

Exploring the role of reciprocity in psychological contracts

A study in a Finnish context

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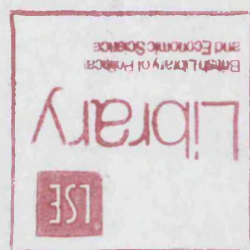


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Man is not the sum of what he
has already, but rather the sum of what he
does not yet have, of what he could have.

Jean-Paul Sartre, *Situations* (1947-1949)

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THESES

Abstract

The concept of the psychological contract has received increasing attention in the organizational behaviour literature. It can be defined as an individual's beliefs regarding the terms and conditions of a reciprocal exchange agreement between himself/herself and another party. Existing research has primarily focused on exploring how employees respond to perceived employer psychological contract breach. Limited attention has been paid to the norm of reciprocity as the underlying exchange mechanism, to contract formation and maintenance, and to the employer's perspective on the exchange. Using quantitative methodology, this thesis drew upon two separate samples of employees and one sample of employer representatives from two knowledge intensive Finnish organizations, comprising 109, 162 and 45 respondents respectively. A qualitative interview study of 15 employees of one the participating organizations complemented the quantitative studies. The specific aims of the thesis were 1) to examine different reciprocity forms from both employee and employer perspectives in terms of their antecedents and outcomes; and 2) to extend existing knowledge on how the psychological contract functions as a schema and how the employees see the role of reciprocity in their exchange relationship with their employer in an event of perceived contract breach.

The findings of the quantitative study indicated from the perspective of the employee that perceived contract fulfilment by the employer influenced employees' perceptions of the form of reciprocity underlying the exchange relationship. Trust played a mediating role in affecting these relationships. With regard to behavioural outcomes, the different forms of reciprocity had different associations with the employees' attitudes and behaviours measured, but did not influence employees' fulfilment of psychological contract obligations. From the perspective of the employer, managers' perceptions of employees' fulfilment of the contract obligations were positively associated with their perceptions of their own obligations and the fulfilment of these obligations. Similarly, perceptions of an organizational reciprocity norm were found to have a significant effect on managers' perceptions of their obligations to employees. Relationship reciprocity orientation in the manager-employee exchange played a mediating role in these associations. The qualitative study in turn found that employees' responses to contract breach depended on their sense-making process. Employees' interpretation of the breach influenced the extent to which the breach threatened the overall psychological contract schema and the employees' adherence to the norm of reciprocity. The contributions of the thesis, its main research and practical implications, and future research directions are discussed.

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CHAPTER 1 – INTRODUCTION

1.1 The concept of the psychological contract

1.2 Current focus and gaps in the psychological contract research

1.3 The concept of psychological contract in the context of knowledge intensive organizations

1.4 About this thesis

1.4.1 Aims and research questions

1.4.2 The structure of the thesis

1.1 The concept of the psychological contract

Fundamentally, many of our relations with other individuals and memberships of various organizations are about the exchange of goods. Sometimes, these exchanges are based on a formal contract, such as an employment contract in the employee-employer relationship. Even when such a formally binding employment contract exists, the exchange relationship grows and evolves with time and is experienced differently by the employee and the employer. Consequently, in the majority of cases the formal contract is unavoidably incomplete. Nonetheless, the exchange relationship usually continues to function with mutual understanding and without interruptions to the cycle of benefits exchanged. This is made possible by the psychological contract, a mental model of the exchange relationship that captures the largely implicit beliefs about the promises and commitments made in the exchange relationship (Rousseau, 1995; 2001). These perceived promises and commitments bind the exchange parties, the employee and the employer, to a set of reciprocal obligations that allow the usually smooth unfolding of the exchange relationship (Rousseau, 1989). The psychological contract and the obligations it implies therefore complement the formal employment contract, allowing predictability in the daily exchanges (Schein, 1965; Macneil, 1985; Rousseau, 1995).

Although the concept of psychological contract has been around since the 1960's, interest in it has increased considerably over the recent years due to the much discussed changes in the employment relationship (Anderson and Schalk, 1998; Guest, 1998; 2004; Coyle-Shapiro, 2000; Rousseau and Schalk, 2000). In the majority of recent studies, the psychological contract has been defined as "an individual's belief regarding the terms and conditions of a reciprocal exchange agreement between that focal person and another party" (Rousseau, 1989: 123). The assumption of reciprocity is fundamental to the use of the contract metaphor borrowed from law (Macneil, 1985): any contract, including a psychological contract, is essentially a matter of exchange deals between the contract parties (Conway and Briner, 2005). As a perceptual cognition, i.e. a schema, relating to the exchange relationship, the psychological contract lies, however, in the eye of the beholder: it captures not the objective exchange, but the individual's subjective perceptions of the exchange. Social exchange theory, the norm of reciprocity and the concept of schema therefore form the

cornerstones of psychological contract theory (Gouldner, 1960; Blau, 1964; Rousseau, 1995; Rousseau, 2001).

1.2 Current focus and gaps in the psychological contract research

In accordance with Rousseau's conceptualization, researchers in different regions of the world (e.g. Robinson and Morrison, 2000; Lo and Aryee, 2003; Millward-Purvis and Cropley, 2003; Hui, Lee and Rousseau, 2004; Raeder, 2005) have examined the psychological contract as the employee's perception of obligations derived from perceived promises made by the employer. The overwhelming majority of these studies have focused on examining the breach that captures the employees' perceptions of the employers' failure to fulfil its obligations to the employee (Robinson and Rousseau, 1994; Coyle-Shapiro and Kessler, 2000; Conway and Briner, 2002). The negative adjustments in employees' attitudes and behaviours that follow contract breach perceptions have been taken as an evidence of the functioning of the norm of reciprocity (Turnley and Feldman, 1999b; Coyle-Shapiro and Kessler, 2000). For example, recent studies have demonstrated that perceived psychological contract breach is negatively associated with employees' job satisfaction (Tekleab, Takeuchi and Taylor, 2005), affective commitment (Coyle-Shapiro and Kessler, 2000), organizational citizenship behaviour (Turnley and Feldman, 2000; Johnson and O'Leary-Kelly, 2003) and in-role performance (Johnson and O'Leary Kelly, 2003; Turnley, Bolino, Lester, and Bloodgood, 2003). Due to the nearly exclusive focus on breach and its outcomes, research into the employer perspective has remained largely under-developed and little is known about how the exchange relationship functions from the employer perspective (Taylor and Tekleab, 2004).

Despite the popularity of the concept of psychological contract as a research topic and the advances thus made in understanding employees' attitudes and behaviours, current psychological contract research has been accused of having reached a stagnation point (Taylor and Tekleab, 2004). In most research on breach, the functioning of the norm of reciprocity is assumed rather than theoretically developed or empirically evaluated (Coyle-Shapiro, 2000; Conway and Briner, 2002; 2005). Apart from the few studies that examine the role of dispositional factors (Coyle-Shapiro, 2002; Kickul and Lester, 2001; Coyle-Shapiro and Neuman, 2004; Raja, Johns, and Ntalianis, 2004),

researchers generally take for granted that a perceived failure of fulfilment is straightforwardly reciprocated and that the cycle of reciprocity functions similarly irrespective of the characteristics of the exchange relationship. Recently, however, researchers have noted that a closer examination of the classical and more recent social exchange theories and a greater integration of their key concepts and arguments into the study of employee-employer relations would be useful (Coyle-Shapiro and Conway; 2004; Cropanzano and Mitchell, 2005). Similarly, further research addressing the question of employer representation is needed. Greater attention to social exchange and to the employer perspective would help in developing the theoretical framework around the concept of the psychological contract and in expanding its explanatory power and scope in line with the theories that are central to it.

Social exchange theory distinguishes between generalized and balanced forms of reciprocity, which capture qualitative differences in exchange relationships (Sahlins, 1972). As research on the forms of reciprocity and on leader-member exchange has indicated that the exchange relationship functions differently depending on its underlying reciprocity form, it makes sense to explore the role of these in the psychological contract. In addition to the norm of reciprocity, social exchange theory considers power-dependence, trust and negotiation to be important in influencing exchange behaviours. Yet these are by and large absent from the psychological contract framework (Coyle-Shapiro, 2000; Coyle-Shapiro and Conway, 2004). Similarly, although breach has been linked to reduced employee trust in the employer (Robinson and Rousseau, 1994; Robinson, 1996; and Lo and Aryee, 2003), the role of the trust in the reciprocation process has received only limited explicit attention.

As the concept of the psychological contract captures exchange partners' perceptions of the reciprocal exchange, understanding its functioning as a perceptual cognition is another crucial issue for psychological contract theory. According to Rousseau (2001), the psychological contract can be described as a relatively stable schema regarding the reciprocal employee-employer exchange, allowing the exchanges partners to proceed with their daily exchanges without giving these much explicit consideration (Fiske and Taylor, 1984). The contract schema therefore facilitates everyday work and sometimes enables even habitual exchange. Despite its centrality to contemporary psychological contract theory (Morrison and Robinson, 1997; Rousseau, 2001), there

is, however, relatively little knowledge about the contract as a schema (Taylor and Tekleab, 2004). Exceptions include Rousseau's (2001; 2003) theoretical work and some empirical studies of socialization (De Vos, Buyens and Schalk, 2003). For example, complementing the studies of breach and its outcomes, an event of perceived breach that is likely to disrupt the everyday reciprocal exchange would allow for an examination of how the contract schema is maintained and possibly changed.

1.3 The concept of psychological contract in the context of knowledge intensive organizations

The popularity of the concept of the psychological contract as a research topic and the calls for its refinement coincide with the need to develop new ways of advancing understanding of employees' attitudes and behaviours in turbulent labour market conditions (Guest, 2004). Non-traditional employment in its various forms such as knowledge intensive work, flexible working arrangements, diversity in the workforce, rapid technological change, multiple employers, teleworking and a decline in collective orientation and trade union membership, are among the characteristics defining the current realities of the labour market (Rubery, Earnshaw, Marchington, Cooke and Vincent, 2002; Guest, 2004). The diversifying conditions in workplaces set the parameters for employees' individualized understanding of their employment relationship, and are reflected in employees' attitudes and behaviour (Guest, 2004).

Capturing the largely implicit exchange deal, the concept of the psychological contract therefore appears particularly timely and relevant in the context of knowledge intensive organizations, where work is increasingly ambiguous and where employees have a high degree of autonomy in defining their work (Alvesson, 2004; Huhtala, 2004). A knowledge intensive organization can be defined as one that offers to the market the use of fairly sophisticated knowledge or knowledge-based products (Alvesson, 2004). More specifically, knowledge intensive organizations usually employ workers who are highly qualified and have a high degree of autonomy at work and who can largely define the content of their work. These organizations also typically use adaptable organizational structures and need extensive communication for problem-solving and coordination. All in all, in these organizations, the traditional 'complex organizations and simple jobs' organizational model is often replaced by

one of 'simplified organization with more complex jobs' (Bosch, Webster and Weißbach, 2000). No doubt, the concept of the psychological contract provides an interesting framework for examining the employment relationship perceived by knowledge workers. However, very little empirical work has so far been conducted on how these workers perceive their employment deals (Roehling, Cavanaugh, Moynihan and Boswell, 2000; Flood, Turner, Ramamoorthy and Pearson, 2001).

1.4 About this thesis

1.4.1 Aims and research questions

Drawing on social exchange theory, this thesis takes as its first aim to examine the role of reciprocity in the psychological contract in the context of knowledge intensive Finnish organizations. In so doing, it seeks to develop the theoretical conceptualization of the concept of the psychological contract and the norm of reciprocity from both the employees' and employer representatives' perspectives. The second aim of this thesis is to extend existing knowledge of how the psychological contract functions as a schema and how employees see the role of reciprocity in their exchange relationship with their employer.

Specifically, this thesis seeks to address the following research questions:

1. How do the different forms of reciprocity function in psychological contracts from the employee perspective? What is the role of trust and negotiation in the cycle of reciprocity?
2. What are the consequences of the different forms of reciprocity in terms of employee attitudes and behaviors? What is the role of perceived power in different forms of reciprocity and in psychological contracts?
3. What contributes to managers' perceptions of the psychological contract and what is the role of reciprocity from the perspective of managers?
4. How does the psychological contract function as an employee schema of the exchange relationship? What is the role of reciprocity in employees' psychological contract schema? How do perceptions of breach influence the contract schema?

To address these research questions, an empirical study was carried out in 2004 in two knowledge intensive Finnish organizations, using both quantitative and qualitative methods. Employees and managers in both organizations were surveyed and a sample of employees from one of the organizations was interviewed using critical incident technique.

1.4.2 The structure of the thesis

The structure of this thesis is as follows. Chapter 2 will review the development of the concept of the psychological contract and describe its current conceptualization and roots in social exchange and schema theories. Chapter 3 will discuss the methodological issues and explicate the research design adopted in this study.

The next four chapters will present the empirical studies. Chapter 4 seeks to address the first set of research questions from the employees' perspective: it will examine how the different forms of reciprocity function in the psychological contract and consider the role of trust and negotiation in the cycle of reciprocity. Chapter 5 will explore the associations between the different forms of reciprocity and the attitudinal and behavioural outcomes, including employees' perceptions of their own obligations and the fulfilment of these obligations, affective and continuance commitment, exit, voice and satisfaction. It will also examine how perceived power affects these relationships. Chapter 6 will address the third research question, examining the psychological contract from the employers' perspective and, specifically, how managers as organizational representatives view the norm of reciprocity underpinning their exchange with the employees. Chapter 7 provides a qualitative examination of the role of reciprocity in the employee's psychological contract schema in an event of perceived breach. Finally, Chapter 8 will conclude the thesis by recapitulating the key findings and discussing their theoretical and practical implications, as well as the limitations of the thesis.

CHAPTER 2 – LITERATURE REVIEW

2.1 Introduction

2.2 A review of psychological contract theory and research

2.2.1 The development of the concept of the psychological contract

2.2.2 Current conceptualization of the concept of psychological contract

2.2.3 Reciprocity and the psychological contract - review of empirical evidence

2.2.4 The psychological contract as a schema - review of empirical evidence

2.3 The theoretical foundation of the psychological contract

2.3.1 Classical social exchange theory

2.3.2 The norm of reciprocity

2.3.4 Schema and social cognition

2.4 Expanding the framework around the concept of psychological contract

2.4.1 A social exchange perspective to the contract

2.4.2 The concept of psychological contract in the context of schema theories

2.5 Research aims, questions and the empirical chapters

2.1 Introduction

This chapter sets the stage for the research questions presented in Chapter 1 by locating them in the existing research and theories central to the concept of psychological contract: social exchange, reciprocity and schema. The chapter will begin by reviewing the development of the concept of psychological contract before describing its current conceptualization. It will then discuss recent empirical evidence regarding the reciprocal functioning of the contract from both employee and the less-researched employer perspectives and the contract as a schema. This is followed by a discussion of social exchange theory, schema and sense-making and how these can help to further develop and expand the theoretical framework around the concept of the psychological contract.

2.2 A review of psychological contract theory and research

2.2.1 The development of the concept of the psychological contract

Though Argyris was the first, in 1960, to introduce the concept of the psychological contract to the organizational psychology literature, and much of the early work on the concept was done in the 1960's (Levinson, Munden, Mandl and Solley, 1962; Schein, 1965), its origins can be traced to the much earlier writings of Barnard (1938) and March and Simon (1958) (cited in Roehling, 1997). Barnard's (1938) theory of equilibrium adopts an exchange perspective in order to explore the conditions under which an organization can continue to elicit its members' participation. According to this theory, employees continue to make valuable contributions as long as they receive valued inducements from their employer. March and Simon (1958) further developed the inducements-contributions model, emphasizing both the tangible and the intangible aspects of the exchange. To some extent, March and Simon allude to the idea of an unwritten contract in order to capture the exchange of inducements and contributions between employee and organization. According to Conway and Briner (2005), despite the striking similarities between the concept of the psychological contract and the inducements-contributions model, the influence of March and Simon's model of exchange is rarely recognized in psychological contract theory.

Although the classic definitions of the psychological contract (Argyris, 1960; Levinson et al., 1962; Schein, 1965) emphasized somewhat different aspects, they all saw mutuality as an important element of the contract. For the first time, Argyris (1960) applied the term “psychological contract” in order to describe the social exchange relationship between employees and foremen in a factory. Argyris saw the informal workplace culture and its unspoken norms as the driving force behind the contract. Less explicitly, Argyris described the psychological contract as a mutual agreement on reciprocal exchange between the group of workers and the foremen: both parties had to have the same understanding of what they were obliged to do in order to maintain the existing psychological contract and a workable exchange relationship. In line with this, Levinson et al. (1962: 21) highlighted the intangible aspects of the relationship and defined the psychological contract as “a series of mutual expectations of which the parties to the relationship may not themselves even be dimly aware but which nonetheless govern their relationship”. The authors also recognized the dynamic nature of the psychological contract by viewing it as evolving over time as a result of the changing needs of the exchange partners, and through the process of reciprocation.

Schein’s (1965) contribution to the development of the concept of the psychological contract is worth noting. Roehling (1997) notes in his review of the origins of the concept of the psychological contract that Schein’s book, *Organizational Psychology* (1965), was quoted in virtually all writings about the psychological contract published in the 1970s and 1980s. According to Schein, the contract presented a key way of analyzing the employee-employer exchange. Like Argyris (1960) and Levinson et al. (1962), Schein emphasized the importance of mutuality: employees would evaluate their contract in accordance with the extent to which there was correspondence between their own and the organization’s expectations. The better the match between employee and employer expectations, the higher, for example, productivity, job satisfaction, loyalty and enthusiasm were likely to be.

Overall, the classic definitions viewed the psychological contract largely as an implicit mutual agreement between the employer and an employee or group of employees on the intangible and tangible aspects of the employment contract. However, the concept turned out to be problematic to operationalize in empirical research for the following

reasons (Roehling, 1997). First, expectations and obligations were compared on different levels: the individual and the organization. It was not easy to conceptualize and compare the expectations of individual employees with those of the organization as an entity. Second, the measurement of the organization's expectations presented another problem. Some individuals would need to be taken to represent the organization, but who these would be remained unaddressed. As a result of these difficulties, the concept remained underdeveloped for decades and was mainly used as a heuristic tool for describing what was implicit in the employment relationship (Roehling, 1997). Empirical studies were scarce; Kotter's study from 1973 was one of the few empirical works published before the early 1990's. However, in the wake of the apparent changes in the employment relationship towards the end of the 1980s and in the early 1990s, interest in the concept was revived.

2.2.2 Current conceptualization of the concept of psychological contract

Rousseau's work (1989, 1995) was central in reviving interest in the concept of the psychological contract, and has given rise to a rapid increase in the number of empirical and theoretical studies stemming from the psychological contract framework (Millward and Brewerton, 1999). Roehling (1997), who reviewed the history and evolution of the concept, argues that Rousseau has had the greatest influence on the psychological contract literature since Schein (1965). According to Rousseau's definition, "the psychological contract refers to an individual's beliefs regarding the terms and conditions of a reciprocal exchange agreement between that focal person and another party" (Rousseau, 1989: 123). Following this definition, most psychological contract studies have defined the construct as the *employee's* subjective and individual perception of his or her obligations towards the employer, and of the obligations of the employer towards him or her, thereby avoiding the controversy regarding employer representation that limited the earlier empirical research. Yet, Rousseau (1995) stresses that the psychological contract always develops in the course of a relationship – neither individuals nor organizations can form contracts alone - but that the employee and the employer do not need to agree on the contract. Rather, the contract rests in the eye of the beholder. In line with the emphasis on the individual's *perceptions* of the reciprocal exchange relationship, Rousseau (2001) also proposed a cognitive basis for the psychological contract that is grounded in the concept of schema.

Although Rousseau's (1989) definition of the psychological contract provides the most widely used definition and the basis for most recent research (Conway and Briner, 2005), alternative definitions exist (e.g. Herriot and Pemberton, 1997; Morrison and Robinson, 1997). For example, Herriot and Pemberton (1997) explicitly stress that the contract occurs between *an individual* and an *organization* and captures *implied obligations*. Morrison and Robinson (1997) in turn define the contract as consisting of *employee beliefs* about *promissory obligations*. Although contemporary researchers are not in full agreement on whether the psychological contract is about expectations, beliefs or obligations, whether it is implicit or explicit, whether the contract should measure an individual's perceptions or focus on the interaction between an employee and employer (Arnold, 1996; Guest, 1998), they do agree that the contract refers to an exchange relationship governed by *the norm of reciprocity* (Conway and Briner, 2005). Consequently, unlike the early definitions of the psychological contract, which tended to emphasise the correspondence and agreement between the exchange parties, the recent psychological contract research has more explicitly emphasised the norm of reciprocity as the key explanatory mechanism underlying the contract (Coyle-Shapiro and Kessler, 2000; Dabós and Rousseau, 2004). In current empirical research, the norm of reciprocity provides the chief explanation for how employee-employer relationships function.

The content and the type of psychological contract

Essentially, the psychological contract is about the deal between an employer and an employee - something is exchanged for something else (Conway and Briner, 2005). Unlike legal employment contracts, these deals are informal and often implicit and indirect, based on perceptions and interpretations of the other's attitudes and behaviours. Therefore, the content of the contract is essentially captured by the implicit and explicit promises that the exchange parties believe they have made and that have been made to them in the course of the evolving exchange relationship. Examples of some promissory items, from the viewpoint of both the employee and the employer, may include salary, recognition for good work, advancement opportunities, the degree of security in a job, the ability to work productively in a group, loyalty towards the employer, and the ability to see what must be done (Kotter, 1973; Rousseau, 1989). In terms of its scope, the contract captures not only isolated transactions such as 'pay for increased performance', but relates to an entire set of beliefs and perceptions regarding the reciprocal exchange relationship, potentially

covering as many as thousands of items (Kotter, 1973). Drawing on theories of schema and cognition, this set of beliefs and perceptions is organised as a hierarchically structured mental model, a contract schema, of the exchange relationship (Rousseau, 1995; 2001).

Due to the nearly endless number of possible contract terms, these terms are usually examined in empirical studies by means of pre-fixed rating scales. Certain obligations, or terms, tend to cluster together and form relatively stable composites. These composites are used as summaries of the contract's content and to describe broad patterns in the contract. Most commonly, researchers have used nominal classifications of transactional and relational contract types (Rousseau, 1995).

Transactional terms can be described by means of specific economic conditions, limited personal involvement, a low level of commitment to the job, pre-defined time frames, little flexibility, lack of development opportunities, and unambiguous terms readily observable to outsiders. Relational terms in turn include high emotional involvement, growth and development in the job, open-ended time frames, expectations of job security, dynamic working conditions, and subjective and implicitly understood terms (Rousseau, 1995). The relational type of contract is hence characterized through its socio-emotional nature by trust, job security and loyalty, whereas the transactional type emphasizes high performance in exchange for high pay (Herriot, Manning and Kidd, 1997).

Although the conceptual distinction between transactional and relational contracts is clear, the existing empirical evidence questions their existence as independent contract types (Conway and Briner, 2005; King and Bu, 2005). Some researchers have noted that the transactional and relational dimensions have been replicated inconsistently across studies (Arnold, 1996; Roehling, 1996). Others argue that psychological contracts may consist of more than two dimensions. For example, Coyle-Shapiro and Kessler (2000) found empirical evidence for three dimensions: transactional, relational and training. Moreover, psychological contract studies typically use specific sets of contract items that make it difficult, if not impossible, to retain consistent transactional and relational types of contract (Conway and Briner, 2005).

Consequently, many researchers have abandoned the relational/transactional distinction in favour of capturing a variety of elements of the psychological contract (e.g. benefits, pay, advancement opportunities, resource support and good

employment relationships) (Robinson and Morrison, 1995; Lester, Turnley, Bloodgood and Bolino, 2002) and others in order to use a global unspecified measure of contract fulfilment and breach (Robinson and Morrison, 2000; King and Bu, 2005; Tekleab, Takeuchi and Taylor, 2005). Moreover, as the employment relationship becomes more individualized and the employment deals more particularistic (Guest, 2004), less fixed ways of measuring the content of the psychological contract could be more appropriate.

Employer representation in the current conceptualization

Rousseau's (1989) definition of the psychological contract and the research adhering to her conceptualization acknowledge that the contract involves two parties: the employee and the organization. The question of employer representation presents, however, one of the major ambiguities in the psychological contract literature. Due to the difficulty in operationalizing the organization as an entity and determining who could most accurately represent the employer side of the contract (Guest, 1998), only a limited number of studies have explored the employer perspective on the psychological contract. Consequently, the employer perspective on the contract has remained largely under-developed in psychological contract theory, although researchers tend to agree that by definition the metaphor of a contract should include the views of both parties (Guest, 1998; Taylor and Tekleab, 2004).

A key issue when examining the employer perspective on a contract is that the employer side is most often represented by multiple agents (Shore, Porter and Zahra, 2004). Organizations recruit, select, socialize and provide different inducements without specifying who personifies the organization in these activities (Liden, Bauer and Erdogan, 2004). Reichers (1985: 472) argues that 'the organization' is for many employees "an abstraction that is in reality represented by co-workers, superiors, subordinates, customers and other groups and individuals who collectively comprise the organization". As Reichers (1985) discusses with reference to the organization commitment literature, employees were for a long time assumed to be committed to the organization as an entity, yet very limited attention was paid to the nature of the organization itself. This was regardless of the fact that organizational theories suggest that the organization may be seen as a composite of coalitions and constituencies that compete for an individual's identification and commitment. Supporting the research on organizational commitment, Wayne, Shore and Liden's (1997) and Settoon,

Bennett and Liden's (1996) studies show that employees' exchanges with leaders and with the organization have distinct antecedents and consequences. As Wayne, Shore and Liden (1997: 85) state, "employees appear to view exchanges with an organization and leader as distinct".

The interest in examining the employer perspective on the contract has, however, recently increased and the existing few studies that have examined the employer perspective have done so by incorporating a front-line or senior-managerial view of the psychological contract (Porter, Pearce, Tripoli and Lewis, 1998; Lewis and Taylor, 2001; Guest and Conway, 2002; Dabós and Rousseau, 2004). These studies, along with other empirical evidence relating to the reciprocal nature of the contract, will be reviewed in the section below.

2.2.3 Reciprocity and the psychological contract - review of empirical evidence

Irrespective of the differences in the definitions of the psychological contract, researchers are unanimous about the centrality of the norm of reciprocity to the functioning of the contract (Rousseau, 1989; Herriot and Pemberton, 1997; Morrison and Robinson, 1997; Conway and Briner, 2005). In the empirical research, employee evaluation of employer contractual behaviour and its influence on employee attitudes and behaviours provides the main way of understanding how the psychological contract functions as a reciprocal cycle between the exchange parties (Conway and Briner, 2005). Closely related to the norm of reciprocity is the issue of mutuality, agreement on the obligations, which has raised the interest in the examination of the employer perspective to the contract (Coyle-Shapiro and Kessler, 2002). In addition, some studies have examined the moderating role of personality factors in influencing reciprocal attitudes and behaviours.

Psychological contract breach/violation and attitudinal and behavioural outcomes

The concept of psychological contract breach is one of the most important ideas in psychological contract theory and provides the main way of understanding how the contract influences exchange partners' feelings, attitudes and behaviours (Conway and Briner, 2005). According to Rousseau's (1995) definition, a breach entailing both cognitive and affective elements occurs when one of the exchange parties fails to respond to the contributions of the other party in the way that was expected (Rousseau, 1989). Morrison and Robinson (1997) in turn suggest that violation should

be distinguished from breach. According to them, the term contract violation should be used to refer to the emotional reactions sometimes associated with the cognitive evaluation of breach (Morrison and Robinson, 1997). Researchers have, however, questioned Morrison and Robinson's distinction as the empirical evidence remains scarce. In practice, researchers tend to use the terms synonymously. This thesis will use the term breach to capture both the cognitive and affective elements, consistent with Rousseau's definition given above.

The empirical studies examining the effects of contract breach on various employee psychological, attitudinal and behavioural outcomes are conclusive in terms of its negative consequences. In terms of attitudinal changes, Robinson and Rousseau (1994) and Lo and Aryee (2003) found support for the negative relationship between breach perceptions and trust in and intention to remain with the employer. Robinson, Kraatz and Rousseau (1994) show that contract breach was associated with decreased employee perceptions of obligation towards the employer. Breach perceptions have also been linked to reduced commitment to the organization (e.g. Coyle-Shapiro and Kessler, 2000; Bunderson, 2001; Lester et al., 2002; Johnson and O'Leary-Kelly, 2003), psychological wellbeing (Conway and Briner, 2002), a cynical attitude toward the employer (Johnson and O'Leary-Kelly, 2003) and increased levels of absenteeism (Deery, Iverson and Walsh, 2006). Studies by Guzzo, Noonan and Elron (1994), Sutton and Griffin (2004) and Tekleab, Takeuchi and Taylor (2005) demonstrate that contract breach is negatively related to job satisfaction. In terms of behavioural consequences, a number of studies have linked contract breach with reduced organizational citizenship behaviour (e.g. Robinson and Morrison, 1995; Johnson and O'Leary-Kelly, 2003) and in-role performance (e.g. Robinson, 1996; Johnson and O'Leary Kelly, 2003; Turnley et. al., 2003). Thus, research findings strongly indicate that when employees perceive that their employer has not fulfilled its obligations, they reciprocate by negatively adjusting their perceptions of their own obligations, as well as their attitudes and behaviours favourable to their employer.

