Organizational Commitment (Affective, Continuance, and Normative), Person-Organization Fit, Job Performance, and the component measures of Organizational Citizenship Behaviour (organizationally focussed and individually focussed) were entered as the predictor variables in the second step.

The regression model including the variables relating to Organization Relational Obligations (Table 6.10) indicated that, whilst the control variables of salary and gender were not significant, the multiple R was significantly different from zero ( $F = 3.62, p < .05$ ) with 7% (5% adjusted) of the variance in Organization Relational Obligations being accounted for. In the second step of the analysis, in which the predictor variables were entered as a set, the change in  $R^2$  was not significant. Although Person-Organization Fit emerged as a significant predictor of Organization Relational Obligations ( $\beta = .24, p < .05$ ), the set of predictor variables entered in the second step of the analysis was not significant in accounting for variance in Organization Relational Obligations.

The regression model including the variables relating to Organization Transactional Obligations (Table 6.11) indicated that, whilst the control variables of salary and gender were not significant, the multiple R was significantly

different from zero ( $F = 4.08, p < .05$ ), with 8% (6% adjusted) of the variance in Organization Transactional Obligations being accounted for. In the second step of the analysis, in which the predictor variables was entered as a set, the change in  $R^2$  was not significant. These variables were not significant in accounting for variance in Organization Transactional Obligations.

**Table 6.10**

**Hierarchical Multiple Regression Analysis of Research Variables on Organization Relational Obligations (Psychological Work Contract)**

Variable	Step 1 Beta	Step 2 Beta
Salary	-.17	-.17
Gender	.16	.16
Career Plateau		-.14
Organizational Commitment:		
- Affective		.06
- Continuance		-.03
- Normative		-.13
Person-Organization Fit		.24*
Job Performance		.10
Organizational Citizenship Behaviour:		
- OCBI (Individual)		.14
- OCBO (Organization)		.01
R	.27	.42
R Square	.07*	.17
Adjusted R Square	.05	.08
Change in R Square		.10
F	3.62	1.79

Note: \* Significant at the  $p < .05$  level.

**Table 6.11****Hierarchical Multiple Regression Analysis of Research Variables on Organization Transactional Obligations (Psychological Work Contract)**

Variable	Step 1 Beta	Step 2 Beta
Salary	.17	.16
Gender	-.18	-.18
Career Plateau		-.02
Organizational Commitment:		
- Affective		.08
- Continuance		-.10
- Normative		-.24
Person-Organization Fit		.22
Job Performance		-.06
Organizational Citizenship Behaviour:		
- OCBI (Individual)		.08
- OCBO (Organization)		.04
R	.28	.42
R Square	.08*	.18
Adjusted R Square	.06	.08
Change in R Square		.10
F	4.08	1.83

Note: \* Significant at the  $p < .05$  level.

The hypotheses tested in this analysis concerned the relationships between the Organization Obligations components of the psychological contract and Career Plateau (Hypothesis 6), Organizational Commitment (Hypothesis 7), Person-Organization Fit (Hypothesis 8), Job Performance (Hypothesis 9), and Organizational Citizenship Behaviour (Hypothesis 10). As illustrated by the beta coefficients in Tables 6.10 and 6.11, and consistent with the bivariate analysis, Hypotheses 6, 7, 9, and 10 were not supported at the multivariate level and the

relationships concerned were not influenced by salary or gender. Hypothesis 8, which was supported at the bivariate level, was partially supported at the multivariate level (Table 6.10) with the relationship between Person-Organization Fit and Organization Relational Obligations emerging as significant ( $\beta = .24, p < .05$ ). The relationship between Person-Organization Fit and Organization Transactional Obligations did not emerge as significant at the multivariate level.

### **Further Analyses**

Given the minimal support found for the hypotheses in this study I decided to test these further by grouping the entire set of variables in the nomological network in a regression analysis. This particular analysis was exploratory as the nature of the relationships between the first five variables in the nomological network and the organization's psychological contract obligations, and the second five variables in the nomological network and the employee's psychological contract obligations were not included in the hypotheses. Although these relationships were not predicted, I believed that by conducting this analysis I might provide information on the nature of these relationships that could be helpful to other researchers.

The 10 nomological network variables were therefore entered as a set of predictor variables in the second step of a hierarchical regression analysis with the four measures of the psychological contract (Employee Obligations and Organization Obligations, Relational and Transactional). In four separate analyses, one for each measure of the psychological contract, the previously significant demographic variables of age, salary and gender were entered in the first step as control variables in a two-step hierarchical multiple regression analysis. The results of the four regression analyses conducted in this exercise are presented in Appendix 12 as Tables A12.1 – A12.4.

Although the relationship between Perceived Organizational Support (POS) and Employee Obligations, which was previously not significant, appeared as significant in this analysis (Employee Relational Obligations,  $\beta = .37, p < .05$ , Employee Transactional Obligations,  $\beta = .45, p < .01$ ), this result is most likely unreliable. A combination of three factors makes the probability of error high: small sample size, large number of predictor variables, and non-significant change

in  $R^2$ . The F test for increase in  $R^2$  at the second step in the regression analysis was insignificant, suggesting that any increase in explained variance would be due to random variation. When making a Bonferroni adjustment, by dividing the alpha of .05 by the number of predictors ( $.05/16 = .003$ ) and using this adjusted alpha to test for significant effects, the significant effect for POS disappears (J. Spicer, personal communication, May 18, 2007). Overall it is concluded, in this particular regression analysis, no support was found for any relationship between the variables in the nomological network and the psychological contract.

### **Moderating Effects**

Given the significant relationships that emerged between some of the demographic variables and some of the component measures of the psychological contract (Table 6.7), I decided to explore the possible moderating effect these demographic variables may have had on the relationships between the variables in the nomological network and the psychological contract. Based on the procedures advocated by Baron and Kenny (1986), all measures involved in these analyses were converted to standardised scores. Product scores were then created by multiplying the standardized demographic score by the standardised nomological network variable score. These product scores were entered in the second step of a series of two-step multiple hierarchical regression analyses. I discuss the results of these analyses in the following.

#### ***Age***

At the bivariate level, age was significantly related to Employee Relational Obligations ( $r = .22, p < .01$ ), and Employee Transactional Obligations ( $r = .17, p < .05$ ). As confirmed by the results of the regression analyses (Appendix 13, Tables A13.01 – A13.12), no significant moderating effect for age was detected between the nomological network variables included in the relevant hypotheses and the Employee Relational and Transactional Obligation measures of the psychological contract. The conclusion is that age did not act as a moderator in these relationships.

### **Salary**

At the bivariate level, salary was significantly related to Employee Transactional Obligations ( $r = -.16, p < .05$ ), and Organization Transactional Obligations ( $r = -.23, p < .05$ ). As confirmed by the results of the regression analyses (Appendix 13, Tables A13.13 – A13.27), no significant moderating effect for salary was detected between the nomological network variables included in the relevant hypotheses and the Employee and Organization Transactional Obligation measures of the psychological contract. The conclusion is that the level of remuneration (salary) being received by an individual did not act as a moderator in these relationships.

### **Gender**

At the bivariate level, gender was significantly related to Organization Relational Obligations ( $r = .21, p < .01$ ), and Organization Transactional Obligations ( $r = .26, p < .01$ ). The correlations for the significant relationships that merged for gender are presented in Table 6.12. The significance of the difference between these correlations was tested using the procedures advocated by Millsap, Zalkind, and Xenos (1990).

**Table 6.12**

**Correlations by Gender between Nomological Network Variables and the Psychological Contract**

<b>Relationship</b>	<b>Female (N = 38)</b>	<b>Male (N = 83)</b>
Organization Relational Obligations and Career Plateau	.29*	.09
Organization Transactional Obligations and Normative Organizational Commitment	-.44*	.04
Organization Transactional Obligations and Person-Organization Fit	-.11	.28*

Note: \* Significant at the  $p < .01$  level.



The relationship between Career Plateau and Organization Relational Obligations was significant for females ( $N = 38$ ,  $r = .29$ ,  $p < .01$ ) but was not significant for males ( $N = 83$ ,  $r = .09$ ). Based on the tables provided by Millsap, Zalkind, and Xenos (1990), the difference between these two correlations is not statistically significant. The conclusion therefore, is that gender did *not* moderate the relationship between Career Plateau and Organization Relational Obligations.

The relationship between Normative Organizational Commitment and Organization Transactional Obligations was significant for females ( $r = -.44$ ,  $p < .01$ ) but was not significant for males ( $r = .04$ ). Based on the magnitude of the difference in these two correlations, and given that one is negative whilst the other is positive, the conclusion is that gender *did* moderate the relationship between Normative Commitment and Organization Transactional Obligations. The nature of this relationship suggests that females who were more normatively committed to the organization believed that the organization was less obligated to meet their transactional expectations, under the terms (content) of the psychological contract.

The relationship between Person-Organization Fit and Organization Transactional Obligations was significant for males ( $r = .28$ ,  $p < .01$ ) but was not significant for females ( $r = -.11$ ). Based on the magnitude of the difference in these two correlations, and given that one is negative whilst the other is positive, the conclusion is that gender *did* moderate the relationship between Person-Organization Fit and Organization Transactional Obligations. The nature of this relationship suggests that males who perceived a greater degree of fit with the organization believed that the organization was more obligated to meet their transactional expectations, under the terms (content) of the psychological contract.

### *Summary*

Minimal support was found in this study for the hypothesised relationships. At the bivariate level the only hypothesis supported concerned the relationship between the Organization Obligations components of the psychological contract and Person-Organization Fit (Hypothesis 8). At the multivariate level, this hypothesis was only partially supported with the relationship between Organization Relational Obligations and Person-Organization Fit emerging as significant. No further support for the hypotheses

was found at the multivariate level. Gender was found to moderate the relationship between Normative Organizational Commitment (Hypothesis 7), Person-Organization Fit (Hypothesis 8) and Organization Transactional Obligations. The former relationship was significant for females whilst the latter relationship was significant for males. The relationship between Career Plateau and Organization Relational Obligations was significant for females but was not significant for males.

Based on the results obtained, it is difficult to claim complete construct validity for the four measures (Employee and Organization Obligations, Relational and Transactional) of the psychological contract developed in this study. However, the content validity of the measure has been established. The results of the item and factor analyses provide some support for the construct validity of the measures, although the final step in the construct validation process, that of successfully embedding the measures into a nomological network and realising the predicted relationships, remains an outstanding step in that process. In Chapter 7 I discuss the topic of construct validity further, and explore possible reasons as to why the hypothesised relationships between the psychological contract and the variables in the nomological network failed to emerge in my study.

## **CHAPTER 7**

### **DISCUSSION**

The primary objective of my research was to develop a valid measure that could be used by researchers and practitioners to assess the nature of the psychological work contract of managerial employees with a view to then exploring the extent of fulfilment. In developing any measure it is first necessary to validate the items to be included in that measure. By developing a list of items believed to form the content of the psychological work contract and by establishing the content validity and construct validity of the measure that included those items, those items could be used with confidence in a measure to assess fulfilment, or conversely breach or violation, of the contract.

The development of a measure that could subsequently be used to assess the extent of fulfilment of the psychological contract for managerial level employees was approached in two major phases. In the first phase of the study, involving content analysis, a list of items or components that were believed to form the content of the psychological contract was created for potential inclusion in the measure. In the second phase of the study, the measure containing the proposed content was subjected to a process of construct validation, firstly through item and factor analysis and secondly by embedding the measure into a nomological network of organizational psychology variables. The hypothesised relationships between the variables in the nomological network and the psychological contract were tested. The findings from those two phases will be reviewed, followed by a discussion of the limitations of the study and suggestions regarding possible future research directions.

A review of published literature relating to the psychological contract revealed that many, if not most researchers were using measures to determine the extent of *fulfilment* (or conversely breach or violation) of the psychological contract that had been developed a priori or ad hoc for their specific research purposes. These measures also appeared to have been developed and applied in research settings to assess fulfilment of the psychological contract without providing evidence of the construct validity of those measures. With the very few exceptions noted in Chapter 1, evidence of the construct validity of the various measures being used by researchers in psychological contract research was not

available. A basic premise underlying my effort to develop a measure of the psychological contract, and to provide evidence of that measure's construct validity, was that a measure must reflect the content domain of the construct that it is attempting to measure (*content* validity), and be measuring a valid and verifiable representative sample of that domain (*construct* validity) (Murphy & Davidshofer, 1998). My research effort therefore focussed on developing a measure of the psychological contract for managerial level employees and providing evidence of its content validity and construct validity.

The additional argument supporting the development of a new measure of the psychological contract was underpinned by the premise that the content of such contracts will vary by employment group or employment level. The psychological contract of a senior manager in an organization is unlikely to contain the same content, terms, or items, as the psychological contract of a factory worker. For example, senior managers' contracts are likely to focus more on the relationship they have with the organization, and to reflect the maintenance of that relationship. On the other hand, factory workers' contracts are more likely to focus on the direct employment-related transactions that occur between them and the organization. Accepting this proposed difference in content, I chose to focus my research effort on the development of a measure of the psychological contract for a specific employment group. The group I focussed on was middle to senior management, specifically the two levels of management below the chief executive or general manager of the organization. (However, my original supposition that this group would be more accessible for survey participation subsequently proved to be erroneous and resulted in a smaller sample size for the study than was originally anticipated. This particular point will be discussed further below.)

Herriot, Manning, and Kidd (1997) made two very relevant and important observations concerning psychological contracts which both strongly support my own research arguments. Firstly, in commenting on the research literature, they noted that little work has been done on understanding the *content* of psychological contracts (see also Anderson & Schalk, 1998; Cavanaugh & Noe, 1999). Secondly, they noted that research often presents the content of contracts as *perceived* by researchers, rather than the content being *elicited* from research participants. My research addressed both of these points by adopting an inductive

approach to the development of the content of the measure, and by doing so contributes to the understanding of the content of the psychological contracts for a specific employment sector.

Before attempts are made to assess the extent of fulfilment of the psychological work contract, one must be confident that what is being assessed by the measure being used is indeed representative of the contract. Rousseau and Tijoriwala (1998) proposed three orientations (see Chapter 1) concerning research into psychological contract assessment that may be adopted. One of those orientations, the content-oriented approach, examines the *content* of the psychological contract, including its terms and conditions. Given that my effort was focussed on developing a measure, a content-oriented approach was the logical orientation to adopt. Managers who participated in the first phase of the study were therefore asked what *they* believed was in their psychological contracts (content), supporting Herriot et al.'s (1997) suggestion that content should be inductively elicited and not imposed a priori. The responses of those managers formed the data set of psychological contract content that was applied to the process of developing the measure of the psychological contract. This data set of responses was considered to be representative of the content domain of the psychological work contract for managerial employees, thus satisfying the requirement for content validity (Murphy & Davidshofer, 1998).

### **The First Phase – Developing the Measure**

The items developed for inclusion in the measure were obtained through a vigorous and robust process of interviews and analyses using the language (promises, expectations, and obligations) of the psychological work contract. Thirty-five managers were interviewed using a structured interview format (Appendix 1). They were asked what obligations, promises, and expectations they believed existed between themselves and their employer, that were outside of their formal written employment contract. Although all these obligations and expectations may not be common to all managers, the intention was to determine those that might be shared by managers and, from this, to create a measure that was representative of the obligations and expectations, under the terms and

conditions of the psychological work contract, that managers would likely perceive or accept as forming the content of their own psychological contracts.

Contracts generally involve two parties who share an understanding of the content, terms, and intent of the contract. However, as *psychological* work contracts are an individual perception (Rousseau & Tijoriwala, 1998) and are held in the mind of individuals, it is the individuals themselves who provide the perception of the expectations of the other party. Therefore, verifying the organization's obligations with an organizational representative was not necessary or practical. The fact that these obligations were perceived to exist by the participating managers was what mattered in the development of the measure.

The "other party" to the psychological work contracts of individuals may vary, with this alternatively being viewed by individuals as their immediate manager or supervisor, other organizational agents such as human resource managers, or the organization itself. Managers, however, because of their hierarchical level in the organization are more likely to view either the most senior executive in the organization (Chief Executive or General Manager), or the organization itself, as the other party. All the managers who participated in the interview phase of the study did confirm one of these parties as the other party to their contract and by doing so lent support to their identification and status as managers. The two views or perceptions of the expectations and obligations that existed between the employee and the organization were assessed from the manager's perspective. Managers were asked what they believed *they were obligated* to provide the organization (employee obligations). This view assessed what they believed the *organization expected* of them. They were also asked what they believed *the organization was obligated* to provide them (organizational obligations). This view assessed what *they expected* from the organization.

Healthy psychological contracts, those that are indicative of sound employment relationships, and those that are fulfilled and productive, are believed to develop and be sustained in an environment of trust. In order to assess the possibility that the measure being developed may have been unduly influenced by negative employment environment factors, the level of trust prevailing between participating managers and their organizations was assessed. The managers (N = 35) who participated in this phase of the study confirmed that high levels of trust existed between themselves and the organization. Eighty-three percent indicated

that they trusted their employer, and 100% indicated that they believed their employer trusted them. Based on this level of trust, I believe the data obtained through the phase one interview process, and which was subsequently applied to the development of the measure of the psychological contract, was contributed by managers enjoying a positive employment environment underpinned by trust. The measure should therefore be free of the influence or contamination of content that might arise in negative employment situations.

Six hundred and fifty one (651) individual responses (items) were generated from the 35 managers who participated in the interview process. An analysis of these items resulted in the creation of two initial measures of the psychological work contract. The first measure, entitled Employee Obligations (Table 2.9), contained 16 obligations that participants believed they had toward their organization. The second measure, entitled Organization Obligations (Table 2.8), contained 23 obligations that participants believed the organization had toward them. These two measures were carried forward to the next phase of the study for construct validation.

## **The Second Phase – Validating the Measure**

### **The Nomological Network**

The first step in the construct validation process was to build the nomological network into which the measure of the psychological contract would be embedded for validation purposes. A review of relevant published research provided the basis for the inclusion in the nomological network of the 10 organizational psychology constructs (reviewed in Chapters 3 & 4) for which I hypothesised a relationship with the psychological contract. Before testing the hypotheses, I examined the predicted relationships between the 10 variables in the nomological network to confirm the network's robustness for construct validation of the measure being developed. (Note: Following the convention adopted in Chapter 5, references to *variables* as measured in this study are capitalized whilst references to the *construct* generally are not capitalized.)

Of the 54 relationships that were predicted between the 10 variables in the nomological network (Table 6.8), 41 were confirmed as significant in this study. I considered this number of significant relationships in the nomological network to

confirm its validity for construct validation purposes. Of the 13 relationships not found to be significant, 10 involved relationships with Job Performance and Organizational Citizenship Behaviour. The predicted relationships between these performance measures and Intention to Quit, Work Involvement, Job Involvement, Job Satisfaction, Career Plateau, and Organizational Commitment (total measure) failed to emerge as significant. A possible explanation for the failure of these particular relationships to emerge in this study is the composition of the sample itself. The homogeneous nature of the sample may have confounded or suppressed results. The potential exists for managers generally to exhibit consistent levels of Work Involvement ( $M = 3.63$ ,  $SD = .92$ ), Job Involvement ( $M = 3.77$ ,  $SD = 1.01$ ), Job Satisfaction ( $M = 5.61$ ,  $SD = 1.04$ ), and Organizational Commitment ( $M = 4.25$ ,  $SD = .80$ ), and high levels of both Job Performance ( $M = 5.97$ ,  $SD = .69$ ) and Organizational Citizenship Behaviour ( $M = 5.56$ ,  $SD = .75$ , all measured on a 7-point scale). The significant degree of skew in many of these variables is recorded in Table 6.3. The consistent or high levels of these variables, as reported by participants, and the consequential lack of variability in the data, may have contributed to the suppression of these relationships.