Extending the research on psychological contract breach, some studies have examined whether the effects of psychological contract breach on employee behaviours and attitudes are mediated or moderated by other variables. Researchers have, for example, considered the attribution of the reasons for the breach, i.e. whether the employee believes that the breach was deliberate or came about by accident or

mistake (Robinson and Morrison, 1995; Turnley and Feldman, 1999b). For example, Robinson and Morrison (1995) have indicated that the perceived reason for the employer breach affects the association between breach and intention to leave and organizational citizenship behaviours, so that employees respond more negatively when they perceive a deliberate breach (i.e. renegeing on the psychological contract). However, although these attributions appear to influence the relationships between breach perceptions and some outcome variables, the findings are not conclusive. Turnley and Feldman (2000) examined the mediating role of unmet expectations and job dissatisfaction in the relationship between psychological contract breach and outcomes. Their study suggests that the effect of contract breach on employee behaviours occurs partially through job dissatisfaction. Johnson and O'Leary Kelly (2003) explored whether cynicism on the part of an employee influences the relationship between perception of contract breach and outcome. The authors found that an employee's cynicism partially explained the negative relationship between contract breach and job satisfaction and organizational commitment.

Perceived fulfilment and attitudinal and behavioural outcomes

In line with the research on breach, studies of employees' perceptions of employer contract fulfilment have demonstrated that perceived fulfilment is associated with various positive attitudinal and behavioural outcomes. For example, Turnley, Bolino, Lester and Bloodgood (2003) showed that perceived employer fulfilment had a positive effect on employee task performance. Employees have also been found to be more likely to engage in extra-role behaviours at work if their employing organisations fulfil their obligations towards the employees (Turnley et al., 2003; Coyle-Shapiro, Kessler and Purcell, 2004). In a recent study, Ramamoorthy, Flood, Slattery and Sardesai (2005) found that employee perceptions of employer psychological contract fulfilment predicted perceived employee obligation to innovate. Further, perceived employer fulfilment has been positively associated with employee desire to maintain the exchange relationship (O'Leary-Kelly and Schenk, 2000).

Employer perspective on the contract and reciprocity

Despite the recently awakened interest in exploring the employer perspective, researchers have emphasised the lack of attention given to the employer perspective and the under-development of psychological contract theory with regard to the

organization/employer as an exchange partner (Taylor and Tekleab, 2004; Conway and Briner, 2005). The interest in exploring the employer perspective has largely stemmed from the need to understand the role of mutuality in influencing psychological contract perceptions and their outcomes. For example, Coyle-Shapiro and Kessler (2002) examined mutuality between managers and employees. Their findings indicate that the two parties were in agreement on employer obligations but that employees were more critical of the extent to which the employer had fulfilled its obligations. Similarly, there was an agreement regarding employee contributions, but managers perceived somewhat higher employee obligations than did employees themselves. Tekleab and Taylor (2003) in turn examined the antecedents of agreement at the dyadic level between supervisors and employees. The authors found that the length of time an employee had worked with their supervisor was positively related to agreement on employee obligations but not on employer obligations.

These studies, assessing both employee and employer perspectives on the contract, are also supportive of the view that the norm of reciprocity underlies organizational representatives' view of the psychological contract. Namely, they demonstrate that employer perceptions of the extent to which employees fulfil their obligations lead to adjustments in employer perceptions of obligations and their fulfilment. In Coyle-Shapiro and Kessler's (2002) study, the perception of employees' fulfilment of their obligations positively influenced both managers' and employees' perceptions of employer obligations. Further supporting the reciprocal functioning of the contract and consistent with an earlier study by Lewis and Taylor (2001), Tekleab and Taylor (2003) found a negative relationship between managerial perceptions of employee contract breach and managerial ratings of employee performance and organizational citizenship behaviour. In addition, Dabós and Rousseau (2004) demonstrated that employee perceptions of certain types of obligation were positively associated with employer perceptions of corresponding types of obligation.

Individual differences in psychological contract and reciprocity

Complementing the empirical evidence on breach, fulfilment and mutuality, a limited number of studies suggest that employee acceptance of the norm of reciprocity and other exchange-related dispositional factors or values might be important in explaining how individuals respond to the exchange relationship. As Eisenberger, Cotterell and Marvel (1987) note, individuals may differ in their readiness to

reciprocate on the basis of relative stable ideologies concerning the exchange relationship. Exchange ideology refers to the extent to which a person believes that the treatment received from the exchange partner should reflect the effort the person puts into the relationship. So-called entitleds prefer being over-rewarded, whereas so-called equity-sensitives strive for a fair and balanced exchange. So-called benevolents in turn do not mind being under-rewarded in comparison to their exchange partner. The term creditor ideology refers to an orientation to giving more than is received: creditors prefer to have others in their debt, leading them to repay greater amounts than they receive. Kickul and Lester (2001) found that entitleds responded more negatively to breach that affected extrinsic outcomes such as pay and benefits. Benevolents in turn reacted more negatively when more intrinsic features (e.g. autonomy and control) of the contract were breached. Coyle-Shapiro (2002) in turn found in her empirical study that employees' acceptance of the norm of reciprocity moderated the relationship between received inducements and organizational citizenship behaviour so that the relationship was stronger for those who accepted the norm of reciprocity. In line with this, Coyle-Shapiro and Neuman (2004) found that employees with a high creditor ideology are more inclined to make a positive contribution to the exchange in terms of their obligations and the fulfilment of those obligations than are those who report low creditor ideology. Bunderson's (2001) study demonstrated that professional and administrative ideologies reflecting employees' values influence the nature of psychological contracts held by the employees. Raja, Johns and Ntalianis (2004) in turn found that different personality traits influenced psychological contract perceptions. For example, employees who scored high on conscientiousness and self-confidence were more likely to have relational psychological contracts.

Summarizing the research on reciprocity and the psychological contract

As the above review of the existing studies indicates, the empirical evidence is generally supportive, though most often indirectly, of the theorized social exchange mechanism underlying the concept of psychological contract. The existing research also indicates that reciprocal exchange relationships can operate in different ways, partially because of individual differences, despite the universality of the reciprocity principle. Recently, several researchers have, however, noted that the popular breach research in its current form has reached its saturation point and led to an almost exclusive focus on the employee perspective and to rather static research designs that

repeatedly examine the same set of outcome variables (Taylor and Tekleab, 2004; Conway and Briner, 2005). Very little is known, for example, about how the psychological contract actually functions. Psychological contract theory has also been criticized for lacking scientific rigour and abandoning its theoretical origins in social exchange theory (Guest, 1998). Coyle-Shapiro and Conway (2004) in turn add that psychological contract researchers have often applied social exchange theory uncritically and largely implicitly, and recommend that researchers revisit the roots of the concept. Recently, Taylor and Tekleab (2004) have called for further refinement of the contract and more comprehensive conceptual models based on the psychological contract framework. Consequently, a closer examination of the reciprocal functioning of the contract is needed.

Several researchers also suggest that the inclusion of the employer perspective would allow the development of the psychological contract model into a more comprehensive framework. The inclusion of the employer perspective is, however, complicated not only by the fact that the employer can be represented by a number of organizational agents (Taylor and Tekleab, 2004; Conway and Briner, 2005), but also that the obligations of various employer representatives can differ vastly. Similarly, employer representatives' perceptions of employee obligations and opportunities to evaluate employee fulfilment of these obligations depend on their position in the organizational hierarchy. At the same time, it is at least implicitly assumed that various employer representatives share a *common* view of the terms of an organizations' psychological contract with its employees (Shore, Porter and Zahra, 2004). Adhering to the metaphor of the contract, the norm of reciprocity must, however, function bi-directionally between employees and various employer representatives, irrespective of the specific contractual obligations of each party. Understanding employer reciprocal behaviour and the 'common nominator' among employer representatives that generates the 'general' approach to the employment relationship in a given organization is therefore important.

2.2.4 The psychological contract as a schema - review of empirical evidence

Apart from Rousseau's (2001; 2003) theoretical work, there is relatively little knowledge about the psychological contract as a schema (Taylor and Tekleab, 2004). The only exception is provided by research on the impact of socialization on the contract formation, which indicates that the socialization period is important in

shaping an individual's psychological contract schema. The psychological contract schema is likely to be more flexible and mouldable during the early socialization period, when individuals are motivated to actively search for additional information to fill in the 'blanks' in their psychological contracts. For example, De Vos, Buyens and Schalk (2003) suggest that employee sense-making plays a role in the formation of the psychological contract during the first year of employment. The authors found in their longitudinal study that newcomers changed their perceptions of employer obligations through unilateral and reciprocal adaptation processes. Specifically, newcomers' perceptions of employer obligations changed on the basis of the inducements they had received from the employer. Newcomers also changed their perceptions of what they had promised to the employer on the basis of what they had contributed to the exchange. In addition, newcomers' sense of obligation was influenced by received employer inducements, as the norm of reciprocity suggests. Tekleab and Taylor (2003) found that higher levels of socialization reduced employee perceptions of employer obligations during the first three months of employment. Thomas and Anderson (1998) in turn show that army recruits adjusted their psychological contract over time and that this change was influenced by social knowledge that brought their psychological contracts closer to those of more experienced soldiers.

All in all, the existing limited empirical research suggests that psychological contracts change in accordance with the interpretation and sense-making of what happens in the employment relationship and work setting during the first months of employment before the contract schema reaches a more established stage. Very little is known, however, about how the contract schema is maintained, how it functions and how it changes (Morrison and Robinson, 1997; Rousseau, 2001). The psychological contract as a schema has therefore largely remained as a theoretical construct requiring more empirical research.

The following will now turn to examine the theoretical roots of the concept of the psychological contract in greater depth.

2.3 The theoretical foundation of the psychological contact

In reviewing the foundations of the psychological contract in social exchange theory, the classical works of Gouldner (1960) and Blau (1964) are particularly influential. Social exchange theory (Blau, 1964) and the norm of reciprocity (Gouldner, 1960) provide the basis for and the explanatory mechanism underlying the construct of the psychological contract. More recently, psychological contract research has drawn on the concept of schema and social cognition to explain how the psychological contract functions as a mental model of the exchange relationship (Rousseau, 1995; 2001). Central to the concept of schema is sense-making, which refers to a retrospective conscious process that includes the use of prior knowledge to assign meaning to new experiences that do not match the existing schema (Harris, 1994).

2.3.1 Classical social exchange theory

Social exchange theory offers one of the most influential mechanisms for understanding workplace attitudes and behaviours and provides the theoretical underpinnings for the concept of the psychological contract (Cropanzano and Mitchell, 2005). Homans (1958) was among the first to present the notion of social exchange, implying that exchanges are not only limited to material goods but also include non-material goods with symbolic value. Broadly speaking, social exchange involves individuals' voluntary actions that are motivated by expected and usually received returns (Blau, 1964). Economic exchange refers to one-off or short term exchange of specified goods, the value of which is stipulated in advance (ibid).

According to Blau (1964), the most defining characteristic of social exchange is that it entails unspecific obligations: while there is a general expectation of return, the nature of the return is not stipulated in advance as in strictly economic exchanges. A social exchange relationship can therefore be defined as a joint production of people's not precisely specified actions, with the actions of each being dependent on the actions of the other (Blau, 1964). Blau also recognizes that social exchange includes elements of both intrinsic and extrinsic importance to the parties involved. It therefore falls somewhere between the two theoretical extremes of exchange, namely an economic transaction and love (Blau, 1964: 112):

Social exchange always entails elements of intrinsic significance for the participants, which distinguishes it from strictly economic transactions, although its focus is on benefits of some extrinsic value and on, at least, implicit bargaining for advantage, which distinguishes it from the mutual attraction and support in profound love. ... Social exchange, then, is an intermediate case between pure calculation of advantage and pure expression of love. However, even economic transactions and love relations rarely express the polar processes in entirely pure form, since the multiple gains and costs typically involved in any economic transaction prevent unambiguous calculations of advantage, and since extrinsic benefits are exchanged in love relations and often help to produce mutual affection.

As there is no way of assuring an appropriate return, trusting others to reciprocate, thereby discharging their obligations, is essential in a social exchange relationship (Blau, 1964). By discharging their obligations for services rendered, if only to provide inducements in order to receive more benefits, individuals demonstrate their trustworthiness and the gradual expansion of mutual giving is accompanied by the growth of mutual trust. Hence, processes of social exchange, which may originate in pure self-interest, generate trust through their recurrent and gradually expanding character. The timing of reciprocation plays an important role in the development of trust. The too hasty reciprocation of favours may signal a refusal to stay indebted for a while and hence imply a businesslike relationship consisting of isolated transactions. The underlying rationale is that willingness to remain indebted for a period of time demonstrates the trust between the exchange partners, thereby serving to strengthen the exchange relationship. Therefore, trust and the willingness to accept the risk of non-reciprocity facilitate the eventual expansion of the exchange relationship. Indeed, in contrast to economic exchange, a social exchange relationship takes time to develop.

For traditional social exchange theorists such as Blau, the implicitness of the obligations, trust and continuity involved set social exchange apart from purely economic exchange. In contrast to specified commodities in economic exchange, the benefits involved in social exchange do not have an exact price and the obligations individuals incur are therefore defined only in general terms (Blau, 1964).

Furthermore, sometimes the benefits exchanged are valued primarily as symbols of the supportiveness and friendliness they express, and the underlying mutual support is the main concern for the exchange parties. Hence, if the recipient reciprocates the benefits received, this not only acts as a demonstration of his/her trustworthiness,

facilitating future exchange, but may also signal an attraction between the exchange partners. As Homans (1958) has suggested, the frequent interaction allowed by social exchange is sufficient to foster positive feelings between exchange partners regardless of the goods exchanged, provided that each actor benefits from the exchange relationship and has voluntarily chosen to engage in it (i.e. has alternative exchange partners).

2.3.2 The norm of reciprocity

The norm of reciprocity lies at the heart of social exchange theory and psychological contract theory. Broadly speaking, the norm of reciprocity implies that people should help those who have helped them, and people should not injure those who have helped them (Gouldner, 1960). In other words, the norm of reciprocity implies that “an individual who supplies rewarding services to another obligates him. To discharge these obligations, the second must furnish benefits in return” (Blau 1964: 89).

Simmel (1950) took the extreme view that the first kindness of a person can never be fully repaid, because it alone is a spontaneous gesture of goodwill, a pure gift, to another. According to Simmel, any future favour is prompted by the obligation to reciprocate. Meeker (1971) in turn notes that the norm of reciprocity does not provide the only universal principle of exchange. Other exchange principles include, for instance, rationality with the focus on maximizing gains; equity, according to which people try to get out of the exchange what they think they deserve on the basis of what they have put into it; distributive justice, according to which a person with higher investment deserves higher rewards; competition and rivalry, in which a person tries to obtain more than another person even at an absolute cost; and altruism and social responsibility, in which the goal is to help another person. These various principles of exchange should not be seen as exclusive; several can operate at once (Meeker, 1971).

What distinguishes reciprocity from all the other exchange rules is that it concerns what the two exchange parties contribute and invest in the exchange in relation to what they give, whereas the other principles focus either on what they get out of it or on what they contribute to it. Thus, the norm of reciprocity focuses on “the value of what is gotten in return or the obligations created in the exchange” between the exchange partners (Meeker, 1971: 487). Meeker (1971) argues that different types of exchange relationships may include an expectation of which exchange rules are appropriate to that particular relationship. Each exchange principle can be described

as a decision rule that guides the behaviour of the exchange partners. While rationality could be argued to be the dominant exchange principle in business relations (Meeker, 1971), in a social exchange relationship the dominant principle is reciprocation, as suggested by the norm of reciprocity.

Gouldner (1960: 169) argued that reciprocity is “the pattern of exchange through which the mutual dependence of people brought about by the division of labour, is realized”. Reciprocation can therefore be examined as a process that mobilizes individuals and channels their sometimes egoistic motives into the maintenance of social systems. Usually individuals are interested in maintaining a balance between their inputs and outputs and prefer to stay out of debt in their exchanges. Hence, reciprocity in exchange implies the existence of balancing forces that creates a strain toward equilibrium (Blau, 1964). While there is always a strain towards balance in social associations, reciprocity at one level necessarily creates imbalance at others. It therefore creates recurrent pressures for re-equilibrium and functions as a dynamic force for social change (Blau, 1964). Gouldner (1960) also refers to the issue of reciprocity imbalance, or in harsher terms exploitation, to describe an unequal exchange or exchange of goods of different value. The implications of a difference in the symmetry of reciprocity are essential in terms of the stability of the social system.

The issue of power is central to the process of reciprocity, and in particular with regard to reciprocity imbalance. As Gouldner (1960) states, reciprocation depends not only on the benefits received, but also on the power the recipient of the benefit holds relative to the giver. In line with this, Blau (1964) emphasises that individuals derive their power from the exchange relationship, essentially giving a relational definition of power. Specifically, Blau (1964: 117) conceptualizes power “as resting on the net ability of a person to withhold rewards from and apply punishments to others”. Individuals are interested, at least, in maintaining a balance between inputs and outputs and in staying out of debt in their social relations; hence the strain toward reciprocity. Driven by their ultimately rational aspirations, however, individuals are often interested in achieving a balance in their own favour and attempt to accumulate credit that makes their status superior and more powerful than that of their exchange partner; hence the strain toward imbalance. This is particularly the case in social exchange relationships characterized by lower levels of trust.

Gouldner's (1960) classic work recognized the existence of two different types of reciprocity, namely heteromorphic and homeomorphic reciprocity. The former occurs when the content of the exchange between two parties is different but equal in perceived value, and the latter where the content or the circumstances under which the benefits are exchanged are identical. Later, Sahlins (1972) conceptualized three different forms of reciprocity based on three dimensions: (i) immediacy of returns - the time by which the recipient needs to reciprocate in order to discharge the obligation, (ii) equivalence of returns - the extent to which exchange partners return the same resource, and (iii) interest - the degree to which exchange partners have an interest in the exchange process. From these three dimensions, Sahlins (1972) outlines three forms of reciprocity: generalized, balanced and negative. The generalized and balanced forms of reciprocity both capture a positive cycle of reciprocation, but describe very different exchange processes. Negative reciprocity is characterized by a taking orientation in which the exchange partners have opposite interests and attempt to maximize their own benefits at the expense of the other. Generalized reciprocity is characterized by altruistic orientation, where there is a lack of concern over the timing and the content of the exchange. Trust is essential in an exchange governed by generalized reciprocity, as the timing and content of the acts of reciprocity is not specified. Balanced reciprocity, on the other hand, is characterized by a *quid pro quo* approach to the exchange, implying a more businesslike relationship. As the exchange is driven largely by self-interest, it is not possible to rely on the goodwill of the exchange partner and honouring the exchange deals to the letter is necessary.

2.3.4 Schema and social cognition

In addition to social exchange theory and the norm of reciprocity, central to the conceptualization of the psychological contract is an individual's subjective perceptual cognition (Rousseau, 2001). Namely, the concept of the psychological contract captures the exchange partner's perceptions of the reciprocal exchange, not the real exchange as such. This perceptual cognition can be described as a schema regarding the employee-employer exchange (Rousseau, 2001; 2003). A schema can be defined as a cognitive structure or a mental model that represent one's knowledge about a given concept or stimulus domain, about its attributes and the relationships between these attributes (Fiske and Taylor, 1984). This knowledge is stored in an abstract form rather than as a collection of details and the information is organized in

a top-down fashion, in such a way that lower-level information is used to create a higher level of meaning, as related experiences accumulate. Consequently, a schema is a mental model of conceptually related elements that gradually develops from experience and guide an individual's interpretation of the surrounding social world (Fiske and Taylor, 1984; Harris, 1994). People may have schemas about other people (e.g. what is a typical doctor), about themselves (personality, appearance and behaviour) and events (an understanding of what typically happens on certain occasions).

Schemas guide the individual's perception of incoming information, the retrieval of stored information and the inferences based on that information so that it is relevant to and preferably consistent with the existing schema (Fiske and Taylor, 1984).

Consequently, a schema as organized generic prior knowledge enables individuals to function in a social world that could otherwise be paralyzing in its complexity. In other words, schemas make everyday life easier, as they help individuals to process information efficiently, fill in informational gaps, provide templates for problem-solving and facilitate the planning of future action (Harris, 1994). A perseverance effect is a major feature of a schema: schemas tend to persist stubbornly even in the face of contradictory evidence that could potentially prove them false (Fiske and Taylor, 1984). Consequently, individuals tend to ignore contradictory information or inconclusive evidence and attempt to reinterpret the information or evidence as if it supported the existing schema.

Though people tend to make the incoming information fit the schema rather than vice versa, schemas do change (Fiske and Taylor, 1984). While individuals can for most of the time rely on their schemas as 'habits of mind' and let them guide their interpretation and behaviour (Louis and Sutton, 1991), there are certain conditions that cause individuals to question their schema. When this happens, individuals switch to active and conscious thinking, which can be called sense-making. Sense-making refers to a retrospective conscious process that includes the use of prior knowledge to assign meaning to new stimuli that do not fully fit the existing knowledge (Harris, 1994). Consequently, unexpected events that are discrepant with the existing schemas may confront individuals' schemas and call for active sense-making and result in modifications in the existing schema structure (Luis and Sutton, 1991; Harris, 1994).

In summary, a closer review of the classical social exchange theory and the norm of reciprocity suggests that there are different types of social exchange relationships that all draw on the general principle of reciprocity. The specific form of reciprocity concerned, together with trust and power, plays a central role in distinguishing the different types of social exchange relationships. Theories of schema in turn suggest that schemas develop gradually, but once established tend to be rather stable. A discrepant event such as contract breach that contradicts the schema induces a sense-making process that may result in changes in the schema.

The following section will go on to evaluate and discuss the concept of psychological contract in the light of the above presented theoretical background.

2.4 Expanding the framework around the concept of psychological contract

2.4.1 A social exchange perspective to the contract

Following social exchange theory, psychological contract theory views the employee-employer exchange relationship as a cycle of conferring benefits and the norm of reciprocity represents the general key explanatory mechanism that underlines the concept (Rousseau, 1995; Coyle-Shapiro and Kessler, 2002). The extent to which employers fulfil their perceived obligations has consequences for the degree to which employees perceive and fulfil their obligations and engage in attitudinal and behavioural reciprocation. Similarly, the extent to which the employee fulfils his/her part of the deal influences what the employer contributes to the exchange relationship. As explained earlier, empirical studies have typically examined attitudinal and behavioural outcomes following employee perceptions of employer breach and taken these relationships as a demonstration of the functioning of the norm of reciprocity.

Psychological contract theory has built on Blau's (1964) distinction between economic and social exchange, which is loosely paralleled in psychological contract research with the commonly made distinction between transactional and relational contract types discussed earlier (Rousseau, 1989; 1995). That is, a transactional psychological contract is characterized by economic focus, limited personal involvement, a limited time frame, low flexibility and unambiguous terms readily

observable to outsiders, suggesting an economic exchange relationship. A relational contract type in turn is one where employees remain with the same employer for a long time, and where the terms are unspecified and change over time, thus containing an element of ambiguity. Although the distinction between a transactional and a relational contract may be appealing in its simplicity and clarity, empirical evidence is not fully supportive, as outlined in section 2.2.3.

Beyond the general assumption of reciprocity and potential individual differences in reciprocity tendencies, the norm of reciprocity has so far received very limited *explicit* attention in the psychological contract literature. In particular, psychological contract research has not elaborated on the qualitative differences in exchange relationships as implied by the different forms of reciprocity that may govern them, as explained earlier (Sahlins, 1972). On the one hand, the different forms of reciprocity have been found by recent research to indicate the quality of leader-subordinate relations as measured by concept of leader-member exchange (Van Dierendonck, Le Blanc and Van Breukelen, 2002; Uhl-Bien and Maslyn, 2003). The different forms of reciprocity also appear to predict perceived organizational support and employee commitment to the organization (Tetrick, Shore, Tsui, Wang, Glenn, Chen, Liu, Wang and Yan, 2004). The concept of the psychological contract may therefore not capture a single type of social exchange relationship between an employee and an employer, but a range of different types of exchange relationship that can be characterized by the reciprocity dimensions irrespective of the contents of the exchange. Given that Sahlins' reciprocity forms have already proven their usefulness in capturing the characteristics of the exchange relationship in the research on leader-member exchange, organizational support and commitment, it would therefore seem reasonable also to examine their role in psychological contracts.

As explained earlier, trust and power are central social exchange concepts. Like the norm of reciprocity, they have, however, received very limited attention in psychological contract research, with the exception of the studies on the relationship between trust and psychological contract perceptions by Robinson (1996), Robinson and Rousseau (1994) and Lo and Aryee (2003). These studies have indicated that a perceived breach undermines employee trust in the employer. However, the role of trust with reference to reciprocity remains unclear in psychological contract theory. In particular, trust may result from an exchange partner's reliable contractual behavior,

thereby inducing risk-taking and further giving in the exchange relationship. Indeed, social exchange theory suggests that trust differentiates a high-quality social exchange relationship characterized by shared interest in mutual benefits from a lower-quality exchange where the parties' behavior is mainly driven by economic interests (Blau, 1964). Consequently, perceived fulfillment of obligations by the exchange partner may influence the form of reciprocity underlying the exchange through the development of trust. Like trust, power and its influence on reciprocal attitudes and behaviors have received surprisingly little attention in psychological contract research, given that the role of power in reciprocity was already emphasized by Gouldner in 1960. The classical social exchange theorists described the exchange relationship essentially as a power game, where both parties act rationally, attempting to maximize their gains and minimize their costs (Blau, 1964).

Consequently, one way to address the calls for a greater development of psychological contract theory is to build on Sahlins' (1972) reciprocity forms, trust and power in combination with more recent work on social exchange in the sociological tradition. Recent social exchange theories distinguish between different types of exchange structures that all fall within the domain of social exchange (Emerson, 1976; Molm, 1994, Lawler, 2001). These four exchange structures are a) negotiated exchange, b) reciprocal exchange, c) productive exchange and d) generalized exchange. Negotiated exchange involves mutually contingent *negotiated* contributions in a dyadic exchange relationship. Dyadic reciprocal exchange in turn begins with a 'gift' which, if repaid, has the potential to start an exchange relationship, in which contributions are made without explicit agreement about the benefits (Lawler, 2001). This highlights the importance of trust in the exchange partner's reciprocity as a driving force in the evolving exchange relationship. Productive exchange refers to a person-group exchange, while generalized exchange describes an indirect exchange, in which benefits are reciprocated by a third party. Capturing implicit and explicit obligations in a continuous dyadic employee-employer exchange, a psychological contract therefore captures social exchange based on reciprocal and negotiated exchange structures, with consequential differences in the role of trust and agreement in the exchange. Specifically, negotiated exchange implies that the exchanges benefits have been mutually agreed and only a little trust is required for the exchange to take place, suggesting a balanced form of reciprocity in Sahlins' (1972) terms. Reciprocal exchange in turn lacks an explicit agreement and therefore involves a risk that the

benefits are not reciprocated. Hence, trust is the driving force of a reciprocal exchange characterized by what Sahlins would call generalized reciprocity.

As in the case of trust, power plays a different role in the reciprocal relationship, depending on its underlying structure. As a negotiated exchange includes clearer bargaining over transactions, a possible power advantage can be used more directly to an individual's benefit in the bargaining process than in reciprocal exchange. The more transactional nature of negotiated exchange also encourages monitoring and provides clear consequences to which the exchange partners can respond. On the other hand, reciprocal exchange leaves the outcomes open: when and what the other will reciprocate is unknown and the possibility of influencing the behaviour of the exchange partner is less than in negotiated exchange. The equality or inequality of the exchange is established over time on the basis of the ratio of the parties' individual giving, giving less space for power relations (Molm, Peterson and Takahashi, 1999; Molm, 2003).

Cropanzano and Mitchell (2005) note that the different exchange structures have been largely ignored in the social exchange models of organizational behaviour and recommend their incorporation. For example, psychological contract research has rather simplistically maintained the general distinction between economic and social exchange (transactional vs. relational contract) without considering the potential implications of reciprocal and negotiated exchange structures for psychological contract theory. Rather than focusing on the reciprocity norm as a broad moral principle of give-and-take, psychological contract theory and research may hence gain more explanatory power over the employee-employer exchange by integrating the reciprocity forms and exchange structures and by examining the influence of perceived trust, power and negotiation on reciprocity perceptions. Moreover, the reciprocity forms underlying the exchange relationship (rather than exchanged benefits and their interplay *per se*) may be important in advancing the understanding of the qualitative differences in exchange relationships and in explaining the attitudinal and behavioural changes following contract evaluations. In other words, what may matter most are the characteristics of the exchange relationship and the norm of reciprocity governing it rather than the actual goods and benefits exchanged.

2.4.2 The concept of psychological contract in the context of schema theories

As the psychological contract is about individuals' perceptions, the question arises of how it actually functions and influences the attitudes and behaviours of its beholder. In accordance with Rousseau's (2001) proposition of the cognitive basis for the psychological contract, the contract as a schema encompasses employee beliefs and understanding about the reciprocal nature of a typical employment relationship (Rousseau, 2001; 2003). The psychological contract schema starts to develop early in life when individuals develop generalized values about reciprocity and work, and these values are later influenced by family, school, peer group and interactions with working individuals (Morrison and Robinson, 2004). Consequently, even prior to entering the first employment relationship, individuals will have developed an understanding, i.e. a schema, of reciprocity and of what they should give and receive in an employment relationship. The schema influences how individuals interpret the cues and signals from their employer and colleagues, and is modified and developed as work experiences accumulate. Once the psychological contract schema of the reciprocal employee-employer exchange is formed, it tends to be rather robust and serves to interpret the incoming information from the employer, colleagues and other work-related sources and experiences in support of the existing schema (Fiske and Taylor, 1984).