Concerning Intention to Quit in the nomological network, my expectation was that managers who intended to quit their jobs would record lower levels of both task and contextual performance. If managers intended to leave the organization, my expectation was that they would not feel compelled or obliged to maintain previous levels of performance as they commenced the withdrawal process. Two possible explanations are proffered for the failure of this particular relationship to emerge. Firstly, because of their position in the organization, their professional values, the nature of their role, and their standing in the business community generally, managers may seek to protect their professional reputation by maintaining consistent levels of performance even when thinking of quitting. Secondly, any possible deterioration or diminution in the performance of managers intending to quit may not be of sufficient magnitude to be observed or recorded by that manager's manager.

Concerning Career Plateau in the nomological network, my expectation was that managers who perceived that they were experiencing a career plateau would exhibit lower levels of job performance, which could be interpreted as



physical and/or psychological withdrawal from the job. That this relationship was not significant may suggest that managers who perceive themselves as being career plateaued may still consider themselves successful and consequently maintain consistent levels of performance. Career plateaued managers who consider themselves successful are generally those who have reached what they consider the pinnacle of their career and are satisfied that they have done so. This outcome is consistent with the findings of Ettington (1998) and Stoner, Ference, Warren, and Christensen (1980, cited in Burke, 1989), who reported that individuals experiencing a successful career plateau continue to perform at a satisfactory level.

The predicted relationships in the nomological network between Job Satisfaction and both Work Involvement and Job Involvement, and between the total measure of Organizational Commitment and Work Involvement also failed to emerge as significant. Concerning the predicted relationships between Job Satisfaction and both Work Involvement and Job Involvement, my expectation was that managers who were more involved in their work or their job would be more satisfied with their job. As previously discussed, the homogeneous nature of the sample may have suppressed this relationship. The possibility exists that managers will generally record consistent or high levels of Job Satisfaction, Work Involvement, and Job Involvement (as discussed above). The consistent or high recorded levels of these variables in this study, and the consequential lack of variability in the data, may have suppressed these relationships.

Although the predicted relationship between the total measure of Organizational Commitment and Work Involvement did not emerge as significant in this study, I did find a significant relationship between Affective Organizational Commitment and Work Involvement. This result is consistent with the findings of Freund and Carmeli (2003), who also reported a significant relationship between affective commitment and work involvement (Protestant Work Ethic) but no relationship between continuance commitment and work involvement. They did not include normative commitment in their study and did not specifically discuss the nature of these particular findings. Affective commitment ('want to stay') indicates an emotional attachment. As Beder (2000, p. 124-125) asserted, "Work provides people with a sense of belonging. Work provides identity".

Perhaps it is this sense of belonging and need for identity that creates an emotional attachment to the organization.

Two relationships that had not been predicted in the nomological network emerged as significant. These were a positive relationship between Perceived Organizational Support (POS) and Work Involvement and a negative relationship between POS and Career Plateau. The relationship between POS and Work Involvement suggests that managers who are more involved in their work perceive greater levels of support from the organization. This relationship intuitively makes sense and may reflect a situation in which managers perceiving greater levels of support from the organization reciprocate by being more committed to maintaining a higher work ethic. Alternatively, managers with a higher work involvement display this in some way, perhaps through their behaviour in the work-place, thus attracting greater support from the organization.

The relationship between Perceived Organizational Support (POS) and Career Plateau may reflect the result of perceived non-fulfilment of the psychological contract. One of the expectations individuals might have, under the psychological contract, is the availability of career opportunities. The absence of such opportunities may contribute to perceptions of career plateau and the subsequent perception that support from the organization, particularly concerning career development or progression, is lacking. Hence career plateau may moderate the relationship between POS and the psychological contract.

### **The Psychological Contract**

The first step in creating the measure of the psychological contract involved an analysis of the importance of each of the items developed in the first phase of the study. In the second phase of the study, 124 managers were asked how *important* it was, to them personally, for either the organization or for them to honour the psychological contract obligations they believed existed. All items were rated as important (Chapter 5) and were retained for the two measures (Employee Obligations and Organization Obligations) of the psychological contract. This result confirmed that what is *in* the psychological contract, that is the *content* or terms, was important to managers and provided at least some initial degree of validation of the measure being developed.

A response frequency analysis was then conducted to determine whether or not some managers were consistently scoring low on importance for some items and for this to be confounded by other managers consistently scoring high. If this had been occurring, the potential existed for the overall importance rating of specific items to be distorted or moderated through those items being rated as highly important by some managers but of little or no importance by others. The analyses confirmed that this was not occurring. None of the managers surveyed consistently scored low across all items. I concluded that managers generally felt that all or most of the items contained in the measure were important to them. No response pattern was evident that could potentially affect the reliability of the measure. From this point, the objective in the study was to confirm that the content so defined was in fact representative of the content domain for the construct of the psychological contract (content validity) and that the measure could be used with confidence in research or applied settings to measure what it purported to measure (construct validity).

The two measures of the psychological contract (Employee Obligations and Organization Obligations) were then subjected to factor analysis. This analysis resulted in the creation of four separate measures. Two factors were identified for each of the two original measures and, consistent with the terminology of Guzzo and Noonan (1994) and Rousseau (2000), these were labelled *Relational* and *Transactional*. The Employee Relational Obligations measure contained seven items that focussed more on the maintenance of the relationship between the individual and the organization. These items embraced the obligations managers believed they had relating to loyalty to the organization and commitment to the success of the organization. The Employee Transactional Obligations measure contained seven items that focussed more on what the individual might gain personally from their position with the organization. These items embraced the obligations managers had relating to their pursuit of opportunities for personal development and growth, and the development of sound relationships with fellow employees.

The Organization Relational Obligations measure contained 14 items that focussed more on the maintenance of the relationship between the organization and the individual. These items embraced the expectations managers had of the organization relating to both the social and physical working environment, and the

way or manner in which the organization might treat its employees. The Organization Transactional Obligations measure contained six items that focussed more on what the individual might expect to gain personally from their employment with the organization. These items embraced the expectations managers had of the organization relating to the provision of opportunities for personal development and growth, and the provision of remuneration and other benefits and rewards considered to be of value to the individual.

The expectation was that, for a managerial sample, the psychological contract would contain more relationally-oriented items than transactionally-oriented items. This expectation was based on the premise that managers would be more concerned with nurturing and protecting the relationship they had with the organization, with the transactional nature of the employment relationship being confirmed or covered to a reasonable extent in their formal employment contract. The relational influence was confirmed, insofar as Organization Obligations were concerned, with managers identifying a greater coverage of relational content (14 items) than transactional content (6 items). However, the two Employee Obligations measures contained an equal coverage of relational and transactional content (7 items each). Perhaps managers are more concerned with the organization maintaining the employment relationship than they are concerned with their own role in the relationship. Whether or not this is an outcome of the erosion of loyalty in the employment relationship, as discussed in Chapter 1, is open to further exploration.

The factor analysis process resulted in some items being removed from the original two measures as factor loadings either failed to meet the significant loading criterion, or the relational and transactional factors significantly cross-loaded onto those items. Item two was eliminated from both measures as neither factor reached what was considered to be a significant loading. In both measures this item related to communication, that is, managers' perceptions of an obligation on the part of the organization to communicate organizational knowledge to them, whilst they acknowledged an obligation on their own part to keep their employer informed and to share knowledge.

From the Employee Obligations measures (Table 6.1), both the Relational Obligations and the Transactional Obligations factors significantly loaded onto one item ("Be committed to working with others to achieve performance goals"),

and this item was therefore eliminated from both measures. Both a relational and a transactional nature could be attributed to this item. ‘Working with others’ may be viewed as transactional, but the extent to which ‘working with others’ also benefits the organization may be viewed as fostering the relationship between the individual and the organization.

From the Organization Obligations measures (Table 6.2), both the Relational Obligations and Transactional Obligations factors significantly loaded onto two items (“Express support for employees” and “Create an environment in which people work together”), and these items were therefore eliminated from both measures. Given that the psychological contract may be described as embracing the supportive working environment that employees might expect from the organization, the essence of that expectation may pervade many, if not most, of the items within the contract. In that context, it may be difficult to classify these two items (obligations) as being either of a more relational or more transactional nature.

As discussed in Chapter 1, other measures of the psychological contract do exist. To determine possible areas of similarity between the measures developed in this study and existing measures, I compared the content of my measures with some of those measures and this comparison is summarised in the following. Given the level of available information, I focussed this exercise more closely on two specific measures and the results of the comparison for those two measures are included in Appendices 7 and 8.

Guest and Conway’s measure (2002, Appendix 7), developed through an interview process, contains 13 organizational obligations which they used to determine the organization’s perspective on the psychological contract. Comparing the obligations identified in their measure with the organizational obligations as perceived by managers in my measure reveals some similarity in content although the wording of the obligations differs. For example, what Guest and Conway termed “training and development opportunities”, is termed “provide personal growth and development opportunities” (Item 16, Transactional) in my measure (Table 6.2). What Guest and Conway termed “recognition for innovative or new ideas”, is termed “promote and manage the use of intellectual knowledge” (Item 9, Relational) in my measure. Many of the 20 obligations in my measure can be mapped across the 13 obligations in Guest and Conway’s measure. Some

of the Organization Relational Obligations (Table 6.2) in my measure that *cannot* be readily mapped onto Guest and Conway's measure include "treat employees with respect" (Item 20), "act with integrity, staying true to its values and beliefs" (Item 8), "maintain professionalism at all times" (Item 18), and "provide leadership and motivation" (Item 10). Guest and Conway's measure includes "open two-way communication". Although this was initially identified in my measure, both as an employee obligation and an organizational obligation, it was subsequently eliminated as no factor loaded significantly onto it.

Rousseau's measure (2000, Appendix 8) contains 17 organizational obligations and 23 employee obligations. Rousseau provided no information on the development of the items in her measure and their origin is not evident in the published technical report. Again, many of the items in my measure can be mapped onto Rousseau's measure. Some of the employee obligations in my measure (Table 6.1) that *cannot* be readily mapped onto Rousseau's measure include "subscribe to the organization's norms and values" (Item 10, Relational), "maintain a balance between work and non-work activities" (Item 16, Transactional), and "provide leadership to others" (Item 7, Relational). Some of the organizational relational obligations in my measure (Table 6.2) that *cannot* be readily mapped onto Rousseau's measure include "treat employees with respect" (Item 20), "fulfil the formal employment contract" (Item 3), "promote and manage the use of intellectual knowledge" (Item 9), and "demonstrate commitment to its own success" (Item 12). Rousseau's measure appears to focus more on the transactional nature of the psychological contract and, in that respect, may be more applicable to employment groups who are more focussed on the employment transactions occurring between them and the organization, rather than those groups who may be more focussed on nurturing the employment relationship.

Cavanaugh and Noe (1999) developed an a priori nine-item measure of the psychological contract which was reviewed by two individuals "who were both familiar with the literature on the changing psychological contract" (p. 329). The nine items in their measure were grouped under three headings: career development, type of work, and job insecurity. Although some of the obligations in my measure could be embraced by these headings, Cavanaugh and Noe's measure lacks the level of detail that my measure provides. For example, the two

items they list under type of work include “I am more committed to the type of work I do rather than to the company” and “Having a job with my current employer is one of the most important things in my life”. These are difficult to map onto the items in my measure but could be embraced by items such as “fulfil the formal employment contract” (Item 3, Table 6.2), “promote and manage the use of intellectual knowledge” (Item 9, Table 6.2), and “be committed to the job” (Item 6, Table 6.1).

De Meuse, Bergman, and Lester (2001) developed an a priori measure that focussed on the relational component of the psychological contract. The 24 items they selected from a review of relevant literature were reduced to 17 following an item analysis. Containing *mutual* obligations covering trust, respect, loyalty, commitment, and communication, many of the items in De Meuse, Bergman, and Lester’s measure can be reasonably cross-mapped onto the items in my measure. Whilst the wording of the items is different, the intent regarding psychological contract content underlying those words is apparent. What their measure does not do, however, is draw a distinction between *organizational* obligations and *employee* obligations. Rather it views the obligations in the measure as *mutual* obligations. This makes it difficult to map items from my measure such as “provide leadership to others” (Item 7, Table 6.1), “apply organizational policy consistently” (Item 7, Table 6.2), and “provide a physically and socially safe environment” (Item 17, Table 6.2) onto their measure, as these items clearly do not reflect mutual obligations.

Many other researchers have measured the psychological contract using less clearly defined criteria and because of this I did not pursue a more detailed comparison of these measures. For example, Porter, Pearce, Tripoli, and Lewis (1998) also used a review of published literature to develop a measure of the psychological contract. Larwood, Wright, Desrochers, and Dahir (1998) used a three-item measure, one of which was “the firm has lived up to what I was promised when I started”. This item obviously does not define what those promises actually were, leaving the interpretation wide open. To determine the contractual orientation (transactional versus relational) of a sample, Millward and Hopkins (1998) used a focus group to analyse 50 statements constructed on a priori grounds to develop a 37-item measure. The examples they provided of items in their measure included “I invest myself in my place of work” and “my

loyalty to this organization is contract specific”. These items could be embraced by items in my measure including “be committed to the job’ and “be committed to the success of the organization”.

Some similarity in content between my measure and that of the measures used by other researchers was to be expected. Research into the psychological contract has progressed to a stage where some understanding and agreement on content exists. However, the assumption that many researchers have made, that the ad hoc or a priori measures they have used in their research are valid, could potentially result in erroneous conclusions being drawn from that research. If the construct validity of the measures being used in that research has not been established, then what is actually being measured is not certain and may not be entirely representative of the psychological contract. The comparison I undertook also highlights that many different approaches have been developed and used by researchers to assess the psychological contract. Although some similarities in the content of measures are apparent, the number of dissimilarities in the measures being used tends to confirm a lack of consensus amongst researchers on exactly what the psychological contract contains. There may also be a lack of acceptance amongst researchers that employees in different occupational groups or levels of employment are likely to have different elements in their psychological contracts.

Given the similarities between measures that did arise, particularly with the measures of Guest and Conway (2002, Appendix 7) and Rousseau (2000, Appendix 8), the need for developing another measure may be questioned. In the first and qualitative phase of their study, in which a measure of the psychological contract was developed, Guest and Conway interviewed 80 managers and staff. From these interviews they derived a list of 13 items that reflected promises that the organization had made. No information is provided by Guest and Conway relating to the process involved in deriving their list of 13 items, which makes a comparison of methodologies difficult. Guest and Conway derived 13 organizational promises whilst I derived 20 organizational obligations, which may suggest that the structure and nature of the interview process, and the ensuing process in which actual items are derived, is influential in defining psychological contract content. However, what may have influenced the items in both measures more was the nature of the samples. Guest and Conway’s sample included both managers and staff at different levels in the organization whereas my sample



included only managers from two specified levels. Guest and Conway also focussed solely on the employer perspective whereas I focussed solely on the employee perspective of both the employee's and the organization's obligations. The differences in samples and perspectives may explain the differences in content. I suggest that these differences, in process, samples, perspectives, and content, supported the need to develop another measure that is sample specific and which adopts an employee perspective.

I also compared my measure to the measure which Rousseau (2000, Appendix 8) used in her study. As already mentioned, Rousseau provided no information on how the items in the measure she used were developed, so a comparison between process and samples was not possible. Justification for developing a new measure, or at least to exploring the content of the psychological contract, may however be supported by the differences in the two measures. Whilst there is some overlap in the items of Rousseau's measure and the measure I have developed, the number of differences is sufficient to suggest that our understanding of the content of psychological contracts is far from comprehensive. Further exploring the content of the psychological contract for disparate occupational groups will continue to add to our knowledge and confirm or otherwise the need for new measures focussing on those groups.

Somewhat surprisingly and as previously argued, there appears to be little if any published research supporting the validity of the measures of the psychological contract being used by researchers in the field. Whilst participants in studies involving these measures may have responded the best they could to specific questions relating to content, the assumption that the content per se was relevant to them may have been predicated on false or uncertain grounds. For example, to ask participants whether or not their organization has fulfilled its obligation to provide a specific item (content), without first verifying that the item in question is indeed in the participant's psychological contract, has the potential for inappropriate conclusions to be drawn.

In an attempt to establish the construct validity of my measure of the psychological contract, I embedded it into a nomological network of organizational psychological variables. This embedding process involved the testing of relationships hypothesised to exist between the psychological contract and the nomological network variables. Acknowledging the existence of

employee and organizational obligations, the hypotheses reflected both perspectives. I now discuss the results of hypothesis testing first covering the Employee Obligations measures (Relational and Transactional) of the psychological contract, followed by the Organization Obligations measures (Relational and Transactional).

### **Employee Obligations**

The hypotheses relating to Employee Obligations concerned the relationships between the psychological contract and Intention to Quit, Perceived Organizational Support, Work Involvement, Job Involvement, and Job Satisfaction. My basic premise was that these attitudinal/behavioural measures would influence the extent to which managers believed they had an obligation to fulfil the psychological contract. The belief was that the strength to which managers held a specific attitude, or demonstrated a specific behaviour, would influence the extent to which they believed the obligations (items) existed in their psychological contracts. Even though the items included in my measure were ultimately intended to be included in a measure of fulfilment, my concern in this phase of the development of the measure was whether or not the obligation actually existed and whether or not managers believed it was important. My proposition was that if managers agreed that the obligation (item) *existed*, by confirming an obligation with respect to that item, a level of confidence would be gained that the obligation existed as an item (content) in their psychological contract.

No unqualified support was found for the hypotheses concerning the Employee Obligations measures of the psychological contract. I discuss specific explanations concerning the failure of the hypothesised relationships to emerge as significant in this study. Following the discussion of the hypotheses concerning the Organization Obligations components of the psychological contract, I will discuss more general possible reasons as to why overall support for the hypothesised relationships concerning both perspectives of the psychological contract was not found in this study.

### ***The Psychological Contract and Intention to Quit:***

Managers intending to quit their jobs were expected to perceive a lower obligation to meet any expectation they believed the organization had of them, under the terms of their psychological contract. As they were contemplating terminating their employment contract, my expectation was that those managers would also be contemplating withdrawing from their psychological work contract, thus diminishing or negating any obligation they felt toward the organization under that contract. This relationship was not significant in this study.

One possible explanation for this relationship failing to emerge as significant is in the nature of the managerial sample itself. The possibility exists that managers as the core group of workers in an organization, and because of the nature of their employment relationship with the organization, honour and respect that relationship by continuing to acknowledge their obligations under the psychological contract, even though they may be considering terminating their employment. Also, conscious of their reputation as professionals and wishing to protect this, they may seek to ensure that any future employer would obtain sound references from referees within their existing organization. Consequently they may, perhaps more so than more transient employees, wish to leave their existing employer on good terms. This level of managerial professionalism likely leads to managers who are intending to seek alternative employment continuing to acknowledge their obligations under the psychological contract.

The possibility that the relationship between intention to quit, as for the other variables in this study for which no relationships were found, and the psychological contract exists for *fulfilment* (or breach/violation) of the contract but not for *content* as hypothesised cannot be dismissed. The relationship between intention to quit and psychological contract fulfilment (or breach/violation) is well established (Lester & Kickul, 2001; Turnley & Feldman, 1999b, 2000). However, in the only published research found in which the *content* of the psychological contract was included as a study variable, a strong and significant relationship ( $r = -.39$ ) existed between the *content* of the psychological contract and intention to quit (Clinton & Guest, 2004). In Clinton and Guest's (2004) study participants selected from "a list of 14 items commonly used in PC research" (p. 3) those promises or commitments their organization had made to them, with this then forming the content of their psychological contract.

Despite Clinton and Guest's (2004) research findings, the possibility is that *fulfilment* rather than *content* of the psychological contract is related to the variables in the nomological network developed in this study. This may be the major underlying cause for the lack of support for the hypotheses in this study and, as such, will be discussed in greater depth below.

#### ***The Psychological Contract and Perceived Organizational Support:***

Managers perceiving a high level of support from the organization were expected to express a greater belief that they were obligated to meet the psychological contract expectations they believed the organization had of them. As they were receiving high levels of support from the organization, my expectation was that those managers would indicate a willingness to reciprocate by acknowledging their own psychological contract obligations. This relationship failed to emerge as significant at either the bivariate or multivariate levels.

As discussed above, the most likely explanation for this relationship failing to emerge as significant in this study is the possibility that it is *fulfilment* of the psychological contract rather than the *content* of the psychological contract that is related to the variables in the nomological network developed in this study, including perceived organizational support (POS). Although no research reporting a relationship between POS and psychological contract *content* was found, the relationship between POS and psychological contract *fulfilment* has been supported in a number of studies (for example Aselage & Eisenberger, 2003; Rhoades et al., 2001). As also discussed above, another possible explanation for this relationship failing to emerge as significant is the nature of the study sample. This particular possibility is discussed further below (see The Nature of the Study's Sample).

#### ***The Psychological Contract and Work Involvement and Job Involvement:***

Managers who were less involved in either work or their job were expected to express a weaker belief that they were obligated to meet the expectations they believed the organization had of them, under the terms of their psychological contract. As they were less involved in either their work or their job, my expectation was that those managers would be less committed to the maintenance of the employment relationship, with a consequentially weaker belief

that they were obligated to meet the organization's expectations of them. Neither of these relationships emerged as significant in this study.

Given the normal distributions of these variables, my expectation was that if a relationship between work or job involvement and the psychological contract did exist, it would have emerged. The distribution of the measure of Work Involvement was reasonably normal, with a mean of 3.63 and a standard deviation of .92 (7-point scale). The distribution of the measure of Job Involvement was also reasonably normal, with a mean of 3.77 and a standard deviation of 1.01 (7-point scale). Although the two measures of Employee Obligations (Relational, Transactional) were significantly skewed, they were transformed into approximately normal distributions prior to hypothesis testing.

### ***The Psychological Contract and Job Satisfaction:***

Managers who were more satisfied with their job were expected to express a greater belief that they were obligated to meet the psychological contract expectations they believed the organization had of them. As their jobs were providing them with high levels of satisfaction, I expected that those managers would indicate a willingness to reciprocate by acknowledging their psychological contract obligations to the organization. However, this relationship failed to emerge as significant in this study.

Job Satisfaction was severely skewed indicating very high levels of job satisfaction amongst this group of managers. The Employee Obligations measures of the psychological contract were moderately skewed. Although these variables were transformed into approximately normal distributions for hypothesis testing, a relationship between these variables did not emerge. This finding is consistent with Clinton and Guest (2004), who found no significant relationship between the *content* of the psychological contract and job satisfaction. The research findings relating to the relationship between psychological contract *fulfilment* (or breach/violation) and job satisfaction are, however, reasonably conclusive with a strong relationship between the two being reported in prior research (Clinton & Guest, 2004; Johnson & O'Leary-Kelly, 2003; Lambert et al., 2003; Tekleab & Taylor, 2003).

Another possibility, worthy of attention in future psychological contract research, is that whilst overall or global job satisfaction may not be related to the

content of the psychological contract, specific facets of job satisfaction may relate more strongly than others. (In this study I assessed *overall* job satisfaction with a three-item measure.) One facet of job satisfaction that may relate to the psychological contract more strongly than other facets is career satisfaction. Career dissatisfaction may, for example, arise through the perception by an individual of the experience of a career plateau and the absence of promotional opportunities. In such a situation, both the content and the fulfilment of the psychological contract is likely to be important to the individual as the individual may believe that the organization has an obligation to provide opportunities for promotion (content) while also believing that the organization is failing to provide such opportunities (fulfilment). A relationship between specific facets of job satisfaction, in this scenario the facet of career satisfaction, and the content of the psychological contract may therefore emerge more strongly than other facets.

### **Organization Obligations**

The hypotheses relating to Organization Obligations (Relational and Transactional) concerned the relationships between the psychological contract and Career Plateau, Organizational Commitment, Person-Organization Fit, Job Performance, and Organizational Citizenship Behaviour. My basic premise was that the three attitudinal measures would influence the extent to which managers believed the organization had an obligation to fulfil the psychological contract. Additionally, higher performing managers (task or contextual performance) would also have stronger beliefs that the organization was obligated to meet their expectations.

The only hypothesis supported for the Organization Obligations measures of the psychological contract concerned the relationship with Person-Organization Fit (P-O Fit, Hypothesis 8). However, gender was found to moderate some of the hypothesised relationships. The relationship between Normative Organizational Commitment (Hypothesis 7) and Organization Transactional Obligations was significant for females but not males. The relationship between P-O Fit (Hypothesis 8) and Organization Transactional Obligations was significant for males but not females. The relationship between Career Plateau and Organization Relational Obligations was significant for females but not males. I now discuss the nature of these significant relationships and also discuss specific explanations

concerning the failure of the hypothesised relationships involving the Organization Obligations measures of the psychological contract. Following this I discuss possible reasons as to why the hypothesised relationships in this study generally failed to emerge.

***The Psychological Contract and Career Plateau:***

Managers who perceived themselves to be experiencing a career plateau were expected to express a greater belief that the organization was obligated to meet their expectations, under the terms of their psychological contract. The experience of a career plateau was expected to heighten the awareness of those managers of their expectations of the organization, particularly regarding their own career and personal development needs. The expectation that individuals have relating to opportunities for career development or progression arises as an item in most measures of the psychological contract and this expectation is also included in the measure developed in this study. Based on this expectation forming part of the *content* of the psychological contract it was reasonable to expect career plateau, which may be perceived by career plateaued managers as a lack of career development opportunities, to be related to the psychological contract.

Although gender was not a significant moderator in the relationship between Career Plateau and the psychological contract, the relationship between Career Plateau and Organization Relational Obligations was significant and positive for females but not males. The nature of this relationship may indicate greater vigilance in monitoring the psychological contract by females, who may be conscious of phenomena such as the ‘glass ceiling’. Based on the findings of this study, females who are career plateaued are more likely to expect the organization to apply organizational policy consistently, treat all employees fairly and equitably, and act with integrity staying true to its values and beliefs. Career plateaued females may perceive themselves to be less mobile than those who are not plateaued and may, on that basis, have greater expectations that the organization will honour its relational obligations. As they may believe they have less choice regards career options, their focus may be on nurturing their existing employment relationships.

Prior research has explored the concept of 'successful' career plateau and noted that career plateaued individuals who still consider themselves successful continue to record high levels of job satisfaction and job performance (Stoner, Ference, Warren and Christensen (1980), cited in Burke, 1989; Ettington, 1998). The possibility exists that the managers who participated in this study and who were career plateaued still considered themselves to be successful. If that was the case, their expectations of the organization under the terms of the psychological contract, may not change, with this contributing to this relationship not emerging as significant in this study.

### ***The Psychological Contract and Organizational Commitment:***

Managers who expressed higher levels of commitment to the organization were expected to express a greater belief that the organization was obligated to meet their psychological contract expectations. My proposition was that managers who were highly committed to the organization would expect a similar and reciprocally high commitment from the organization. One way in which managers might expect the organization to demonstrate that commitment is through the psychological contract. By acknowledging its obligations under the psychological contract the organization would demonstrate that commitment. The one study reviewed that did consider psychological contract *content* (Clinton & Guest, 2004) found a positive and significant relationship between that and organizational commitment ( $r = .23$ ).

The relationship between organizational commitment and *fulfilment* of the psychological contract is well documented (Freese & Schalk, 1996; Guest & Conway, 2001b; Johnson & O'Leary-Kelly, 2003; Sels et al., 2004). Based on this research the actual form of the various commitments that managers might expect from the organization was believed to be sufficiently important to them for the perceived commitments (obligations) to be included as content in the psychological contract. That this relationship was not fully supported in this study may indicate that managers seek reciprocity in commitment in areas of their employment relationship that are not specifically included as content of the psychological contract.

One dimension of this relationship was, however, moderated by gender. The relationship between Normative Organizational Commitment and



Organization Transactional Obligations emerged as significant and negative for females but not for males. Normative commitment indicates a moral attachment to the organization underlying an 'ought to stay' attitude (Meyer & Allen, 1991). Based on this finding, females normatively committed to the organization were less likely to believe that the organization was obligated to provide personal growth and development opportunities, or to support employees in maintaining work-life balance, than their female counterparts who expressed less normative commitment. One possible explanation for this relationship emerging as significant for females but not for males, resides in the moral attachment nature of normative commitment. Females may feel that they 'owe' the organization more than males do. This feeling of indebtedness may arise, for example, through such practices as the organization implementing family-friendly policies. One way that females may attempt to balance this 'debt' is by expecting less from the organization in other areas of the employment relationship. Future research should further explore potential gender differences in psychological contracts and differential attitudes and motivations of males versus females.

***The Psychological Contract and Person-Organization Fit:***

The hypothesised relationship between the psychological contract and Person-Organization Fit (P-O Fit) was the only hypothesis fully supported in this study, although this relationship was not particularly strong (Organization Relational Obligations  $r = .16$ , Organization Transactional Obligations  $r = .19$ ). Managers who perceived a higher level of fit between themselves and the organization expressed a greater belief that the organization was obligated to meet their psychological contract expectations. The relationship between person-organization fit and *fulfilment* of the psychological contract was established by Freese and Schalk (1996) with higher perceptions of fit being associated with higher levels of organizational identification. This study indicates that what is in the psychological contract (*content*) is as important as *fulfilment* to managers who perceive higher levels of person-organization fit.

Based on the content of the psychological contract (Table 6.2), managers perceiving higher levels of organizational fit are more likely to believe that the organization is obligated to, for example, provide leadership and motivation, provide a physically and socially safe environment, provide competitive

remuneration, and support employees in maintaining work-life balance. The possibility is that congruence in expectations increases perceptions of organizational fit. Alternatively, the possibility exists that managers' expectations under the psychological contract are influenced in part by an acknowledgement that they fit into the organization reasonably well.

Gender moderated one aspect of this relationship. The relationship between P-O Fit and Organization Transactional Obligations was significant for males but not females. The nature of this particular relationship suggests that males may be more concerned with the organization acknowledging its obligations to provide opportunities for development, and providing rewards and competitive remuneration, than their female counterparts. Why males, who perceived a high level of fit with the organization, would be more concerned than their female counterparts with the organization honouring its transactional obligations is not immediately apparent. One might expect managers generally to share this perception. One possible explanation resides in the historic role of 'provider' that males have had, and the continuance of this role into modern society. This may make them more conscious of ensuring that the basic employment transactions of reward and remuneration are acknowledged by the organization.

### ***The Psychological Contract and Performance:***

Managers who were performing their jobs at a higher level, or who were engaging in higher levels of organizational citizenship behaviour, were expected to express a greater belief that the organization was obligated to meet their psychological contract expectations. Higher performing managers would likely believe that they were contributing more to the success of the organization. Such managers might therefore expect their greater contribution to the success of the organization to be acknowledged by the organization. Whilst my proposition was for that acknowledgement to form part of a manager's psychological contract, no significant relationship emerged in this study between performance and the psychological contract variables. Although no research was found that considered the relationship between *content* of the psychological contract and performance, the relationship between *fulfilment* (or breach/violation) of the psychological

contract and performance is well documented (Lester et al., 2002; Robinson, 1996; Tekleab & Taylor, 2003; Turnley et al., 2003).

The possibility exists that the organization acknowledges higher performers as a matter of course. One form this acknowledgement may take is through the organization acknowledging its obligations under the psychological contract. This perceived acknowledgment may diminish the focus managers would otherwise have on the *content* of the psychological contract with that focus only intensifying should their contract be breached or violated (the corollary to *fulfilment*). Given this proposition, and the probability that managers as a group are likely to be high performers, a relationship between performance and the content or terms of the psychological contract may not appear. The managers who participated in this study all recorded high levels of performance with all measures of performance being significantly skewed.

### **The Psychological Contract – Content Versus Fulfilment**

The hypotheses concerning the relationships between the variables in the nomological network and the psychological contract were predicated on one underlying assumption. As published research literature is largely devoid of studies that consider the *content* of psychological contracts, research considering *fulfilment* of the contract was reviewed in order to propose the likely relationships that would emerge between the variables included in the nomological network and the content of the psychological contract. Only one published research report was found (Clinton & Guest, 2004) that included statistical information on the relationship between the *content* of psychological work contracts and other organizational psychology constructs.

Although Clinton and Guest (2004) found no significant relationship between psychological contract *content* and psychological contract *fulfilment*, their research did establish a relationship between the psychological contract (content and fulfilment) and both intention to quit and organizational commitment. Whilst their research suggested the probability of relationships emerging between the content of psychological contracts and the other variables in the nomological network, the relationships between psychological contract

*content* and intention to quit and organizational commitment were not significant in my study.

The context of the measure of psychological contract content in Clinton and Guest's (2004) study must be noted. They did not focus specifically on psychological contract content. Content was a background variable used to facilitate the creation of a measure of the psychological contract that supported their actual research focus. The measure was developed a priori, with the participants in their study indicating how many of the 14 items included as possible content indicated promises or commitments the organization had made. Whilst the organization may have made promises and commitments outside the list of 14 items covering content, participants had no opportunity to include any additional items. The *extent* to which the promises or commitments actually existed, or their importance to the participants, was also not assessed. Clinton and Guest's publication provided no evidence of the construct validity of their measure although its reliability is indicated ( $\alpha = .88$ ). The sample in their study was also drawn from a wide range of employment groups, including both unionized staff and professionals, and hence does not represent a homogeneous employment group.

Content refers to what is *in* the psychological contract, that is the perceived terms and conditions of the contract including obligations, expectations and promises. Although psychological contracts may be idiosyncratic (Freese & Schalk, 1996), some commonality in content is to be expected amongst individuals sharing common characteristics, including level of employment. The managers who participated in the present research confirmed the commonality of that content for their level of employment by rating the importance of the items included in the measure being developed as high. Given the development of a generic measure of the psychological contract for managers, my expectation was that this measure would reflect the greater component of their contracts, with any idiosyncratic component reflecting a much smaller portion of content. This does not exclude the likelihood that other idiosyncratic content has been omitted from the measure.

Fulfilment refers to what is delivered *under* the contract, and relates to the perceptions individuals have as to whether or not they, or the organization, are meeting the terms and conditions (content) of their psychological contracts.

Fulfilment, or conversely breach or violation, of the psychological contract is very much an individual perception. Whilst fulfilment is obviously important to managers, what is in the psychological contract in the way of content, reflecting the obligations managers believe exist, is equally important, as it is against this that fulfilment is assessed. The importance to managers of specific items influences the content of managers' psychological contracts and determines whether or not specific items will be included in their contracts. If items are important to managers, they will include them in their psychological contracts. The *content* of their psychological contracts should therefore be of as much interest to managers as the *fulfilment* of those contracts.

My hypotheses were predicated on the basic line of reasoning that employees' attitudes influence the content of their psychological contracts. By understanding how those attitudes, including for example organizational commitment, job satisfaction and perceived organizational support, influence content, one may reasonably predict what the relationship between that attitude and the psychological contract will be. Given the limited research found on psychological contract content, I formed hypotheses based on research confirming the relationship between *fulfilment* of the contract and the variables in the nomological network. I proposed that the *content* of the psychological contract would be influenced by these same nomological network variables, and that the nature of any relationship that did emerge for psychological contract content would be of a similar nature to that for psychological contract fulfilment (or conversely breach or violation). To illustrate the reasoning underlying the hypotheses I provide two examples, one from an employee perspective and one from a perceived organizational perspective.

Under the terms of the psychological contract, employees perceive an obligation to "be loyal to the organization". The extent to which employees believe that they are obligated to be loyal to the organization was proposed to be influenced by the perceived level of support they receive from the organization. If employees were receiving a high level of support from the organization (POS), my expectation was that they would perceive an obligation on their part to reciprocate. One way employees could reciprocate is by acknowledging an obligation to be loyal to the organization. In this scenario, the perceived level of support employees are receiving from their organization influences the *content* of

the psychological contract, with the obligation to “be loyal to the organization” being included as part of that content. Research confirms a positive relationship between *fulfilment* of the psychological contract and POS (Chapter 3). My reasoning suggested that the nature of the relationship between POS and psychological contract fulfilment would also emerge for psychological contract content.

Evaluating a perceived organizational obligation, the same line of reasoning may be applied. Employees perceive an obligation on the part of the organisation to “treat all employees fairly and equitably”. The extent to which employees believe the organization should treat employees fairly and equitably is likely to be influenced by the level of commitment the employee has to the organization. Employees who are more committed to the organization are more likely to believe the organization has an obligation to reciprocate by treating them equitably and fairly. Therefore, the employee’s level of organizational commitment would be linked with the content of the psychological contract. Research confirms a positive relationship between *fulfilment* of the psychological contract and organizational commitment (Chapter 4). My reasoning suggested that the nature of the relationship between organizational commitment and psychological contract fulfilment would also emerge for psychological contract content. I assumed that this line of reasoning established a theoretically justified relationship between the constructs, and that based on these two examples, employees would, amongst other psychological contract obligations and expectations, acknowledge an obligation to “be loyal to the organization”, and would expect the organization to “treat all employees fairly and equitably”.

I extended this line of reasoning to all the variables I included in the nomological network, and hypothesised relationships between these and the psychological contract variables accordingly. My expectation was that this close apparent link between content and fulfilment would result in similar relationships to those that exist between *fulfilment* (or breach or violation) of the psychological contract and the nomological network variables, to also emerge between *content* of the psychological contract and those same variables. Both factor analysis and item analysis (Chapter 6) confirmed that the inter-correlations between the items in the four measures of the psychological contract (Employee Obligations, Organization Obligation, Relational and Transactional) were high. Therefore,

extending this line of reasoning, which was based on individual items in those measures, to the full measures themselves was valid, and supported my decision to test hypotheses relating to *content* of the psychological contract on research relating to *fulfilment* of the contract.

Based on the managers' ratings of importance of the items included in the measure being developed, and my line of reasoning concerning the apparent link between content and fulfilment, the hypothesised relationships included in this study were reasonable and defensible. However, despite my reasoning, and given the results I obtained, my assumption that psychological contract *content* would display similar relationships as psychological contract *fulfilment* with the variables in the nomological network, may have been erroneous.