As discussed earlier, beyond the effects of socialization on the development of the psychological contract schema, very little is known about how that schema is maintained and how it functions (Morrison and Robinson, 1997; Rousseau, 2001). Rousseau (2001) also notes that there is little knowledge about how established psychological contracts change. Typically individuals seek and pay greater attention to information that is consistent with their contract schema and fits into their schema rather than threaten it (Harris, 1994). This is because individuals strive for cognitive consistency and selectively focus on information that can be moulded into their existing schema. Only significantly discrepant information and unexpected events that clearly contradict the established schema call for active sense-making that may result in a modification of the existing schema structure (Luis and Sutton, 1991; Harris, 1994). Discrepant information is most likely to trigger active employee sense-making when the lack of fit between the existing schema and incoming information is undeniable, i.e. considerable, memorable and unambiguous (Fiske and Taylor, 1984).

Psychological contract breach, i.e. perceived employer failure to fulfil obligations, is an event that is likely to conflict with employees' existing schema of the reciprocal exchange relationships and therefore to trigger conscious employee sense-making with respect to the situation (Coyle-Shapiro and Conway, 2004). To some extent, a breach would not be perceived as a breach if the employee was able to interpret its occurrence within his/her existing schema. Therefore, breach can potentially offer a unique opportunity to shed more light on the psychological contract and the functioning of the norm of reciprocity as a schema regarding the employee-employer exchange relationship, as well as to provide new insights into the experience of psychological contract breach.

2.5 Research aims, questions and the empirical chapters

As this review of the psychological contract literature indicates, a large number of studies of the psychological contract have been published over recent decades. The review has, however, identified several gaps and shortcomings that the present thesis sets out to address. Despite its central role in psychological contract theory, the functioning of the norm of reciprocity and the role of different reciprocity forms remain unclear from both employer and employee perspectives. Similarly, the potential influence of exchange structures, trust, power and negotiation on reciprocity has been largely ignored. Relatively little is also known about how the psychological contract functions as a schema about the reciprocal employment relationship, and how the norm of reciprocity guides employee understanding of the exchange.

The thesis therefore aims to advance understanding of the role of reciprocity in the psychological contract from both employee and employer perspectives and to examine the relationship between the psychological contract and other central social exchange theory concepts such as exchange structures, trust, power and negotiation. To this end, Chapter 4 will quantitatively explore the relationships between employees' perceptions of psychological contract fulfilment and reciprocity forms, and how the negotiation of obligations and trust influence these relationships. Chapter 5 will continue by examining the behavioural and attitudinal outcomes of employee reciprocity perceptions, and the potential moderating role of power in these relationships.

Chapter 6 will turn to discuss the question of employer representation and examine theoretically the role of reciprocity in managers' perceptions of their psychological contract obligations and the fulfilment of these obligations. It will also include a small-scale quantitative study to test the hypotheses developed.

The second aim of this thesis is to extend existing knowledge of how the psychological contract functions as a schema, and how employees see the role of reciprocity in their exchange relationship with their employer in an event of perceived breach. To address this aim, Chapter 7 will undertake a qualitative study of employee sense-making in relation to perceived breach and explore what implications breach perceptions have for the psychological contract schema and the functioning of the norm of reciprocity. Table 2.1 presents an overview of the empirical chapters.

Table 2.1 Overview of the empirical chapters

Research questions	Chapter	Perspective	Methods
How do the different forms of reciprocity function in psychological contracts from the employee perspective? What is the role of trust and negotiation in the cycle of reciprocity?	Chapter 4	Employee	Quantitative comparative questionnaire design
What are the consequences of the different reciprocity forms in terms of employee behaviours and attitudes? What is the role of power in reciprocity and psychological contracts?	Chapter 5	Employee	Quantitative comparative questionnaire design
What contributes to managers' psychological contract perceptions and what is the role of reciprocity from the perspective of managers?	Chapter 6	Employer	Quantitative questionnaire design
How does the psychological contract functions as an employee schema of the exchange relationship? What is the role of reciprocity in the employee psychological contract schema?	Chapter 7	Employee	Qualitative interview study using critical incidents technique

Having reviewed existing literature on psychological contract and social exchange theories and identified the gaps, which the subsequent chapters aim to address, the next chapter will discuss the research methodology employed in terms of the research design, sample characteristics and data collection procedures used in the study.

CHAPTER 3 – METHODOLOGY

3.1 Introduction

3.2 On research paradigms and choice of research methods

3.3 Methodological approaches in psychological contract research

3.3.1 Quantitative approaches

3.3.2 Qualitative approaches

3.4 Rationale for research design in this study

3.5 Research setting

3.5.1 Public sector organization

3.5.2 Private sector organization

3.6 Survey design and data collection

3.6.1 Survey instruments

3.6.2 Content of employee surveys

3.6.3 Content of employer surveys

3.6.4 Pilot studies

3.6.5 Survey distribution

3.6.6 Response rate and sample characteristics

3.6.7 Analysis of survey data

3.7 Interviews

3.7.1 Sample characteristics and interview setting

3.7.2 Interview procedure

3.7.3 Analysis of interview data

3.8 Conclusion

3.1 Introduction

This study used both cross-sectional surveys and interviews to examine the role of reciprocity in psychological contracts from the perspectives of employee and managers in two knowledge-intensive Finnish organizations. This chapter will begin by discussing the epistemological and ontological issues that influence the choice of research methods. It will then briefly discuss methodological approaches typically adopted in the study of psychological contracts before explaining the rationale for the chosen research design in this study, involving both quantitative and qualitative methods. Next, the context of the two organizations in which data for this study were collected is discussed. This is followed by an explanation of the procedures used to collect the quantitative data. An overview of the questionnaire content will also be provided. Based on the data collected from the surveys, the response rate and the characteristics of the samples are then presented, followed by a brief description of the data analysis procedures. Finally, the interview procedure, sample and analysis will be briefly presented.

3.2 On research paradigms and choice of research methods

The choice of research methods, which typically centers on a debate on quantitative versus qualitative methods, is linked to assumptions about ontology, epistemology and human nature (Morgan and Smirchich, 1980). Adopting an extremely objectivist approach to social science, reality can be seen as a concrete structure. From this perspective, knowledge of the social world implies a need to understand this structure, giving rise to the epistemology of positivism and empirical analysis of concrete regularities and relationships in the external social world. Thus, the pursuit of knowledge is about the discovery of what is true and objectively exists in the world (Symon, Cassell and Dickson, 2000). Scientists, who operate within this positivist paradigm, derive knowledge in a *hypothetico-deductive* fashion by testing theoretically built models empirically with quantitative means (Brewerton and Millward, 2001). To some extent, the models derived from the theory are imposed on the 'real' world in the form of questionnaires, and the strengths of the correlations are taken to indicate the fit of the models. A quantitative research approach therefore

emphasises the quantifiable nature of the phenomena of interest and its central concerns include the predictive statistical powers, validity and generalizability of the findings. In other words, the researcher construes a view of the world (e.g. a view of how psychological contracts function) by connecting variables and measuring the correlations between these variables, and humans are assumed to behave in a 'cause and effect' manner (Symon et al., 2000).

At the other extreme, taking a highly subjectivist view, reality can be seen as a social construction or as a projection of human imagination (Morgan and Smirchich, 1980). The subjectivist view of the world emphasizes the importance of understanding the processes through which individuals concretize their relationship to their world. This implies that any form of objective knowledge is an illusion, and knowledge may be no more than "an expression of the manner in which the scientist as a human being has arbitrarily imposed a personal frame of reference on the world, which is mistakenly perceived as lying in an external and separate realm" (Morgan and Smirchich, 1980: 493). Consequently, from the subjectivist non-positivistic viewpoint, the aim of research is to understand the way in which humans shape the world and construct meanings in particular ways at particular times. From this perspective, the positivistic way of assessing validity is meaningless, and what is seen in quantitative research as erroneous and subjective becomes the fundamental research domain in qualitative studies (Dachler, 2000). In the non-positivist tradition, the researcher cannot be objective – rather he/she should reflexively be aware of his/her subjectivity (Symon et al., 2000). If it is accepted that the social world consists of open-ended processes and that human beings actively contribute to its creation (rather than only respond to it), the value of qualitative studies becomes more obvious. Qualitative research focuses on interpretation rather than on quantifications and seeks to characterize the rich, constructed and multi-dimensional nature of the social world by using a variety of different methods ranging from interviews to ethnography (Cassell and Symon, 1994). In the qualitative tradition, theory evolves in an *inductive* manner (Brewerton and Millward, 2001).

The large-scale quantitative surveys and laboratory experiments that dominate much of the study in organizational theory and behaviour stand as examples of the principle types of methods operating on objectivistic ontological and positivistic epistemological assumptions (Morgan and Smirchich, 1980; King, 2000; Symon et al.,

2000). Commonly, the quantitative and qualitative research paradigms and their respective methods have been viewed as confrontational and qualitative research has been judged by the positivistic ideal of objectivity in organizational theory (Dachler, 2000; Symon et al., 2000). Symon et al. (2000) attribute this to 'physics envy', where the use of non-positivistic methods is seen as threatening to the scientific status of work and organizational psychology. Some social scientists, however, argue that positivistic quantitative methods are not always appropriate in the study of psychological and social phenomena (Cassell and Symon, 1994; Symon et al., 2000).

Recently, more and more researchers have started to see the different paradigms as complementary rather than competing, whilst still adhering to their own epistemological assumptions. As Brewerton and Millward (2001: 12) posit, "the point is that debates about what constitutes valuable knowledge are limited in their utility, since this depends largely on what the question is and how it can be best answered or addressed". Moreover, researchers have noted that some organizational phenomena are particularly suited to qualitative examination (King, 2000) and that the turbulent nature of contemporary organizational life may not be comprehensible from a positivistic perspective (Länsisalmi, Peiró and Kivimäki, 2000; Rousseau and Fried, 2001). Rousseau and Fried (2001) also argue that the diversifying nature of work and work settings can have a significant effect on the underlying dynamics of the employment relationship, and therefore also on the research process and results. The demand for clean research models does not necessarily fit the messy realities of contemporary work and organizational life (Rousseau and Fried, 2001). Consequently, Rousseau and Fried (2001) recommend that researchers consider the role of contextual features that may impact or constrain what is studied.

3.3 Methodological approaches in psychological contract research

Though the seminal works of Argyris (1960) and Levison et al. (1960) that lay the foundation for psychological contract theory employed a qualitative approach (interviews) to collecting and analyzing data, contemporary research is largely survey-driven (Taylor and Tekleab, 2004; Conway and Briner, 2005), and stems from the positivistic paradigm. The majority of psychological contract studies have adopted a

cross-sectional quantitative approach, with a minority of studies using a longitudinal study design (e.g. Bunderson, 2001; De Vos, Buyens and Schalk, 2003; Sutton, and Griffin, 2004) and only a few having a qualitative design (e.g. Martin, Staines and Pate, 1998; Hubbard and Purcell; 2001). Conway and Briner (2005) note in their review of 56 recent psychological contract studies that 70 per cent used cross-sectional design, 20 per cent longitudinal design and 10 per cent qualitative methods.

3.3.1 Quantitative approaches

The majority of quantitative psychological contract studies have focused on measuring 1) the content/nature of psychological contracts and 2) employee perceptions of the extent to which the employer has fulfilled its part of the contract, and a set of outcomes (e.g. organizational citizenship behaviour, commitment and turnover intentions) associated with these (cf. Shore, Tetrick, Coyle-Shapiro and Taylor, 2004). Studies that have adopted the former approach have classified psychological contract dimensions in accordance with the two-dimensional framework (relational vs. transactional) proposed by Rousseau (1989), or developed a larger number of dimensions (Robinson and Morrison, 1997; Coyle-Shapiro and Kessler, 2000), or examined the features of psychological contracts (McLean Parks, Kidder and Gallagher, 1998). The second strand of research in turn focuses on evaluating the psychological contract in terms of the degree to which the psychological contract has been fulfilled, breached or violated. Generally, psychological contract breach/fulfilment has been assessed by asking about the extent to which specific obligations have been fulfilled, by calculating a discrepancy score for each perceived obligation and its fulfilment or by using a single global measure of assessment to evaluate the level of fulfilment in general terms (c.f. Conway and Briner, 2005). These studies typically use correlation and regression analyses to demonstrate the associations between perceived obligations and their fulfilment or violation and outcome variables such as affective commitment and exit intentions (e.g. Turnley and Feldman, 1998; Lo and Aryee, 2003; Tekleab, Takeuchi and Taylor, 2005). Others in turn link specific employee obligations to employer obligations and employer obligations to employee obligations in an attempt to capture the exchange process underlying the employment relationship (e.g. Coyle-Shapiro and Kessler, 2002; Taylor and Tekleab, 2003; Dabós and Rousseau, 2004).

Most of the quantitative study designs have been cross-sectional (e.g. Coyle-Shapiro and Kessler, 2000; Lo and Aryee, 2003; Sturges, Conway, Guest and Liefvooghe, 2005), though a few exceptions exist. For example, Bunderson (2001), De Vos, Buyens and Schalk (2002) and Tekleab, Takeuchi and Taylor (2005) collected their data using a longitudinal study design. As Conway and Briner note (2005), cross-sectional studies typically collect data from single large organizations and use self-report questionnaires. Though appealing to researcher and participants for reasons of time and cost, a cross-sectional study design limits the researcher's ability to offer causal interpretations based on empirical evidence, as data is collected at only one point in time. In longitudinal studies the participants are studied at several points in time, thereby allowing the researcher to describe patterns of change and the direction and magnitude of causal relationships between the studied variables (Menard, 1991). Due to the length of data collection, longitudinal designs have, however, several disadvantages and challenges. For example, gaining access to organizations is among some of the main challenges in longitudinal studies. Similarly, questionnaire design, results analysis and maintaining contact with the participants during the study period can be very costly in terms of time and resources. Participant attrition is a major disadvantage in longitudinal studies, typically leading researchers to repeat too few measurements in an attempt to avoid it. Similarly, the length of time between the surveys is often too long, because researchers try to avoid putting too much strain on the participating organizations (Conway and Briner, 2005).

3.3.2 Qualitative approaches

The potential of qualitative research to capture the complex nature of the psychological contract and examine the role of interpretation in exchange processes has recently been recognised by several authors (Rousseau and Tijoriwala, 1998; Rousseau 2001; Conway and Briner, 2002; Coyle-Shapiro and Conway, 2004), though only a small body of qualitative studies has been published (Hallier and James, 1997; Herriot, Manning and Kid, 1997; Hubbard and Purcell, 2001). These studies have mainly collected data using individual or focus-group interviews. For example, Herriot, Manning and Kid (1997), who were critical of the existing psychological contract measures and their a priori defined content terms, interviewed 184 employees and 184 organizational representatives using critical-incident technique in order to elicit the subjective content of the contract within the UK labour force. Specifically,

they asked respondents to recall incidents when the other party to the contract had exceeded or fallen below the behaviour expected. While the findings of this study did not provide radically different insights into the psychological contract, the critical-incident technique provided a means of tapping into the content of the contract without *a priori* assumptions about its terms.

A good example of research that has combined both qualitative and quantitative methods is a longitudinal case study by Martin, Staines and Pate (1998). The authors examined in detail one item of employer psychological contract, namely training. Following a survey that revealed the increased value employees had come to place on training, focus groups and individual interviews were used to examine why employees thought training had become such an important employer obligation. The authors point out that their findings from the survey and interviews differed significantly, particularly with regard to the relationship between training and career and promotion ambitions. The interviews showed that the increased demand for training had more to do with employee attempts to keep the current job and improve employability during redundancies than, as suggested by the survey, with career ambitions. While no method can claim access to the absolute truth, this study highlights the usefulness of the complementary perspectives provided by different methodological approaches.

3.4 Rationale for research design in this study

The dominance of cross-sectional survey design in psychological contract research is understandable, as it allows for the statistical testing of large numbers of variables and the measurement of many participants' reactions to specified items without the time and resource constraints of a longitudinal design. As each item has a limited set of answers, the results of statistical tests can be compared and analyzed statistically, the statistical powers of the tests evaluated and generalizations made (Black, 1999; Brewerton and Millward, 2001; Fowler, 2002). Moreover, as the majority of studies on the psychological contract have used quantitative measures and validated scales are available for most of the variables, the use of quantitative methods facilitates comparison not only among the participants and participating organizations, but also among findings across a number of studies. Sometimes a carefully designed survey

may be the only way to ensure the availability of the data needed to test complex models with a large number of variables (Fowler, 2002).

At the same time, psychological contract theory emphasizes that the contract is an individual and subjective construct – the interpretations of the promises and obligations that individuals perceive in their working environment are based on their schemas or on a mental model of their employment experiences (Rousseau, 2001). The parties to the exchange interpret and construe the exchange of benefits and the consequent obligations in accordance with their own schemas, the lenses through which they view working life. This implies that “different psychological contracts give rise to diverse interpretations of the same organizational events” (Rousseau, 2001: 524). For example, the same event (e.g. perceived breach) can have a different meaning to an individual depending on its timing. This suggests that the exchange processes within an organization may be more complex than is captured by survey research, involving more than causal relationships between pre-fixed variables and more than linear changes in perceptions and behaviours.

Understanding the cognitive basis for different exchange behaviours requires knowledge of how the exchange parties themselves interpret the exchanges assumed by psychological contract theory. The complex nature of exchange processes and the central role of interpretation in the process have recently been recognised by some authors (Rousseau, 2001; Conway and Briner, 2002; Coyle-Shapiro and Conway, 2004), yet the very nature of the diverse interpretations of the change process remains to be explicated. As Schutz (in Silvermann, 2000) points out, social science should focus on the ways that life – the world that everybody takes for granted – is experienced by its members. He (1964: 8, cited in Silvermann, 2000) cautions that “the safeguarding of [this] subjective point of view is the only but sufficient way to guarantee that the world of social reality will not be replaced by a fictional non-existing world constructed by the scientific observer. From this perspective, the scientific observer deals with how the social world is made meaningful”.

Consequently, both quantitative and qualitative study designs have their advantages and disadvantages, and they should be seen as complementary rather than competing

approaches. As the present study has set out to examine research questions that call for a) a test of theory-driven models consisting of a large number of hypotheses and b) an in-depth examination of employee understanding of reciprocity, it will benefit from the use of both quantitative and qualitative methods. Quantitative study will allow it to use existing measures to test theoretically designed models and specific hypotheses, evaluate the generalizability of the findings and compare the results to those of previous or forthcoming studies using the same or similar measures. Complementing the quantitative approach, qualitative study in turn makes it possible to explore employees' in-depth, individual, subjective and potentially complex psychological contract interpretations beyond the means of pre-fixed questionnaires. Consequently, this study will use:

ii) a cross-sectional survey design including two samples in order to test the proposed hypotheses, to compare results between the participating organizations and to take into account the potential impact of contextual factors on the interpretation of the results; and

ii) qualitative interviews to examine how employees make sense of a perceived event of perceived breach.

In addition to questionnaires and interviews, observations made during visits to the organizations, material provided by the organizations and discussions with the human resource managers aid the interpretation of both quantitative and qualitative results. A combination of qualitative and quantitative methods allows the researcher to 'get closer' to the subject of the study and enriches the study in ways that a single method would not allow (Brewerton and Millward, 2001). The data collected from different sources can also be used to assess the validity of findings from other sources. This idea is based on the principle of triangulation – using several sources of evidence to draw conclusions about a particular phenomenon (Yin, 1994).

The research design adopted in the present study therefore allows the combination of deductive (theory-driven) and inductive (more data-driven) approaches stemming from multiple research paradigms (Brewerton and Millward, 2001). The diverse representations are developed on purpose to inform each other and the outputs of one

paradigm-specific study provide inputs for the other study. Applying paradigm-specific lenses, the researcher can seek to grasp their disparate yet complementary focal points. As Grimes and Rood (1995) suggest, different paradigms can be treated as debating voices in search of common ground. It should therefore be emphasized that the purpose is not to search for the ultimately superior paradigm (and methods), but to examine the contributions of each and to seek a better understanding of the functioning of the psychological contracts in the participating organizations.

3.5 Research setting

Of the five companies initially contacted, three agreed to take part in the study and two participated in the research. As the third organization only agreed to interviews at a much later stage than the other two, it was concluded that the data collected from the two organizations would be sufficient for the purposes of this study. The headquarters of the two participating organizations were located in Southern Finland. One of them was a public sector organization and one a private sector organization. For reasons of confidentiality, the former will be referred to in subsequent chapters as Organization A, and the latter as Organization B.

Criteria for selecting the organizations included a) number of staff, b) location and c) knowledge-intensiveness. Regarding the number of staff, a minimum of 200 was set for the purposes of quantitative data analysis and statistical testing. For practical purposes it was important that the organizations were located not too far from each other. The study involved several trips to Finland and the proximity of the organizations facilitated the scheduling and arrangement of company visits. Knowledge-intensiveness was used as an additional criterion, as one of the purposes of this study was to examine reciprocity in contemporary organizations in which the much discussed new employment relationship and the need to advance understanding of the employee-employer relations would be particularly pronounced (Millward and Brewerton, 1999; Guest, 2004). Moreover, knowledge-intensiveness is increasingly influencing in one way or another all kinds of work in contemporary society (Cortada, 1998). While knowledge work has sparked a great deal of research in Finland and elsewhere (Castless and Himanen, 2001; Blom, Melin and Pyöriä, 2001), relatively

little empirical work has been conducted on how these employees perceive their employment deals, in particular from a social-exchange perspective (Roehling, Cavanaugh, Moynihan and Boswell, 2000).

The human resource manager in the private sector organization had a general interest in research as his wife was about to complete her PhD at the time I contacted him for the first time. In addition, he saw the project as an opportunity to complement the company's own internal staff surveys. Similarly, the Human Resource Management department of the public sector organization described their motive for taking part in the study as 'an interest in learning about new perspectives on human resource management'. Once the surveys had been collected and initial analyses run, reports of the findings were sent to both organizations. The public sector organization also invited me to give a presentation open to all staff, and to further discuss the results and their implications with the HR staff.

3.5.1 Public sector organization

The public sector organization that participated in the study promotes health and wellbeing by producing information and know-how in the field of welfare and health. Its basic functions are research, development and information services. The organization conducts national and international research, evaluation and monitoring in the field of social and health politics, on topics ranging from children's living conditions and alcohol policy research to the cost-effectiveness of health care. It also carries out local and regional consulting on health and wellbeing issues in Finland, and is involved in international development collaboration together with, for example, the European Union. Four-hundred and seventy people were employed in the organization at the time of the survey, in occupations ranging from administrative support staff to research professors. Approximately 74 % of the staff were women. The majority of the employees were highly educated (with doctorates).

3.5.2 Private sector organization

The private sector organization provides integrated information and communication solutions for a variety of customers, ranging from public sector organizations to international enterprises and associations. Its main products include engineering services, software solutions, training and consulting. At the time of the survey, the

company employed a total of 250 people. Approximately 25% of these were women and about 40% of them hold a university degree, mostly related to engineering or computer science. Most of the other employees have some form of technical training. The work is mainly project-based and tailored to the needs of customers, and the employees often work for long periods at customer premises. Prior to the distribution of the questionnaires, the company, like many others operating in the industry, had experienced a turbulent year. Despite temporary lay-offs, the company had however been profitable and taken over smaller competitors. Shortly after this study was carried out, the company merged with another and is currently a market leader in its field, employing over 800 staff.

3.6 Survey design and data collection

3.6.1 Survey instruments

As recommended by Fowler (2002), six preliminary interviews were carried out with employees from the participating firms at the beginning of the questionnaire development. The primary purpose of these discussions was to learn about the context and to compare the reality about which the respondents were answering questions with the concepts embedded in the study (i.e. to test the face validity of some the central assumptions of the study). Finally, four separate survey instruments were developed and used in this study. Survey Ia was distributed to the employees in the public sector organization and Survey Ib to the employees in the private sector organization. These surveys were nearly identical, but included some organization-specific items and measures. An example of an employee survey is included in Appendix A.1 (in English) and A.2 (in Finnish). Surveys IIa and IIb were distributed to the employer representatives in the participating organizations. Like the two employee surveys, these were almost identical. Furthermore, the employer surveys contained mainly the same questions as those asked of employees, but items were worded differently in order to capture the employer perspective. An example of a questionnaire for employer representatives is included in Appendix A.3 (in English) and A.4 (in Finnish). When possible, previously validated scales were used in order to

ensure the psychometric adequacy of the scales and to facilitate comparison between the results of earlier studies and of this study.

All the items in each scale used in the questionnaires, apart from those on the organizational affective and continuance commitment scales, were first translated from English into Finnish. Existing Finnish translations of the commitment scales were used to measure employee commitment. A random sample of the translated items was independently translated back into English by a native Finnish speaker who has completed her PhD in social psychology in the United Kingdom. This resulted in minor changes in the wording of some of the items. All the remaining items were discussed in detail with the independent translator to ensure that the translations were as accurate as possible.

3.6.2 Content of employee surveys

The surveys for employees contained measurements that assessed i) biographical information (e.g. gender, age, tenure, education), ii) psychological contract perceptions (employee and employer obligations), iii) reciprocity perceptions (balanced and generalized), iv) trust in the employer and power perceptions, as well as v) organizational behaviours and attitudes (affective and continuance commitment, satisfaction, voice and exit intentions).

In the biographical section, respondents were asked to provide demographic information (gender and age), indicate their educational level and give details of their employment situation (occupational group, contract type and union membership).

Employee perceptions of employer psychological contract obligations and employer fulfilment of obligations were measured with measures adopted from previous psychological contract studies (Coyle-Shapiro and Kessler, 2000; 2002; Guest and Conway; 2002). Similarly, employee perceptions of their psychological contract obligations and the fulfilment of these obligations were measured using ten items adopted from previous studies (Coyle-Shapiro and Kessler, 2002; Tekleab and Taylor, 2003). The respondents were asked to indicate the extent to which they perceived themselves as obligated and to which they believed that they had fulfilled their obligations. In order to analyse the data using the two samples, items that were particular to one organization were omitted. This included one item in the employee

psychological contract obligations and one in the employer psychological contract obligations. In the absence of an established scale to measure negotiation of employer and employee obligations, employees were asked to indicate the extent to which they agreed or disagreed that they had explicitly negotiated each of the fourteen employer obligations and ten employee obligations (presented above) with their employer.

Employee perceptions of generalized and balanced forms of reciprocity were measured using items developed by Tetrick, Shore, Tsui, Wang, Glenn, Chen, Liu, Wang and Yan (2004). At the time of the questionnaire design, these scales were the only existing balanced and generalized reciprocity scales known to the author. The authors developed and validated the scales in two US samples and in one Chinese sample in order to assess the universality of the norm of reciprocity. The results of the construct development and validation process supported the existence of different reciprocity types in all three samples.

Items developed by Allen and Meyer (1990) were used to measure employee affective and continuance commitment to the employer. Employee trust in the employer was measured using the scale developed by Robinson and Rousseau (1994) and later used by Robinson (1996). Although this scale does not differentiate between different bases for trust, it was chosen because of its use in prior psychological contract studies. Employee perceptions of power were assessed using items developed for this study. This was done in accordance with the conceptualization of power as a relational construct as suggested by social exchange theory (Emerson, 1962). Frequently used items developed by Rusbult, Farrell, Rogers and Mainous (1988) were used to assess employee voice and exit intentions.

All the items were answered on a five-point Likert response scale. The scales used are briefly summarized in Table 3.1, and their development and psychometric properties will be discussed in more detail in Chapters 4 and 5.

Table 3.1: Scales used in employee surveys (Survey Ia and IIb)

Scale name	Original Items	Items retained	Coefficient alpha		Scale description
			<i>Sample A</i>	<i>Sample B</i>	
Psychological contract					
Fulfilment of employer obligations	14	10	.89	.91	Extent to which respondents perceive that their employer has fulfilled its obligations
Negotiation of employer obligations	14	10	.88	.88	Extent to which respondents perceive that they have explicitly negotiated employer obligations
Fulfilment of employee obligations	10	8	.81	.76	Extent to which respondents perceive that they have fulfilled their obligations
Negotiation of employee obligations	10	8	.91	.90	Extent to which respondents perceive that they have explicitly negotiated their own obligations
Reciprocity					
Balanced form	5	3	.79	.72	Extent to which respondents perceive that their exchange relationship is characterized by equivalence of exchange benefits, fixed timing and self-interest
Generalized form	7	4	.62	.71	

Scale name	Original Items	Items retained	Coefficient alpha		Scale description
			<i>Sample A</i>	<i>Sample B</i>	
Trust in employer	6	4	.85	.85	Extent to which respondents report that they trust their employer
Perceived power	4	3	.74	.64	Extent to which respondents perceive that they have power
Commitment					
Affective	6	4	.77	.83	Extent to which employees report that they are committed to their employer
Continuance	6	3	.65	.78	
Exit	4	4	.85	.89	Extent to which employees report that they are considering to leave the organisation
Voice	5	3	.70	.60	Extent to which employees report that they will try or have tried to voice their concerns at the workplace
Satisfaction	2	2	.64	.68	Extent to which employees are satisfied with their employment relationship

3.6.3 Content of employer surveys

The surveys for employer representatives contained measures that assessed i) biographical information (e.g. gender, age, tenure, education), ii) perceptions of the psychological contract (employee and employer obligations), iii) perceptions of the organizational reciprocity norm (balanced and generalized), iv) reciprocity orientation in respondent-employee relationship, and v) trust in employees.