Although the managers who participated in this study confirmed that the specific items in my measure were important, they may not actually be aware or concerned with the content of their psychological contracts unless or until they perceive a breach or violation. A perceived breach or violation (non-fulfilment) could be the catalyst that arouses awareness of that item. For example, the expectation that the organization will provide a safe working environment may not be important, or underpin awareness of that expectation, until an individual suffers a work-place injury. Although Arnold (1996, p. 512) pointed out that "it may be that participating as a "subject" in research that asks about psychological contracts itself clarifies the respondent's opinions", the extent to which the responses of managers who participated in the first phase of the study may have been recalled by any manager who also participated in the second phase is unknown. Awareness of psychological contract content, or indeed of the contract itself, may not have been instantaneous and awareness of the construct and the implications of psychological contracts may have only arisen following participation in the study. Psychological contract researchers may choose to consider the possible impact on their research of the level of awareness amongst study participants of the construct.

To effectively manage employee expectations under psychological contracts, and employment relationships generally, including engagement and disengagement of employees, organizations must first be aware of what the content of psychological contracts is likely to be. Developing a valid measure to assess the degree of fulfilment underpinned this study. To test for validity I

explored the hypothesised relationships between the psychological contract and the variables in the nomological network on the basis of the *extent* to which managers believed the obligations that were perceived to form the *content* (terms) of their psychological contracts actually existed. My research was therefore exploratory and provides a perspective for future research on the content of psychological contracts.

In conclusion, as indicated by the results of the current study, which revealed little support for the hypothesised relationships, there may simply be no direct relationship between the *content* of the psychological contract as I have defined it and most of the variables included in the nomological network. An alternative to basing content-related hypotheses on fulfilment of the psychological contract would be to focus research on determining exactly what variables the content of psychological contracts is actually related to. Given that most of the nomological network variables included in this study were not related to the content of the psychological contract, what constructs may be related to it will only be determined through ongoing research. Some speculative suggestions are discussed below (see Future Research, p. 264).

### **The Nature of the Study's Sample**

In Chapter 1, I argued that the formation of the content of psychological contracts is subject to many influences. This argument underpinned the direction of my own research effort in which I chose to focus on the psychological contract of managers in a commercial environment. In attempting to define the content of the psychological contracts of specific groups of individuals, researchers may choose to focus on internal labour market differentiators such as industry, employment level, gender, part-timers versus full-timers, and so forth. Alternatively, researchers may choose to focus on external labour market differentiators such as prevailing levels of unemployment and other economic indicators, societal and cultural differences (for example, individualism versus collectivism), or affluent societies versus less affluent or developing societies and so forth.

My decision to focus on the internal labour market differentiator of employment level may in itself have influenced the predicted relationships



between the psychological contract and the nomological network variables. The nature of the relationship between managers, who largely form the core group of workers in an organization (Handy, 1989), and the organization is likely to be quite different from what it would be for other differentiated groups of workers. This premise was fundamental to my argument (Chapter 1) that the content of psychological contracts will differ by, amongst other factors, employment level.

Because of their status in the organization, and the nature of their relationship with the organization, managers are likely to attach high importance to the psychological contract, in terms of both content and fulfilment. Equally, managers are likely to report consistent levels in the variables included in the nomological network. For example, managers are likely to report high levels of both job and work involvement, to be very satisfied with their jobs, to be strongly committed to the organization, and to be high performers. Indeed, the pattern of responding in this study confirmed these views, with the distributions of most of the study variables being moderately to highly skewed. Even though these skewed variables were transformed to achieve approximately normal distributions, the level of variance in these variables, as indicated by the standard deviations following transformation, remained low, indicating possible restriction in range. Any variance in these variables may therefore have been suppressed or restricted by the response patterns in the study. Whilst the proposed content of the measure of the psychological contract reflected the managerial nature of the study sample, the extent to which the homogeneous composition of the study sample may have also influenced the hypothesised relationships is an area for future exploration and confirmation.

### **Construct Validity – In Conclusion**

One of the major goals in my study was to establish the validity of the measure I was developing. Summarising the evidence presented in support of this goal, I argued for the validity of my measure as follows. Establishing the *content* validity of a measure is an important step in validation prior to assessing its *construct* validity. Murphy and Davidshofer (1998, p. 167) stated that content validity of a measure is established “if a test *looks* like a valid measure.” To *look* like a valid measure the measure must be representative of the content domain.

Given the process I went through in developing the items I included in the measure, and by comparing them to the items included in other measures of the psychological contract, the content validity of the measure was confirmed. My subsequent efforts therefore focussed on establishing construct validity, which Murphy and Davidshofer stated is established “if a test *acts* like a valid measure” (p. 167).

My research efforts to establish construct validity of the measure being developed for the psychological work contract concentrated on the proposed content of that measure and determined whether or not the measure *acted* like a valid measure. Despite not achieving full support for a claim of construct validity, and the potential for the results obtained in my study to be due to chance, as evidenced by the results of hypothesis testing, I argue that a measure should not be used in the way it is intended to be used until its validity has been established. The use of measures for which construct validity has not been established raises ethical concerns in the practice of the assessment of individual differences in organizational psychology (Murphy & Davidshofer, 1998). Within the context of my research, to have used the measure I developed to immediately assess *fulfilment* of the psychological contract would have presumed that the measure’s construct validity had been established. On that basis, I argue that professional ethics (Lowman, 1998) (see also Code of Ethics for Psychologists Working in Aotearoa/New Zealand, 2002) could potentially be breached if the measure I was developing had been used to assess fulfilment without the measure first being subjected to a process of construct validation.

A lack of demonstrable construct validity also has the potential for erroneous decisions to be made from the results of the research in which those measures have been used. What this research was attempting to do was to firstly demonstrate construct validity by confirming that the measure was indeed a measure of the psychological contract, and was measuring a representative sample of the content domain for that construct. Following that validation process, the measure could then be used to assess fulfilment of the psychological contract for managers. Without establishing that validity, what was actually being measured could not be assured. That is, confirmation that the measure was indeed representative of the content domain for the psychological contract was a prerequisite to the use of the measure.

Although the content of the measure developed is representative of the content domain of the psychological contract, hypothesis testing revealed that this content was not related to the variables in the nomological network. Despite this outcome, my measure may well be a valid measure of the psychological contract. The results of the item and factor analyses provided some support for the construct validity of the four components of the measure. Providing an opportunity for future research is an exploration of what the *content* of the psychological contract is actually related to in the way of other constructs. From this exploration, a more appropriate nomological network could be built. The final step in construct validation, successfully embedding the measure of the psychological contract into a nomological network and realising the predicted relationships, could then be completed.

### **Limitations of the Study**

Response rates to employee attitude surveys are declining (Schwarz, Groves, & Schuman, 1998) with implications for all researchers. Specifically, the potential group differences between compliant employees (those choosing to participate) and noncompliant employees (those making a conscious decision not to participate) increases the difficulty of generalising the results of any particular research to the specific target population, or to the population generally. Of particular relevance to this study are the findings of other researchers that noncompliant employees possess greater intentions to quit, display less commitment to the organization, are less satisfied with their jobs, and are less satisfied generally (Rogelberg, Luong, Sederburg, & Cristol, 2000), whilst compliant employees typically achieve higher performance ratings (Dreher, 1977).

As many of the variables cited in the preceding paragraph were included in the nomological network into which my measure of the psychological contract was embedded for validation purposes, the potential existed for more “positive” data to be captured on these variables than might otherwise have been collected. Individuals who agree to participate in surveys (those termed compliant) are more likely to report positive attitudes on the psychological variables included in this study. The negative attitudes of noncompliant individuals quite possibly coexist

with perceptions of non-fulfilment of the psychological contract, with those perceptions possibly further supporting their decision to not participate in a research survey.

The difficulties encountered in obtaining support for this study resulted in a much smaller sample size and lower response rate than was planned for. Of the 62 New Zealand and Australian organizations that were approached to participate, only eight public sector (including airlines, insurance, distribution, entertainment) and five private sector (including health, local government) New Zealand organizations finally agreed to do so (no Australian organizations participated). Two organizations agreed to participate and had questionnaire packs prepared for distribution, but subsequently decided against distributing them. These were not included in the survey response statistics. For one of the organizations that did participate, only three of 35 questionnaires distributed were returned completed. For another organization, only one of 25 questionnaires distributed was returned completed. Although flexibility was given concerning method of completion, in order to make participation more attractive and therefore increase the response rate, the option of completing the survey via the internet was exercised by only 10% of participants. Utilising the two methods of data collection, hardcopy and internet, would not have influenced the results (Kickul & Lester, 2001, p. 197).

The small sample size may influence the extent to which the results of this study may be generalised to other managerial samples (Friedman (1982) noted that a sample size of 120 provides a power of .80 at the  $\alpha = .05$  level). Additionally, the low response rate may have introduced a positive bias to the data (see above), further restricting generalisability. The potential impact of the small sample size on factor analysis must also be noted, although the analyses themselves produced reliable factors. Hair et al. (1995) suggested that a minimum five cases (responses) per item (ratio = 5:1) in the variable being analysed is required to conduct sound factor analysis. Although the ratio of five-to-one was met in this study, it was well below the more acceptable ratio of ten-to-one recommended by Hair et al. However, the sample size falls within the range of  $N = 100$  to  $N = 200$  for models with well-determined factors (MacCallum, Widaman, Zhang, & Hong, 1999), that is a small number of factors and a reasonably high number of indicators.

The cross-sectional design of this study makes it difficult to determine causal relationships. One cannot say with any certainty that, for example, the attitude of a manager causes him/her to perceive the obligations that exist within the psychological contract. It may equally be the content of the contract, and its eventual fulfilment or violation that causes a manager to develop the attitudes that s/he has. Taking person-organization fit as an example, the level of fit a manager perceives s/he has with the organization may influence the content (obligations) of his/her psychological contract. Alternatively, it may be the content of a manager's psychological contract, and its perceived fulfilment or violation that influences the level of fit with the organization that the manager perceives. Care should be exercised in making any such inferences based on the results of this study.

That this research was eventually based on a sample that included only managers from New Zealand organizations may also restrict its applicability and the extent to which the results may be generalised. Whether or not managers in other developed Western societies in comparable organizations would define similar content in their psychological contracts can only be answered by on-going research. The measures developed by Guest and Conway (2002, Appendix 7) and Rousseau (2000, Appendix 8), which were developed in the United Kingdom and the United States of America respectively, suggest that some similarities would emerge. However, until further research confirms those similarities as being common to all managers in all Western countries, confidence in generalising the results of this study may be limited. The potential influence of culture, amongst other factors, on the formation and content of psychological work contracts, has already been noted and is discussed further below.

### **Common Method Bias**

Although the results of hypothesis testing, and the pattern of relationships that emerged amongst the variables included in the study, confirmed that common method bias was not an issue, given the study's cross-sectional design and its self-report nature, the potential for this to be a problem existed. Consideration was therefore given to controlling it, specifically the potential introduction of measurement error that may be introduced through such biases, including social

desirability and acquiescence, although the latter may be a lesser concern (Spector, 1987).

Rousseau (1998, p. 681, emphasis added) commented that “Subjective or self-reported measures are the most direct source of information on the nature and *content* of the psychological contract”. Crampton and Wagner (1994) and Schalm and Kelloway (2001), concluded that “self-report measures appear to be most appropriate for introspectively experienced phenomena such as employees’ perceptions of their job experiences” (cited in Lambert et al., 2003, p. 927-928). Based on these comments, the self-report method of data collection was appropriate for this study. In research of this nature it is impracticable to utilize any form of experimental or laboratory type study. Researchers are therefore left with the self-report method of collecting data whilst controlling as much as possible for the amount of measurement error that may be introduced.

### **The Field of Psychological Contract Research**

The present research has confirmed what managers believe is important to them regarding the items included in the psychological work contract for their particular employment sector. By adopting an inductive approach to identifying the content of the psychological contract for managers, I have provided knowledge of that content for the psychological contract of managers from which researchers and practitioners may further explore the psychological contract. Researchers exploring the content of psychological contracts, based on the many influences I have proposed to exist in the formation of content, have a comparison measure against which to determine whether or not my basic premise that these influences affect content is founded or not. These areas of research into the psychological contract, which I will elaborate on, provide a fertile field of opportunity for future research.

Much of the research to date involving the psychological work contract has used measures of the contract for which evidence of construct validity has not been apparent. The present research attempted to correct that situation by developing a measure of the psychological contract for which construct validity has been established. This research has added to the knowledge of what the content of the psychological contract is *not* related to, and provides further

information for other researchers who share my interest in validating the content of psychological contracts.

### **Future Research**

Following Muchinsky's (2003) proposition that the globalization of business, including global labour markets, will bring an evolutionary focus on cultural differences in the development and management of the psychological contract, the basic and underlying premise of my research was that the content of psychological contracts will vary according to a number of factors at societal, organizational, and individual levels (Dabos & Rousseau, 2004; McLean Parks et al., 1998; Rousseau & Tijoriwala, 1998; Thomas et al., 2003). These factors include values such as general attitudes toward work, including work ethic, commitment, and individualism (viewing self as independent) versus collectivism (viewing self as interdependent).

Thomas, Au, and Ravlin (2003) argued that the influence of culture, on both the employment relationship and the psychological contract, has largely been neglected and focussed their study on the dimension of individualism versus collectivism. Other factors potentially influencing content include prevailing economics, demographic variables such as age and sex, organizational factors such as company size, industry, and locality, and individual factors such as personal values, career aspirations and status, hierarchical level of employment within an organization, and degree of work involvement. Additionally, as Herriot and Pemberton (1997) suggested, new forms of psychological contracts are emerging, and some of these are in line with Handy's (1989) view of the evolving nature of the work force. These new forms of psychological contracts include lifestyle (for example down-shifting), autonomy (for example executive leasing and contracting), and choices around the concepts and adoption of continuous development and learning, as employees embrace the responsibility for their own development and career management.

The many influences on the formation and content of psychological work contracts reinforce the need for continuing research into the psychological work contract. As that research further explores the formation and content of psychological contracts, a fuller understanding and appreciation of how such contracts may be managed, within the context of the employment relationship,

will be gained. Rousseau (1998, p. 693) made that point clearly, “We look forward to new research from the growing array of international researchers actively studying organizations and workers from the perspective of the psychological contract.” The psychological work contract, and the many influences that impact on its content, will remain a fertile field for ongoing research. As researchers and practitioners come to understand how the content of psychological contracts form, a greater understanding of psychological contract fulfilment, and the impact this has on the nature of the employment relationship, will be gained. The results of this study add to our understanding of the nature of psychological work contracts and their formation and content, with this understanding continuing to grow as research in this field continues.

Psychological work contracts are studied because of the impact that breach or violation (non-fulfilment) of those contracts has on the employment relationship, although there is increasing interest in understanding the effects of psychological contract fulfilment. Research indicates that when the psychological contract is violated, the attitudes and behaviours of individuals are negatively affected, with a consequential impact on organizational functioning (Chapter 1). Having valid and specific measures, which support the measurement of the degree of fulfilment (or breach/violation) of an individual’s psychological contract, will lead to a greater understanding of the effect that contract fulfilment may have on an individual’s attitudes and behaviours.

Future research can contribute to our understanding of the psychological work contract along at least two distinct lines. One specific line of research available to researchers is to attempt to validate the content of such contracts, as I have attempted to do. This would involve determining what the content of the psychological contract is actually related to, given that an understanding of what it is not related to has been gained from this study. Of particular interest, and what may provide insight to possible relationships, are the processes surrounding contract formation, which in itself occurs as a normal part of the employment relationship (Chapter 1). These processes include socialisation, organizational communications, human resource management policies and procedures, the involvement of external recruitment agents who make representations on behalf of the organization, and industry trends. Determining how these processes may be operationalized, how they contribute to and influence the formation of



psychological contract content, and then exploring their relationship, through the development of a nomological network, to the psychological contract, could potentially add insight to the formation of the content of those contracts.

Replicating the first phase of my study, and using managers as a target focus group, would be unlikely to add significantly to an understanding of the content of psychological contracts for managers. The process I went through in establishing the content of my measure was vigorous and robust and its content validity has largely been established. The process I established and adopted to determine psychological contract content for managers provides other researchers wishing to develop measures of the psychological contract for other levels or groups of employees with a sound methodological process which they could also adopt.

For managers as a group, research would more likely be furthered by taking the measure I have developed and attempting to provide further support for its construct validity. The methodology I adopted in attempting to establish construct validity is also well established and accepted in research circles. Following this same methodology, future attempts to establish construct validity could now focus on the development of a more appropriate nomological network into which my measure could be embedded. As discussed above, the nature or content of that nomological network itself provides an interesting and exploratory line of research.

Another specific line of research, which has been the focus of much research into the psychological contract to date, explores the outcomes of psychological contract fulfilment or (conversely) breach or violation. This particular line of research would be supported by, and accrue more validity, if it was to use measures of the contract that have been subjected to construct validation procedures and have been demonstrated to possess that validity. Ultimately, understanding the individual and organizational consequences of breach or violation of the psychological contract justifies continuing research into the phenomenon. Understanding these consequences has a two-fold outcome. Firstly, organizations are better positioned to manage the expectations employees have and through that to more effectively manage the actual employment relationship. Secondly, organizations can implement management practices that

will minimize the affect on the organization of breach or violation of the psychological contract.

In extending the research into contract breach or violation, consideration could also be given to the application of the psychological contract in personnel selection (Branham, 2005; Kotter, 1973). The psychological work contract covers the expectations individuals have of the organization. As psychological contracts start to form during the job application process, many of an individual's expectations could be identified prior to work engagement. Assessing these expectations as part of the employment selection process would allow an organization to determine whether or not it was in a position to actually meet those expectations. If the organization was not in such a position to do so, it may pursue a number of options including managing the individual's expectations down, repositioning to meet more of the expectations than it might otherwise have considered, or declining the application if it felt that the gap between the individual's expectations and what the organization could offer was too great. By taking an early initiative during the selection process, an organization could potentially minimize the number of early job quits, minimize overall staff turnover and the associated costs, and minimize the effects and consequences of psychological contract breach or violation. Many of the reasons employees give for quitting their jobs are generally covered by the psychological contract, with the number one reason given being unmet expectations, with this reason being cited by 50% of employees who quit in the first six months (Branham, 2005).

The measure I developed in this study could be subjected to these lines of research. Firstly, research could explore what this particular measure is related to. My research has confirmed that the psychological contract was related to Person-Organization Fit and Perceived Organizational Support and also, although qualified by gender, to Career Plateau and Normative Organizational Commitment. By pursuing this line of research more evidence of the measure's construct validity could be established. I suggest that this line of research should be pursued before the measure is used to either determine the expectations of new hires or to assess fulfilment of the contract. Although I have argued against the use of a measure in the practice of psychology for which construct validity has not been established, as a means of establishing its construct validity the items included in my measure of the psychological contract could be used to assess

fulfilment, providing this was accepted by researchers and participants alike as research and not practice. I have developed the nomological network into which the assessment of fulfilment of the psychological contract could be embedded for construct validation purposes.

Following a process of construct validation, as suggested above, my measure could then be used in the practice of organizational psychology to assess the degree of fulfilment of the psychological contract of New Zealand managers, or to determine the expectations of new hires potentially entering those roles. Confirming the relationships that subsequently emerged between the fulfilment of the psychological contract and the variables I included in the nomological network would provide further evidence of the measure's construct validity.

### **Conclusion**

I argued strongly in Chapter 1 that the content of psychological contracts will vary by employment level, and offered as an example the potential content of a contract for a senior manager or executive in an organization versus the potential content of a contract for a machine operator in a factory. The expectations each would have, and therefore the obligations they believed the organization has toward them, would differ. Although I believe my research indicates that much of the content of psychological contracts for managers may be reasonably constant, and provides the items that may be included in a measure to assess fulfilment of the contract, the salience of specific items may vary depending on individual circumstances or expectations.

What emerges is the likelihood that whilst researchers may be able to develop psychological contract measures that represent specific groups of employees, ultimately what is in an individual's psychological contract, and the salience of that content, is very much an individual construction. So, whilst measures may be developed that will contain content of common interest to specific groups of workers, for example managers, there will always be items of specific interest to individuals that may be excluded from those measures. This highlights and confirms the idiosyncratic nature of psychological contracts as discussed by many authors (Freese & Schalk, 1996; Kotter, 1973; McLean Parks et al., 1998; Sims, 1994).

An understanding of the consequences of breach or violation (and increasingly fulfilment) of the psychological contract drives the ongoing research interest in the phenomenon. That research will be more credible and more applicable when it applies measures of the psychological contract that have been validated and that acknowledge the many influences on the formation of content. Like Rousseau (1998, p. 693), I also “look forward to new research from the growing array of international researchers actively studying organizations and workers from the perspective of the psychological contract.”

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## Appendix 1

### Phase One – Structured Interview Form

---

#### *Good Morning/Afternoon.*

My name is Donald Cable. I am currently lecturing in organisational psychology at the University of Waikato where I am also pursuing doctoral research. My research relates to the psychological work contract which I will tell you more about before we start.

I take it that \_\_\_(org name)\_\_\_ has provided you with information that assisted you in making your decision to participate in my research? I would like to quickly run through that again just to clarify anything that may not be clear.

My prior experience in business has largely been in information technology where I held senior positions with organisations such as Lion and Unisys. I returned to university in 1997 to complete an MA in psychology and, after working for myself for a short time, I joined KPMG as a consultant. I joined the University of Waikato in February of this year where I had previously completed the requirements to become a registered psychologist.

To ensure that everyone I speak to has the same understanding of the purpose of this interview I will read the following from my notes rather than rely on memory. Are you comfortable with this approach?

Great, thank you.

Here is a copy of what I will be reading to you. Please feel free to follow this through with me as I read it to you.

(hand copy to participant, allow a moment for participant to browse)

The psychological contract is a term used by organisational psychologists to refer to the expectations, needs, promises, obligations, trust, and commitment that exist between you and your employer that are outside of, and not recorded or

documented in, your formal written employment contract. It encapsulates the beliefs you have as to what you expect from your employer, and what you believe your employer expects of you, that are not formally documented. It is called “psychological” because these beliefs and expectations are held in the mind and will affect the way you behave and the way you react to changes in the relationship you have with your employer.

Are you comfortable with that explanation? Great!

My research interest is in your perspective or perception of the psychological contract, that is, the contract you believe you have with \_\_\_(org name)\_\_. Whilst any contract is between two parties I have decided to focus on your perspective rather than \_\_\_(org name’s)\_\_\_ perspective.

My study is being conducted in two phases with a number of organisations of which \_\_\_(org name)\_\_\_ is one.

This, the first phase, is designed to develop a list of items that relate to the content of the psychological contract from an employee perspective.

The second phase, which \_\_\_(org name)\_\_\_ is also participating in, is designed to verify the list of items obtained from this phase. I will do this by comparing that list with a number of other organisational factors which I believe are related to the psychological contract in various ways.

Now, before we start I need to tell you a few things that we tell everyone when we conduct research.

### **1. *What is this study about?***

This study is being undertaken as part of my PhD degree in organisational psychology. The study is intended to develop a measure of how people feel about the psychological contract they have with their employer, whether they are comfortable with the content of that contract, and whether they are happy that it is being fulfilled by the employer.

My supervisor for this study is Professor Michael O’Driscoll who works with me in the Department of Psychology at the University of Waikato. Should you at any time have any questions relating to this study you may contact either of us through any of the following means:

Professor Michael O’Driscoll:

Telephone- (07) 856 2889 xtn 8999?  
Email- m.odriscoll@waikato.ac.nz

Donald Cable:

Telephone- (07) 856 2889 xtn 8625 or 025 248 1208  
Email- dcable@waikato.ac.nz

## ***2. What will I be asked to do?***

It will take us approximately 25 - 30 minutes to complete the interview which consists of a number of questions. I will ask for your views on the psychological work contract you have with \_\_\_(org name\_\_\_). I will record your responses on the sheets I have. I will also record your name and contact details only so that I may come back to you at a later time if I cannot decipher anything I have written, and to seek your verification of what I analyse from our discussion.

I will continually secure all documentation under lock and key so that only I have access to it. At the conclusion of my study this documentation will be destroyed.

Until it is destroyed, the only people who will be able to identify you from the information you share with me are yourself, myself, and Mike O’Driscoll. The only information that will be shared with \_\_\_(org name)\_\_\_ will be the aggregated and summary information that comes out of the second phase.

No one who knows you will ever see your responses, or be able in any way to link your name to your completed questionnaire. Your responses will definitely not be shared with anyone in \_\_\_(org name)\_\_\_.

### ***3. What are my rights as a participant in this study?***

- You have the right to contact either myself or Mike O'Driscoll at any time during the study to discuss any aspect of it.
- You have the right to decline to participate, to refuse to answer any question(s), or to withdraw from the study at any time.
- You provide information on the understanding that it is completely in confidence to the researchers, to be used only for the purposes of the study.
- You have the right to receive a summary of the results of the study upon its completion.

### ***4. What can I expect from the researchers?***

We will treat your responses with total confidentiality and assure you of complete anonymity. If we decide to publish any results, these will only be in summary form. If any results are supplied to your employer these will also only be in summary form. The questionnaires and any other confidential documentation will be destroyed upon the completion of the study.

### ***5. Special note for Maori participants.***

Both The University of Waikato and I are committed to upholding the principles of the Treaty of Waitangi, both in practice and in spirit. I acknowledge that some of what we may discuss today may be of particular relevance or significance to participants who have affiliations with, or who identify with, Maori. If anything arises that you would like me to give particular note to please mention this at the time and I will ensure that special attention is paid to it in any subsequent action.

Are you ready to start? Great!!

I will start by recording a few details that will help me later when I compare the results of both phases of this study. This enables me to confirm that the people participating in the second part of my research have similar characteristics to those participating in this phase.

You may give me your answers based on the options available in the document I have given you.

Firstly.....

**Name:** \_\_\_\_\_

**Preferred method of contact:** \_\_\_\_\_

**Contact details:** \_\_\_\_\_

**1. Age Range (in years)**

<20	20-30	30-40	40-50	50-60	60+
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**2. Salary Range (in dollars)**

<40000	40000-60000	60000-80000	80000-100000	>100000
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**3. Type of Work**

Financial/ Clerical	Technical/ Manufacturing	Sales/ Marketing	General Management	Other
------------------------	-----------------------------	---------------------	-----------------------	-------

**4. Sex**

Male	Female
------	--------

**5. Marital Status**

Living in a marriage situation	Not living in a marriage situation
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**6. What is your Ethnic Origin?**

European Descent	Maori Descent	Asian Descent	Pacific Island Descent	Other
---------------------	------------------	------------------	---------------------------	-------

**7. How many years have you worked for (org)?**

[     ]

**8. How many hours do you normally work each week?**

<30	30-40	40-50	>50
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**9. Under the terms of your employment contract, is your employment with \_\_\_(org name)\_\_\_ for?**

Not Specified	<2 years	2-5 years	>5 years
---------------	----------	-----------	----------

**10. What is your highest level of educational attainment?**

<5 years secondary school	5 years secondary school	Undergraduate degree/diploma (eg BCom, BA, BSc, etc)	Postgraduate degree/diploma (eg MBA, MA, PhD, etc)
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**11. What other formal training/qualifications have you obtained?**

(eg Chartered Accountancy, NZIM, NZCE, Trade Certificate, etc.)

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**12. Who do you regard as your employer?**

Immediate Supervisor	Department Manager	Division/Branch Manager	General Manager CEO	The Organisation itself
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**The next part of the interview specifically covers the psychological contract.**

During this exercise we will use the following scales to help you in answering the questions relating to *extent* and *importance*:

**EXTENT**

<i>No extent</i>	<i>Little extent</i>	<i>Reasonable extent</i>	<i>High extent</i>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>

**IMPORTANCE**

<i>Not important</i>	<i>Slightly important</i>	<i>Quite important</i>	<i>Very important</i>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>



## 1. Expectations:

### 1a. What do you believe your *employer expects of you* that is not written into your formal employment contract?

To what extent do you believe you are meeting this expectation?	Scale: 1 2 3 4 Comments:
How important do you believe this expectation is to your employer?	Scale: 1 2 3 4 Comments:
Should this expectation be recorded in your formal employment contract?	Yes / No Comments:

(repeated on supplementary sheets)

### 1b. What do you *expect from your employer* that is not written into your formal employment contract?

To what extent do you believe your employer is meeting this expectation?	Scale: 1 2 3 4 Comments:
How important is this expectation to you?	Scale: 1 2 3 4 Comments:
Should this expectation be recorded in your formal employment contract?	Yes / No Comments:

(repeated on supplementary sheets)

## 2. Obligations

### 2a. What do you believe your *employer is obliged* to provide to you that is not covered in your formal employment contract?

To what extent do you believe your employer is fulfilling this obligation?	Scale: 1 2 3 4 Comments:
How important do you believe this obligation is to your employer?	Scale: 1 2 3 4 Comments:
Should this obligation be recorded in your formal employment contract?	Yes / No Comments:

(repeated on supplementary sheets)

### 2b. What do you believe *you are obliged* to provide to your employer that is not covered in your formal employment contract?

To what extent do you believe you are fulfilling this obligation?	Scale: 1 2 3 4 Comments:
How important is this obligation to you?	Scale: 1 2 3 4 Comments:
Should this obligation be recorded in your formal employment contract?	Yes / No Comments:

(repeated on supplementary sheets)

### 3. Needs

#### 3a. What do you believe your *employer needs* from you that is not covered in your formal employment contract?

To what extent do you believe you are meeting this need?	Scale: 1 2 3 4 Comments:
How important do you believe this need is to your employer?	Scale: 1 2 3 4 Comments:
Should this need be recorded in your formal employment contract?	Yes / No Comments:

(repeated on supplementary sheets)

#### 3b. What do you *need* from your employer that is not covered in your formal employment contract?

To what extent do you believe your employer is meeting this need?	Scale: 1 2 3 4 Comments:
How important is this need to you?	Scale: 1 2 3 4 Comments:
Should this need be recorded in your formal employment contract?	Yes / No Comments:

(repeated on supplementary sheets)

#### 4. Commitments

**4a. What commitments has your *employer made* to you that are not covered in your formal employment contract?**

To what extent do you believe your employer is honouring this commitment?	Scale: 1 2 3 4 Comments:
How important do you believe this commitment is to your employer?	Scale: 1 2 3 4 Comments:
Should this commitment be recorded in your formal employment contract?	Yes / No Comments:

(repeated on supplementary sheets)

**4b. What commitments *did you make* to your employer that are not covered in your formal employment contract?**

To what extent do you believe you are honouring this commitment?	Scale: 1 2 3 4 Comments:
How important is this commitment to you?	Scale: 1 2 3 4 Comments:
Should this commitment be recorded in your formal employment contract?	Yes / No Comments:

(repeated on supplementary sheets)

## 5. Promises

**5a. Did \_\_\_(org name)\_\_\_ make any promises to you when it employed you that it hasn't kept? What were those promises?**

How important is that promise to you?	Scale: 1 2 3 4 Comments:
Do you believe the promise should have been recorded in your formal employment contract?	Yes / No Comments:

(repeated on supplementary sheets)

**5b. Were you employed through an employment agency? Did the employment agency make any promises to you on behalf of \_\_\_(org name)\_\_\_ that haven't been fulfilled? What were those promises?**

How important was that promise to you?	Scale: 1 2 3 4 Comments:
Do you believe the promise should have been recorded in your formal employment contract?	Yes / No Comments:

(repeated on supplementary sheets)

## 6. Trust

Do you trust your employer?	Yes / No Comments:
How important is it for you to trust your employer?	Scale: 1 2 3 4 Comments:
Do you believe your employer trusts you?	Yes / No Comments:
How important do you believe it is for your employer to trust you?	Scale: 1 2 3 4 Comments:
What would improve the level of trust between you and your employer?	
On your part?	On your employer's part?

## 7. If you had an opportunity to add anything to your formal employment contract that we haven't already discussed what would that be?

	How important is this to you? Scale: 1 2 3 4 Comments:
	Scale: 1 2 3 4 Comments:
	Scale: 1 2 3 4 Comments:

*And finally...*

**8. Is there anything at all relating to what we have discussed, and as it relates to your employment with \_\_\_(org name)\_\_\_, that we haven't covered that you would like to comment on?**

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**If you would like I will send you a copy of the transcript of our discussion so that you may comment on, or correct, anything I have recorded. If there is anything I am unclear of may I contact you to verify that?**

*That ends the interview. I would like to thank you very much for your help and participation.*

## **Appendix 2**

### **Letter to Organizations**

---

*(Printed on University of Waikato letterhead)*

\_\_\_(orgs name)\_\_\_ has been approached by Donald Cable, a doctoral student from the University of Waikato, to participate in research that he is conducting. We have agreed to participate as Donald has agreed to share with us in summary form the results of his research. We believe we will benefit from our participation in that the information we obtain will support us in providing direction to the management of our people. Any information that Donald provides to us will be in summary form only. Individual responses will not be included in any information that Donald provides to us and anonymity and confidentiality of the outcome of your participation is totally assured.

Donald is currently lecturing in organisational psychology at the University of Waikato where he is also pursuing his doctoral research. His prior experience in business has largely been in information technology where he has held senior positions with organisations such as Lion and Unisys. He returned to university in 1997 to complete an MA in psychology and, after working for himself for a short time, he joined KPMG as a consultant. Donald joined the University of Waikato in February of this year where he had previously completed the requirements to become a registered psychologist.

Donald's research focuses on what is known as the psychological work contract. The psychological contract is a term used by organisational psychologists to refer to the expectations, needs, promises, obligations, trust, and commitment that exist between employee and employer that are outside of, and are not recorded or documented in, the formal written employment contract. It encapsulates the beliefs individuals have as to what they expect from their employer, and what they believe their employer expects of them, that are not formally documented. It is called "psychological" because these beliefs and expectations are largely held in the mind but will affect the way individuals behave and the way they react to changes in the relationship they have with their employer.



Donald's research interest is in the employee's perspective or perception of the psychological contract, that is, the contract you believe you have with \_\_\_(org name)\_\_\_\_. Whilst any contract is between two parties Donald decided to focus on your perspective rather than \_\_\_(org name's)\_\_\_\_ perspective.

His study is being conducted in two phases with a number of organisations of which \_\_\_(org name)\_\_\_\_ is one. The first phase is designed to develop a list of items that relate to the content of the psychological contract from an employee perspective. In order to develop this list he will be interviewing up to 10 people from \_\_\_(org name)\_\_\_\_. The second phase, which \_\_\_(org name)\_\_\_\_ is also participating in, is designed to verify the list of items obtained from this phase. Donald will do this by comparing that list with a number of other organisational factors which he believes are related to the psychological contract in various ways.

Before you agree to participate in this study Donald wanted us to point out a few things that researchers tell everyone when they conduct research.

### **1. *What is this study about?***

This study is being undertaken as part of Donald's PhD degree in organisational psychology. The study is intended to develop a measure of how people feel about the psychological contract they have with their employer, whether they are comfortable with the content of that contract, and whether they are happy that it is being fulfilled by the employer.

His supervisor for this study is Professor Michael O'Driscoll who works with him in the Department of Psychology at the University of Waikato. Should you at any time have any questions relating to this study you may contact either of them through any of the following means:

Professor Michael O’Driscoll:

Telephone- (07) 856 2889 xtn 8999  
Email- m.odriscoll@waikato.ac.nz

Donald Cable:

Telephone- (07) 856 2889 xtn 8625 or 025 248 1208  
Email- dcable@waikato.ac.nz

## ***2. What will I be asked to do?***

It will take Donald approximately 25 - 30 minutes to complete the interview which consists of a number of questions. You will be asked for your views on the psychological work contract you have with \_\_\_(org name\_\_\_). He will record your responses for later analysis. He will also record your name and contact details only so that he may come back to you at a later time if he cannot decipher anything he has written, and to seek your verification of what he analyses from the discussion.

He will continually secure all documentation under lock and key so that only he has access to it. At the conclusion of his study this documentation will be destroyed.

Until it is destroyed, the only people who will be able to identify you from the information you share with him are yourself, himself, and his supervisor Mike O’Driscoll. The only information that will be shared with \_\_\_(org name)\_\_\_ will be the aggregated and summary information that comes out of the second phase.

No one who knows you will ever see your responses, or be able in any way to link your name to your completed questionnaire. Your responses will definitely not be shared with anyone in \_\_\_(org name)\_\_\_.

### ***3. What are my rights as a participant in this study?***

- You have the right to contact either Donald or Mike O’Driscoll at any time during the study to discuss any aspect of it.
- You have the right to decline to participate, to refuse to answer any question(s), or to withdraw from the study at any time.
- You provide information on the understanding that it is completely in confidence to the researchers, to be used only for the purposes of the study.
- You have the right to receive a summary of the results of the study upon its completion.

### ***4. What can I expect from the researchers?***

Donald will treat your responses with total confidentiality and assures you of complete anonymity. If he decides to publish any results, these will only be in summary form. If any results are supplied to \_\_\_(org name)\_\_\_ these will also only be in summary form. The questionnaires and any other confidential documentation will be destroyed upon the completion of the study.

### ***5. Special note for Maori participants.***

Both The University of Waikato and Donald are committed to upholding the principles of the Treaty of Waitangi, both in practice and in spirit. He acknowledges that some of what is discussed during the interviews may be of particular relevance or significance to participants who have affiliations with, or who identify with, Maori. If anything arises that you would like Donald to give particular note to please mention this at the time and he will ensure that special attention is paid to it in any subsequent action.

If you are willing to participate, and agree to do so, we will provide Donald with your contact details so that he can arrange a suitable time to meet with you to go through his interview questions.