In the biographical section, respondents were asked to provide demographic information (gender and age), to indicate their educational level and to give details of their employment (occupational group, contract type and union membership).

The measures assessing respondents' perceptions of the psychological contract, of forms of reciprocity and of trust were largely the same as those used in the employee surveys (see section 3.6.2), but worded to capture the employer perspective. The reciprocity items developed by Tetrick et al. (2004) were worded to capture reciprocity in the organization in general. For example, the employee survey item "My employer's generous treatment makes me put forth my best effort" was worded in the employers' survey as follows: "A/B's generous treatment makes the employees put forth their best effort". Employer representatives' perceptions of reciprocity dimensions in their exchange relationships with their subordinates were measured using scales developed by Uhl-Bien and Maslyn (2003). The authors developed and validated these scales in order to capture immediacy, equivalence and interest in the quality of the manager-employee relationship.

Table 3.2 gives an overview of the scales used in the employer surveys. As in the employee survey, all the items were answered on a five-point Likert response scale. Chapter 6 will discuss in more detail the scale development and the psychometric properties of each scale.

Table 3.2: Scales used in manager surveys (Surveys IIa and IIb)

Scale name	Original Items	Items retained	Coefficient alpha	Scale description
Psychological contract				
Perceived employer obligations	14	13	.73	Extent to which respondents perceive that they are obliged to their employees
Fulfilment of employer obligations	14	13	.77	Extent to which respondents perceive that they have fulfilled their obligations
Fulfilment of employee obligations	10	9	.87	Extent to which respondents perceive that employees have fulfilled their obligations to the employer
Reciprocity				
Balanced	5	3	.53	Extent to which respondents perceive that the employee-employer exchange relationships are characterized by equivalence of exchange benefits, fixed timing and self-interest
Generalized	6	4	.70	
Trust in employees	4	4	.71	Extent to which respondents report that they trust employees
Reciprocity orientation				
Immediacy	3	2	} .79	Extent to which respondents report that their exchange relationship with employees is characterized by immediacy, equivalence, self-interest, mutual interest and other-interest
Equivalence	2	1		
Self-interest	2	1		
Mutual interest	3	3	} .71	
Other interest	3	1		

3.6.4 Pilot studies

A small-scale pilot study was conducted in each of the participating organizations in April 2004 before the main data collection commenced. The pilot studies were designed to pre-test the survey instruments and to ensure that the items were understood by the participants. Four randomly selected employees from each organization were asked to complete the surveys in advance of their distribution. In the private sector organization, the pilot test took the form of a focus group, allowing me to discuss the survey with the respondents after they had completed the questionnaires. The respondents from the public sector organization, who were asked to write their comments on the questionnaires, returned the surveys via mail. In addition, a convenience sample of five individuals who were not employed by either of the two participating organizations filled in the employee questionnaires. The main purpose of this pre-test of the employee survey was to ensure that the item wording and translations were appropriate in order to improve content validity, and to estimate the time needed for completion of the questionnaire (Fowler, 2002).

Feedback on the employer survey was provided by eight individuals from the public sector organization and two from the private sector organization. All these respondents were members of the Human Resource Management department or otherwise worked in a managerial role. The objectives of this pre-test were similar to those of the employee survey.

3.6.5 Survey distribution

The surveys of employees and employer representatives were conducted in the public sector organization in May 2004. Surveys were mailed out to all 430 employees and 40 employer representatives in the organization. Employer representatives were identified by the Human Resource Department as those who formally had supervisory and management duties. The questionnaires were distributed to respondents via the internal mail system. The surveys were accompanied by a cover letter assuring confidentiality, and indicating that the research was endorsed by the organization (see Appendix B.1&2 for the cover letter). Participants completed the surveys during their working hours and returned them in envelopes included in the survey via the internal mail system to the mail centre, where the letters were collected in a separate mailbox. A remainder email was sent by the Human Resource Management department on my

behalf a week after the initial survey distribution, encouraging the employees to fill in and return the questionnaires.

In the private sector organization, the surveys of employee and employer representatives were conducted in October 2004. All 220 employees and 32 employer representatives in the company received the survey. As in the public sector organization, the employer representatives were identified by the Human Resource Department as those who had formal supervisory and management duties. The questionnaires were distributed electronically. According to the human resources manager, this had been the custom in the organization for several years and paper surveys would be deemed old-fashioned and result in a low response rate. Every employee and employer representative was sent an email explaining the research project, ensuring confidentiality and indicating that the research was endorsed by the organization. The content of the email was nearly identical to the one sent to the respondents in the public sector organization. The email provided a link to an external web-site that contained the appropriate survey. While the use of electronic surveys may cause some concern about employee perceptions of confidentiality, the employees interviewed before the survey also stated that they preferred an electronic survey. A reminder email was sent a week later on my behalf (see Appendix B 3&4 for the reminder email). The electronic survey design was provided by the company and organized similarly to their annual internal surveys. Individual respondents were not identifiable, and the company had agreed to hand over the data to me in exchange for a comparative report of the main findings.

3.6.6 Response rate and sample characteristics

Employee samples

In the public sector organization, 196 employee surveys were returned, resulting in a response rate of 45.4%. The sample was reduced to 162, when unusable surveys and those with missing responses on individual items were omitted. The majority of the respondents were women (79.6%). The majority belonged to a trade union (88%). Participant ages ranged from 21 to 60, with an average age of 44.1 years. Sixty-nine point three percent (69.3%) the respondents had a university degree. Average tenure of the respondents in Organization A was 7.9 years.

In the private sector organization, 117 employees responded to the survey (response rate of 53.2%). Due to unusable surveys and missing responses, the effective sample size was 109. The majority of the respondents were men (72.8%) and over half of these belonged to a trade union (56.6%). Almost half had a university degree (45.2%). The age of participants ranged from 22 to 56, with an average age of 35.2 years. Average tenure for the respondents in Organization B was 4.7 years.

Manager sample

Of the 32 employer representatives, 27 responded to the survey in the private sector organization - a response rate of 84%. In the public sector organization, 22 of the 40 employer representatives filled in the survey (response rate of 58%). Due to the small sizes of employer representative samples, the two samples were combined to form one sample. The final effective sample size was 45 after those with missing responses on individual items were excluded.

More than half of the employer representatives (61.9%) who responded to the survey were women and nearly half of these belonged to a union (46%). The age of respondents ranged from 30 to 64, with an average age of 47.2 years. Average tenure for the employer representatives was 7.5 years. The majority of the employer representatives had a university degree (75.6%).

3.6.7 Analysis of survey data

As will be explained in Chapters 4, 5 and 6, hierarchical multiple regression analysis was used to test the hypothesized relationships between the study variables. This approach was deemed most appropriate given the large number of variables under investigation. To establish whether there were differences between employees in organizations A and B, two-tailed t-tests were employed in Chapters 4 and 5. Mediation was tested using the procedure recommended by Baron and Kenny (1986) and moderation was tested using procedures recommended by Aiken and West (1991). The analytic techniques used to test each of the hypotheses are discussed in detail in the chapters in which they are employed.

3.7 Interviews

To complement the questionnaires and to explore in depth individual interpretations of psychological contracts and reciprocity, qualitative interviews were carried out.

Contrary to the initial plan, the interviews were conducted in only one of the organizations because of reasons related to access.

3.7.1 Sample characteristics and interview setting

Fifteen employees from the private sector organization participated in the interviews in December 2004. Six of the participants were female. The length of tenure ranged from 6 months to 6 years, the average tenure being 2 years 7 months. Most of the participants were around 30 - 35 years old and had university degrees. Ten of the participants worked at the Jyväskylä office and five at the headquarters in Helsinki¹.

The employees at the headquarters were asked by the Human Resource Manager to participate in the interviews. We had agreed that he would select as representative a sample as possible in terms of age, tenure and gender from those employees who were able to participate (i.e. who were present at headquarters and not working at customer premises at the time). The human resource manager informed the employees at the Jyväskylä office about the interviews beforehand. On the days of the interviews I spent time in the coffee room and invited the employees to participate in the research as they came to have their breaks. Two of the invited employees declined, explaining that they were too busy with their work.

All the interviews took place in company time in quiet meeting rooms. The interviews were conducted in Finnish, and lasted from 20 minutes to 75 minutes, the average length being 46 minutes. Fourteen of the 15 interviews were tape-recorded and later transcribed, and notes were taken for the interview that was not recorded due to technical problems.

3.7.2 Interview procedure

This study used a critical incident technique (CIT) to examine how employees make sense of an incident where the employer is perceived to have breached the employee's

¹ The Company has offices in several locations: Helsinki, Jyväskylä, Kuopio, Tampere, Lappeenranta, Oulu and Pori, and outside Finland in Estonia and the United Kingdom

psychological contract. CIT can be defined as a qualitative interview procedure which facilitates the investigation of significant occurrences (in this study a breach) identified by the respondent and the way they are managed (Chell, 1998). The objective of CIT is to gain an understanding of the incident from the perspective of the individual, and to examine the attitudes, actions, feelings, emotions and understanding of the individual as s/he recalls these.

Before conducting the interviews, the interview protocol was tested in a pilot study of a convenience 'sample' of two individuals employed in a high-tech company similar to the private sector organization participating in this study. The purpose of these pilot interviews was to estimate the time needed for the interviews and to make sure that the content of the questions was clear (Brewerton and Millward, 2001). Whilst the interview protocol did not change as a result of the pilot interviews, it became clear that an interview on a negative experience such as a breach may encourage and enforce a negative view of the employer. Therefore, when introducing the interview for the actual interviewees, it was clarified that the purpose of the interview was not to present the company in a negative light and that the focus of the interview questions was to elicit information that was interesting from a theoretical viewpoint.

The interviews started with a few general questions that both provided demographic and background information about the participants and helped to create a relaxed atmosphere. The participants were, for example, asked to tell about their background, tenure and work in general. The interviewees were then asked to describe an incident when they thought their employer had failed to fulfil an obligation towards them. The subsequent questions invited the participants to tell more about the event and when it happened; what had happened prior to the event; what had happened afterwards; and how they had reacted and why. The main themes of the interview are shown in Table 3.3 and the complete interview protocol is included in Appendix C.1. Although each participant was asked broadly the same questions, the issues and areas of special significance to the participants were explored in depth and influenced the interview. As the goal of the interviews was to understand the perspective of the employees, it was important to clarify the meanings and interpretations that each participant provided rather than to lead the interview with a set of pre-fixed questions.

Table 3.3: Summary of interview protocol

Theme	Examples of specific questions
<i>Background information</i>	Can you tell me a little bit about your current job?
<i>The event of breach</i>	Can you tell as much about the event as you can remember? What was your immediate reaction?
<i>Prior the breach</i>	Did you anticipate the event? Why? Can you tell me about the reasons you think led to the event?
<i>After the breach</i>	Now that some time has passed since the event occurred, what do you think about it now? What seems most significant now that you look back? Why?
<i>Colleagues</i>	What did others think about it? Did your discussions with others influence what you thought about the event? How?
<i>Any other</i>	Anything else you would like to add?

3.7.3 Analysis of interview data

The procedure for analysis of the qualitative data followed template analysis as recommended by King (1998). Template analysis, which is also often referred to as thematic coding, consists of some initial codes drawn from the interview outline that are revised over and over again in the process of analysis. Template analysis was particularly suited to the purposes of this study, as the research questions and theoretical background provided an initial set of codes, yet the idiosyncratic events discussed by the participants demanded refinement of the coding frame during the analysis. A final template is a collection of codes that are organized hierarchically, with groups of similar codes grouped together to produce more general higher-order codes. Chapter 7 describes the interviews and the analysis in more detail, and the final template is included in Appendix C.2.

3.8 Conclusion

After having considered methodological approaches in psychological contract research, this chapter has presented the rationale and overview of the research design adopted in this study. It has also briefly discussed the questionnaires and the interview design used and described the research setting and sample characteristics. Some of the issues related to the research design and methodology will be explained in more detail throughout the thesis in the relevant chapters.

The following four chapters will now present the results, beginning with the role of different exchange structures and reciprocity in employee psychological contract perceptions.

CHAPTER 4 – PERCEIVED PSYCHOLOGICAL CONTRACT FULFILMENT AND THE FORMS OF RECIPROCITY

4.1 Introduction

4.2 Exchange structures, reciprocity and the psychological contract – review of the theory

4.2.1 Exchange structures

4.2.2 Negotiated and reciprocal exchange structures

4.2.3 Exchange structures and the forms of reciprocity

4.3 Hypotheses

4.3.1 Negotiation of psychological contract obligations and the forms of reciprocity

4.3.2 Negotiation of obligations and employee trust in the employer

4.3.3 Perceived employer fulfilment of psychological contract and the forms of reciprocity

4.3.4 The mediating role of trust

4.4 Method

4.4.1 Sample

4.4.2 Measures

4.4.3 Analysis

4.5 Results

4.5.1 Factor analysis

4.5.2 Descriptive statistics

4.5.3 Main effects

4.5.4 Mediating effects

4.6 Discussion

4.6.1 Antecedents of trust in the employee-employer exchange

4.6.2 Balanced reciprocity as the underlying exchange principle

4.6.3 Generalized reciprocity as the underlying exchange principle

4.7 Limitations

4.8 Future research

4.9 Conclusions

4.1 Introduction

The norm of reciprocity plays a central role in psychological contract theory, providing the underlying explanatory mechanism to explain the consequences of how an individual responds to his/her perceptions of psychological contract fulfilment or breach (Rousseau, 1995). Supporting this assumption, the empirical studies have repeatedly demonstrated the adjustments in employee attitudes and behaviours following employer fulfilment or breach of obligations (Coyle-Shapiro and Kessler, 2000; Turnley and Feldman, 1998; 1999a). This relationship between employer and employee contractual behaviour is hence taken to demonstrate reciprocity as a broad moral principle of give-and-take in exchange relationships. However, psychological contract research has recently been criticized for lacking theoretical rigour and for abandoning its roots in social exchange theory (Guest, 1998; Lambert, Edwards and Cable, 2003). In particular, limited explicit attention has been given to the role of reciprocity both in empirical studies and in theory development. Moreover, recent studies on leader-member exchange, drawing on social exchange, have demonstrated the value of examining the types of reciprocity in an attempt to advance understanding of leader-subordinate relations (Sparrowe and Liden, 1997; Van Dierendonck, Le Blanc and Van Breukelen, 2002; Uhl-Bien and Maslyn, 2003).

The primary aim of this chapter is therefore to evaluate one of the fundamental assumptions underlying psychological contract theory - the assumption of reciprocity. Specifically, this chapter examines how employer behaviour, as captured by perceived psychological contract fulfilment, influences employee perceptions of the type of reciprocity underlying the exchange relationship. This is accomplished by drawing on the classical theorizing of social exchange and reciprocity (Gouldner, 1960; Blau, 1964; Sahlins, 1972) and on contemporary theories of social exchange structures (Lawler 2001; Molm, 2003). Reciprocity can be seen as a continuum of different forms depending on the underlying exchange structure in the relationship, and includes balanced and generalized forms of reciprocity. The former captures an exchange based on an identifiable series of agreed transactions, whereas the latter is characterised by an open-ended exchange of unspecified benefits (Sahlins, 1972). Employer behaviour in the exchange, as captured by the perceived fulfilment of psychological contract

obligations, can signal to employees the form of reciprocity that underlines the employee-employer exchange relationship.

The second aim of this chapter is to examine relationships between employee trust in the employer, the negotiation of obligations, psychological contract perceptions and types of reciprocity. Although trust and negotiation are central concepts in social exchange theory and a number of sociological studies have explored their role in reciprocity (Molm, 1994; Lawler and Yoon, 1996; Molm, Takahashi and Peterson, 2000), limited attention has been paid in psychological contract research to trust (for exceptions, see Robinson and Rousseau, 1994; Robinson, 1996; Lo and Aryee, 2003). Moreover, the role of negotiation has hardly been acknowledged in psychological contract theory, although social exchange theory suggests that it influences the structure of the exchange relationship and its underlying reciprocity principle (Molm, 1994). Making explicit deals and agreements about the exchanged benefits can encourage surveillance and monitoring in the exchange and thereby hinder the development of a trusting relationship (Lawler, 2001). Therefore, this chapter explores how negotiation and employee trust in the employer influence the underlying form of reciprocity in a psychological contract.

This chapter will start by introducing the theoretical background on exchange structures and reciprocity, drawing on classical and more recent theories of social exchange (Blau, 1964; Lawler, 1992; Molm, 2003). It will then move on to discuss the hypothesised relationships between the negotiation of obligations, employee trust in the employer, perceived psychological contract fulfilment and employee perceptions of the forms of reciprocity. This is followed by a presentation of the results and a discussion of the findings.

4.2 Exchange structures, reciprocity and the psychological contract – review of the theory

4.2.1 Exchange structures

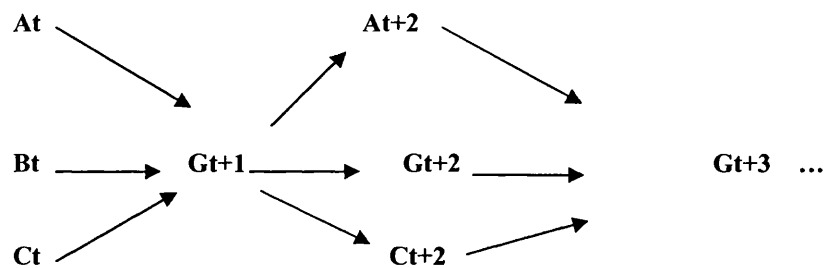
While a structure of reciprocal dependence is a defining characteristic of all social exchange relations (Molm, 1994), psychological contract theory has given little consideration to what kind of exchange structure and forms of reciprocity may underlie the psychological contract. Psychological contract theory mainly draws on the work of Blau (1964), who distinguished between two types of exchange relationship: economic and social exchange. According to Blau (1964), economic exchange consists of obligations that are specified in a formal contract upon which the exchange relationship is based. On the contrary, social exchange involves unspecified obligations. As there is no explicit contract, social exchange requires trust in the exchange partner in order for the benefits to be reciprocal. In other words, for Blau (1964) the main difference between social and economic exchanges is related to the extent to which each party's obligations are specified in the exchange relationship.

Contemporary social exchange theories, however, specify four types of social exchange structure, which are all based on reciprocal dependence, but which differ with regard to continuity and directness in the exchange (Molm, 1994; Lawler, 2001). These four exchange structures are a) productive exchange (combining resources to produce a joint good, involving a common target and source of benefits, e.g. a collective endeavour); b) generalised exchange (providing unilateral benefits to one member while receiving benefits from another member or members); c) negotiated exchange (negotiating an explicit agreement on the exchanged benefits); and d) reciprocal exchange (sequential, often tacit giving of benefits across time) (Lawler, 2001). These exchange structures are presented in Figure 4.2 below. Productive exchange is a person-to-group exchange, which can be described as a relation of mutual interdependence: outcomes for the individual depend on some combination of his/her own behaviour and that of several other members of the group (Molm, 1994). For example, employees may decide together to organise a weekend skiing trip. Nobody's contribution is directly targeted at a particular beneficiary, but everybody benefits from the group effort. Generalised exchange is an indirect form of exchange, i.e. the recipient of benefits returns the favour to another actor, not to the initial giver.

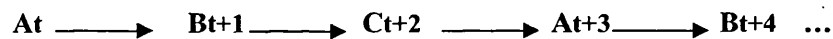
For instance, a researcher reviews an anonymous conference paper, but knows that another researcher will comment on her paper. Negotiated and reciprocal exchanges are direct forms of person-to-person exchange. In direct forms of exchange, i.e. negotiated and reciprocal exchange, outcomes for the individual depend solely on the behaviour of the exchange partner and it is therefore characterised by mutual dependence.

Figure 4.1: Four different social exchange structures
(Lawler, 2001)

1. Productive exchange (indirect)



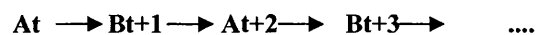
2. Generalized Exchange: (indirect)



3. Negotiated Exchange: (direct)



4. Reciprocal Exchange: (direct)



Note: A, B, and C refer to actors and G to group product.

The social exchange structures presented in Figure 4.1 above can be differentiated from economic exchange in terms of continuity between the transactions. Economic transactions are typically independent events: subsequent transactions are unaffected by prior ones, i.e. the exchange does not have nor does it develop a history. In social exchange, there is continuity in the exchange since the transactions are serially dependent. This is a point worth noting, as it is what makes social exchange *social*. An exchange relationship takes on additional attributes (e.g. trust and interpersonal

attraction) when parties exchange benefits over a period of time, unlike an encounter without history, such as economic exchange (Emerson, 1976). Yet for classical exchange theorists such as Blau (1964), negotiated exchange would be categorized as an economic exchange since the obligations are specified. As explained earlier, for Blau social exchange entails only unspecified obligations. While both economic and negotiated exchange structures indeed appear to consist of independent transactions, contemporary social exchange researchers include negotiated transactions in the scope of social exchange. There is continuity between transactions and the actions of one party are seen as contingent on the actions of the other. Continuity of the exchange relationship therefore creates dependency between the exchange partners and it is this that differentiates a negotiated exchange relationship from Blau's (1964) economic exchange transactions (see Figure 4.2) (Molm, 1994).

Figure 4.2: Comparison between economic and direct social exchange structures (Molm, 1994)

A. Economic exchange, independent transactions:



B. Direct forms of social exchange, serially dependent transactions:

1. Negotiated Exchange: $[A1 \leftrightarrow B1] \rightarrow [A1 \leftrightarrow B1] \rightarrow [A1 \leftrightarrow B1]$
2. Reciprocal Exchange: $A \rightarrow B \rightarrow A \rightarrow B \rightarrow A \rightarrow B$

In empirical research, a psychological contract has been operationalised as a direct exchange relationship between an employee and an immediate manager/senior manager, or an employee and an employer, and therefore indirect exchange structures discussed earlier have not been of relevance to psychological contract theory. By definition, an employment relationship translates into continuous exchanges characterised by dependency between the exchange dyad, in contrast to one-off sales transactions stemming from an economic exchange structure (Marsden, 1999). This suggests that psychological contract theory assumes an a) direct and b) continuous social exchange relationship between the two exchange partners - employer and employee, either in a transactional or relational form. Therefore, as demonstrated in

Table 4.1, further examination of the negotiated and reciprocal social exchange structures and their implications for the reciprocity principle can advance understanding of the functioning of the psychological contract in the employee-employer exchange.

Table 4.1: Summary of exchange structures along the dimensions of continuity and directness

	Continuity	Directness
Reciprocal exchange	Yes	Direct
Negotiated exchange	Yes	Direct
Productive exchange	Yes	Indirect
Generalized exchange	Yes	Indirect
Economic exchange	No	Direct

4.2.2 Negotiated and reciprocal exchange structures

The distinction between negotiated and reciprocal exchange rests on two key dimensions: 1) the contingency of outcomes for the parties on joint action or on another's action, and 2) the parties' information about another's reciprocation (Emerson, 1981; Lawler, 1992). In negotiated exchange, each actor's consent is necessary for the exchange to materialize because of the explicit agreement. In other words, the flow of benefits is bilateral – neither party can benefit without an agreement that benefits both, however unequally. Therefore, both parties feel a high sense of responsibility for fulfilling their part of the exchange deal and the success of the exchange requires joint effort. On the other hand, when the exchange is reciprocal, actors initiate exchanges individually by performing a beneficial act for another without any assurance of a return (Molm et al., 2000; Molm, 2003). The outcome for each therefore depends on the other's behaviour, over which s/he has little control. The contributions of each actor are separable and distinguishable and there is a time lapse between giving and receiving (Lawler, 1992). Consequently, there is a risk that the benefits may flow unilaterally.

The second dimension of the distinction between negotiated and reciprocal exchange follows partly from the first. As the negotiation of agreements requires communication, the parties know what they are getting in return for what they are giving, whereas in reciprocal exchange the benefits are given without knowledge of whether and when the other will reciprocate (Molm, Peterson and Takahashi, 1999; Molm, 2003). Reciprocal exchange, in Emerson's (1981) terms, involves sequential non-negotiated, unilateral rewards that are provided without an agreed return. In other words, discrete transactions are difficult to identify and the exchange is based on tacit informal understanding of appropriate exchange items. Hence, providing benefits to another at a given point creates an implicit obligation to reciprocate, but what is to be given in return, how and when, is left open.

Reciprocal exchange entails higher uncertainty and risk in giving benefits unilaterally while receiving little or no return (Molm et al., 2000). Trust in the partner to reciprocate is therefore essential for a reciprocal exchange to develop. On the other hand, in negotiated exchanges the parties engage in decision making processes about the benefits, such as explicit bargaining (Molm et al., 1999). The terms of the exchange are agreed and constitute discrete transactions. Only a little trust is therefore needed for the transaction to take place. The only source of uncertainty is the bargaining process itself. However, once the terms are agreed, much of the uncertainty is eliminated. The terms of the agreement may be unequal and unsatisfactory to one or both parties, but unless both benefit more from the exchange than from any alternatives, the exchange will not take place (Molm et al., 2000).

4.2.3 Exchange structures and the forms of reciprocity

While negotiated and reciprocal exchange structures both capture the functioning of the norm of reciprocity, the type of reciprocity differs. An exchange rule such as the type of reciprocity is a normative definition of the situation that *forms among* or is *adopted by* the participants (Emerson, 1976). The goods (or behaviours or attitudes) exchanged in social exchange signal the type of relationship that the exchange partners wish to be engaged in (Haas and Deseran, 1981). Therefore, the exchange parties are interested in the symbolic value of the exchanged benefits and the exchange pattern, and not only in the utilitarian value, thereby orienting themselves towards the construction and maintenance of the relationship. In other words, the benefits exchanged and their flow can be seen to express the underlying type of

reciprocity (McAllister, 1995). The work of Sahlins (1972) specified different types of exchange based on different forms of the general moral principle of reciprocity, and these explain the differences in the exchange orientation. As Sahlins puts it, “reciprocity is a whole class of exchanges, a continuum of forms” (1972: 191). According to Sahlins, the forms of reciprocity can be detailed by examining different dimensions of reciprocity, namely the equivalence of the returns, the immediacy of returns and the degree and nature of interest of the exchange parties in the exchange.

Immediacy of returns captures the timing within which the recipient must reciprocate in order to discharge his/her obligations. It can range from an instantaneous expectation to reciprocate to an indefinite one. In other words, low immediacy of returns reflects reciprocity at some unspecified point in the future whereas high immediacy demands nearly immediate reciprocation. Equivalence of returns specifies the extent to which the value of the exchanged items has to be comparable, ranging from one-to-one correspondence to complete divergence between the benefits. High equivalence refers to the reciprocation of equal or comparable benefits. On the other hand, low equivalence involves an exchange in which less importance is placed on the value of the exchanged items. The interest dimension of reciprocity reflects the nature of the exchange parties’ involvement in the exchange process. It can vary from total self-interest to altruistic concern for the exchange partner (Sahlins, 1972).

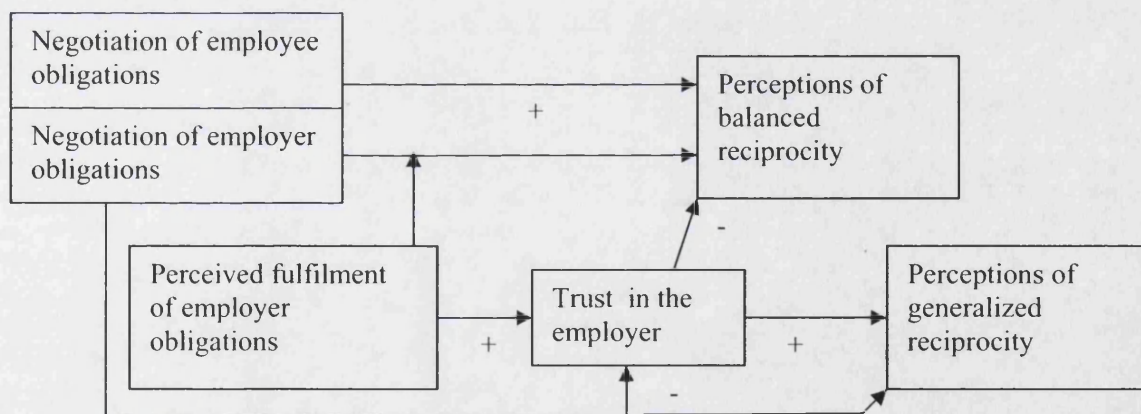
The dimensions of immediacy, equivalence and interest can be used to describe generalized and balanced forms of reciprocity (Sahlins, 1972). Generalized reciprocity underlines an exchange in which the equivalence and timing of returns is of less importance and the interest of the exchange partner can be described as somewhat altruistic (Sparrowe and Liden, 1997). There is no assurance of returns and no information about when benefits will be reciprocated. Hence, generalized reciprocity requires a certain degree of trust in the exchange partner. Examples of generalized reciprocity would include help and hospitality offered to another. Generalized reciprocity as an underlying principle of a psychological contract therefore suggests an open-ended exchange with a variety of unspecified obligations and a reciprocal exchange structure. While an employee-employer exchange is unlikely to be driven solely by altruistic motives, Uhl-Bien and Maslyn (2003) suggest that individuals’ engagement in the exchange may be driven by more than one motive. That is, an individual may be interested in a mutually beneficial work-based exchange

relationship, yet express some altruistic tendencies, if the exchange norm is generalized. On the contrary, balanced reciprocity is characterised by fixed timing and the exchange of benefits of equal value, and reflects either self-interest or mutual interest between the exchange partners. Balanced reciprocity implies stricter accounting of the exchanged benefits than generalized reciprocity (Sahlins, 1972). The material side of the transaction is at least as important as the social, if not more. Hence, balanced reciprocity implies negotiated exchange structure and is more similar to the principles of economic exchange as outlined by Blau (1964).

4.3 Hypotheses

This section will present the hypotheses depicted below in Figure 4.3. It will start with a discussion of negotiation of obligations and its relationship with forms of reciprocity and trust. It will then move on to investigate the relationships between psychological contract fulfilment and forms of reciprocity and the potential role trust plays in these relationships.

Figure 4.3: Proposed relationships between the study variables in Chapter 4



4.3.1 Negotiation of psychological contract obligations and the forms of reciprocity

Molm et al. (2000) argue that in the context of work most exchange is negotiated. Employment relationships usually start with and involve negotiated deals and concern about balance in the exchange (Molm, 1994). When negotiating deals, employer and employee have an agreement and both are assured to benefit (fairly or unfairly) from

the bilateral flow of benefits. For instance, an employee produces a certain contribution in exchange for an agreed level of pay and benefits; a promotion is agreed in exchange for participation in training; extra holidays are negotiated in exchange for working over a weekend etc. Negotiated obligations can result, for example, from agreements at the time of recruitment, performance appraisals, organizational rules, goal setting, organizational restructuring or budget planning.

A negotiated exchange structure implies the principle of the balanced form of reciprocity. When negotiating, the exchange partners are usually driven by self-interest and attempt to bargain for as good a deal as possible. Therefore, the exchange partners are also concerned about the equivalence of the exchanged benefits. An explicit agreement about the exchange provides assurance for the exchange partners and they know what they are getting in return for their contribution. An agreement also facilitates the monitoring of the exchange and requires timely reciprocation because of the lack of trust in the exchange partner (Sparrowe and Liden, 1997; Lawler, 2001). For example, Turnley and Feldman (1999b) note that explicitly made promises regarding psychological contract obligations may invite more vigilant monitoring. It is therefore hypothesised that the negotiation of employee and employer psychological contract obligations will be positively related to employee perceptions of balanced reciprocity as the underlying exchange form.

Hypothesis 1a: Negotiation of employer psychological contract obligations will be positively associated with employee perceptions of the balanced form of reciprocity.

Hypothesis 1b: Negotiation of employee psychological contract obligations will be positively associated with employee perceptions of the balanced form of reciprocity.

Obligations stemming from a reciprocal exchange structure governed by generalized reciprocity are in turn non-negotiated and implicit (Sahlins, 1972; Lawler, 1992). The benefits are not agreed, but given voluntarily without any assurance of returns. Therefore, trust in the exchange partner is important (Blau, 1964). Working extra hours to help out the supervisor, participating in training on one's own time to improve skills, receiving an extra day off to take care of a child who is ill and having

free coffee and biscuits are examples of reciprocal obligations based on an implicit expectation and trust that these actions will be reciprocated – though how and when this will be done is not determined. Negotiation of employee and employer obligations in turn is likely to introduce economic exchange elements and to increase accounting of the exchange, thereby transforming the exchange structure to that of negotiated exchange. Negotiation of obligations is therefore likely to undermine employee perceptions of generalized reciprocity as the exchange principle.

Hypothesis 2a: Negotiation of employer psychological contract obligations will be negatively associated with employee perceptions of the generalized form of reciprocity.

Hypothesis 2b: Negotiation of employee psychological contract obligations will be negatively associated with employee perceptions of the generalized form of reciprocity.

4.3.2 Negotiation of obligations and employee trust in the employer

Trust involves a willingness to be vulnerable and a risk that the exchange partner will not reciprocate (Whitener, Brodt, Korsgaard and Werner, 1998): an attribution of trust is not made unless the situation entails a risk (Kelley and Thibaut, 1978). Indeed, the proposition that risk generates trust is one of the most longstanding hypotheses in social exchange theory (Molm, 1994). For instance, Blau argued in 1964 that obligations that are not immediately repaid strengthen a relationship, as they allow the demonstration of trust. As negotiated obligations provide the exchange partners with assurance about the benefits they will receive, they remove the risk that unspecified obligations entail and that is necessary to demonstrate trustworthiness. Hence, negotiation of obligations does not convey the same message of trust and care in the exchange partner as the fulfilment of unspecified obligations.

Further, negotiating exchange terms as such makes the monitoring of the balance desirable, as greater emphasis is placed on controlling the receipt of the agreed benefits rather than trusting that eventually balance will be achieved. As Lawler (2001) notes, when exchanges are explicit and negotiated, comparisons with the exchanges of others and with competing offers are easy to make. Exchange partners

tend to be more sensitive to departures from what was agreed. Therefore, negotiation of obligations that may initially be aimed at providing assurance for the exchange partners and removing the risk of unilateral giving can in fact increase watchfulness over the exchanged benefits and thereby undermine the basis for trust (Molm et al., 2000).

Hypothesis 3a. Negotiation of employer obligations will be negatively associated with employee trust in the employer.

Hypothesis 3b. Negotiation of employee obligations will be negatively associated with employee trust in the employer.

While negotiating psychological contract obligations as such may negatively influence employee trust in the employer, the *fulfilment* of negotiated obligations should, however, contribute to the gradual development over time of trust between the exchange partners. As Shapiro (1987: 625) suggests: “Typically... social exchange relations evolve in a slow process, starting with minor transactions in which little trust is required because little risk is involved and in which partners can prove their trustworthiness, enabling them to expand their relations and engage in major transactions”. In other words, trust develops over time as the exchange partners demonstrate their trustworthiness in a continuing successful relationship (Wech, 2002). While this is particularly so when obligations are non-negotiated and the exchange structure is reciprocal, repeated successful ‘exchange transactions’ can also reduce uncertainty in bargaining in a negotiated exchange. When partners who have a series of successful exchanges behind them negotiate, agreements can be reached less formally. Similarly, ‘credit’ may be allowed more easily if one of the exchange partners has difficulties in fulfilling his/her part of the deal. For instance, an employee may be more willing to agree to a temporary increase in working hours when the company is going through a busy time without knowing how and when this will be reciprocated *if* s/he has positive experiences of similar ‘deals’ with the organization in the past. That is, because of the past successful experiences the employee can trust that s/he will not be taken advantage of.

Consequently, it is hypothesised that the earlier proposed negative relationship between negotiation of employer obligations and employee trust in the employer will be influenced in the following way by perceived employer fulfilment of obligations:

Hypothesis 4: Perceived employer fulfilment of psychological contract obligations will moderate the negative relationship between the negotiation of employer obligations and employee trust in the employer in such a way that the relationship will be weaker when employees perceive that the employer has fulfilled its obligations to a greater extent.

4.3.3 Perceived employer fulfilment of psychological contract and the forms of reciprocity

According to Emerson (1976), a reciprocal exchange pattern forms among or is adopted by the participants in the exchange. Meeker (1971) specifies that the pattern of reciprocity stems from the past exchange. Social exchange theory suggests that there is a general tendency for relationships to move towards generalized reciprocity barring any events that interrupt the cycle of reciprocation (Sahlins, 1972). In other words, successful exchanges between the exchange partners may facilitate the move over time from balanced reciprocity to generalized reciprocity. Therefore, employee perceptions of employer fulfilment of obligations should signal to the employee that the employer is committed to and willing to invest in and continue the exchange relationship. Further, employer fulfilment of obligations demonstrates a generous approach and highlights the promised inputs which the employer is willing to contribute to the exchange. It proves that the employer can be considered trustworthy and conveys a sense of employer trust and interest in the employee. It implies that the employer is willing to take the risk of mutual dependency. The employee's perceptions regarding the underlying form of reciprocity in the exchange should therefore follow the signals suggested by employer behaviour. Consequently, perceived employer fulfilment should contribute to the adoption and formation of generalized reciprocity as the exchange principle in the employee-employer exchange.

Hypothesis 5: Perceived employer fulfilment of obligations will be positively associated with employee perceptions of the generalized form of reciprocity in the exchange relationship.

As successful exchanges between the exchange partners may facilitate the move over time from balanced reciprocity to generalized reciprocity, perceived employer fulfilment of obligations should have a negative influence on perceptions of balanced reciprocity. Moreover, research on psychological contract breach indicates that employees with a history of psychological contract breach are more likely to view their psychological contracts in economic terms (Lo and Aryee, 2003). Previous research on psychological contract violation has also shown how violation reduces employee trust in the employer (Robinson, 1996; Lo and Aryee, 2003). These results suggest that psychological contract breach undermines the generalized form of reciprocity for which trust is essential, eventually leading employees to watch over their investments and to monitor closely the balance in the relationship (Lo and Aryee, 2003). For example, if the employer did not previously fulfil the perceived obligation to grant extra time off and did not understand when deadlines were not met for a reason, the employee would be careful to consider how and when working overtime would be repaid rather than trusting in long-term unspecified reciprocation. Therefore, it is hypothesised that employee perceptions of employer fulfilment of psychological contract will have a negative relationship with employee perceptions of balanced reciprocity.

Hypothesis 6: Perceived employer fulfilment of obligations will be negatively associated with employee perceptions of the balanced form of reciprocity in the exchange relationship.

4.3.4 The mediating role of trust

Kramer (1999) notes that empirical research on the development of trust has convincingly demonstrated that perceptions of trustworthiness and willingness to engage in trusting behaviour are largely dependent on cumulative interaction, i.e. successful exchange history. That is, trust develops as the exchange partner's reciprocity becomes more predictable in the course of the exchange. In the employee-employer exchange, employee trust in the employer entails an expectation that the employer will not fail the employee and the established exchange pattern. By fulfilling the obligations perceived in the psychological contract, the employer is initiating and confirming a trusting relationship. Just as employer breach of psychological contract

obligations has been shown to lead to employee mistrust in the employer (Robinson and Rousseau, 1994; Robinson, 1996; Lo and Aryee, 2003), perceived psychological contract fulfilment therefore signifies successful exchange and contributes to employee trust in the employer. Consequently, if the employer fulfils its psychological contract obligations, the employee will perceive the employer as trustworthy.

Hypothesis 7: Perceived employer fulfilment of psychological contract obligations will be positively associated with employee trust in the employer.

As discussed above, the role of trust is of particular interest in reciprocal exchange underlined by the generalized norm of reciprocity because reciprocal exchange is a so called fragile exchange structure (Molm, 1994). Fragile structures do not provide any assurance of reciprocation, unlike negotiated exchange structures which are based on agreement about transactions. Trust is therefore the requirement for reciprocal exchange and the generalized norm of reciprocity – and it breeds further trust and reciprocal giving. As Molm et al. (2000: 1423) suggest, “in reciprocal exchanges, actors choose, individually, to give to one another, without any form of assurance of reciprocity. No matter how established the relation, and how long the shadow of the future, each act of reciprocity confirms that trust”. Consequently, to the extent that trust develops gradually when successful exchange experiences accumulate and exchange partners come to anticipate each other’s behaviour, perceived employer fulfilment of psychological contract obligations influences employee perceptions of the generalized form of reciprocity through trust. That is, perceived fulfilment of psychological contract obligations confirms the trust, which in turn allows an exchange relationship characterised by generalized reciprocity to develop.

Hypothesis 8: Trust in the employer will mediate the positive relationship between perceived employer fulfilment of obligations and the generalized form of reciprocity.

If the employee perceives psychological contract fulfilment, s/he has a reason to trust in the employer. Employee trust in the employer in turn reduces the employee’s need to monitor the balance in the exchange and implies willingness to be vulnerable and accept the risk in the exchange. It is therefore hypothesised that the negative

relationship between perceived fulfilment of employer obligations and balanced reciprocity perceptions is mediated by employee trust in the employer. The greater the extent to which the contract is fulfilled, the higher the trust in the employer and the lower the perceptions of balanced reciprocity.

Hypothesis 9: Trust in the employer will mediate the negative relationship between perceived employer fulfilment of obligations and the balanced form of reciprocity.

4.4 Method

4.4.1 Sample

This chapter compares two samples of employees, one from the public sector ($N=162$) and one from the private sector ($N=109$). A detailed description of the samples has been presented in Chapter 3.

4.4.2 Measures

For all items in each of the scales, participants were asked to indicate on a five-point scale the extent to which they disagreed or agreed with the statement.

Independent variables:

Perceived employer fulfilment of obligations. In line with previous psychological contract studies (Coyle-Shapiro and Kessler, 2002; Guest and Conway, 2002; Tekleab and Taylor, 2003), the respondents in the participating organizations were asked to indicate on a five-point scale the extent to which they believed their employer had fulfilled its obligations. In addition, the participants had the option of answering ‘not at all obligated’ / ‘not applicable’. The participants were provided with a list of 14 items taken from previous studies and modified to match the specific context of this study. Examples of the items include ‘necessary training to do the job well’, ‘appropriate salary increases’, ‘good career prospects’ and ‘support in personal matters’.

Negotiation of employer obligations. The scale for negotiation of employer obligations was created for this study. Participants were asked to indicate the extent to which they disagreed or agreed that they had explicitly negotiated each of the fourteen employer psychological contract obligations (presented above) with their employer.

Negotiation of employee obligations. The scale for negotiation of employee obligations was created for this study. Participants were asked to indicate the extent to which they disagreed or agreed that they had explicitly negotiated each of the ten measured employee psychological contract obligations with their employer. Examples of the employee obligations that were taken from previous psychological contract studies (Coyle-Shapiro and Kessler, 2000; Tekleab and Taylor, 2003) include ‘if necessary, work unpaid extra hours to finish a task’, ‘to keep abreast of current developments in my area of expertise’ and ‘make independent decisions regarding my work’.

Dependent variables:

Employee trust in the employer. Employee trust in the employer was measured by six items taken from the seven-item scale developed by Robinson and Rousseau (1994). One of the original items was dropped due to difficulties in translating it into Finnish. The scale measures overall trust in accordance with the bases of trust identified by Gabarro and Athos (1978). That is, the scale does not distinguish between calculative/cognitive and identification/affect -based forms of trust. The items include, for example, ‘My employer is open and upfront with me’ and ‘I don’t think my employer treats me fairly’. The responses were coded in such a way that a high score indicates a high degree of trust in the employer.

Perceptions of generalized form of reciprocity. The generalized reciprocity scale consisting of seven items, developed by Tetrick, Shore, Tsui, Wang, Glenn, Chen, Liu, Wang and Yan (2004), was used to measure the perceptions of generalized reciprocity. The word ‘organization’ was changed to ‘employer’ so that the wording was in line with the psychological contract measure. The items include, for example, ‘My employer’s generous treatment makes me put forth my best effort’ and ‘My employer would help me develop myself, even if I cannot make more contributions at present’.

Perceptions of balanced form of reciprocity. Five items from Tetrick et al.'s (2004) balanced reciprocity scale were used to capture perceptions of balanced reciprocity. The word 'organization' was changed to 'employer' so that the wording was in line with the psychological contract measure. Examples of the items include 'If my employer does something extra for me, I feel obliged to pay it back as soon as possible' and 'My employer keeps track of how much we owe each other'.

Control variables

In line with prior research on psychological contracts, age, gender and tenure were measured for control purposes. The length of the employment relationship may contribute to employee trust in the employer and generalized reciprocity perceptions, as the exchange partners have known each other for longer. Employee position in the organizational hierarchy was also measured for control purposes. This was done to establish potential differences among different groups of employees in the samples.

4.4.3 Analysis

Hypotheses 1a and 1b concerning the proposed relationships between negotiation of employer and employee obligations and perceptions of balanced forms of reciprocity were tested using hierarchical regression analysis. The control variables were entered first, and negotiated employer and employee obligations in Step 2. A similar procedure was used to test Hypotheses 2a and 2b concerning the proposed associations between negotiated employer and employee obligations and generalized reciprocity perceptions.

Hypotheses 3a and 3b concerned the relationships between negotiation of employer and employee obligations and employee trust in the employer. Hypothesis 4 examined the moderating role of perceived employer fulfilment in the relationship between negotiation of employer obligations and employee trust in the employer. To test Hypothesis 3, negotiation of employer and employee obligations were entered in Step 2 after the control variables. To test Hypothesis 4, perceived employer fulfilment was entered in Step 3 and the interaction term was entered in the fourth and final step, permitting the significance of the interactions to be determined after examining the main effects of the independent variables in the third step. As recommended by Aiken and West (1991), the predictor variables were centred before forming interaction

terms in order to reduce the multicollinearity often associated with regression equations containing interaction terms.

Hypothesis 5, which suggested that perceived employer fulfilment of psychological contract obligations is positively associated with employee trust in the employer, was tested using hierarchical regression analysis. Perceived employer fulfilment was entered in Step 2 after the control variables. Similar procedures were used to test Hypotheses 6 and 7 regarding the direct relationship between perceived employer fulfilment and perceptions of generalized and balanced forms of reciprocity.

Hypotheses 8 and 9 concerned the mediating role of trust in the hypothesised positive relationship between perceived employer fulfilment and the generalized form of reciprocity, and in the negative relationship between perceived employer fulfilment obligations and the balanced form of reciprocity. A three-stage mediational analysis recommended by Baron and Kenny (1986) was used to examine these hypothesized mediations. In the first equation, the mediator (employee trust in the employer) is regressed on the independent variable (perceived employer fulfilment of psychological contract); in the second equation, the dependent variable (generalized reciprocity/balanced reciprocity) is regressed on the independent variable (perceived employer fulfilment of psychological contract); and in the third equation, the dependent variable (generalized reciprocity/balanced reciprocity) is simultaneously regressed on the independent variable (perceived employer fulfilment of psychological contract) and the mediator (employee trust in the employer).

Mediation is present if the following conditions are met (Baron and Kenny, 1986): the independent variable affects the mediator in the first equation; the independent variable affects the dependent variable in the second equation; and the mediator affects the dependent variables in the third equation. Partial mediation occurs if the effect of the independent variable is smaller but remains significant when the mediator is in the third equation, and full mediation occurs if the independent variable no longer has a significant effect on the dependent variable when the mediator is in the equation.

4.5 Results

The following will firstly present the factor analyses used to establish the scales employed in the study. The results of the factor analyses are followed by the descriptive statistics. Finally, the results of the regression analyses will be presented.

4.5.1 Factor analysis

Although previous research on the psychological contract has commonly differentiated between transactional and relational obligations, this study combined the obligations into one overall category and used the mean value as an indicator of employee perceptions of employer fulfilment, as suggested by Turnley and Feldman (1999a) and Coyle-Shapiro and Kessler (2002). This was done because the relational and transactional division has not been supported in previous empirical research (see Chapter 2). Similarly, the factor analysis did not provide support for clearly separate transactional and relational clusters in this study. Similar results have been reported by other studies (Arnold, 1996; King and Bu, 2005). In fact, King and Bu (2005: 62) suggest that “if the classification of psychological contract into the transactional and relational categories is important, more research should be conducted to validate such a notion empirically in various cultural contexts”. Coyle-Shapiro and Kessler (2002) in turn argue that separating relational and transactional obligations may be better suited for feature-based study rather than content-focused study of psychological contracts.

A factor analysis (principal components with varimax rotation) was conducted for the items measuring balanced and generalized reciprocity forms and employee trust in the employer in order to establish the scales used in this study. The initial factor analysis suggested the presence of four independent factors. However, some items had high loadings on two factors. When these items were eliminated, the results yielded three factors corresponding to generalized reciprocity, balanced reciprocity and trust scales. All the retained items have factor loadings above .5 and have a minimum difference of .24 from their loadings on the other factors. The factor loadings for the retained trust (Factor 1) balanced reciprocity (Factor 2) and generalized reciprocity (Factor 3) items are shown in Table 4.2.

Table 4.2: Final factor loading matrix for trust, generalized reciprocity perceptions and balanced reciprocity perceptions, *Samples A and B*

Item	Sample A, N = 162			Sample B, N = 109		
	Trust	Balanced reciprocity	Generalized reciprocity	Trust	Balanced reciprocity	Generalized reciprocity
My employer is open and upfront with me.	.81	-.12	.08	.76	-.01	.32
My employer is always honest and trustworthy.	.81	-.13	.16	.80	-.12	.21
I can expect to be treated in a consistent and predictable fashion by my employer.	.76	-.11	.28	.64	-.12	.19
I believe my employer has high integrity.	.64	-.10	.27	.75	-.09	.32
If my employer does something extra for me, there is an expectation that I will do something extra in return.	-.21	.79	-.10	-.31	.63	.11
When my employer treats me favourably, it is important that I show my appreciation right away.	-.16	.78	.03	-.10	.87	-.12
If my employer does something extra for me, it expects me to pay back in equal value.	.05	.76	-.15	.13	.86	-.26
My employer keeps track of how much we owe each other.	-.19	.75	-.11	-.28	.52	.12
My employer takes care of me in ways that exceed my contribution to the organization.	.12	.02	.79	.07	-.07	.60
My employer would help me to develop myself, even if I cannot make more contributions at present.	.35	-.13	.67	.38	-.08	.76
My employer seems willing to invest in my professional development even when it does not directly impact my current job performance.	.28	-.22	.63	.33	-.03	.81
Eigenvalue	2.60	2.50	1.72	2.89	2.22	1.97
Percent of total variance explained	23.64	22.65	15.61	26.29	20.18	17.88
Total percent of variance explained	61.90%			64.34%		

In order to establish the scales for perceived employer fulfilment of obligations and negotiation of employer obligations, a series of factor analyses were conducted. While the factor analysis is supportive of two distinct components in sample B after four items were removed (one organization specific item, 'provide support at times of personal trouble' 'salary' and 'working environment'), the results do not yield two clear factors in sample A. However, as factor analysis may not distinguish between items that theoretically can be considered distinct but which correlate highly, additional factor analyses were performed to assess whether 'perceived employer fulfilment of obligations' and 'negotiation of employer obligations, are separate constructs. Specifically, items measuring 1) perceived employer obligations *and* perceived fulfilment of obligations and 2) perceived employer obligations *and* negotiation of employer obligations were factor analysed. Overall, these results indicate that the items measuring perceived employer fulfilment of obligations and negotiation of employer obligations capture into two distinct factors. Although both samples include over 100 observations, it may also be that the relatively large amount of items causes individual items to switch from one factor to another (Guadagnoli and Velicer, 1988). Taking this and all the factor analytic results into consideration, two scales for perceived employer fulfilment of obligations and perceived negotiation of obligations were used in the subsequent analysis. The factor loading matrixes are included in Appendix D.1

Similarly, the factor loading matrix for negotiation of employer psychological contract obligations and negotiation of employee psychological contract obligations (sample B) is presented in Appendix D.2. In addition to the organization specific item, one of the negotiated employee obligations (independent decision-making) was removed, as it loaded highly onto the same factor as the negotiated employer obligations.

4.5.2 Descriptive statistics

The means, standard deviations and t-test results are presented in Table 4.3. T-tests were conducted to compare the samples. Apart from negotiation of employee obligations, there were no significant differences between the organisations. Employees in sample A reported significantly higher levels of negotiation of employee obligations ($t = 2.65, p < .01$).

Table 4.3: Means, standard deviations, and T-tests of the study variables

Scale	Sample A (<i>n</i> = 162)		Sample B (<i>n</i> = 109)		t
	Mean	SD	Mean	SD	
Perceived psychological contract fulfilment	3.37	0.67	3.15	0.70	1.94
Trust in the employer	2.96	0.79	2.76	0.86	1.52
Generalized reciprocity	2.41	0.69	2.30	0.87	1.13
Balanced reciprocity	2.51	0.75	2.60	0.73	-1.01
Negotiated employer obligations	3.32	0.74	3.19	0.75	1.04
Negotiated employee obligations	3.43	0.87	3.15	0.85	2.65**

Note. † $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$.

The correlations and reliability alpha for each of the scales are shown in Tables 4.4 and 4.5. The highest correlation was observed between perceived psychological contract fulfilment and negotiation of employer obligations in sample A, ($r = .69, p < .001$). This is high, but it does not exceed the limit of .7, which has been suggested as the maximum bivariate correlation for independent variables to be included in the same regression analysis (Tabachnick and Fidell, 1996). As the correlation in sample B was lower and further SPSS collinearity diagnostics conducted for regression analysis did not indicate multicollinearity problems, the scales were retained for the analysis.

The correlation between perceived employer fulfilment of obligations and employee trust in the employer were relatively high in both organizations, .52 in sample A and .56 in sample B. Similarly high correlations between trust in the employer and perceived employer breach have, however, been reported in previous psychological contract research, indicating that the constructs are related (see Lo and Aryee, 2003, where the correlation between breach and trust was -.56). Similarly, the correlations between employee trust in the employer and generalized reciprocity were high, .52 and .57 respectively. However, as the factor analysis and zero-order correlation results suggest, generalized reciprocity perceptions and trust in the employer are distinct although related constructs.

The Cronbach's alpha coefficient was below the recommended .7 for generalized reciprocity (.62) scale in sample A. However, the alpha values are rather sensitive and it is common to find low values, particularly for short scales such as the scale for generalized reciprocity in this study. Following the recommendations of Briggs and Cheek (1986) and Clark and Watson (1995), the inter-item correlation was checked, in addition to the Cronbach's alpha coefficient, and found to be acceptable (i.e. fall in the range of .15 - .50). While the coefficient alpha is the most widely used method to demonstrate that a scale has an acceptable level internal consistency¹, the inter-item correlation allows the researcher to assess the unidimensionality² of the scale, thereby complementing the coefficient alpha. Namely, a scale can contain interrelated items resulting in a high coefficient alpha, but still not be unidimensional. As theory-driven assessment attempts to measure a single construct systematically, unidimensionality, rather than internal consistency per se, is its ultimate goal. The test of inter-item correlation is particularly advisable when a scale consists of only very few or of very many items (Clark and Watson, 1995). The brevity of a scale may result in a low alpha value even though the scale might be unidimensional. On the other hand, when the number of items becomes large, the alpha value tends to be automatically very high, although the scale might not be unidimensional (Briggs and Cheek, 1986; Clark and Watson, 1995).

¹ Internal consistency refers to the overall degree to which the items that make up the scale are intercorrelated (Clark and Watson, 1995).

² Unidimensionality indicates whether the scale items assess a single underlying construct (Briggs and Cheek, 1986).

Table 4.4: Intercorrelations among the psychological contract, trust, negotiation, reciprocity and control variables, *Sample A*

	1	2	3	4	5	6	7	8	9	10
1. Gender										
2. Age	-.11									
3. Tenure	-.09	.54***								
4. Position	.16*	.12	-.06							
5. Perceived psychological contract fulfilment	-.02	-.08	.13	.22**	(.89)					
6. Trust in the employer	.08	.01	.04	.04	.52***	(.85)				
7. Generalized reciprocity	.08	-.16*	-.03	.05	.44***	.52***	(.62)			
8. Balanced reciprocity	-.10	.07	.04	-.06	-.40**	-.33***	-.27**	(.79)		
9. Negotiated employer obligations	.12	.03	.01	.22**	.69***	.40***	.28**	-.31***	(.88)	
10. Negotiated employee obligations	.12	-.13	.11	.13	.39***	.28**	.16*	-.02	.56***	(.91)

Note. $N = 162$. [†] $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$. The main diagonal contains Cronbach's internal consistency reliability estimates for the scales in brackets.

Table 4.5: Intercorrelations among psychological contract, trust, negotiation, reciprocity and control variables, *Sample B*

	1	2	3	4	5	6	7	8	9	10
1. Gender										
2. Age	-.15									
3. Tenure	-.11	-.08								
4. Position	.32**	-.10	-.12							
5. Perceived psychological contract fulfilment	-.20*	.30**	.13	-.01	(.91)					
6. Trust in the employer	-.11	.11	-.10	-.11	.56***	(.85)				
7. Generalized reciprocity	-.15	.18	-.19*	-.09	.46***	.57***	(.72)			
8. Balanced reciprocity	-.03	.07	.08	.01	-.35**	-.36***	-.21**	(.71)		
9. Negotiated employer obligations	-.13	.22*	.11	.13	.50***	.26**	.29**	.06	(.88)	
10. Negotiated employee obligations	-.15	-.26**	.07	.02	.32***	.32***	.22*	-.04	.45***	(.90)

Note. $N = 109$. † $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$. The main diagonal contains Cronbach's internal consistency reliability estimates for the scales in brackets.

4.5.3 Main effects

The results of the regression analysis that examined the hypothesized positive associations between negotiation of employer and employee obligations and balanced reciprocity are presented in Table 4.6. Hypothesis 1a did not receive support. In sample A, negotiation of employer obligations was significantly, but negatively, associated with the balanced form of reciprocity ($\beta = -.48, p < .001$). In sample B, no significant relationship between negotiation of employer obligations and employee perceptions of the balanced form of reciprocity was found. Hypothesis 1b received partial support. In sample A, negotiation of employee obligations was positively associated with employee perceptions of the balanced form of reciprocity, as hypothesized ($\beta = .20, p < .05$). In sample B, there was no statistically significant relationship between negotiation of employee obligations and balanced reciprocity perceptions.