### Appendix 3

#### Phase One – Demographic Analysis of Sample (N=35)

Variable	Descriptive	Number	Percentage
Age Range	30-40	18	51.4
	40-50	10	28.6
	50-60	7	20
Salary Range	\$40,000-\$60,000	1	2.9
	\$60,000-\$80,000	2	5.7
	\$80,000-\$100,000	5	14.3
	>\$100,000	27	77.1
Type of Work	Financial/Clerical	3	8.6
	Technical/Manufacturing	1	2.9
	Sales/Marketing	4	11.4
	General Management	23	65.7
	Other	4	11.4
Gender	Male	24	68.6
	Female	11	31.4
Marital Status	Marriage Situation	30	85.7
	Non-marriage Situation	5	14.3
Ethnic Origin	European	33	94.3
	Pacific Islands	1	2.9
	Other/Mixed	1	2.9
Tenure	Mean = 7.74, SD = 6.15	Min = .5	Max = 23
Hours per Week	30-40	1	2.9
	40-50	17	48.6
	>50	17	48.6
Contract Term	Not Specified	34	97.1
	2-5 Years	1	2.9
Education	<5 Years Secondary	2	5.7
	5 Years Secondary	3	8.6
	Undergraduate	15	42.9
	Postgraduate	15	42.9
	Other Qualifications	18	51.4

## Appendix 4

### Phase One – Content Analysis, Author’s Categories

<b>Category</b>	<b>Relating to</b>
Career Development	Opportunities to pursue professional/career development
Career Opportunities	Opportunities for advancement/career progression
Challenge	Challenge/stretch
Citizenship	Being part of the organization. Corporate citizenship. Affiliation
Climate	The organization's socio-political climate
Commitment	Bi-directional commitment, job and organization
Communications	Intra-organizational communication
Contract	Formal employment contract
Contribution	Contribution, over and above that defined in job description
Culture	Organizational culture
Development	Opportunities for personal development
Empowerment	Empowerment
Environment	Physical work environment
Equity	Fair and equitable treatment
Leadership	Acting as a leader, participating in leadership
Loyalty	Bi-directional loyalty, individual/organization
OCB	Contextual/extra-role performance. Observable behaviours
Performance	Task performance
Professionalism	Acting as a professional/with professionalism
Recognition	Recognition/reward
Relationship	Employer-employee relationship
Remuneration	Financial compensation
Resources	Job/work resources
Role Clarity	Role clarity
Support - Organizational	Professional support from organization
Support - Personal	Personal support from organization
Team	Team/teaming environment
Tenure	Organizational tenure
Trust	Bi-directional trust
Values	Values/ethics
Vision	Organizational vision
Work-Life Balance	The achievement of an acceptable work-life balance

**Appendix 5**  
**Phase One – Content Analysis**  
**Complete list of SME's 73 Categories**

<b>Original Category</b>	<b>Description</b>	<b>Collapsed into/ Retained as</b>
Autonomy	Independent decision making	Autonomy
Balance	A balance between work and family	Work-Life Balance
Be a team player	Willingness to use skills to help organization's success. Pool resources and work together	Teaming
Career Development	Opportunities to develop one's career through support in training, development, and promotional opportunities	Career Development
Climate	The atmosphere at work	Organizational Climate
Commitment	Doing the job that employed to do	Job Commitment
Commitment	Commitment to seeing the success of the business. Commitment in contributing to the success	Organizational Commitment
Commitment to Job	Commitment to the actual job	Job Commitment
Commitment to Organization	Commitment to the organization or company for which you work	Organizational Commitment
Communication	Level of communication with employees	Communication
Company Success	The company's commitment to its own success	Company Success
Culture	Level of satisfaction with the norms & values of organization, eg, honesty or loyalty & the change of culture process	Organizational Culture
Development	The company's commitment to career/professional/personal development	Career Development
Development	Personal/career development	Personal Development
Employment Contract	Level of satisfaction with employment contract	Employment Contract

Fair rate of pay	Competitive pay rates based on performance/ skill and market rates. Regularly reviewed	Fair Pay
Fair Treatment	Fair and reasonable treatment of individual employees. Equal treatment across all employees	Equitable Treatment
Fairness	How fairly the company treats its employees	Equitable Treatment
Feedback	Constructive personal guidance and Information	Feedback
Feedback on Performance	Regular meetings to discuss employees performance, workload etc	Feedback
Financial Rewards	Suitability of the financial reward given to employees	Fair Pay
Flexibility	The level of flexibility of the organization	Flexibility
Flexibility	Remaining adaptable to conditions of work/requirements of role	Flexibility
Follow Through	How well the organization acts upon information/policies & performance in the workplace, committed to staff	Follow Through
Honesty	Being truthful	Honesty
Honouring written contract	Employer fulfilling all written contractual agreement	Employment Contract
Integrity	Working ethically and staying true to your own and organizations values and beliefs	Integrity
Integrity	Being consistent, 'walking the talk', Trustworthiness	Integrity
Intellectual Capital	Promotion/management of intellectual knowledge and experience of employees as human capital	Intellectual Capital
Interesting work	Provides employees with work that is challenging and stimulating	Interesting Work
Job Satisfaction	Level of satisfaction with all facets of job	Job Satisfaction
Job Security	Confidence that employee's position with company is secure	Job Security

Leadership	Ability to lead, motivate and inspire those below them	Leadership
Leadership	Providing leadership to others and completing tasks expected by a leader	Leadership
Leadership	Influence and management positively affecting others	Leadership
Loyal	Sticking by the organization and having faith and being faithful	Loyalty
Loyalty	Loyalty toward organization or job	Loyalty
Loyalty	Expressing support for goals of organization and for other members	Loyalty
Managing Change	Managing organisational change, strategic direction	Organizational Objectives
OCBs	Going the extra mile	Organizational Citizenship Behaviour
Open two-way communication	Opportunities for employees and organization to be informed with shared knowledge (eg: company vision)	Communication
Openness	No hidden motives	Communication
Open-two-way communication	Ability to maintain channels of communication open	Communication
Opportunity employee involvement	Opportunities for employees to be involved in decision process and direction of organization	Employee Involvement
Organizational Design	Structure/design or overall rights of Organization	Organizational Climate
Organizational Levels	The degree to which attitudes differ amongst different levels	Organizational Culture
Organizational Objectives	Meeting organizational goals and performance objectives. Meeting organizational needs	Organizational Objectives
Organizational support	Provide professional and personal support to employees	Organisational Support
Participation/Team Member	Active involvement with others within organisation	Teaming
Personal Development	Opportunities for employee's personal growth	Personal Development



Personal/career development	Commitment to continually upskill and be employable	Personal Development
Pleasant/safe working environment	Providing an environment that is safe (OSH regulated) and comfortable to carry out one's work. Including physical and social aspects	Pleasant/Safe Working Environment
Professional Development	Personal growth opportunities	Personal Development
Professional Development	Maintaining active interest in future work needs of employees	Career Development
Professionalism	Maintain one's professionalism at all times.	Professionalism
Resources	Provide appropriate resources to carry out role	Resources
Resources	The needed tools to do the job	Resources
Respect	Respect levels in the workplace	Respect
Reward	Things of value to employee	Rewards
Rewards	Promotion in organization, monetary or intrinsic	Rewards
Role Clarity	Clear definition of what job entails.	Role Clarity
Security	Stable, safe environment	Job Security
Self Motivated	Can work individually toward goals without monitoring	Autonomy
Social Fulfilment	Sense of belonging	Social Fulfilment
Social/Self Responsibility	Respecting others and self, maintaining standards	Social/Self Responsibility
Support	The level of support given to employees	Organizational Support
Support	Providing support or guidance to others on a 360deg level	Organizational Support
Support	Clear, consideration of employees	Organizational Support
Team Skills	Developing skills allowing organizational members to better integrate with work	Teaming
Team-work	Working with others either towards a performance goal or in asocial/	Teaming

	supportive role	
Trust	Having confidence in	Trust
Work/Life Balance	Helping support employees to maintain a balance between work and non-work lives (eg: family leave)	Work-Life Balance
Work-life	Creating work-life balance	Work-Life Balance

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**Appendix 6**  
**Phase One – Psychological Contract Measure**

**Employee expectations, employer obligations:**

Provide career development opportunities  
Communicate organizational knowledge  
Fulfil the formal employment contract  
Treat all employees fairly and equitably  
Provide competitive remuneration  
Provide feedback on performance and other issues  
Apply organizational policy consistently  
Act with integrity, staying true to its values and beliefs  
Promote and manage the use of intellectual knowledge  
Provide leadership and motivation  
Express support for employees  
Demonstrate commitment to its own success  
Maintain acceptable norms and values  
Manage change and provide strategic direction  
Provide professional and personal support  
Provide personal growth and development opportunities  
Provide a physically and socially safe environment  
Maintain professionalism at all times  
Provide employees with the resources to carry out the job  
Treat employees with respect  
Provide rewards of value to employees  
Create an environment in which people work together  
Support employees in maintaining work-life balance

**Employer expectations, employee obligations:**

- Pursue career development opportunities
- Keep your employer informed and share knowledge
- Treat fellow employees fairly and equitably
- Remain adaptable to role requirements
- Stay true to your own values and beliefs
- Be committed to the job
- Provide leadership to others
- Be loyal to the organization
- Be committed to the success of the organization
- Subscribe to the organization's norms and values
- Meet organizational goals and performance objectives
- Provide support and guidance to fellow employees
- Be committed to own personal growth and development
- Respect others and self
- Be committed to working with others to achieve performance goals
- Maintain a balance between work and non-work activities

## Appendix 7

### Psychological Contract Measure – Guest and Conway with Possible Cross-Mappings of This Study’s Items (Organization Obligations)

Guest and Conway’s Measure	This Study’s Measure
Training and development opportunities	Provide personal growth and development opportunities Provide career development opportunities
Opportunities for promotion	
Recognition for innovative or new ideas	Promote and manage the use of intellectual knowledge
Feedback on performance	Provide feedback on performance and other issues
Interesting work	
Fair rate of pay	Provide competitive remuneration
Attractive benefits package	Provide rewards of value to employees
Not to make unreasonable demands of employees	Provide employees with the resources to carry out the job Provide professional and personal support
Fair treatment	Treat employees with respect Act with integrity, staying true to its values and beliefs Apply organizational policy consistently Maintain professionalism at all times Manage change and provide strategic direction Treat all employees fairly and equitably Fulfil the formal employment contract Support employees in maintaining work-life balance
Reasonable job security	Demonstrate commitment to its own success
Pleasant working environment	Maintain acceptable norms and values

	Provide leadership and motivation
Safe working environment	Provide a physically and socially safe working environment
Open two-way communication	

(Guest & Conway, 2002)

**Appendix 8**  
**Psychological Contract Measure – Rousseau**  
**with Possible Cross-Mappings of This Study’s Items**  
**Organization Obligations**

<b>Rousseau’s Measure</b>	<b>This Study’s Measure</b>
Concern for my personal welfare	Treat employees with respect Provide a physically and socially safe environment Maintain acceptable norms and values Provide professional and personal support Support employees in maintaining work-life balance
Be responsive to employee concerns	Apply organizational policy consistently Maintain professionalism at all times Provide employees with resources to carry out the job Treat all employees fairly and equitably Fulfil the formal employment contract
Make decisions with my [?] (see note)	
Concern for my long-term well-being	Act with integrity, staying true to its values and beliefs Manage change and provide strategic direction Provide leadership and motivation Provide rewards of value to employees Provide competitive remuneration
Limited involvement in the organization	
Training me only for management	
A job limited to specific ...	
Support me to attain higher levels ...	Demonstrate commitment to its own success
Help me respond to even greater ...	Promote and manage the use of intellectual knowledge

Support me in meeting higher goals	Provide feedback on performance and other issues
Developmental opportunities within this firm	Provide personal growth and development opportunities
Advancement within the firm	Provide career development opportunities
Opportunities for promotion	
Help me develop extremely marketable skills	
Job assignments that enhance ...	
Potential job opportunities outside ...	
Contracts that create employment opportunities elsewhere	

Note: It was not clear from the published report what was being asked here.



**Appendix 8 – cont.**

**Psychological Contract Measure – Rousseau  
with Possible Cross-Mappings of This Study’s Items  
Employee Obligations**

<b>Rousseau’s Measure</b>	<b>This Study’s Measure</b>
Perform only required tasks	Maintain a balance between work and non-work activities
Do only what I am paid to do	
Fulfil a limited number of responsibilities	
Only perform specific duties	
Quit whenever I want	
I have no future obligations	
Leave at any time I choose	
I have much fewer commitments ...	
Make personal sacrifices for this organization	Be committed to the success of the organization
Take this organization’s concerns personally	Subscribe to the organization’s norms and values Stay true to your own values and beliefs Provide support and guidance to fellow employees
Protect this organization’s image	Be loyal to the organization
Commit myself personally	Be committed to the job Meet organizational goals and performance objectives Remain adaptable to role requirements
Seek out assignments that enhance the value	
Build skills to increase my value to this organization	
Make myself increasingly valuable to this employer	
Actively seek internal opportunities ...	
Accept increasingly challenging	

performance standards	
Take personal responsibility ...	Respect others and self Treat fellow employees fairly and equitably
Continually exceed my formal accomplishments	
Build contacts outside firm ...	
Increase my visibility ...	Provide leadership to others
Building skills to increase future employment ...	Be committed to own personal growth and development Pursue career development opportunities
Seek out assignments that enhance my employability	

(Rousseau, 2000)

Note: All items quoted verbatim from Technical Report, including "...".

Published report did not record complete data for these particular items.

## Appendix 9

### Phase Two – Demographic Analysis of Sample (N=124)

Variable	Descriptive or Range	Mean/SD	Number	Percentage
Age	27 – 63	44.11		
Salary	<\$40,000		1	0.8
	\$40,000-\$59,999		14	11.2
	\$60,000-\$79,999		26	20.8
	\$80,000-\$99,999		24	19.2
	>\$100,000		57	45.6
Type of Work	Financial/Clerical		17	13.6
	Technical/Manufacturing		5	4.0
	Sales/Marketing		11	8.8
	General Management		74	59.2
	Other		15	12
Gender	Male		83	68.6
	Female		38	30.4
Marital Status	Marriage Situation		104	85.2
	Non-marriage Situation		18	14.8
Ethnic Origin	European		106	84.8
	Maori		5	4.0
	Asian		1	0.8
	Pacific Island		3	2.4
	Other/Mixed		5	4.0
Tenure (Years)	1 – 48	8.57		
Hours per Week	<30		1	0.8
	30-39		2	1.6
	40-50		82	67.2
	>50		37	30.3
Contract	Not Specified/Open		109	87.2

Term	< 2 years	2	1.6
	2-5 years	6	4.8
	>5 years	3	2.4
Education	No formal	9	7.2
	6 <sup>th</sup> Form/Bursary	19	15.2
	Technical certificate/diploma	15	12.0
	Undergraduate degree	46	36.8
	Postgraduate degree	33	26.4
	Other formal qualifications	76	60.8
Employer	Immediate Supervisor	4	3.2
	Department Manager	6	4.8
	Division/Branch Manager	9	7.2
	General Manager/CEO	43	34.4
	The Organization	60	48

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Note: Not all participants answered all questions

## Appendix 10

### Phase Two Questionnaire – Part A

## RESEARCH QUESTIONNAIRE

### THE PSYCHOLOGICAL CONTRACT

#### *Exploring the Psychological Meaning of Work*

#### **Information Sheet & Participants' Rights**

***NB: This questionnaire may be completed online or in hard-copy***

I'm Donald Cable, a doctoral student at The University of Waikato. My supervisor is Professor Michael O'Driscoll. I may be contacted through telephone (07) 574 1948, or on email at donald@donaldcable.co.nz.

This study is being undertaken as part of my doctoral degree in organizational psychology. I am developing a measure for the psychological work contract for managerial people. In a prior phase of my study I developed a set of items that I propose reflect the content of the psychological contract. In this phase of my study I am validating these items against a number of distinct but related measures.

The psychological contract is a term we use to refer to the expectations and obligations existing between employee and employer, which do not form part of the written employment contract. It encapsulates the beliefs you have as to what you expect from your employer, and what you believe your employer expects of you. It is called "psychological" because these beliefs and expectations are held in the mind and affect the way employees behave and the way they react to changes in the employment relationship.

***What will you be asked to do?*** You will be asked for your views on a number of factors that I believe are related to the psychological contract. It will take you approximately 20 minutes to complete the questionnaire and you may do this either in hard copy or via the internet. Please complete the questionnaire within the next 2 weeks.

***What are your rights as a participant in this study?***

- You have the right to contact me at any time to discuss any aspect of the study.
- You have the right to decline to participate or to refuse to answer any question(s).
- You provide information on the understanding that it is completely in confidence.
- Your name will not be recorded anywhere, hence no one will ever be able to link you to your completed questionnaire.
- You have the right to receive a summary of the results of the study.

*What can you expect from me?* I will treat your responses with total confidentiality and assure you of complete anonymity. If I decide to publish any results these will only be in summary form. If any results are supplied to your employer these will also only be in summary form. The questionnaires will be destroyed upon the completion of the study.

## **THE PSYCHOLOGICAL CONTRACT – QUESTIONNAIRES**

*Please read the following instructions carefully before proceeding.*

**This questionnaire comes in two parts. This part (Part A) is to be completed by yourself; the other part (Part B enclosed) is to be completed by your manager.**

### **Instructions for Part B.**

Part B is to be handed to your immediate manager. All you are required to do before handing this to your manager is to write your name on the detachable front cover to the Part B questionnaire so that your manager knows who they are completing this for. Your manager will detach this sheet from the questionnaire before returning it to me. I will not know by name who your manager has completed the questionnaire for. The identifying code on the questionnaire, which is the same code recorded on the questionnaire (Part A) that you will complete, is there solely so that I can match up the two questionnaires during subsequent processing. As neither I nor your employer has any record of who receives which coded questionnaire, we have no way of ever being able to match this code to any participant.

Could you now please complete the cover sheet for the Part B questionnaire by writing your name in the space provided, where it is marked “Name of Study Participant”, and hand this to your immediate manager. It is important to the study that you do this as it completes the questionnaire for you as a participant. Should you fail to do this I will not be able to use your responses to Part A as effectively your questionnaire will be incomplete. Thank you.

### **Instructions for Part A.**

***Please note:* You have a choice as to how you complete the questionnaire. You may complete the questionnaire on-line via the internet or you may complete the questionnaire attached (hard-copy) and return to me in the enclosed pre-paid envelope.**

### **COMPLETING THE QUESTIONNAIRE ON-LINE:**

To complete the questionnaire on-line via the internet please enter the following URL into your web browser:

<http://psychology.waikato.ac.nz/survey.htm>

and follow the instructions provided. The code you will be asked to enter is:

[ \_\_\_\_\_ ]

**COMPLETING THE QUESTIONNAIRE IN HARD COPY:**

To complete the questionnaire as attached (hard-copy) please proceed to the instructions on the next page.

**COMPLETING THE QUESTIONNAIRE IN HARD-COPY**

**To complete the attached questionnaire please follow these instructions:**

- a) Please do not write your name on the questionnaire.
- b) Please answer the questionnaire yourself giving your answers only.
- c) The questions are in two general formats.

One format requires you to circle a choice, for example,

Happy	Sad
-------	-----

Simply circle the choice that best describes you.

The second format provides you with a scale from which to select your response, for example,

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Slightly Disagree</b>	<b>Neither Disagree nor Agree</b>	<b>Slightly Agree</b>	<b>Agree</b>	<b>Strongly Agree</b>

1. I believe it is better to be happy than sad	1	2	3	4	5	6	7
--	---	---	---	---	---	---	---

If you *agree* with the accompanying statement you would circle the number **6**.

A small number of questions require you to write an answer in the space provided. These are readily identifiable.

- d) Please complete all sections taking care not to skip any pages.
- e) Please complete the questionnaire as soon as possible.

- f) It is recommended that you complete the questionnaire in one sitting.
- g) Remember to complete the final page if you wish to receive a summary of the results.
- h) Please return the questionnaire as soon as you have completed it using the envelope provided.

**Section 1. The Psychological Contract.**

**CODE [ \_\_\_\_\_ ]**

**1.1. The expectations you have of your organization.**

Please use this scale to answer the following questions by circling the appropriate response.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
<b>No Obligation</b>	<b>Minor Obligation</b>	<b>Some Obligation</b>	<b>Reasonable Obligation</b>	<b>High Obligation</b>	<b>Very High Obligation</b>	<b>Extreme Obligation</b>

**To what extent do you believe your organization has an obligation to:**

1. Provide career development opportunities	1	2	3	4	5	6	7
2. Communicate organizational knowledge	1	2	3	4	5	6	7
3. Fulfil the formal employment contract	1	2	3	4	5	6	7
4. Treat all employees fairly and equitably	1	2	3	4	5	6	7
5. Provide competitive remuneration	1	2	3	4	5	6	7
6. Provide feedback on performance and other issues	1	2	3	4	5	6	7
7. Apply organizational policy consistently	1	2	3	4	5	6	7
8. Act with integrity, staying true to its values and beliefs	1	2	3	4	5	6	7
9. Promote and manage the use of intellectual knowledge	1	2	3	4	5	6	7
10. Provide leadership and motivation	1	2	3	4	5	6	7
11. Express support for employees	1	2	3	4	5	6	7
12. Demonstrate commitment to its own success	1	2	3	4	5	6	7
13. Maintain acceptable norms and values	1	2	3	4	5	6	7
14. Manage change and provide strategic direction	1	2	3	4	5	6	7
15. Provide professional and personal support	1	2	3	4	5	6	7
16. Provide personal growth and development opportunities	1	2	3	4	5	6	7
17. Provide a physically and socially safe environment	1	2	3	4	5	6	7



18. Maintain professionalism at all times	1	2	3	4	5	6	7
19. Provide employees with the resources to carry out the job	1	2	3	4	5	6	7
20. Treat employees with respect	1	2	3	4	5	6	7
21. Provide rewards of value to employees	1	2	3	4	5	6	7
22. Create an environment in which people work together	1	2	3	4	5	6	7
23. Support employees in maintaining work-life balance	1	2	3	4	5	6	7

## 1.2. The importance to you of having your expectations met.

Please use this scale to answer the following questions by circling the appropriate response.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
No Importance	Minor Importance	Some Importance	Reasonable Importance	High Importance	Very High Importance	Extreme Importance

### How important is it to you personally for your organization to:

1. Provide career development opportunities	1	2	3	4	5	6	7
2. Communicate organizational knowledge	1	2	3	4	5	6	7
3. Fulfil the formal employment contract	1	2	3	4	5	6	7
4. Treat all employees fairly and equitably	1	2	3	4	5	6	7
5. Provide competitive remuneration	1	2	3	4	5	6	7
6. Provide feedback on performance and other issues	1	2	3	4	5	6	7
7. Apply organizational policy consistently	1	2	3	4	5	6	7
8. Act with integrity, staying true to its values and beliefs	1	2	3	4	5	6	7
9. Promote and manage the use of intellectual knowledge	1	2	3	4	5	6	7
10. Provide leadership and motivation	1	2	3	4	5	6	7
11. Express support for employees	1	2	3	4	5	6	7
12. Demonstrate commitment to its own success	1	2	3	4	5	6	7
13. Maintain acceptable norms and values	1	2	3	4	5	6	7
14. Manage change and provide strategic direction	1	2	3	4	5	6	7
15. Provide professional and personal support	1	2	3	4	5	6	7
16. Provide personal growth and development opportunities	1	2	3	4	5	6	7

17. Provide a physically and socially safe environment	1	2	3	4	5	6	7
18. Maintain professionalism at all times	1	2	3	4	5	6	7
19. Provide employees with the resources to carry out the job	1	2	3	4	5	6	7
20. Treat employees with respect	1	2	3	4	5	6	7
21. Provide rewards of value to employees	1	2	3	4	5	6	7
22. Create an environment in which people work together	1	2	3	4	5	6	7
23. Support employees in maintaining work-life balance	1	2	3	4	5	6	7

### 1.3. The expectations you believe your organization has of you.

Please use this scale to answer the following questions by circling the appropriate response.

1	2	3	4	5	6	7
No Obligation	Minor Obligation	Some Obligation	Reasonable Obligation	High Obligation	Very High Obligation	Extreme Obligation

#### To what extent do you believe you have an obligation to:

1. Pursue career development opportunities	1	2	3	4	5	6	7
2. Keep your employer informed and share knowledge	1	2	3	4	5	6	7
3. Treat fellow employees fairly and equitably	1	2	3	4	5	6	7
4. Remain adaptable to role requirements	1	2	3	4	5	6	7
5. Stay true to your own values and beliefs	1	2	3	4	5	6	7
6. Be committed to the job	1	2	3	4	5	6	7
7. Provide leadership to others	1	2	3	4	5	6	7
8. Be loyal to the organization	1	2	3	4	5	6	7
9. Be committed to the success of the organization	1	2	3	4	5	6	7
10. Subscribe to the organization's norms and values	1	2	3	4	5	6	7
11. Meet organizational goals and performance objectives	1	2	3	4	5	6	7
12. Provide support and guidance to fellow employees	1	2	3	4	5	6	7
13. Be committed to own personal growth and development	1	2	3	4	5	6	7
14. Respect others and self	1	2	3	4	5	6	7
15. Be committed to working with others to achieve performance goals	1	2	3	4	5	6	7

16. Maintain a balance between work and non-work activities	1	2	3	4	5	6	7
---	---	---	---	---	---	---	---

#### 1.4. The importance to you of meeting expectations.

Please use this scale to answer the following questions by circling the appropriate response.

1	2	3	4	5	6	7
No Importance	Minor Importance	Some Importance	Reasonable Importance	High Importance	Very High Importance	Extreme Importance

#### How important is it to you personally to:

1. Pursue career development opportunities	1	2	3	4	5	6	7
2. Keep your employer informed and share knowledge	1	2	3	4	5	6	7
3. Treat fellow employees fairly and equitably	1	2	3	4	5	6	7
4. Remain adaptable to role requirements	1	2	3	4	5	6	7
5. Stay true to your own values and beliefs	1	2	3	4	5	6	7
6. Be committed to the job	1	2	3	4	5	6	7
7. Provide leadership to others	1	2	3	4	5	6	7
8. Be loyal to the organization	1	2	3	4	5	6	7
9. Be committed to the success of the organization	1	2	3	4	5	6	7
10. Subscribe to the organization's norms and values	1	2	3	4	5	6	7
11. Meet organizational goals and performance objectives	1	2	3	4	5	6	7
12. Provide support and guidance to fellow employees	1	2	3	4	5	6	7
13. Be committed to own personal growth and development	1	2	3	4	5	6	7
14. Respect others and self	1	2	3	4	5	6	7
15. Be committed to working with others to achieve performance goals	1	2	3	4	5	6	7
16. Maintain a balance between work and non-work activities	1	2	3	4	5	6	7

## 1.5. Trust

Please circle your responses to the following questions:

1. Do you trust your employer?	Yes	No			
2. How important is it for you to trust your employer?	Not important		Slightly important	Quite important	Very important
3. Do you believe your employer trusts you?	Yes	No			
4. How important do you believe it is for your employer to trust you?	Not important		Slightly important	Quite important	Very important

## Section 2. Employment Information.

Please answer the remaining questions by circling the choice that best represents the degree to which you agree with each of the statements provided.

Please use the following scale to answer all questions in this section:

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Strongly Disagree	Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Agree	Strongly Agree

### 2A. Career Status:

1. I believe my opportunities for promotion have been limited in this organization.	1	2	3	4	5	6	7
2. I am not getting ahead in this organization.	1	2	3	4	5	6	7
3. I am likely to be promoted above my current level during my career in this organization.	1	2	3	4	5	6	7
4. I have reached a point where I do not expect to move much higher in this organization.	1	2	3	4	5	6	7
5. I expect to advance to a higher level in the near future in this organization.	1	2	3	4	5	6	7

**2B. Intention to Seek Alternative Employment:**

1. I will probably look for a new job in the near future.	1	2	3	4	5	6	7
2. At the present time, I am actively searching for another job in a different organization.	1	2	3	4	5	6	7
3. I do not intend to quit my job.	1	2	3	4	5	6	7
4. It is unlikely that I will actively look for a different organization to work for in the next year.	1	2	3	4	5	6	7
5. I am not thinking about quitting my job at the present time.	1	2	3	4	5	6	7

**2C. Commitment to Your Current Organization:**

1. I would be very happy to spend the rest of my career in this organization.	1	2	3	4	5	6	7
2. I really feel as if this organization's problems are my own.	1	2	3	4	5	6	7
3. I do not feel like "part of the family" in this organization.	1	2	3	4	5	6	7
4. I do not feel "emotionally attached" to this organization.	1	2	3	4	5	6	7
5. This organization has a great deal of personal meaning to me.	1	2	3	4	5	6	7
6. I do not feel a strong sense of belonging to this organization.	1	2	3	4	5	6	7
7. It would be very hard for me to leave this organization right now, even if I wanted to.	1	2	3	4	5	6	7
8. Too much of my life would be disrupted if I decided I wanted to leave this organization right now.	1	2	3	4	5	6	7
9. Right now, staying with this organization is a matter of necessity as much as desire.	1	2	3	4	5	6	7
10. I believe that I have too few options to consider leaving this organization.	1	2	3	4	5	6	7
11. One of the few negative consequences of leaving this organization would be the scarcity of available alternatives.	1	2	3	4	5	6	7
12. One of the major reasons I work for this organization is that leaving would require considerable personal sacrifice; another organization may not match the overall benefits I have here.	1	2	3	4	5	6	7
13. I do not feel any obligation to remain with this organization.	1	2	3	4	5	6	7
14. Even if it were to my advantage, I do not feel it would be right to leave this organization now.	1	2	3	4	5	6	7
15. I would feel guilty if I left this organization now.	1	2	3	4	5	6	7

16. This organization deserves my loyalty.	1	2	3	4	5	6	7
17. I would not leave this organization right now because I have a sense of obligation to the people in it.	1	2	3	4	5	6	7
18. I owe a great deal to this organization.	1	2	3	4	5	6	7

**2D. Involvement in Your Current Job:**

1. The most important things that happen to me involve my present job.	1	2	3	4	5	6	7
2. To me, my job is only a small part of who I am.	1	2	3	4	5	6	7
3. I am very much personally involved in my job.	1	2	3	4	5	6	7
4. I live, eat, and breathe my job.	1	2	3	4	5	6	7
5. Most of my interests are centred around my job.	1	2	3	4	5	6	7
6. I have very strong ties with my present job which it would be very difficult to break.	1	2	3	4	5	6	7
7. Most of my personal life-goals are job-oriented.	1	2	3	4	5	6	7
8. I consider my job to be very central to my existence.	1	2	3	4	5	6	7
9. I like to be absorbed in my job most of the time.	1	2	3	4	5	6	7

**2E. The Support Your Organization Provides:**

1. This organization really cares about my well-being.	1	2	3	4	5	6	7
2. This organization strongly considers my goals and values.	1	2	3	4	5	6	7
3. This organization shows little concern for me.	1	2	3	4	5	6	7
4. This organization cares about my opinions.	1	2	3	4	5	6	7
5. This organization is willing to help me if I need a special favour.	1	2	3	4	5	6	7
6. Help is available from this organization when I have a problem.	1	2	3	4	5	6	7
7. This organization would forgive an honest mistake on my part.	1	2	3	4	5	6	7
8. If given the opportunity, this organization would take advantage of me.	1	2	3	4	5	6	7

**2F. How Satisfied You Are With Your Current Job:**

1. All in all, I am satisfied with my job.	1	2	3	4	5	6	7
2. In general, I don't like my job.	1	2	3	4	5	6	7
3. In general, I like working at this organization.	1	2	3	4	5	6	7

**2G. How Well You Believe Your Values Match Your Organization's:**

1. My values 'match' or fit those of this organization.	1	2	3	4	5	6	7
2. My values 'match' or fit those of current employees in this organization.	1	2	3	4	5	6	7
3. The values and 'personality' of this organization reflect my own values and personality.	1	2	3	4	5	6	7

**2H. How Important Work Is To You:**

1. The most important things that happen in my life involve work.	1	2	3	4	5	6	7
2. Work is something I get involved in most of the time.	1	2	3	4	5	6	7
3. Work is only a small part of my life.	1	2	3	4	5	6	7
4. Work is central to my life.	1	2	3	4	5	6	7
5. My personal life goals are work-oriented.	1	2	3	4	5	6	7
6. Life is worth living only when I get absorbed in work.	1	2	3	4	5	6	7

**Section 3. Demographic Information.**

*The information you provide in this section will enable me to confirm that the people participating in this phase of my research have similar characteristics to those that participated in the first phase.*

Please record your response to the following questions by circling the appropriate choice, or by completing the question as indicated.

1. What is your Age?

2. What Annual Salary Range do you fall into (in dollars)?

<40000	40000-59999	60000-79999	80000-99999	>100000
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3. What general Type of Work are you in?

Financial/ Clerical	Technical/ Manufacturing	Sales/ Marketing	General Management	Other
------------------------	-----------------------------	---------------------	-----------------------	-------

4. What is your Gender? 

Male	Female
------	--------

5. How do you describe your Marital Status? 

Married, or living as married	Not married, not living as married
-------------------------------	------------------------------------

6. How do you describe your Ethnicity?

European	Maori	Asian	Pacific Island	Mixed	Other
----------	-------	-------	----------------	-------	-------

7. How many years have you worked for this organization?

[ \_\_\_\_\_ ]

8. How many hours do you normally work each week?

<30	30-39	40-50	>50
-----	-------	-------	-----

9. Under the terms of your employment contract, is your employment with this organization for?

Not Specified/Open	<2 years	2-5 years	>5 years
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10. What is your highest level of educational attainment?

No formal qualifications	6 <sup>th</sup> Form Certificate or Bursary	Technical certificate or diploma	Undergraduate degree/diploma (eg BCom, BA, BSc, etc)	Postgraduate degree/diploma (eg MBA, MA, PhD, etc)
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11. Do you have other formal training/qualifications?  
(eg Chartered Accountancy, NZIM, NZCE, Trade Certificate, etc.)

Yes	No
-----	----

12. Who do you regard as your employer?

Immediate Supervisor	Department Manager	Division/Branch Manager	General Manager or CEO	The Organization itself
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***That is the end of the questionnaire. Thank you for your participation.  
Please return the questionnaire in the envelope provided.***

***To request a copy of the summary results please complete the following page.***



# THE PSYCHOLOGICAL CONTRACT

## Exploring the Psychological Meaning of Work

### Request for Summary of Research Results

If you wish to receive a summary of the results of this research please either:

(a) to receive a copy of the results via email send an email to

results@donaldcable.co.nz

with the subject line: Copy of results – Psychological Contract

The summary results will be sent via email to your originating email address,

or

(b) complete the following details. Detach this sheet from the questionnaire and include it with the questionnaire in the envelope provided. The sheet will be separated from the questionnaire when the envelope is opened and will be held separately until the study has been completed at which stage it will be used to forward the results to you. Confidentiality is assured. This sheet will not be used to identify any individual response.

The summary results are planned to be available sometime in 2006 and will be distributed about that time.

-----

**Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Appendix 11**

**Phase Two Questionnaire – Part B**

**RESEARCH QUESTIONNAIRE**

**THE PSYCHOLOGICAL CONTRACT**

*Exploring the Psychological Meaning of Work*

**QUESTIONNAIRE – PART B**

**PERFORMANCE QUESTIONS**

**To be completed by Participant’s Manager**

**NAME OF STUDY PARTICIPANT:**  
**(Participant to enter name here)**

---

**Information for Participant’s Manager**

The above named person is participating in a study exploring the psychological work contract. This person has nominated you, as their manager, to provide information relating to two aspects of their performance.

*To protect their confidentiality and anonymity would you please detach this cover sheet from the questionnaire before returning the questionnaire.*

The questionnaire is coded so that the participant’s questionnaire (completed separately) can be matched with the information provided by you. It will not be possible, in any way, to determine who the participant is as the code itself has not been recorded and has not been used to determine who receives which questionnaire. The code is used only to match the two parts of the questionnaire.

By providing you with this questionnaire the person named above agrees to you providing the requested information.

Whilst you are completing this questionnaire voluntarily, your support in doing so is sought. In order to gain maximum research benefit from the study it must be possible to match the participant’s questionnaire with the performance information that you will provide by completing this part of the questionnaire. Should this questionnaire not be received the extent to which the information provided by the participant may be used will be severely restricted.

*Please detach this cover sheet before returning the completed questionnaire.*

## THE PSYCHOLOGICAL CONTRACT INFORMATION SHEET

*Please read this Information Sheet before proceeding.*

I am Donald Cable, a doctoral student at The University of Waikato. My supervisor is Professor Michael O’Driscoll. I may be contacted through the Department of Psychology at the University of Waikato, telephone (07) 856 2889, or on email at dcable@waikato.ac.nz

This study is being undertaken as part of my doctoral degree in organizational psychology. I am developing a measure for the psychological work contract for managerial people. In a prior phase of my study I developed a set of items that I propose reflect the content of the psychological contract. In this phase of my study I am validating these items against a number of distinct but related measures.

The psychological contract is a term we use to refer to the expectations and obligations existing between employee and employer, which do not form part of the written employment contract. It encapsulates the beliefs individuals have as to what they expect from their employer, and what they believe their employer expects of them. It is called “psychological” because these beliefs and expectations are held in the mind and affect the way employees behave and the way they react to changes in the employment relationship.

### Completing the Questionnaire

- a. Please do not write the participant’s name on the questionnaire.
- b. The questions are in a single format that requires you to indicate on a scale the number that most closely fits your choice. For example,

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Slightly Disagree</b>	<b>Neither Disagree nor Agree</b>	<b>Slightly Agree</b>	<b>Agree</b>	<b>Strongly Agree</b>

2. I believe it is better to be happy than sad	1	2	3	4	5	6	7
--	---	---	---	---	---	---	---

If you *agree* with the accompanying statement you would circle the number **6**.

- c. Please complete the questionnaire as soon as possible and return it using the freepost envelope provided.
- d. If you have any questions about the questionnaire, or the study itself, please contact either myself or Professor Michael O’Driscoll.

**Please note that:**

- All information provided is confidential to the researcher and will only be used for the purposes of the study.
- Only summary and aggregated information will be provided to the employee's organization.
- Only the following two sheets containing the actual questions need to be returned.

**CODE:** [ \_\_\_\_\_ ]

**The first set of questions relate to task performance, often generally referred to as job performance, and cover the specific work responsibilities as detailed in the participant's job description. Please use the scale provided to rate the extent to which you agree that the participant engages in the behaviours or activities mentioned.**

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Slightly Disagree</b>	<b>Neither Disagree nor Agree</b>	<b>Slightly Agree</b>	<b>Agree</b>	<b>Strongly Agree</b>

1. Adequately completes assigned tasks	1	2	3	4	5	6	7
2. Fulfils responsibilities specified in job description	1	2	3	4	5	6	7
3. Performs tasks that are expected of him/her	1	2	3	4	5	6	7
4. Meets formal performance requirements of the job	1	2	3	4	5	6	7
5. Engages in activities that will directly affect his/her performance evaluation	1	2	3	4	5	6	7
6. Neglects aspects of the job he/she is obligated to perform	1	2	3	4	5	6	7
7. Fails to perform essential duties	1	2	3	4	5	6	7

The following questions relate to **Citizenship Behaviours** and cover the activities the participant engages in that are additional to, or beyond, specific work responsibilities as detailed in the participant's job description. Please use the scale provided to rate the frequency with which you have observed the participant engaging in the behaviours or activities mentioned.