Table 4.6: Hierarchical regression analyses predicting employee perceptions of balanced reciprocity

Independent variable	Sample A		Sample B	
	Step 1	Step 2	Step 1	Step 2
Gender	-.06	-.05	-.03	-.02
Age	.04	-.00	.14	.12
Tenure	.06	.05	.09	.08
Position	-.07	.03	.03	.02
Negotiation of employer obligations		-.48***		.06
Negotiation of employee obligations		.20*		-.03
Adjusted R²	-.01	.14***	-.02	-.04
ΔR^2	.02	.16***	.03	.01
F	.63	5.40***	.60	.42
ΔF	.63	14.72***	.60	.09

Note. $N = 162$ and 109 . [†] $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$.

Hypothesis 2a, which predicted a negative association between negotiation of employer obligations and generalized reciprocity perceptions, was not supported. As Table 4.7 shows, contrary to what was predicted, negotiation of employer obligations was significantly, but positively, associated with the generalized form of reciprocity in both samples (A: $\beta = .21, p < .05$; B: $\beta = .29, p < .05$). Negotiation of employee

obligations in turn had no relationship with perceptions of generalized reciprocity in either of the samples. Therefore, Hypothesis 2b was not supported.

Table 4.7: Hierarchical regression analyses predicting employee perceptions of generalized reciprocity

Independent variable	Sample A		Sample B	
	Step 1	Step 2	Step 1	Step 2
Gender	.03	-.00	-.19	-.13
Age	-.16 [†]	-.17 [†]	.09	.04
Tenure	.04	.03	-.23*	-.28**
Position	.15	.10	-.06	-.14
Negotiation of employer obligations		.21*		.29*
Negotiation of employee obligations		.10		.10
Adjusted R²	.02	.08**	.06*	.13**
ΔR²	.04	.08**	.10*	.09*
F	1.63	3.37**	2.60*	3.96**
ΔF	1.63	6.62**	2.60*	6.09**

Note. *N* = 162 and 109. [†]*p* < .10. **p* < .05. ***p* < .01. ****p* < .001.

Hypothesis 3a, which predicted a negative association between negotiation of employer obligations and employee trust in the employer (Table 4.8, Step 2), was not supported. Contrary to what was predicted, negotiation of employer obligations had a positive relationship with employee trust in the employer in sample A ($\beta = .42, p < .001$) and the relationship was approaching significance in sample B ($\beta = .21, p < .10$), before controlling for the effect of perceived employer fulfilment of psychological contract obligations. Similarly, contrary to Hypothesis 3b (Table 4.8, Step 2), negotiation of employee obligations was positively associated with employee trust in the employer in sample B ($\beta = .25, p < .05$). In sample A, the positive relationship between negotiation of employee obligations and employee trust in the employer was approaching significance ($\beta = .17, p < .10$). Hypothesis 4 in turn suggested that perceived employer fulfilment of psychological contract obligations would moderate the proposed negative association between negotiation of employer obligations and employee trust in the employer. As Table 4.8 (Step 4) shows, no moderating effect was present.

Table 4.8: Hierarchical regression analyses predicting employee trust in the employer

Independent variable	Sample A				Sample B			
	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Gender	.05	.04	.04	.05	-.14	-.06	.08	.08
Age	-.04	-.04	-.04	-.05	.04	.06	-.05	-.05
Tenure	.11	.09	.05	.04	-.07	-.10	-.14	-.14
Position	.07	-.05	-.06	-.07	-.10	-.16	-.20*	-.20*
Neg. of employee obligations		.17 [†]	.16 [†]	.18*		.25*	.12	.12
Neg. of employer obligations (NEG)		.42***	.13	.14		.21 [†]	-.04	-.04
Perceived employer fulfilment (FUL)			.41***	.42***			.65***	.65***
NEG*FUL				.08				.00
Adjusted R²	-.02	.24***	.32***	.32	-.00	.12**	.40***	.39
ΔR²	.02	.26***	.08***	.01	.04	.13**	.27***	.00
F	.48	8.21***	10.05***	8.93***	.98	2.97*	9.41***	8.14***
ΔF	.48	23.33***	15.53***	1.05	.98	6.69**	39.69***	.00

Note. *N* = 162 and 109. [†] *p* < .10. * *p* < .05. ** *p* < .01. *** *p* < .001.

Hypotheses 5 and 6 were supported (see Table 4.9, 2nd equation). Perceived employer fulfilment of psychological contract obligations had a significant positive relationship with the generalized form of reciprocity (A: $\beta = .41, p < .001$; B: $\beta = .50, p < .001$) and negative association with the balanced form of reciprocity in both samples (A: $\beta = -.43, p < .001$; B: $\beta = -.49, p < .001$).

As Table 4.9 (1st equation) shows, perceived employer fulfilment of psychological contract obligations was positively associated with employee trust in the employer in both samples (A: $\beta = .55, p < .001$; B: $\beta = .62, p < .001$). Hypothesis 7 was therefore supported.

Table 4.9: Mediation analyses

<i>Variables</i>	<i>Mediator</i>		<i>Outcome variables</i>			
	Trust in the employer		Generalized reciprocity perceptions		Balanced reciprocity perceptions	
	<i>Sample A</i>	<i>Sample B</i>	<i>Sample A</i>	<i>Sample B</i>	<i>Sample A</i>	<i>Sample B</i>
Equation 1						
Gender	.04	.01				
Age	-.33	-.12				
Tenure	-.06	-.16 [†]				
Position	-.04	-.16 [†]				
Perceived employer fulfilment	.55***	.62***				
Adjusted R ²	.28***	.34***				
ΔR ²	.29***	.33***				
F	12.34***	10.63				
ΔF	57.98***	46.01***				
Equation 2						
Gender			.03	-.01	-.10	-.14
Age			-.13	-.01	-.03	.22*
Tenure			.00	-.22*	.10	.12
Position			.02	-.15	.04	.03
Perceived employer fulfilment			.41***	.50***	-.43***	-.49***
Adjusted R ²			.15***	.25***	.16***	.16***
ΔR ²			.16***	.21***	.18***	.19***
F			6.20***	7.29***	6.54***	4.41**
ΔF			27.61***	85.72	29.79***	20.79
Equation 3						
Gender			.01	-.02	-.09	-.14
Age			-.11	.03	-.02	.20 [†]
Tenure			-.03	-.18 [†]	.11	.10
Position			.03	-.10	.03	.01
Perceived employer fulfilment			.16 [†]	.30*	-.33**	-.39**
Trust in the employer			.47***	.32**	-.18*	-.16 [†]
Adjusted R ²			.31***	.31**	.18*	.17
ΔR ²			.16***	.06**	.02*	.02
F			11.67***	8.03***	6.23***	3.99**
ΔF			32.11***	8.61**	4.00*	1.74

Note. *N* = 162 and 109. [†] *p* < .10. * *p* < .05. ** *p* < .01. *** *p* < .001.

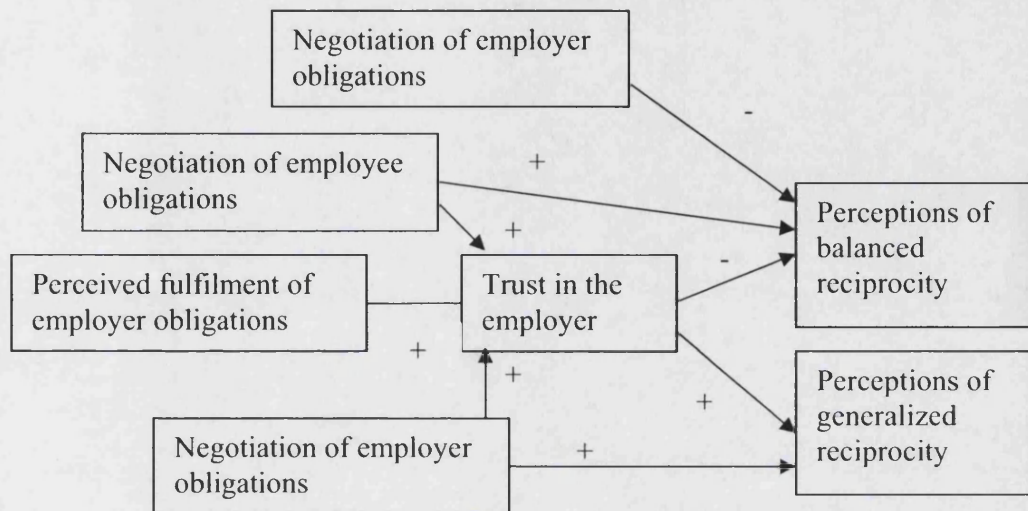
4.5.4 Mediating effects

The results for the mediation analyses are presented in Table 4.9 above. Hypothesis 8 predicted that employee trust in employer obligations would mediate the relationship between perceived employer fulfilment of psychological contract and perceptions of generalized reciprocity. As shown in Table 4.9 presented earlier, the outlined conditions (Baron and Kenny 1986) for mediation were met. The first condition of Baron and Kenny's (1986) test regarding the relationship between the independent and mediating variable was met in both organizations (sample A: $\beta = .55, p < .001$; sample B: $\beta = .62, p < .001$). Similarly, the second condition, which requires that the independent variable is significantly associated with the dependent variable, was met: perceived employer fulfilment of obligations was significantly related to perceptions of generalized reciprocity (sample A: $\beta = .41, p < .001$; sample B: $\beta = .50, p < .001$). The third condition stipulates that the mediator must affect the dependent variable and that the effect of the independent variable must be insignificant, or less significant, when the mediator is among the predictor variables. When perceived employer fulfilment of psychological contract obligations and employee trust in the employer were entered together in Equation 3, the effect of perceived employer fulfilment became less significant for the dependent variables in both samples (sample A: $\beta = .16, p < .10$; sample B: $\beta = .30, p < .05$). Hence, partial mediation was present and Hypothesis 8 was partially supported.

Hypothesis 9, which posited that the negative relationship between perceived employer fulfilment of obligations and the balanced form of reciprocity was mediated by employee trust in the employer, also received support. As Table 4.9 shows, the first (sample A: $\beta = .55, p < .001$; sample B: $\beta = .62, p < .001$) and second conditions (sample A: $\beta = -.43, p < .001$; sample B: $\beta = -.49, p < .001$) of Baron and Kenny's (1986) test were fulfilled. In the third Equation, when perceived employer fulfilment of psychological contract obligations and employee trust in the employer were entered at the same time, the beta coefficient for perceived employer fulfilment of psychological contract obligations became less significant in both samples (sample A: $\beta = -.33, p < .01$; sample B: $\beta = -.39, p < .01$). In other words, employee trust in the employer partially mediated the negative relationship between perceived employer fulfilment and perceptions of balanced reciprocity.

To summarise the results, Figure 4.4 shows the relationships that received support.

Figure 4.4: Confirmed relationships among the study variables in Chapter 4



4.6 Discussion

The aim of this chapter was to evaluate the role of different forms of reciprocity in psychological contract theory. Specifically, this chapter examined how employee perceptions of employer fulfilment of psychological contract obligations influence employee perceptions of the underlying exchange mechanism, i.e. of the generalized and balanced forms of reciprocity. This chapter also investigated the role of negotiation of employer and employee obligations and employee trust in the employer in the relationship between perceived employer fulfilment of psychological contract and employee perceptions of reciprocity.

Perceived employer fulfilment of psychological contract obligations was found to have a significant positive association with perceptions of the generalized exchange principle and a negative association with the balanced exchange principle. Employee trust in the employer was found to partially mediate these relationships between perceived employer fulfilment and types of reciprocity. Only limited support was found for the proposed hypotheses between negotiation of employer and employee obligations and perceptions of reciprocity: as expected, negotiation of employee obligations was positively associated with perceptions of balanced reciprocity. Unexpectedly, negotiation of employer obligations had a positive relationship with perceptions of generalized reciprocity and a negative relationship with perceptions of balanced reciprocity. Negotiation of obligations was also positively associated with employee trust in the employer.

4.6.1 Antecedents of trust in the employee-employer exchange

In line with previous research that has established a link between perceived employer breach of psychological contract and reduced employee trust in the employer (Robison and Rousseau, 1994; Robinson 1996; Lo and Aryee, 2003), this study confirmed a positive association between perceived employer fulfilment of psychological contract obligations and employee trust in the employer. This suggests that by keeping its part of the deal, the employer demonstrates its trustworthiness. This is in accordance with Blau's (1964) proposition that trust is generated in an exchange relationship through a regular discharge of obligations.

However, contrary to what was proposed, negotiation of employee and employer obligations was positively associated with employee trust in the employer. As negotiation of obligations removes the risk that is necessary for trust to develop between the exchange partners (Molm, 1994), it was suggested that negotiation of obligations would be negatively associated with trust in the employer. Perceived employer fulfilment of obligations failed to moderate the relationship between negotiation of obligations and trust, but the positive impact of negotiation of employer obligations on trust ceased when the effect of perceived employer fulfilment was controlled for in organisation B. These unexpected findings can be partially explained by the high correlation between negotiated and fulfilled employer obligations. Namely, the high correlation suggests that explicitly agreed obligations are most often fulfilled by the employer. Therefore, a series of successful exchanges seems to allow trust to develop, regardless of the underlying exchange structure and the type of reciprocity, perhaps through improved mutuality between the exchange partners (Emerson, 1972; Molm, 2001). As Molm (2003) explains, negotiated exchange can also lead with time to the development of trust due to the continuity in the relationship, even though a rational and calculative actor may still be more likely in negotiated exchange than in reciprocal exchange, and a trusting actor may still be more likely in reciprocal exchange than in negotiated exchange.

Alternatively, the curious findings concerning negotiation and trust may be partially explained by the trust scale used in this study. The scale that was used did not differentiate between calculus, cognition and affect-bases of trust (Noteboom and Six, 2001). It could be that perceived fulfilment of negotiated employer obligations contributes to the development of calculus and cognition -based trust in the employer, as the employee sees that the employer repeatedly keeps to the agreements. Perceived employer fulfilment of unspecified 'voluntary' obligations that symbolise employer interest and trust in the employee may in turn enhance affect-based trust.

Summarising the contributions to the limited knowledge base on trust and psychological contract, the findings of this chapter support the previous findings of Robinson (1996) and Lo and Aryee (2003) in demonstrating the intimate relationship between psychological contract fulfilment and trust. This highlights the importance of including trust in psychological contract theory. With regard to negotiation of

obligations, it seems that explicitly agreed obligations do not undermine the basis of trust. On the contrary, it appears that fulfilment of negotiated obligations may in fact begin engendering trust between the exchange partners.

4.6.2 Balanced reciprocity as the underlying exchange principle

As expected, employee perceptions of employer psychological contract fulfilment were found to be negatively associated with employee perceptions of balanced reciprocity. Balanced reciprocity refers to an exchange relationship characterized by equivalence in the exchanged benefits, timely reciprocation and self-interest (Sahlins, 1972). The parties aim to exchange benefits of even value, they have low tolerance for imbalance in the exchange, and their motivation to engage in the exchange is driven by self-interest. The findings of this chapter therefore suggest that employer behaviour that meets employee expectations reduces the employee's perceived need to monitor the level of fulfilment and balance in the exchange relationship.

The negative relationship between perceived employer fulfilment and perceptions of balanced reciprocity was partially explained by employee trust in the employer. It therefore appears that it is through employee trust in the employer that the need to control the delivery and evenness of promised benefits is reduced. Employee perceptions of employer fulfilment of obligations contribute to employee trust in the employer, which in turn reduces perceived pressure for equivalent and timely reciprocation driven by self-interest.

Contrary to what was expected, negotiation of employer obligations was found to have a negative influence on employee perceptions of balanced reciprocity. The positive association between negotiation of employer and employee obligations and balanced reciprocity was predicted, since explicit agreement on the obligations implies a negotiated exchange structure with its clear tit-for-tat transactions. Explicit exchange deals in turn facilitate monitoring and controlling of the balance in the exchange relationship (Lawler, 2001). The unexpected negative relationship may be due to relatively harmonious workplace relations in Finland (Vanhala, 1995; Elvander, 2002). The workforce is highly unionized and promises are usually kept. This is also reflected in the high positive correlation between negotiation of employer obligations and perceptions of fulfilment of employer obligations, as discussed earlier.

However, negotiation of employee obligations was positively related to perceptions of the balanced reciprocity principle in Organisation A, but not in Organisation B. The differences between the participating organisations may contribute to these inconsistent associations. Organisation A, where negotiation of employee obligations was positively associated with perceptions of balanced reciprocity, is a public sector organization. The employer is ultimately the state, and the management of the organization has limited freedom in determining its human resource management policies and practices and deciding on the incentives it provides. At the same time, the majority of the employees in Organisation A are researchers at the top of their fields of expertise. Attempts to explicitly negotiate their obligations towards the employer may contradict the autonomous and self-managed way of working that these employees may expect or be used to (Huhtala, 2004). Furthermore, it is most likely difficult to specify the exact employee obligations in knowledge-intensive organisations in which employee tasks change often and most of the work is project-based (Blom, Melin and Pyöriä, 2003; Huhtala, 2004). Therefore, negotiation of employee obligations may be seen as an employer attempt to impose control and therefore signal the balanced reciprocity principle. As Conway and Briner (2005) point out, implicit responsibilities and obligations give employees greater control over the pace, quantity and quality of their work (Conway and Briner, 2005).

Overall, these findings taken together suggest that fulfilment of the psychological contract engenders mutual support and goodwill, partially through trust, thereby reducing a perceived urgency and need for evenness and self-interest in the exchange. Perceived psychological contract fulfilment therefore appears to contribute to qualitative differences in the exchange relationship captured by the reciprocity dimensions. If fulfilled, there is more trust between the exchange partners, and less need to control the behaviour of the exchange partners as the balanced reciprocity form would suggest. Negotiation of employer obligations does not appear to undermine the exchange relationship by increasing employee watchfulness over the exchange deal. Attempts to explicitly agree on employee obligations may, however, contribute to employee perceptions of balanced reciprocity as the underpinning exchange principle.

4.6.3 Generalized reciprocity as the underlying exchange principle

Employer contractual behaviour captured by employee perceptions of employer psychological contract fulfilment was found to positively influence employee perceptions of generalized reciprocity as the underlying exchange principle. Following the conceptualisation of the forms of reciprocity (Sahlins, 1972; Sparrowe and Liden, 1997), generalized reciprocity suggests an exchange relationship characterized by mutual or even altruistic interest and open-ended exchange in terms of the type of benefits and timing of reciprocation. Therefore, by fulfilling its obligations, the employer communicates and can contribute to the adoption of generalized reciprocity in the employee-employer exchange. This lends further support to the social exchange theory basis of the construct of the psychological contract in line with Blau's (1964) conceptualization of social exchange.

Further, employee trust in the employer appears to partially mediate the relationship between perceived employer fulfilment of obligations and employee perceptions of the norm of generalized reciprocity. By fulfilling its obligations, the employer demonstrates reliability and trustworthiness – which breed further trust and guide employee perceptions of the exchange mechanism towards one of generalized reciprocity. This confirms the intimate relationship between trust and generalized reciprocity. In fact, the relationship is intimate to the extent that it could also be causally reversed. The underlying logic assumed in this study was that employer behaviour that meets employee expectations generates trust in the employer, which in turn is necessary for the development and adoption of the form of generalized reciprocity. However, it can be argued that the relationship is the other way round: employer behaviour (i.e. contract fulfilment) suggests the exchange principle of generalized reciprocity, which generates employee trust in the employer. This study takes the view that some degree of trust is necessary before perceptions of generalized reciprocity can develop and its implications for behaviour and attitudes materialize. As Meeker (1971) and Sahlins (1972) suggest, generalized reciprocity can only be adopted in an exchange relationship that has a history of successful exchange and in which nothing has disturbed the initial development of trust.

Contrary to the hypothesised negative association, this study found no relationship between negotiation of employee obligations and generalized reciprocity perceptions,

and a weak but significant positive relationship between negotiation of employer obligations and generalized reciprocity perceptions. One potential explanation for this curious finding is the strong correlation between negotiation of employer obligations and perceived employer fulfilment. The strong correlation indicates that the employer has a tendency to fulfil those obligations that it has explicitly agreed on with employees. As previously explained, perceived employer fulfilment in turn generates employee trust in the employer which was found to contribute to generalized reciprocity perceptions. Perhaps negotiation of employer obligations serves to reduce uncertainty, increase mutuality and clarify the employee expectations, particularly in conditions in which employee tasks change often and most of the work is project-based (Blom, Melin and Pyöriä, 2003; Huhtala, 2004). Clear expectations in turn may contribute positively to employee perceptions of their employment relationship and increase mutuality between the exchange partners, thereby influencing generalized reciprocity perceptions (Guest and Conway, 2002).

In summary, this chapter has provided one of the first empirical attempts to integrate different forms of reciprocity (i.e. generalised and balanced) into psychological contract research and to demonstrate the functioning of the underlying reciprocity mechanism assumed by psychological contract theory. Inclusion of the different forms of reciprocity has the potential to expand the scope of the concept of the psychological contract by explaining qualitative differences in the exchange relationship. Perceived fulfilment of employer obligations can be viewed as a confirmation of the employer's willingness to live up to the norm of reciprocity and, more importantly, to the generalized form of the general norm of reciprocity. It demonstrates commitment to and trust in the exchange partner, while concurrently signalling that there is less need to monitor the balance in the relationship. This chapter also highlights the important role trust plays in the psychological contract and reciprocity, thus encouraging researchers to continue developing the concept of the psychological contract in line with concepts central to social exchange theory.

4.7 Limitations

The research reported in this chapter has a number of limitations that should be considered when interpreting the results. First, the major limitation lies in the cross-sectional nature of the research design. Hence, the results presented here suggest a pattern of relationships drawn from the theory, but they cannot prove causality. A longitudinal design is therefore necessary to confirm the logic underlying the cause-effect relationships (e.g. between trust and reciprocity perceptions) suggested in this chapter. Second, the data on the variables were obtained through self-report measures and this may inflate the relationships among the variables.

Third, attention should be paid to some of the scales used in this study. The measurement of perceived employer fulfilment of psychological contract obligations is somewhat problematic. The extent to which the scale measures the actual perceived fulfilment of *obligations* rather than received inducements or fulfilment of general expectations depends on the respondents' care and consideration when filling in the questionnaire. However, this problem is not specific to this study but is a common unresolved issue in the psychological contract research (Lambert, Edwards and Cable, 2003). Similarly, there are concerns related to the reciprocity scales. Although Tetrick et al. (2004) validated the reciprocity measures in two samples, they also call for further scale refinement. In this study, the reliability alpha for the generalized reciprocity scale was low in one of the organisations.

No existing scales were found to measure negotiation of employee and employer obligations and the scales were developed specifically for this study. While these scales had high reliability alphas, the factor analysis was not fully supportive of the distinctiveness of the scales 'negotiated employer obligations' and 'perceived employer fulfilment of the psychological contract' in one of the samples. The scales also had a high correlation (.69) in one of the samples. Therefore, the results regarding negotiated employer obligations should be interpreted with caution, as the correlation of this magnitude might suggest that the variables largely measure a same construct (Tabachnick and Fidell, 1996), although they can be considered to be theoretically distinct. Further studies should examine both theoretically and empirically the role of

negotiation in reciprocation and the psychological contract. Alternative measures for capturing negotiation of contractual obligations will also need to be developed.

4.8 Future research

While this study did not measure separately the different types of trust (affect-based, cognition-based, calculus-based), but used a scale that encompassed the different bases of trust, it would be interesting to examine whether fulfilment of negotiated psychological contract obligations is more strongly associated with cognition- and calculus-based trust than with affect-based trust. By keeping its part of the agreed deal, the employer avoids any form of punishment and makes its behaviour anticipatable to the employee, thereby contributing to the so-called surface-level forms of trust, namely calculus- and cognition-based. It has been suggested that these develop prior to deeper identification-based trust (Den Hartog, 2003). Further, it would be interesting to explore the relationships between different types of trust and forms of reciprocity. Affect-based trust often has intrinsic value to the individual concerned, whereas calculus-based trust draws on self-interest (Noteboom and Six, 2003). Hence, calculus-based trust derives from the control of unreliable behaviour by enforcement of authority or contract or other explicit incentives. Calculus- and cognition-based trust may have positive associations and affect-based trust a negative association with perceptions of balanced reciprocity. Therefore, future research should examine calculus-based and affect-based trust separately.

While perceptions of balanced and generalized forms of reciprocity were negatively correlated in this study, it is interesting to consider whether they are mutually exclusive. The results discussed above suggest that balanced and generalized reciprocity have partially distinct patterns of antecedents. At the same time, social exchange theory suggests that there is a general tendency for relationships to move towards generalized reciprocity, barring any events that disrupt the development of trust between the exchange partners (Sahlins, 1974). Therefore, it could be that employee-employer relations start with balanced reciprocity and expand over time to reciprocal exchange underlined by the norm of generalized reciprocity. Research on trust is supportive of this proposition. It suggests that trust develops in sequential order from calculus-based trust towards affect-based trust (see Den Hartog, 2003, for a

discussion). For example, McAllister (1995) found that cognition-based trust (reliability and competence) developed prior to affect-based trust (i.e. emotional bond). A longitudinal research design, which is recommended for future research, would allow a test of whether indeed employment relationships begin with balanced reciprocity and slowly evolve towards generalized reciprocity as successful exchange experiences cumulate. This would involve a study examining newcomers and their psychological contract and perceptions of reciprocity over a period of time.

4.9 Conclusions

This chapter has provided new insights into the underlying reciprocity mechanism of the psychological contract by demonstrating the associations among perceived employer fulfilment of psychological contract obligations, trust in the employer, negotiation of employer and employee obligations and generalized and balanced forms of reciprocity.

The following chapter will examine the relationships between perceptions of generalized and balanced reciprocity and several outcome variables typically included in psychological contract research. These outcomes can be seen as expressive acts of the underlying type of reciprocity. Furthermore, the next chapter will consider the role of employee power - another central theme in social exchange and reciprocity research - in influencing the associations between forms of reciprocity and their outcomes.

CHAPTER 5 –THE OUTCOMES OF GENERALIZED AND BALANCED FORMS OF RECIPROCITY IN THE EMPLOYEE-EMPLOYER EXCHANGE

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5.1 Introduction

The previous chapter examined the influence of perceived employer fulfilment of psychological contract obligations, negotiation of obligations and employee trust in the employer on employee perceptions of the form of reciprocity underlying his/her exchange relationship with the employer. This chapter will continue by exploring the outcomes associated with employee perceptions of balanced and generalized forms of reciprocity as the underlying exchange principle in the employee-employer relationship.

Employee adjustments in behaviours and attitudes following perceived employer fulfilment or breach are taken as the demonstration of the functioning of the reciprocity norm in psychological contract research (Coyle-Shapiro and Kessler, 2000; Turnley and Feldman, 1998; 1999a), while no attention has been paid to the different forms of the general reciprocity norm. At the same, recent research on leader-member exchange and reciprocity has suggested that exchange partners' attitudes and behaviours are influenced by the characteristics of the exchange relationship (Uhl-Bien and Maslyn, 2003; Tetrick, Shore, Tsui, Wang, Glenn, Chen, Liu, Wang and Yan, 2004). Following the norm of reciprocity, the acceptance of benefits obliges one to repay, and the exchange parties constantly aim for balance in their exchange relationship (Gouldner 1960; Meeker, 1971; Blau, 1972). However, unlike isolated tit-for-tat transactions in economic exchange, the continuity in social exchange allows the benefits exchanged and the exchange pattern to carry symbolic value in addition to their economic value. The symbolic value informs exchange partners about each other's orientation towards the construction and maintenance of the relationship, leading to qualitative differences in the exchange relationship (Haas and Deseran, 1981). Therefore, benefits given and received can be seen to express the form of reciprocity that governs the exchange relationship (Haas and Deseran, 1981; McAllister, 1995). In the employee-employer exchange, the reciprocity forms may hence be important in influencing employee attitudes and behaviours.

The exchanged benefits and their economic and symbolic value are also influenced by the respective power of each of the exchange partners, which plays a role in the cycle

of reciprocity in the relationship. As Gouldner (1960) points out in his seminal paper, reciprocation depends not only on the benefits received, but also on the power person 'B' holds relative to person 'A'. Moreover, the role of power may differ depending on the form of reciprocity underlying the exchange relationship due to the characteristics of the forms of reciprocity, as discussed in the previous chapter. Balanced reciprocity and the businesslike exchange it implies encourage bargaining and monitoring, thereby offering avenues for power use that are largely absent from an exchange governed by reciprocal reciprocity. How employees reciprocate perceived employer fulfilment of obligations may, therefore, depend on their perceptions of power relative to that of the employer, and on the form of reciprocity in the exchange.

The primary aim of this chapter is to explore the relationships between balanced and generalized forms of reciprocity and the outcomes of employee fulfilment of obligations, the typology of exit-voice-commitment, and employee satisfaction with the employment relationship. These employee behaviours and attitudes, particularly employee fulfilment of obligations that capture the employee side of the exchange deal, are often measured as outcomes following employee evaluation of the psychological contract (Turnley and Feldman 1999a; Coyle-Shapiro and Kessler, 2000; Coyle-Shapiro and Kessler, 2002; Coyle-Shapiro and Neuman, 2004). It is therefore interesting to explore whether they are affected by the underlying reciprocity form in the exchange.

The second aim of this chapter is to examine the role of perceived employee power in influencing the relationships outlined above. Although power (asymmetry) has been argued to potentially influence psychological contract perceptions, it has not been explicitly addressed in empirical research (Tetrick, Taylor, Coyle-Shapiro, Shore, Eisenberger, Folger, Liden, Morrison, Porter, Robinson, Roehling, Rousseau, Schalk and Van Dyne, 2002). In line with social exchange theory (Emerson, 1972), it is suggested that employee power, as captured by the perceived availability of alternative employment and the possession of valuable skills, influences the relationships between forms of reciprocity and measured outcome variables.

The next section will provide a brief theoretical review before explaining the hypothesized relationships in detail.

5.2 The forms of reciprocity explaining employee attitudes and behaviour

There is a consensus among researchers that psychological contract fulfilment and breach perceptions are important determinants of employees' attitudes and behaviour (Guest, 1998; Rousseau, 1995). For example, the relationship between an employer's contractual behaviour and employee commitment (Coyle-Shapiro and Kessler, 2000), organizational citizenship behaviour (Robinson and Morrison, 1995) and performance (Turnley, Bolino, Lester and Bloodgood, 2003) have been documented in the psychological contract literature. Changes in employee attitudes and behaviour have been explained through the process of reciprocation: employees weigh their employment deals and respond by adjusting their attitudes and behaviours accordingly (Coyle-Shapiro, 2001). Consequently, the relationship between employee and employer has been described as "an ongoing repetitive cycle of conferring benefits that in turn induce an obligation to reciprocate" (Coyle-Shapiro and Kessler, 2002: 72). Yet the functioning of the reciprocity principle and its different forms has not been explicitly empirically evaluated in psychological contract research. As argued by Morrison and Robinson (1997), the outcomes following psychological contract perceptions could, for example, be influenced by interpersonal dealings which may have little to do with the evaluation of reciprocity as assumed by psychological contract theory. Similarly, the outcomes are likely to be influenced by qualitative differences in the exchange relationship, as captured by the different forms of reciprocity.

While the norm of reciprocity acts as a balancing force in the exchange relationship, social exchange captures more than discrete transactions such as those in economic exchange (Blau, 1960). Due to the continuity in the exchange relationship, which differentiates social exchange from economic exchange, exchange partners come to behave according to a reciprocity pattern that is established or adopted over time (Emerson, 1976). In a social exchange relationship, the exchange partners are interested not only in the economic value of the exchange benefits but also in their symbolic value, which conveys information about the exchange orientation of the other party (Haas and Deseran, 1981). Benefits given and received (or the behaviours and attitudes of the exchange partner) in social exchange can therefore be taken as acts

expressive of the form of reciprocity underlying the exchange relationship. Consequently, employee attitudes and behaviours in the exchange demonstrate and confirm the underlying reciprocity principle and should not be viewed only as calculated and isolated equilibrium-storing responses to employer behaviours (McAllister, 1995). Rather, they may depend on the characteristics of the exchange relationship captured by the reciprocity form that underpins the exchange relationship (Tetrick et al., 2004).

The notion of the underlying reciprocity form as an antecedent to employee attitudes and behaviour is supported by the existing research on reciprocity, leader-member exchange and psychological contract breach. Tetrick et al. (2004) found that the forms of reciprocity predicted employees' commitment to the organization and perceived organizational support. In line with these findings, recent research on leader-member exchange has suggested that the characteristics of the reciprocity norm capture qualitative differences in the relationship between employees and managers, with consequent differences in exchange partners' attitudes and behaviours (Uhl-Bien and Maslyn, 2003). Hallier and James (1997) in turn examined employees' breach perceptions during enforced work-role transitions in a qualitative study. The authors concluded that employees experiencing repeated breach had the tendency to adhere to the principle of reciprocity that underlined the initially established relationship. It was not until as a result of overall assessment of the relationship after a long period of time that the employees changed their behaviour. Hence, Hallier and James' findings suggest that rather than responding to isolated employer exchange behaviours, employees' attitudes and behaviours tend to follow an established exchange pattern that characterizes the exchange relationship. Turnley and Feldman (1999b) suggest that the quality of the relationship between employers and employees may influence the effect of perceived contract violation on employee attitudes and behaviours.

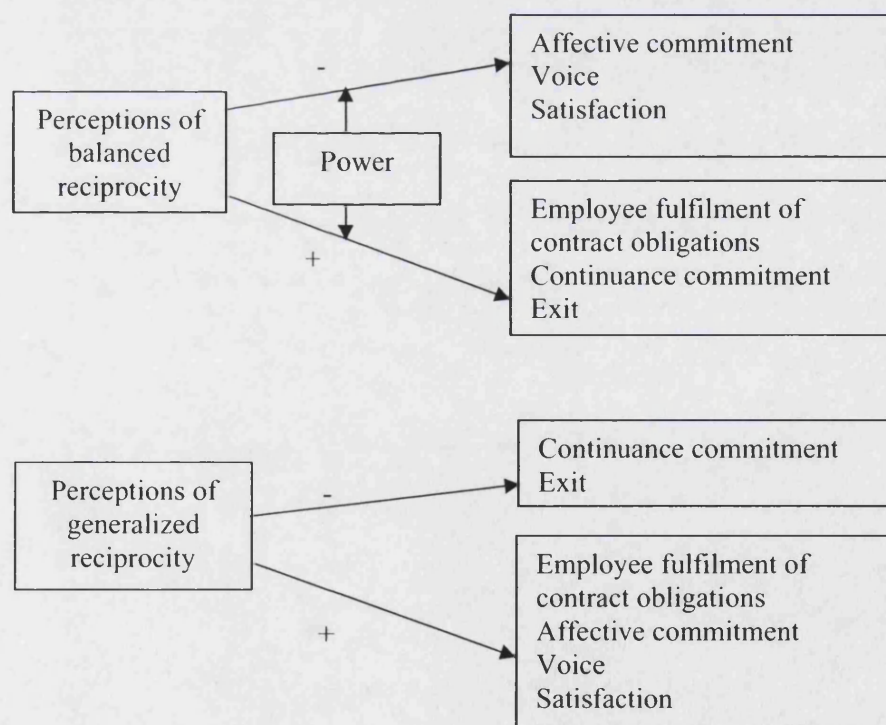
As explained in the previous chapter, social exchange theory differentiates between balanced and generalized forms of reciprocity (Sahlins, 1972). A relationship governed by a generalized form of reciprocity is characterised by low immediacy, low equivalence and mutual, or even altruistic, interest in the exchange. Generalized reciprocity as an underlying principle of a psychological contract therefore suggests an open-ended trusting exchange relationship with a variety of unspecified obligations. On the other hand, when there is a balanced form of reciprocity, exchange

partners give priority to high immediacy in reciprocation and high equivalence between the benefits exchanged, and the exchange is driven by self-interest. Therefore, balanced reciprocity implies stricter accounting of the exchanged benefits than generalized reciprocity. Drawing on the conceptualization of balanced and generalized forms of reciprocity and previous studies of reciprocity and leader-member exchange (Tetrick et al., 2004; Uhl-Bien and Maslyn, 2003), employee attitudes and behaviours in the exchange can depend on employee perceptions of the underlying type of reciprocity in the exchange relationship.

5.3 Hypotheses

The section below will explain the hypothesized relationships depicted in Figure 5.1.

Figure 5.1: Proposed relationships among the study variables in Chapter 5



5.3.1 Perceptions of reciprocity and fulfilment of perceived employee obligations

Perceptions of generalized reciprocity imply trust and willingness to invest in the exchange relationship. They also suggest care and consideration of the needs of the exchange partner – i.e. of the employee. (Sparrowe and Liden, 1997) As a result, the employee is likely to give priority to the needs of the employer through seeing these as overlapping with his/her own. Furthermore, the employee may even act altruistically and be prepared to make sacrifices for the good of the organization. His/her sense of responsibility should be high and opportunistic behaviour such as escaping duties or avoiding tasks minimized. In general, a generalized form of reciprocity as a perceived exchange mechanism should translate to an overall sense of indebtedness to the employer and obligation to reciprocate on the part of the employee (ibid). Therefore, perceptions of generalized reciprocity will be positively associated with employee fulfilment of his or her obligations towards the employer.

Hypothesis 1: Employee perceptions of a generalized form of reciprocity will be positively related to employee fulfilment of psychological contract obligations.

Exchanges wherein favours are returned with minimum time between contribution of resources and repayment provide confirmation that advantage has not been taken and ensure that neither party suspects exploitation (Lawler, 2001). Constant monitoring of the balance and a calculative approach to the exchange suggests that the exchange partners consciously weigh their treatment and are wary not only of the other party's fulfilment of the exchange, but of their own contributions to the exchange (ibid). In other words, consistently with the *quid pro quo* approach of balanced reciprocity, employees are careful to fulfil their perceived obligations in the exchange relationship in order to induce the agreed employer contribution: it is in their self-interest to fulfil their part of the exchange deal. Like perceptions of a generalized reciprocity form, but for different reasons, perceptions of a balanced form of reciprocity will therefore be positively associated with employee fulfilment of psychological contract obligations.

Hypothesis 2: Employee perceptions of a balanced form of reciprocity will be positively related to employee fulfilment of psychological contract obligations.

5.3.2 Attitudinal outcomes of forms of reciprocity

Affective and continuance commitment

Meyer and Allen (1991: 6) note that common to the various definitions of organizational commitment is the “view that commitment is a psychological state that characterises employee’s relationship with the organization, and has implications for the decision to continue membership in the organization”. Typically, organizational commitment has been examined as a multidimensional construct, including components of affective commitment and continuance commitment (ibid). Affective commitment captures the degree of emotional investment, attachment and identification with the organization and its goals. Continuance commitment reflects a more instrumental approach to the exchange relationship (ibid).

As generalized reciprocity underlies trusting and open-ended exchange relations, it is not surprising that the existing limited research (one study) has found support for a positive relationship between the principle of generalized reciprocity and affective commitment (Tetrick et al., 2004). In line with this, Saavedra and Van Dyne (1999) showed that rewards in social exchange were significantly related to emotional investment defined as closeness, interdependence and attachment in the work group. These results can be explained through the emotional bases of the constructs of generalized reciprocity, emotional investment and affective commitment (Tetrick et al., 2004). When employees find themselves in exchange relationships in which they can trust their employer, and in which they feel taken care of, affective commitment to the employer is likely to develop.

Hypothesis 3: Employee perceptions of a generalized form of reciprocity will be positively related to employee affective commitment.

Balanced reciprocity, with its short-term focus and time pressure for reciprocation, provides little reason for emotional attachment to and identification with employer and organization (Tetrick et al., 2004). Only agreed benefits are exchanged and the exchange is mainly driven by self-interest and rational exchange orientation. Consequently, the economically orientated basis of balanced reciprocity should have a negative influence on affective commitment characterised by emotional investment, attachment and identification with the employer.

Hypothesis 4: Employee perceptions of a balanced form of reciprocity will be negatively related to employee affective commitment.

Continuance commitment has received less attention than affective commitment in empirical research (Meyer and Allen, 1997). The development of continuance commitment can be explained through attempts to reach balance in the exchange. Investments by the employee and the availability of employment alternatives play a central role in the development of continuance commitment (Becker, 1960; Swailes, 2002). For example, an employee may consider the costs of relocating a family to another city or spending time in acquiring organization-specific skills as investments in the exchange for which he/she is seeking employee acknowledgement and payback. These considerations are centred on economic reasons and therefore embody the idea of costs related to leaving the organization (Becker, 1960). In other words, continuance commitment is more instrumental and has less to do with interdependency and personal relations than does affective commitment.

The principle of balanced reciprocity suggests expectations of equivalent returns and timely reciprocation, with the focus on one-to-one transactions (Sparrowe and Liden, 1997). Employee perceptions of a balanced norm of reciprocity as the underlying principle in the exchange relationship therefore reflect economic thinking and the instrumental interests of the exchange parties in the relationship. Similarly, continuance commitment presents a calculative and rational type of commitment to the employer and involves ‘book-keeping’ of the costs and benefits. Consequently, an employee is more likely to feel ‘instrumentally’ committed in an employment relationship characterized by a balanced form of reciprocity in which he/she seeks to maximize his/her returns than in a relationship characterized by generalized reciprocity. As Blau suggests (1964: 315), “exchange can be considered as a game, in which the partners have some common and conflicting interests. If both partners profit from the transaction, they have a common interest in effecting it [...] moreover, both have a common interest in maintaining a stable relationship”. Hence, employee perceptions of balanced reciprocity should contribute to employee continuance commitment to the employer.

Hypothesis 5: Employee perceptions of a balanced form of reciprocity will be positively related to employee continuance commitment.

The rational and calculative continuance commitment, with its instrumental approach, contradicts the trusting and generous nature of generalized reciprocity. As continuance commitment can suggest such feelings as 'having to stay', rather than 'wanting to stay', in the relationship (Meyer and Allen, 1997; Swailes, 2002), it does not coincide with the characteristics of generalized reciprocity. Therefore, perceptions of generalized reciprocity, with its underlying altruistic motives, are likely to be negatively related to continuance commitment.

Hypothesis 6: Employee perceptions of a generalized form of reciprocity will be negatively related to employee continuance commitment.

Exit

Quitting one's job is one of the most overt responses to a situation where employees are not satisfied with their exchange with the employer (Rusbult, Farrell, Rogers and Mainous, 1988). In previous research, exit has been associated with negative exchange experiences captured by psychological contract violation (Turnley and Feldman, 1998; Turnley and Feldman, 1999a). In line with this, an employee's positive assessment of the exchange relationship with the employer has been found to result in employee desire to maintain the exchange relationship (O'Leary-Kelly and Schenk, 2000).

Generalized reciprocity as the exchange principle implies employer commitment to the employee and a willingness to continue the exchange relationship. Following the reciprocity principle, employee behaviour should mirror that of the employer. In other words, employee behaviour and attitudes should reflect mutual, or even altruistic, interest in the exchange party (Sparrowe and Liden, 1997). Furthermore, generalized reciprocity implies a level of disregard for immediate balancing actions in the exchange, even if the exchange partner fails to reciprocate. Hence, parties whose exchange principle is that of generalized reciprocity should be less likely to consider leaving the organization.

Hypothesis 7: Employee perceptions of a generalized form of reciprocity will be negatively related to employee exit intentions.

While some employees may be satisfied with a strictly economic type of exchange relationship with their employer (Raja, Johns and Ntalianis, 2004) or have a tendency to be wary of reciprocation (Cotterell, Eisenberger and Speicher, 1992), psychological contract literature highlights the importance of the relational dimensions suggesting generalized reciprocity in the employment relationship (Rousseau, 1995). In line with this, Alvesson's (2000) studies in knowledge-intensive Swedish organizations suggest that negotiations on pay or pay increases were not seen as efficient means of recruiting or retaining employees. On the contrary, reciprocation based on identification with the company and the encouragement of friendly relations were valued and accompanied by constructive employee behaviours. Indeed, the *quid pro quo* basis of balanced reciprocity suggests that employee interest in the relationship does not go much beyond instrumentality (Sahlins, 1972). Furthermore, explicit exchange terms allow comparisons with other persons' exchanges and competing offers, and actors tend to be sensitive to departures from equality (Lawler, 2001). Consequently, employees should be more inclined to consider leaving the organization when they perceive that their exchange relationship with the employer is underlined by the balanced norm of reciprocity.

Hypothesis 8: Employee perceptions of a balanced form of reciprocity will be positively related to employee exit intentions.

Voice

Voice captures an employee's active attempts to discuss with supervisor or co-workers or to seek help, for example from a trade union, when s/he is dissatisfied with something (Rusbult et al., 1988; Farrell, Rusbult, Lin and Bernthall, 1990; Alvesson, 2000). In industrialized countries, the principle of voice is largely linked to union recognition, with the belief that unions can help improve the functioning of labour markets, improve working conditions and enhance justice in the workplace (Luchak, 2003). Like affective commitment to the employer, voice is therefore a constructive response in which the employee attempts to revive and maintain satisfactory working conditions rather than leaving the organization (exit) (Rusbult et al., 1988).

Antecedents to voice identified by research include higher education, employment sector and union membership (Sverke and Hellgren, 2001; Ngo, Tang Au, 2002; Luchak, 2003). Previous research has also demonstrated that affective commitment is

positively associated with employee voice (Withey and Cooper, 1989; Leck and Saunders, 1992). However, few studies have addressed voice from the social exchange perspective (Turnley and Feldman, 1999a).

Given the altruistic and emotional flavour of generalized reciprocity (Sahlins, 1972), employees who perceive generalized reciprocity as the underlying exchange mechanism have greater motivation and desire to maintain a positive relationship with their employer. Because of their emotional involvement and attachment to the employer, they are more likely to prefer constructive and less confrontational methods of dispute solution that do not threaten their relationship with the organization. The employee can trust the employer to 'hear' her/him and there is less need to consider the costs and risks potentially associated with voice. Hence, perceptions of generalized reciprocity should be positively associated with voice.

Hypothesis 9: Employee perceptions of a generalized form of reciprocity will be positively related to employee voice.

Withey and Cooper (1989) suggest that employees are sensitive to the cost of their action, the efficacy of the action and the attractiveness of the setting in which the action takes place. Hence, employees are inclined to use voice when they see that its costs are low, when it seems helpful, and when the overall employment setting is attractive enough to warrant the investment of time and effort needed for the use of voice. A balanced reciprocity as an underlying mechanism in the exchange relationship implies a more rational and calculated approach to the exchange and a lack of emotional attachment (Sahlins, 1972; Sparrowe and Liden, 1997), employees who perceive a balanced reciprocity principle may be less willing to invest the time and effort required for voicing concerns. The risks associated with uncertain returns on the investment in voice may be too high.

Hypothesis 10: Employee perceptions of a balanced form of reciprocity will be negatively related to employee voice.

Satisfaction with the employment relationship

Satisfaction with the employment relationship captures the extent to which an individual's general expectations regarding the employment relationship are met. The

psychological contract in turn provides the means for both employee and employer to assess the overall state of the employment relationship in terms of fulfilment of obligations (Coyle-Shapiro and Conway, 2001). According to Rousseau (2003), as an agreement of the obligations, the psychological contract is 'functional', promoting employee wellbeing and satisfaction with the employment relationship. Empirically, Tekleab, Takeuchi and Taylor (2005) found that breach perceptions were negatively related to employee job satisfaction. These findings support Blau (1964: 143), who suggests that “the satisfaction human beings experience in their social associations depends on the expectations they bring to them as well as on the actual benefits they receive in them”. While individual preferences for a type of employment relationship should not be disregarded (Cotterell, Eisenberger and Speicher, 1992; Raja, Johns and Ntalianis, 2004), satisfaction with the employment relationship may depend not only on the benefits exchanged relative to expectations, but on the underlying exchange principle.

Generalized reciprocity and its proposed positive associations with commitment and voice and reduced exit intention imply identification with the organization and a sense of belonging to the organization. Further, interdependence as captured by generalized reciprocity implies support, goodwill and trust, thereby allowing the fulfilment of different social needs (Schein, 1965; Sahlins, 1972). Reciprocation as captured by generalized reciprocity also makes it possible to deal more easily with stress (Levinson, Munden, Mandl and Solley, 1962). No strict account is kept of the benefits exchanged and potential conflicts related to the bargaining processes and the monitoring of benefits are easier to avoid. As Levinson et al. (1962: 131) point out, “reciprocation is a process which ties man and organization together for the accomplishment of their mutual tasks and the resolution of their mutual conflicts”. Longitudinal studies of organisational commitment and experience of flow at work also indicate that employment relationships characterised by mutual support and open-ended exchange tend to produce the most satisfied employees (Bateman and Strasser, 1984; Hakanen, 2005). Hence, the following is proposed:

Hypothesis 11: Employee perceptions of a generalized form of reciprocity will be positively related to employee satisfaction with the employment relationship.

Hypothesis 12: Employee perceptions of a balanced form of reciprocity will be negatively related to employee satisfaction with the employment relationship.

5.4 The role of power in employee reciprocation

Gouldner (1960) specified that reciprocation depends not only on the benefits received, but also on the power held by person 'B' relative to person 'A'. Specifically, social relations entail ties of mutual dependence between the partners, and power resides in control over things valued by the other (Emerson, 1962; 1972). Therefore, power can be seen as a property of social relations. A departure from balance implies an increase in the dependence of the less powerful and a decrease in the dependence of the more powerful. Emerson (1962: 32) argues that dependence (i.e. power) is a function of two variables: "the dependence of actor A upon actor B is directly proportional to A's motivational investment in goals mediated by B and inversely proportional to the availability of those goals to A outside of the A-B relation". Therefore, dependence increases with the value of outcomes controlled by the other, and decreases with the availability of alternative resources. In any exchange situation in which two persons, A and B, can provide rewards x and y (tangible or intangible) to each other, A's power over B (P_{ab}) can be defined as equal to B's dependence on A (D_{ba}) for the reward x, and B's power over A (P_{ba}) as equal to A's dependence on B (D_{ab}) for reward y (see Figure 5.2). Simply, an individual's dependence on another is a potential source of power for that other. Consequently, the availability of alternative employment and of employee skills and knowledge valuable to the employer are sources of employee power. Alternative job opportunities represent the availability of alternatives to A (employee) outside the A – B exchange, whereas employee skills and knowledge present B's (the employers') motivational investment in the goals mediated by A (the employee).

Figure 5.2: Power in A-B exchange relationship

$$P_{ab} \text{ (A's power over B)} = D_{ba} \text{ (B's dependence on A for rewards x)}$$

$$P_{ba} \text{ (B's power over A)} = D_{ab} \text{ (A's dependence on B for reward y)}$$

Assuming rational exchange behaviour, it is in the interest of the exchange partners to minimize their costs and maximise their gains in the exchange relationship. More powerful parties can either insist on higher benefits for the continuation of the relationship, or reduce their giving, or leave the relationship altogether (Emerson, 1962). Indeed, providing needed services which others cannot easily do without is an efficient way to attain power, as is threatening to deprive them of benefits they currently enjoy unless they reciprocate in a desired manner (Blau, 1964). If employees perceive themselves as powerful (i.e. they have valuable skills and alternative jobs) and the employer as more dependent, they may consider their contributions to the relationship carefully and attempt to bargain for exchange conditions which are as favourable as possible (Molm, Peterson and Takahashi, 1999).

However, because of the differences in the underlying exchange structure, as discussed in Chapter 4, rational action and use of power depend on the form of reciprocity in the exchange relationship. As negotiated exchange includes clearer bargaining over transactions, i.e. over the obligations of each party, power advantage can be, and is, used more directly to an individual's benefit than in reciprocal exchange (Molm et al., 1999). The transactions in a negotiated exchange provide clear consequences to which the exchange partners can respond, and make monitoring attempts in order to guard the balance in the exchange more likely (Lawler, 2001). Most importantly, when the more powerful party is willing to contribute less to the exchange, the more dependent party is likely to increase his/her offer in order to reach a deal and avoid the risk of the more powerful withdrawing from the exchange. This, however, increases both the benefits and the power advantage of the more powerful (Molm et al., 1999). For example, if an employee with valuable skills and alternative job opportunities is not satisfied with the salary, the employer is likely to be willing to negotiate a salary increase (i.e. give more), thereby increasing its dependence on the employee.

This can be further explored by examining the motivational assumptions underlying social exchange relationships. As Molm (2003) explains, both classical and more recent social exchange theorists assume that actors are self-interested and seek to maximize positively valued outcomes and minimize those with negative value – and that they use their power to do so. These theories differ in the extent to which the

model of rational actor is derived from microeconomics or behavioural psychology, and in their learning models. The operant backward-looking actor learns from the consequences of his or her past behaviour, whereas the rational forward-looking *homo economicus* calculates the potential costs and benefits of possible future actions. Molm (1994: 173-174) posits that “assumptions of a rational actor are more compatible with negotiated transactions, which encourage actors to calculate and compare the relative benefits of different options. In reciprocal transactions, in which actors respond to one another without agreements, the future is uncertain but the consequences of past actions known. Under these consequences, an operant actor is a reasonable assumption”. Consequently, and consistently with the conceptualisation of balanced and generalized reciprocity, the exchange partners are more motivated by potential gains and losses, and more likely to use their power to their advantage, when the exchange structure is based on the principle of balanced reciprocity.

Therefore, when the underlying principle is one of balanced reciprocity, and the more power the employee has, the more s/he should be inclined to reduce his/her giving in an attempt to maximise the gains and minimize the costs. This can translate into reduced affective commitment, reduced willingness to engage in voice, and increased intentions of leaving the organization. Further, employees who perceive themselves as very powerful may be less concerned about fulfilling their psychological contract obligations because of the employer’s dependency on them, but rather try to keep their contributions to the exchange to a minimum. Similarly, the basis for continuance commitment is undermined when employees perceive attractive alternative employment opportunities and hence feel less restricted to their current employer.

Hypothesis 13a: Employee perceptions of power will moderate the negative relationships between perceived balanced reciprocity and affective commitment, exit, voice and employee satisfaction with the employment relationship in such a way that the higher the perceived employee power the stronger these relationships will be.

Hypothesis 13b: Perceived employee power will moderate the positive relationship between balanced reciprocity and the fulfilment of employee obligations and continuance commitment in such a way that the higher the perceived employee power, the weaker these relationships will be.

On the other hand, in reciprocal exchange characterised by a generalized form of reciprocity the outcomes are open: when and what the other will reciprocate is unknown. The exchange partners are more dependent on each other and the possibility of influencing the behaviour of the exchange partner (i.e. the flow of benefits) is less than when the exchange structure is negotiated. The equality or inequality of the exchange is established over time on the basis of the ratio of the parties' individual giving to one another rather than on the basis of one-to-one transactions (Molm et al., 1999; Molm, 2003). Moreover, if the powerful exchange party decreases its contributions to the exchange, the disadvantaged actor is also likely to limit his/her input to the exchange in order to reduce the risk of unilateral giving. This decreases the benefits the powerful party receives and evens the power advantage he/she previously had. Hence, an exchange relationship characterized by generalized reciprocity does not provide the same basis for rational acting, power use and profit maximization as does a relationship governed by the form of balanced reciprocity. Therefore, an exchange relationship characterized by generalized reciprocity does not provide the same avenues for power use, as it does not involve discrete transactions and bargaining over terms. Consequently, power should not influence the relationships between generalized reciprocity and outcomes:

Hypothesis 14: Perceived employee power will not influence the relationships between perceptions of generalized reciprocity and outcome variables.

5.5 Method

5.5.1 Sample

This chapter utilises the two samples of employees, one from the public sector ($N=162$) and one from the private sector ($N=109$). A detailed description of the samples has been presented in Chapter 3.

5.5.2 Measures

For all items in each of the scales, participants were asked to indicate the extent to which they disagreed or agreed with the statement on a five-point scale.

Independent variables:

The scales used to measure Perceptions of generalized form of reciprocity and Perceptions of balanced form of reciprocity were the same as those used in the previous chapter (see Chapter 4 for description and development of the scales).

Perceived employee power. Two items that measured employee perceptions of alternative job opportunities and two that tapped employee evaluation of the particularism of his/her skills comprised the scale for power, that was developed for this study. Examples of sample items include 'I think I could easily find another job elsewhere' and 'I have knowledge and skills that make me valuable to this organization'.

Dependent variables:

Perceived employee fulfilment of psychological contract obligations. In line with previous research on the psychological contract (Coyle-Shapiro and Kessler, 2002; Tekleab and Taylor, 2003), the respondents in participating organizations were asked to indicate the extent to which they believed they had fulfilled the ten measured obligations to the employer. In addition, the participants had the option of answering 'not at all obligated' / 'not applicable'. Examples of employee obligations include 'if necessary, work unpaid extra hours to finish a task', 'to keep abreast of current

developments in my area of expertise' and 'make independent decisions regarding my work'.

Affective commitment. Six items from Allen and Meyer's (1990) affective commitment scale were used to measure affective commitment. A sample item is 'I would be very happy to spend the rest of my career with this employer'. The word 'organization' was changed to 'employer' so that the wording was in line with the psychological contract and reciprocity measures.

Continuance commitment. Continuance commitment was measured by six items from Allen and Meyer's (1990) continuance commitment scale (e.g. it would be too costly for me to leave my employer now.) The word 'organization' was changed to 'employer' so that the wording was in line with the psychological contract and reciprocity measures.

Exit. Four items from the exit scale developed by Rusbult et al. (1988) were used to measure employee intentions of leaving the organization. The items assessed respondents' job searching behaviour and thoughts of quitting. A sample item is 'during the next year, I will probably look for a new job outside this organization'.

Voice. Five items from the exit scale developed by Rusbult et al. (1988) were used to measure employee voice. The items assessed respondents' willingness to voice their concerns when they saw or experienced problems at the workplace or to make suggestions in order to improve their working conditions. A sample item is 'when things are seriously wrong and the company won't act, I am willing to do something about it'.

Satisfaction with the employment relationship. Satisfaction with the employment relationship was measured by two items developed for this study. A sample item is 'overall, I am satisfied with my employment relationship'.

Control variables. Age, gender, tenure and employee position in the organizational hierarchy were measured for control purposes. In previous studies, age and organizational tenure have been found to have low positive correlations with commitment and exit measures (Farrell et al., 1990; Swailes, 2002). Employee

position in the organizational hierarchy may in turn influence perceived employee power. Gender may also influence the proposed relationships, in particular in Organization B where the majority of the employees are male.

5.5.3 Analysis

Hypotheses 1 and 2, concerning the proposed direct relationships between employee perceptions of generalized reciprocity and balanced reciprocity and the outcome variable 'employee fulfilment of psychological contract obligations', were tested using hierarchical multiple regression. The control variables 'gender', 'age', 'tenure' and 'position in the organization' were entered in the first step and the type of reciprocity in the second step.