1	2	3	4	5	6	7
Never	Very Rarely	Rarely	Sometimes	Often	Very Often	Always

1. Helps others who have been absent	1	2	3	4	5	6	7
2. Willingly gives their time to help others who have work-related problems	1	2	3	4	5	6	7
3. Adjusts their work schedule to accommodate other employee's requests for time off	1	2	3	4	5	6	7
4. Goes out of their way to make newer employees feel welcome in the work group	1	2	3	4	5	6	7
5. Shows genuine concern and courtesy toward co-workers, even under the most trying business or personal situations	1	2	3	4	5	6	7
6. Gives up time to help others who have work or non-work problems	1	2	3	4	5	6	7
7. Assists others with their duties	1	2	3	4	5	6	7
8. Shares personal property with others to help their work	1	2	3	4	5	6	7
9. Attends functions that are not required but that help the organizational image	1	2	3	4	5	6	7
10. Keeps up with developments in the organization	1	2	3	4	5	6	7
11. Defends the organization when other employees criticize it	1	2	3	4	5	6	7
12. Shows pride when representing the organization in public	1	2	3	4	5	6	7
13. Offers ideas to improve the functioning of the organization	1	2	3	4	5	6	7
14. Expresses loyalty toward the organization	1	2	3	4	5	6	7
15. Takes action to protect the organization from potential problems	1	2	3	4	5	6	7
16. Demonstrates concern about the image of the organization	1	2	3	4	5	6	7

*That is the end of the questionnaire. Thank you for your participation and for providing the performance information relating to the person named on the cover sheet.*

*Please return the questionnaire in the attached envelope.*

**Appendix 12**  
**Hierarchical Multiple Regression Analyses**  
**Table A12.1 – Table A12.4**

**Table A12.1****Hierarchical Multiple Regression Analysis of Research Variables on Employee Relational Obligations (Psychological Work Contract)**

Variable	Step 1 Beta	Step 2 Beta
Age	.25*	.29*
Salary	.09	.16
Gender	.07	.06
Intention to Quit		.13
Perceived Org Support		.37*
Work Involvement		.11
Job Involvement		.09
Job Satisfaction		.05
Career Plateau		.14
Organizational Commitment:		
- Affective		.12
- Continuance		-.02
- Normative		.10
Person-Organization Fit		.29*
Job Performance		-.09
Organizational Citizenship Behaviour:		
- OCBI (Individual)		-.07
- OCBO (Organization)		-.14
R	.25	.47
R Square	.06	.22
Adjusted R Square	.03	.06
Change in R Square		.16
F	2.11	1.40

Note: \* Significant at the  $p < .05$  level.

**Table A12.2****Hierarchical Multiple Regression Analysis of Research Variables on Employee Transactional Obligations (Psychological Work Contract)**

Variable	Step 1 Beta	Step 2 Beta
Age	.28**	.32**
Salary	-.21	-.21
Gender	.08	.08
Intention to Quit		-.19
Perceived Org Support		.45**
Work Involvement		.10
Job Involvement		.02
Job Satisfaction		-.01
Career Plateau		-.25*
Organizational Commitment:		
- Affective		.08
- Continuance		.08
- Normative		.08
Person-Organization Fit		.25
Job Performance		-.05
Organizational Citizenship Behaviour:		
- OCBI (Individual)		.08
- OCBO (Organization)		-.06
R	.34	.52
R Square	.12*	.27*
Adjusted R Square	.09	.13
Change in R Square		.16
F	4.00	1.85

Notes: \* Significant at the  $p < .05$  level.

\*\* Significant at the  $p < .01$  level.



**Table A12.3****Hierarchical Multiple Regression Analysis of Research Variables on  
Organization Relational Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Age	.17	.16
Salary	-.19	-.23
Gender	.17	.15
Intention to Quit		.22
Perceived Org Support		.16
Work Involvement		.09
Job Involvement		.00
Job Satisfaction		.00
Career Plateau		.03
Organizational Commitment:		
- Affective		.02
- Continuance		-.03
- Normative		-.06
Person-Organization Fit		.29*
Job Performance		.06
Organizational Citizenship Behaviour:		
- OCBI (Individual)		.11
- OCBO (Organization)		.05
R	.32	.49
R Square	.10*	.24
Adjusted R Square	.07	.08
Change in R Square		.14
F	4.00	1.53

Note: \* Significant at the  $p < .05$  level.

**Table A12.4****Hierarchical Multiple Regression Analysis of Research Variables on  
Organization Transactional Obligations (Psychological Work Contract)**

Variable	Step 1 Beta	Step 2 Beta
Age	.12	.07
Salary	-.18	-.19
Gender	.19	.17
Intention to Quit		.22
Perceived Org Support		.01
Work Involvement		.02
Job Involvement		.13
Job Satisfaction		.06
Career Plateau		-.05
Organizational Commitment:		
- Affective		.06
- Continuance		.12
- Normative		-.23
Person-Organization Fit		.25
Job Performance		-.08
Organizational Citizenship Behaviour:		
- OCBI (Individual)		.05
- OCBO (Organization)		.06
R	.31	.47
R Square	.10*	.22
Adjusted R Square	.07	.06
Change in R Square		.12
F	3.20	1.36

---

Note: \* Significant at the  $p < .05$  level.

**Appendix 13**  
**Hierarchical Multiple Regression Analyses – Moderator Effects**  
**Table A13.1 – Table A13.27**

**Table A13.1****Hierarchical Multiple Regression Analysis – The Moderating Effect of Age on the Relationship between the Research Variables and Employee Relational Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Age	.23*	.25*
Intention to Quit	.15	.11
Perceived Organizational Support	.07	.13
Work Involvement	.00	.06
Job Involvement	.03	.06
Job Satisfaction	.18	.19
<u>Interactions – Age x</u>		
Intention to Quit		.11
Perceived Organizational Support		.00
Work Involvement		.26
Job Involvement		.26
Job Satisfaction		.07
R	.27	.34
R Square	.08	.12
Adjusted R Square	.03	.03
Change in R Square		.04
F	1.54	1.33

Note: \* Significant at the  $p < .05$  level.

**Table A13.2****Hierarchical Multiple Regression Analysis – The Moderating Effect of Age on the Relationship between Intention to Quit and Employee Relational Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Age	.24**	.25*
Intention to Quit	.10	.11
<u>Interaction –</u>		
Age x Intention to Quit		.10
R	.24**	.26
R Square	.06	.07
Adjusted R Square	.04	.04
Change in R Square		.01
F	3.57**	2.83**

Notes: \* Significant at the  $p < .01$  level.

\*\* Significant at the  $p < .05$  level.

**Table A13.3**

**Hierarchical Multiple Regression Analysis – The Moderating Effect of Age on the Relationship between Perceived Organizational Support and Employee Relational Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Age	.21*	.21*
Perceived Organizational Support	.02	.02
<u>Interaction –</u>		
Age x Perceived Organizational Support		.00
R	.21	.21
R Square	.04	.04
Adjusted R Square	.03	.02
Change in R Square		.00
F	2.71	1.79

Note: \* Significant at the  $p < .05$  level.

**Table A13.4****Hierarchical Multiple Regression Analysis – The Moderating Effect of Age on the Relationship between Work Involvement and Employee Relational Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Age	.22*	.23*
Work Involvement	.00	.00
<u>Interaction –</u>		
Age x Work Involvement		.09
R	.22	.23
R Square	.05	.05
Adjusted R Square	.03	.03
Change in R Square		.01
F	2.88	2.25

Note: \* Significant at the  $p < .05$  level.

**Table A13.5**

**Hierarchical Multiple Regression Analysis – The Moderating Effect of Age on the Relationship between Job Involvement and Employee Relational Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Age	.21*	.20*
Job Involvement	.01	.01
<u>Interaction –</u>		
Age x Job Involvement		.04
R	.21	.21
R Square	.04	.04
Adjusted R Square	.03	.02
Change in R Square		.00
F	2.69	1.83

Note: \* Significant at the  $p < .05$  level.



**Table A13.6**

**Hierarchical Multiple Regression Analysis – The Moderating Effect of Age on the Relationship between Job Satisfaction and Employee Relational Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Age	.21*	.21*
Job Satisfaction	.08	.08
<u>Interaction –</u>		
Age x Job Satisfaction		.06
R	.23*	.24
R Square	.05	.06
Adjusted R Square	.04	.03
Change in R Square		.00
F	3.32*	2.32

Note: \* Significant at the  $p < .05$  level.

**Table A13.7**

**Hierarchical Multiple Regression Analysis – The Moderating Effect of Age on the Relationship between the Research Variables and Employee Transactional Obligations (Psychological Work Contract)**

Variable	Step 1 Beta	Step 2 Beta
Age	.16	.15
Intention to Quit	-.09	-.10
Perceived Org Support	.02	.06
Work Involvement	.01	.02
Job Involvement	.03	.04
Job Satisfaction	-.03	-.01
<u>Interactions – Age x</u>		
Intention to Quit		.05
Perceived Org Support		.10
Work Involvement		.13
Job Involvement		.21
Job Satisfaction		-.08
R	.18	.24
R Square	.03	.06
Adjusted R Square	-.02	-.04
Change in R Square		.03
F	.65	.61

**Table A13.8**

**Hierarchical Multiple Regression Analysis – The Moderating Effect of Age on the Relationship between Intention to Quit and Employee Transactional Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Age	.16	.15
Intention to Quit	-.06	-.06
<u>Interaction –</u>		
Age x Intention to Quit		.03
R	.18	.18
R Square	.03	.03
Adjusted R Square	.02	.01
Change in R Square		.00
F	1.47	1.29

**Table A13.9**

**Hierarchical Multiple Regression Analysis – The Moderating Effect of Age on the Relationship between Perceived Organizational Support and Employee Transactional Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Age	.17	.17
Perceived Organizational Support	.01	.01
<u>Interaction –</u>		
Age x Perceived Organizational Support		.05
R	.16	.17
R Square	.03	.03
Adjusted R Square	.01	.00
Change in R Square		.00
F	1.61	1.16

**Table A13.10**

**Hierarchical Multiple Regression Analysis – The Moderating Effect of Age on the Relationship between Work Involvement and Employee Transactional Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Age	.17	.16
Work Involvement	.02	.02
<u>Interaction –</u>		
Age x Work Involvement		.04
R	.17	.17
R Square	.03	.03
Adjusted R Square	.01	.01
Change in R Square		.00
F	1.75	1.23

**Table A13.11****Hierarchical Multiple Regression Analysis – The Moderating Effect of Age on the Relationship between Job Involvement and Employee Transactional Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Age	.16	.15
Job Involvement	.03	.03
<u>Interaction –</u>		
Age x Job Involvement		.12
R	.17	.20
R Square	.03	.04
Adjusted R Square	.01	.02
Change in R Square		.01
F	1.65	1.67

**Table A13.12**

**Hierarchical Multiple Regression Analysis – The Moderating Effect of Age on the Relationship between Job Satisfaction and Employee Transactional Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Age	.17	.17
Job Satisfaction	-.01	-.01
<u>Interaction –</u>		
Age x Job Satisfaction		-.02
R	.17	.17
R Square	.03	.03
Adjusted R Square	.01	.00
Change in R Square		.00
F	1.74	1.16

**Table A13.13****Hierarchical Multiple Regression Analysis – The Moderating Effect of Salary on the Relationship between the Research Variables and Employee Transactional Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Salary	-.17	-.17
Intention to Quit	-.11	-.11
Perceived Org Support	.00	.03
Work Involvement	.03	.03
Job Involvement	.01	.02
Job Satisfaction	.04	.06
<u>Interactions – Salary x</u>		
Intention to Quit		.05
Perceived Org Support		-.21
Work Involvement		-.08
Job Involvement		.01
Job Satisfaction		.13
R	.19	.25
R Square	.04	.06
Adjusted R Square	-.01	-.04
Change in R Square		.02
F	.73	.63



**Table A13.14****Hierarchical Multiple Regression Analysis – The Moderating Effect of Salary on the Relationship between Intention to Quit and Employee Transactional Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Salary	-.17	-.16
Intention to Quit	-.09	-.09
<u>Interaction</u> –		
Salary x Intention to Quit		-.02
R	.19	.19
R Square	.04	.04
Adjusted R Square	.02	.01
Change in R Square		.00
F	2.14	1.43

**Table A13.15**

**Hierarchical Multiple Regression Analysis – The Moderating Effect of Salary on the Relationship between Perceived Organizational Support and Employee Transactional Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Salary	-.16	-.17
Perceived Organizational Support	.03	.03
<u>Interaction</u> –		
Salary x Perceived Organizational Support		-.07
R	.17	.18
R Square	.03	.03
Adjusted R Square	.01	.01
Change in R Square		.01
F	1.68	1.31

**Table A13.16**

**Hierarchical Multiple Regression Analysis – The Moderating Effect of Salary on the Relationship between Work Involvement and Employee Transactional Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Salary	-.16	-.15
Work Involvement	.01	.01
<u>Interaction</u> –		
Salary x Work Involvement		-.05
R	.16	.17
R Square	.03	.03
Adjusted R Square	.01	.00
Change in R Square		.00
F	1.63	1.17

**Table A13.17**

**Hierarchical Multiple Regression Analysis – The Moderating Effect of Salary on the Relationship between Job Involvement and Employee Transactional Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Salary	-.17	-.17
Job Involvement	.00	.00
<u>Interaction</u> –		
Salary x Job Involvement		.03
R	.16	.17
R Square	.03	.03
Adjusted R Square	.01	.00
Change in R Square		.00
F	1.63	1.11

**Table A13.18**

**Hierarchical Multiple Regression Analysis – The Moderating Effect of Salary on the Relationship between Job Satisfaction and Employee Transactional Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Salary	-.16	-.17
Job Satisfaction	-.01	-.01
<u>Interaction –</u>		
Salary x Job Satisfaction		.03
R	.16	.17
R Square	.03	.03
Adjusted R Square	.01	.00
Change in R Square		.00
F	1.63	1.11

**Table A13.19**

**Hierarchical Multiple Regression Analysis – The Moderating Effect of Salary  
on the Relationship between the Research Variables and Organization  
Transactional Obligations (Psychological Work Contract)**

Variable	Step 1 Beta	Step 2 Beta
Salary	-.22*	-.25*
Career Plateau	-.03	-.12
Organizational Commitment:		
- Affective	.08	.09
- Continuance	.10	.06
- Normative	-.22	-.17
Person-Organization Fit	.24	.17
Job Performance	.02	.15
Organizational Citizenship Behaviour:		
- OCBI (Individual)	.09	.15
- OCBO (Organization)	.01	.02
<u>Interactions – Salary x</u>		
Career Plateau		-.14
Affective Org Commitment		-.14
Continuance Org Commitment		-.03
Normative Org Commitment		-.04
Person-Organization Fit		.12
Job Performance		.20
OCBI (Individual)		-.16
OCBO (Organization)		.11
R	.38	.43
R Square	.15	.19
Adjusted R Square	.06	.02
Change in R Square		.04
F	1.68	1.09

Note: \* Significant at the  $p < .05$  level.

**Table A13.20****Hierarchical Multiple Regression Analysis – The Moderating Effect of Salary on the Relationship between Career Plateau and Organization Transactional Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Salary	-.23**	-.24*
Career Plateau	-.05	-.06
<u>Interaction –</u>		
Salary x Career Plateau		-.07
R	.23**	.24
R Square	.05	.06
Adjusted R Square	.04	.03
Change in R Square		.00
F	3.39**	2.43

Notes: \* Significant at the  $p < .01$  level.

\*\* Significant at the  $p < .05$  level.

**Table A13.21**

**Hierarchical Multiple Regression Analysis – The Moderating Effect of Salary on the Relationship between Affective Organizational Commitment and Organization Transactional Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Salary	-.24**	-.24*
Affective Organizational Commitment	.07	.07
<u>Interaction –</u>		
Salary x Affective Org Commitment		-.03
R	.24**	.24
R Square	.06	.06
Adjusted R Square	.04	.03
Change in R Square		.00
F	3.55**	2.39

Notes: \* Significant at the  $p < .01$  level.

\*\* Significant at the  $p < .05$  level.



**Table A13.22**

**Hierarchical Multiple Regression Analysis – The Moderating Effect of Salary on the Relationship between Continuance Organizational Commitment and Organization Transactional Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Salary	-.22*	-.23*
Continuance Organizational Commitment	.07	.07
<u>Interaction</u> –		
Salary x Continuance Org Commitment		-.02
R	.24*	.24
R Square	.06	.06
Adjusted R Square	.04	.03
Change in R Square		.00
F	3.50*	2.32

Note: \* Significant at the  $p < .05$  level.

**Table A13.23**

**Hierarchical Multiple Regression Analysis – The Moderating Effect of Salary on the Relationship between Normative Organizational Commitment and Organization Transactional Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Salary	-.22*	-.22*
Normative Organizational Commitment	-.10	-.11
<u>Interaction</u> –		
Salary x Normative Org Commitment		-.05
R	.25*	.25
R Square	.06	.06
Adjusted R Square	.05	.04
Change in R Square		.00
F	3.91*	2.68

Note: \* Significant at the  $p < .05$  level.

**Table A13.24**

**Hierarchical Multiple Regression Analysis – The Moderating Effect of Salary on the Relationship between Person-Organization Fit and Organization Transactional Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Salary	-.24*	-.24*
Person-Organization Fit	.20**	.20**
<u>Interaction</u> –		
Salary x Person-Organization Fit		.01
R	.30*	.30
R Square	.09	.09
Adjusted R Square	.08	.07
Change in R Square		.00
F	6.00*	3.97**

Notes: \* Significant at the  $p < .01$  level.

\*\* Significant at the  $p < .05$  level.

**Table A13.25**

**Hierarchical Multiple Regression Analysis – The Moderating Effect of Salary on the Relationship between Job Performance and Organization Transactional Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Salary	-.22*	-.22*
Job Performance	.02	.00
<u>Interaction</u> –		
Salary x Job Performance		.09
R	.22	.24
R Square	.05	.06
Adjusted R Square	.03	.03
Change in R Square		.01
F	2.51	1.93

Note: \* Significant at the  $p < .05$  level.

**Table A13.26****Hierarchical Multiple Regression Analysis – The Moderating Effect of Salary on the Relationship between Organizational Citizenship Behaviour (Individually focussed - OCBI) and Organization Transactional Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Salary	-.22*	-.22*
Org Citizenship Behaviour - Individual	.11	.11
<u>Interaction</u> –		
Salary x OCBI		-.01
R	.25	.25
R Square	.06	.06
Adjusted R Square	.04	.03
Change in R Square		.00
F	3.07	2.03

Note: \* Significant at the  $p < .05$  level.

**Table A13.27**

**Hierarchical Multiple Regression Analysis – The Moderating Effect of Salary on the Relationship between Organizational Citizenship Behaviour (Organizationally focussed – OCBO) and Organization Transactional Obligations (Psychological Work Contract)**

<b>Variable</b>	<b>Step 1 Beta</b>	<b>Step 2 Beta</b>
Salary	-.24*	-.21
Org Citizenship Behaviour - Org	.08	.06
<u>Interaction</u> –		
Salary x OCBO		.10
R	.24	.26
R Square	.06	.07
Adjusted R Square	.04	.04
Change in R Square		.01
F	2.78	2.18

Note: \* Significant at the  $p < .05$  level.