A similar procedure was used to test the proposed relationships between perceptions of reciprocity and affective commitment (Hypotheses 3 and 4), continuance commitment (Hypotheses 5 and 6), exit intentions (Hypotheses 7 and 8), voice (Hypotheses 9 and 10) and employee satisfaction with the employment relationship (Hypotheses 11 and 12).

To test Hypotheses 13a, 13b and 14 concerning the moderating role of power, the interaction term was entered in the final fourth step, permitting the significance of the interactions to be determined after examining the main effects of the independent variables in the third step. As recommended by (Aiken and West, 1991), the predictor variables were centred before forming interaction terms in order to reduce the multicollinearity often associated with regression equations containing interaction terms. Changes in R^2 were used to evaluate the ability of the interaction terms to explain variance beyond that accounted for by the main effects in the equation. Significant interactions were probed using procedures recommended by Aiken and West (1991). The regression equation was restructured to represent the regression of the dependent variables on the independent variables for employee power ranging from low power to high power. Low, medium, and high values of power were established (Cohen and Cohen, 1983) and entered into the transformed regression equation so as to calculate three regression equations. Low, medium, and high values of power were calculated as one standard deviation below the mean, the mean, and one standard deviation above the mean, respectively. T-tests were then performed on simple slopes of the equations in order to determine whether they differed from zero.

5.6 Results

5.6.1 Factor analysis

A factor analysis (principal components with varimax rotation) was conducted for the balanced and generalized reciprocity scales and perceived employee power items in order to evaluate the factorial independence of the variables used in this study and to create scales. After one of the four items measuring perceived power ('I think I could easily find another job elsewhere') was removed due to its low factor loading in both samples, the results supported the factorial independence of the three constructs. The final factor loadings for generalized and balanced forms of reciprocity and perceived employee power are presented in Table 5.1.

Factor loading matrices for the other scales (affective and continuance commitment, exit and voice) used in this chapter are contained in Appendix D.3 and D.4. Principal component analysis initially suggested a three-component solution for the items measuring affective commitment and continuance commitment in both samples. Once the items loading highly on two factors were eliminated, the analysis was supportive of a two-component solution. While the principal component analysis supported a two-component solution for the exit and voice items, it also demonstrated that one item measuring voice in sample A ('When things are seriously wrong and the company won't act, I am willing to do something about it') and one in sample B ('I sometimes discuss problems at work with my employer') loaded onto both factors. These two items were excluded from the final voice scale.

Table 5.1: Final factor loading matrix for perceived employee power, perceptions of generalized reciprocity and perceptions of balanced reciprocity, samples A and B

Item	Sample A			Sample B		
	Power	Balanced reciprocity	Generalized reciprocity	Power	Balanced reciprocity	Generalized reciprocity
I have key skills that the organization needs.	.85	-.00	-.12	.82	.08	.03
I have knowledge and skills that make me valuable to this organization.	.85	-.03	-.07	.76	-.12	.19
I believe my employer would have difficulties in replacing me.	.75	.09	.08	.75	.08	.05
If my employer does something extra for me, there is an expectation that I will do something extra in return.	-.00	.80	-.04	-.11	.84	-.09
When my employer treats me favourably, it is important that I show my appreciation right away.	.13	.79	-.18	.10	.76	-.02
If my employer does something extra for me, it expects me to pay back in equal value.	-.02	.78	-.14	.03	.75	-.09
My employer keeps track of how much we owe each other.	-.02	.73	-.08	.04	.76	-.10
My employer takes care of me in ways that exceed my contribution to the organization.	.14	-.14	.80	.05	-.16	.87
My employer would help me to develop myself, even if I cannot make more contributions at present.	-.21	.01	.73	-.07	-.25	.52
My employer seems willing to invest in my professional development even when it does not directly impact my current job performance.	-.03	-.24	.68	-.04	-.07	.89
Eigenvalue	2.50	2.09	1.71	2.35	2.06	1.90
Percent of total variance explained	24.96	20.90	17.12	23.48	20.62	18.98
Total percent of variance explained	62.99%			63.08%		

5.6.2 Descriptive statistics

The means, standard deviations and t-test results of the study variables are reported in Table 5.2. T-tests were conducted in order to compare the samples. As Table 5.2 shows, there are significant differences in employee attitudes and behaviours between the two organizations. Specifically, employees in sample A reported higher employer fulfilment of obligations ($t = 10.13, p < .001$) and higher levels of both affective commitment ($t = 2.69, p < .01$) and continuance commitment ($t = 3.10, p < .01$). Employees in sample B reported higher levels of power ($t = -3.02, p < .01$) and exit ($t = -4.85, p < .001$).

Table 5.2: The means, standard deviations and t-tests of the study variables

Scale	Sample A (n = 162)		Sample B (n = 109)		t
	Mean	SD	Mean	SD	
Generalized reciprocity	2.41	0.69	2.30	0.87	1.13
Balanced reciprocity	2.51	0.75	2.60	0.73	-1.01
Perceived employee fulfilment of psychological contract	4.16	0.47	3.58	0.43	10.13***
Perceived employee power	3.60	0.75	3.85	0.64	-3.02**
Affective commitment	3.14	1.42	2.75	0.86	2.69**
Continuance commitment	3.22	1.00	2.83	1.08	3.10**
Exit	2.27	1.14	2.90	1.11	-4.85***
Voice	3.19	0.83	3.23	0.78	-.37
General satisfaction	3.06	0.89	3.00	0.93	.50

Note. $N = 162$ and 109 . * $p < .05$. ** $p < .01$. *** $p < .001$.

Reliability and intercorrelations among the variables are presented in Tables 5.3 and 5.4. As found in previous studies (Luchak, 2003), the highest correlation was between affective commitment and exit in sample B ($r = -.76, p < .001$). Similarly, in sample B, the correlation between satisfaction with the employment relationship and exit ($r = -.61, p < .001$) is high. However, as these high correlations are among dependent variables, they do not pose a risk of multicollinearity in the regression analyses.

The Cronbach's alpha coefficients are presented in Tables 5.3 and 5.4. The coefficients were below the recommended .7 for the scales measuring employee satisfaction with employment relations (sample A = .64 and sample B = .68), voice (sample B = .60), continuance commitment (sample A = .65) and perceived employee power (sample B = .64). However, the alpha values are rather sensitive and it is common to find low values, particularly for short scales such as the scales used in this

study, which each consisted of 2-3 items. Following the recommendations of Briggs and Cheek (1986), the mean inter-item correlation was checked for each scale, in addition to Cronbach's alpha coefficients, and found to be in the optimal range of .2 to .4.

Table 5.3: Intercorrelations among study variables, *sample A*

	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Gender													
2. Age	-.10												
3. Tenure	.53***	.32***											
4. Position	.16*	.12	-.06										
5. Generalized reciprocity	.08	-.16*	-.03	.05	(.62)								
6. Balanced reciprocity	-.10	.07	.04	-.06	-.27**	(.79)							
7. Perceived employee power	.20**	-.01	-.12	.23**	-.08	-.08	(.74)						
8. Employee fulfilment of obligations	-.03	-.03	-.03	.14	-.02	-.08	.31**	(.81)					
9. Affective commitment	.14	.22**	.32**	-.04	-.10	.31**	.05	.09	(.77)				
10. Continuance commitment	.02	.02	.17*	-.32**	.15*	-.01	-.06	-.05	.27**	(.65)			
11. Exit	.09	-.27**	-.28**	.03	.12	-.26**	.05	.00	-.57***	-.25**	(.85)		
12. Voice	.07	.13	.09	.17*	.07	-.08	.29**	.38***	.15*	-.17*	.05	(.70)	
13. Satisfaction with the employment relationship	.10	.12	.13	.14	-.31**	.46***	-.04	.02	.45***	.08	-.49***	-.12	(.64)

Note. $N = 162$. * $p < .05$. ** $p < .01$. *** $p < .001$. The main diagonal contains Cronbach's internal consistency reliability estimates for the scales in brackets.

Table 5.4: Intercorrelations among study variables, *sample B*

	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Gender													
2. Age	-.20*												
3. Tenure	-.11	.30*											
4. Position	.32**	.05	-.12										
5. Generalized reciprocity	-.15	.03	-.19*	-.09	(.72)								
6. Balanced reciprocity	-.03	.05	.08	.00	-.21*	(.71)							
7. Perceived employee power	.20**	-.21*	-.04	.08	-.16	.05	(.64)						
8. Employee fulfilment of obligations	-.15	.12	-.02	-.04	.08	-.07	.20**	(.76)					
9. Affective commitment	.15	.04	-.13	-.05	.44***	-.23**	-.03	.18	(.83)				
10. Continuance commitment	-.16	.18	.01	-.20	.37***	.03	-.13	.06	.43***	(.78)			
11. Exit	.13	-.03	.17	.05	-.42***	.36***	.12	-.27**	-.76***	-.50***	(.89)		
12. Voice	-.28	-.04	-.09	-.04	.19*	-.16	.06	.27**	.36**	.15	-.34**	(.60)	
13. Satisfaction with the employment relationship	-.19*	.20*	-.16	.07	.46***	-.30**	-.17	.17	.58***	.38***	-.61***	.29**	(.68)

Note. $N = 109$. * $p < .05$. ** $p < .01$. *** $p < .001$. The main diagonal contains Cronbach's internal consistency reliability estimates for the scales in brackets.

5.6.3 Main effects

As Tables 5.5a and 5.5b show (Step 3), Hypotheses 1 and 2 concerning the direct relationships between forms of reciprocity and employee fulfilment of psychological contract were not supported. Generalized and balanced forms of reciprocity were not significantly associated with employee reports of their psychological contract fulfilment.

Table 5.5a: Regressions predicting the effect of generalized reciprocity on perceived employee obligations

Independent variable	Sample A				Sample B			
	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Gender	-.10	-.10	-.10	-.10	-.14	-.20 [†]	-.20 [†]	-.20 [†]
Age	-.08	-.08	-.10	-.10	.12	.18 [†]	.18 [†]	.18 [†]
Tenure	.01	.01	.01	.01	-.07	-.09	-.08	-.08
Position	.13	.08	.09	.09	-.01	-.03	-.01	-.01
Power (PP)		.30***	.30***	.30***		.32**	.33**	.34**
Generalized (GR)			-.08	-.09			.06	.06
GR*PP				.04				.03
Adjusted R²	-.01	.07***	.07	.06	-.01	.09**	.08	.07
ΔR²	.01	.08***	.01	.00	.04	.09	.00	.00
F	.52	3.13**	2.79*	2.43*	.96	2.88**	2.44*	2.08
ΔF	.52	13.37	1.08	.18	.97	10.18**	.34	.07

Note. $N = 162$ and 109 . [†] $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 5.5b Regressions predicting the effect of balanced reciprocity on perceived employee obligations

Independent variable	Sample A				Sample B			
	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Gender	-.04	-.10	-.10	-.10	-.13	-.20 [†]	-.21 [†]	-.19 [†]
Age	-.07	-.08	-.10	-.10	.16	.21 [†]	.21*	.21*
Tenure	-.01	-.01	-.01	-.01	-.08	-.09	-.09	-.09
Position	.11	.08	.09	.09	-.01	-.02	-.02	-.02
Power (PP)		.30***	.30***	.30***		.33**	.34**	.31**
Balanced (BR)			-.08	-.09			-.07	-.11
BR*PP				.04				.12
Adjusted R²	-.01	.07***	.07	.06	-.01	.10**	.09	.10
ΔR²	.01	.08***	.01	.00	.05	.10	.00	.01
F	.52	3.13**	2.79*	2.40	.36	3.11**	2.66*	2.47
ΔF	.52	13.37***	1.08	.18	1.00	10.69**	.49	1.29

Note. $N = 162$ and 109 . [†] $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$.

Hypotheses 3 and 4 concerned the relationships between forms of reciprocity and affective commitment. Perceptions of generalized reciprocity were positively associated with affective commitment in both samples (sample A: $\beta = .32, p < .001$; sample B: $\beta = .44, p < .001$), confirming Hypothesis 3 (see Table 5.6a. step 3). Hypothesis 4 received partial support. A balanced form of reciprocity was negatively and significantly associated with affective commitment only in sample B ($\beta = -.24, p < .05$) (see Table 5.6b, step 3).

Table 5.6a: Regressions predicting the effect of generalized reciprocity on employee affective commitment

Independent variable	Sample A				Sample B			
	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Gender	.16*	.15 [†]	.14 [†]	.13 [†]	-.18 [†]	-.18	-.12	-.14
Age	.08	.08	.14	.13	.09	.09	.06	.08
Tenure	.30**	.31***	.28**	.28**	-.17 [†]	-.17 [†]	-.07	-.06
Position	-.00	-.01	-.06	-.04	-.03	-.03	-.01	-.02
Power (PP)		.06	.09	.09		-.00	.05	.09
Generalized (GR)			.32***	.30***			.44***	.44***
GR*PP				.13				.12
Adjusted R²	.12***	.11	.21***	.22 [†]	.02	.01	.19***	.19
ΔR²	.14	.00	.10***	.02 [†]	.06	.00	.17***	.01
F	6.65***	5.44***	8.78***	8.14***	1.60	1.27	4.95***	4.50***
ΔF	6.65***	.67	22.05***	3.52 [†]	1.60	.00	22.06***	1.61

Note. $N = 162$ and 109 . [†] $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 5.6b: Regressions predicting the effect of balanced reciprocity on employee affective commitment

Independent variable	Sample A				Sample B			
	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Gender	.16*	.15*	-.14 [†]	.16*	-.18 [†]	-.18 [†]	-.19 [†]	-.18 [†]
Age	.08	.08	.08	.09	.07	.07	.08	.08
Tenure	.30**	.31***	.31***	.30***	-.15	-.15	-.14	-.14
Position	-.00	-.01	-.02	-.02	-.02	-.02	-.03	-.03
Power (PP)		.06	.07	.05		-.00	.02	.00
Balanced (BR)			-.11	-.13			-.24*	-.26*
PP*BR				-.14*				.08
Adjusted R²	-.12***	.11	.12	.14*	.02	.01	.05*	.05
ΔR²	.14***	.00	.01	.02*	.06	.00	.05*	.01
F	6.68***	5.47***	4.98***	4.90***	1.41	1.12	1.93 [†]	1.72
ΔF	6.68***	.66	2.34	3.89*	1.41	.00	5.73*	.51

Note. $N = 162$ and 109 . [†] $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$.

Balanced reciprocity was not positively associated with continuance commitment, thereby failing to confirm Hypothesis 5, although the relationship was approaching significance level .05 in sample A (see Table 5.7a, step 3). The negative association between a generalized form of reciprocity and continuance commitment as proposed by Hypothesis 6 was not supported (see Table 5.7b, step 3). Contrary to what was expected, a positive association was found between the two variables in sample B ($\beta = .32, p < .01$).

Table 5.7a: Regressions predicting the effect of balanced reciprocity on employee continuance commitment

Independent variable	Sample A				Sample B			
	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Gender	.09	.08	.10	.09	-.12	-.11	-.11	-.09
Age	-.05	-.05	-.06	-.06	.18	.17	.17	.17
Tenure	.19*	.19*	.18*	.18*	-.06	-.05	-.05	-.06
Position	-.29***	-.29***	-.28***	-.28***	-.19 [†]	-.18 [†]	-.18 [†]	-.18 [†]
Power (PP)		.02	.01	.01		-.08	-.08	-.11
Balanced (BR)			.12 [†]	-.13 [†]			.02	-.05
BR*PP				.04				.17
Adjusted R²	.09***	.08	.10 [†]	.09	.06	.05	.04	.06
ΔR²	.11***	.00	.02 [†]	.00	.09	.01	.00	.03
F	5.42***	4.32**	4.11**	3.54**	2.51	2.11 [†]	1.75	1.90 [†]
ΔF	5.42***	.05	2.82 [†]	.26*	2.51*	.58	.03	2.66

Note. N = 162 and 109. [†] $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 5.7b: Regressions predicting the effect of generalized reciprocity on employee continuance commitment

Independent variable	Sample A				Sample B			
	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Gender	.09	.09	.09	.10	-.11	-.09	-.04	-.04
Age	-.05	-.05	-.05	-.05	.20 [†]	.18 [†]	.16	.16
Tenure	-.19*	.19*	.19*	.20*	-.08	-.07	-.01	.01
Position	-.28***	-.29***	-.28***	-.30***	-.19 [†]	-.19 [†]	-.16	-.16
Power (PP)		.02	.01	.02		-.09	-.05	-.06
Generalized (GR)			-.01	.01			.32**	.32**
GR*PP				-.14 [†]				-.02
Adjusted R²	.09***	.09	.08	.09 [†]	.06*	.06	.14**	.14
ΔR²	.11***	.00	.00	.02 [†]	.09	.00	.09**	.00
F	5.38***	4.29**	3.56**	3.62**	2.63*	2.27 [†]	3.93**	3.35**
ΔF	5.38***	.04	.03***	3.73 [†]	1.60	.00	22.06***	1.61

Note. N = 162 and 109. [†] $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$.

Hypotheses 7 and 8 received support. Perceptions of generalized reciprocity were negatively associated with exit in both samples (sample A: $\beta = -.32$, $p < .001$; sample B: $\beta = -.32$, $p < .01$) (Table 5.8a, step 3). In line with this, positive associations were found between balanced reciprocity and exit (sample A: $\beta = .18$, $p < .01$; sample B: $\beta = .36$, $p < .001$) (Table 5.8b, step 3).

Table 5.8a: Regressions predicting the effect on generalized reciprocity on exit

Independent variable	Sample A				Sample B			
	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Gender	.05	.05	.05	.06	-.11	-.09	-.04	-.04
Age	-.19*	-.19*	-.24**	-.23**	.20 [†]	.18 [†]	.16	.16
Tenure	-.18*	-.18*	-.16 [†]	-.15 [†]	-.08	-.07	-.01	.01
Position	.03	.02	.08	.07	-.19 [†]	-.19 [†]	-.16	-.16
Power (PP)		.03	-.01	-.01		-.09	-.05	-.06
Generalized (GR)			-.32***	-.30***			-.32**	-.32**
GR*PP				-.10				-.02
Adjusted R²	.09**	.08	.18***	.18	.03	.03	.16***	.16
ΔR²	.11**	.00	.10***	.01	.07	.01	.13***	.01
F	5.09**	4.09**	7.23***	6.49***	1.89	1.71	1.15**	3.75**
ΔF	5.09***	.17	20.50***	1.87	1.89	.98	15.14***	1.25

Note. $N = 162$ and 109 . [†] $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 5.8b: Regressions predicting the effect of balanced reciprocity on exit

Independent variable	Sample A				Sample B			
	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Gender	.05	.04	.06	.02	.17	.15	.16	.16
Age	-.19*	-.19*	-.19*	-.20*	-.09	-.07	-.08	-.08
Tenure	-.18*	-.18*	-.18*	-.18*	-.22*	.21*	.19 [†]	.19 [†]
Position	.03	.03	.04	.05	.03	.02	.03	.03
Power (PP)		.03	.01	.04		.11	.09	.10
Balanced (BR)			.18**	.21**			.36***	.36**
BR*PP				.18**				-.10
Adjusted R²	.09**	.08	.11**	.14**	.03	.03	.16***	.15
ΔR²	.11**	.00	.03**	.03**	.07	.01	.13***	.00
F	5.12**	4.11**	4.53***	4.81***	1.79	1.64	4.00**	3.39
ΔF	5.13**	.17	5.99**	5.69**	1.79	1.10	14.60**	.01

Note. $N = 162$ and 109 . [†] $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$.

Hypotheses 9 and 10 were not supported. As shown in Tables 5.9a and 5.9b (Step, 3), perceptions of reciprocity did not predict employee voice, although the relationship between generalized reciprocity and voice approached significance in sample B.

Table 5.9a: Regressions predicting the effect of generalized reciprocity on voice

Independent variable	Sample A				Sample B			
	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Gender	.08	.03	.03	.03	-.32**	-.34**	-.32**	-.33**
Age	.08	.07	.06	.06	-.05	-.03	-.04	-.02
Tenure	.05	.08	.09	.08	-.11	-.11	-.07	-.07
Position	.11	.07	.08	.08	-.05	-.05	-.06	-.05
Power (PP)		.27**	.26**	.26**		.12	.15	.19 [†]
Generalized (GR)			-.03	-.04			.17 [†]	.17 [†]
GR*PP				.05				.13
Adjusted R²	.01	.07**	.07	.07	.06*	.07	.08 [†]	.09
ΔR²	.04	.07**	.00	.00	.10	.01	.03 [†]	.01
F	1.56	3.77**	3.15**	2.76**	2.67*	2.46*	2.56*	2.43*
ΔF	1.56	12.20	.17	.44	2.67*	1.56	2.86 [†]	1.56

Note. $N = 162$ and 109 . [†] $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 5.9b: Regressions predicting the effect of balanced reciprocity on voice

Independent variable	Sample A				Sample B			
	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Gender	.08	.04	.04	.04	-.31**	.33**	.33**	.35**
Age	.08	.07	.07	.07	-.05	-.03	-.03	-.03
Tenure	.05	.08	.08	.08	-.11	-.11	-.10	-.10
Position	.11	.07	.07	.07	.04	.04	.04	.04
Power (PP)		.27**	.26**	.26**		.12	.12	.14
Balanced (BR)			.04	.04			-.16	-.12
BR*PP				-.03				-.12
Adjusted R²	.01	.07**	.07	.07	.05 [†]	.06	.07	.08
ΔR²	.04	.07**	.00	.00	.09 [†]	.01	.03	.01
F	1.59	3.79**	3.19**	2.75**	2.41 [†]	2.19 [†]	2.31*	2.16*
ΔF	1.59**	12.17**	.29	.15	2.41 [†]	1.26	2.73**	1.20

Note. $N = 162$ and 109 . [†] $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$.

As proposed by Hypothesis 11 (Table 5.10a, step 3), generalized reciprocity had a positive relationship to employee satisfaction with the employment relationship (sample A: $\beta = .49, p < .001$; sample B: $\beta = .42, p < .001$). Similarly, Hypothesis 12 was supported (Table 5.10b, step 3). Perceptions of balanced reciprocity were negatively associated with employee satisfaction with the employment relationship (sample A: $\beta = -.29, p < .001$; sample B: $\beta = -.30, p < .01$).

Table 5.10a: Regressions predicting the effect of generalized reciprocity on satisfaction with the employment relationship

Independent variable	Sample A				Sample B			
	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Gender	.09	.11	.10	.09	-.25*	-.23*	-.17 [†]	-.21 [†]
Age	.10	.11	.19*	.19*	.24*	.22*	.20*	.23*
Tenure	.08	.07	.04	.03	-.25*	-.21*	-.14*	-.13*
Position	.07	.08	.01	.02	.11	.11	.15 [†]	.12 [†]
Power (PP)		-.07	-.04	-.04		-.11	-.06	.03
Generalized (GR)			.49***	.46***			.42***	.43***
GR*PP				.11				.25***
Adjusted R ²	.02	.02	.25***	.25	.12**	.12	.28***	.33**
ΔR^2	.04	.01	.23***	.01	.16**	.01	.16***	.06**
F	1.75	1.60	10.42***	9.41***	4.59**	3.91**	7.75***	8.40***
ΔF	1.75	.97	52.13***	2.68	4.59**	1.23	22.61***	8.65**

Note. $N = 162$ and 109 . [†] $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 5.10b: Regressions predicting the effect of balanced reciprocity on satisfaction with the employment relationship

Independent variable	Sample A				Sample B			
	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Gender	.09	.10	.10	.10	-.24*	-.21*	-.22*	-.23*
Age	.10	.10	.11	.12	.24*	.22*	.22*	.22*
Tenure	.08	.08	.08	.08	-.23*	-.23*	-.20*	-.20*
Position	.08	.09	.07	.07	.04	.10	.10	.11
Power (PP)		-.07	-.05	-.07		-.13	-.11	-.10
Balanced (BR)			-.29***	-.32***			-.30**	-.28**
BR*PP				-.15*				-.06
Adjusted R ²	.02	.02	.10***	.11*	.11**	.12	.20**	.20
ΔR^2	.04	.01	.09***	.02*	.15**	.02	.09**	.00
F	1.80	1.62	4.18**	4.26***	4.15**	3.68**	5.30***	4.60***
ΔF	1.80	.90	16.28***	4.23*	4.15**	1.66	11.41**	.34

Note. $N = 162$ and 109 . [†] $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$.

5.6.4 Moderating effects

Hypothesis 13a regarding the moderating role of perceived employee power in the relationships between balanced reciprocity and affective commitment, exit, voice and employee satisfaction with the employment relationship received partial support. Specifically, as shown by Tables 5.6b, 5.8b and 5.10b (Step 4) presented earlier, power was found to moderate the relationship between balanced reciprocity and affective commitment ($\beta = -.14, p < .05$), exit ($\beta = .18, p < .01$) and satisfaction with the employment relationship ($\beta = -.15, p < .05$) in sample A. Employees perceiving a higher level of balanced reciprocity were likely to be less committed and satisfied with their employment relations when they perceived that they were very powerful. In line with this, employees perceiving a higher level of balanced reciprocity were more likely to have greater intentions of leaving when they perceived that they were very powerful. However, the R square change values are small, indicating that the interaction term explains an additional 2 per cent of the variance in affective commitment, 3 per cent of the variance in exit intentions and 2 per cent in employee satisfaction, when the direct effects of perceptions of balanced reciprocity and perceived power are controlled for. Simple slopes and t-tests for significant interactions are featured in Table 5.11a, 5.11b and 5.11c and Figures 5.3, 5.4 and 5.5.

Table 5.11a: Tests of simple slopes of regression for interaction between perceived employee power and reciprocity perceptions

Perceived employee power * perceptions of balanced reciprocity
 Dependent variable: employee affective commitment to the employer

Level of perceived power	Simple Slope	SE	t (n = 162)
Low	.06	.06	.41
Medium	-.11	.09	-1.18
High	-.29	.12	-2.38*

Note. * $p < .05$. ** $p < .01$. *** $p < .001$.

Figure 5.3: Moderating effects of power in the relationship between perceptions of balanced reciprocity and employee affective commitment

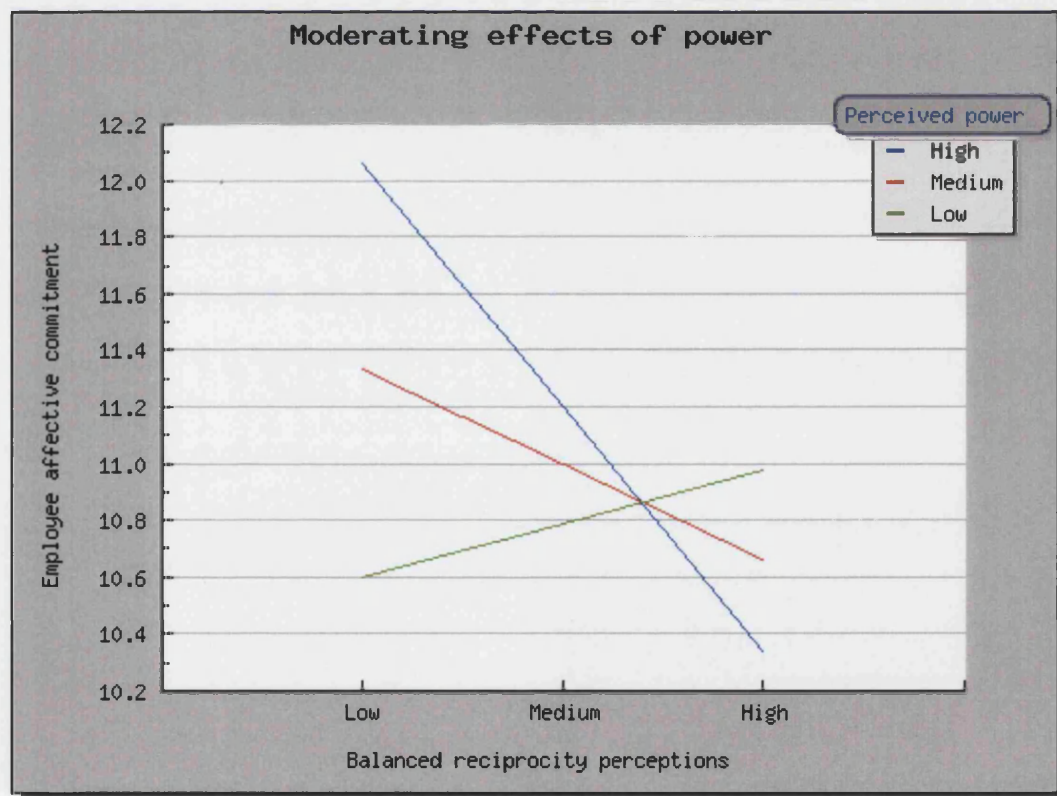


Table 5.11b: Tests of simple slopes of regression for interaction between perceived employee power and perceptions of reciprocity

Perceived employee power * perceptions of balanced reciprocity
 Dependent variable: exit

Level of perceived power	Simple Slope	SE	t (n = 162)
Low	-.02	.16	-0.10
Medium	.23	.11	2.19**
High	.48	.13	3.69***

Note. * $p < .05$. ** $p < .01$. *** $p < .001$.

Figure 5.4: Moderating effects of power in the relationship between perceptions of balanced reciprocity and exit

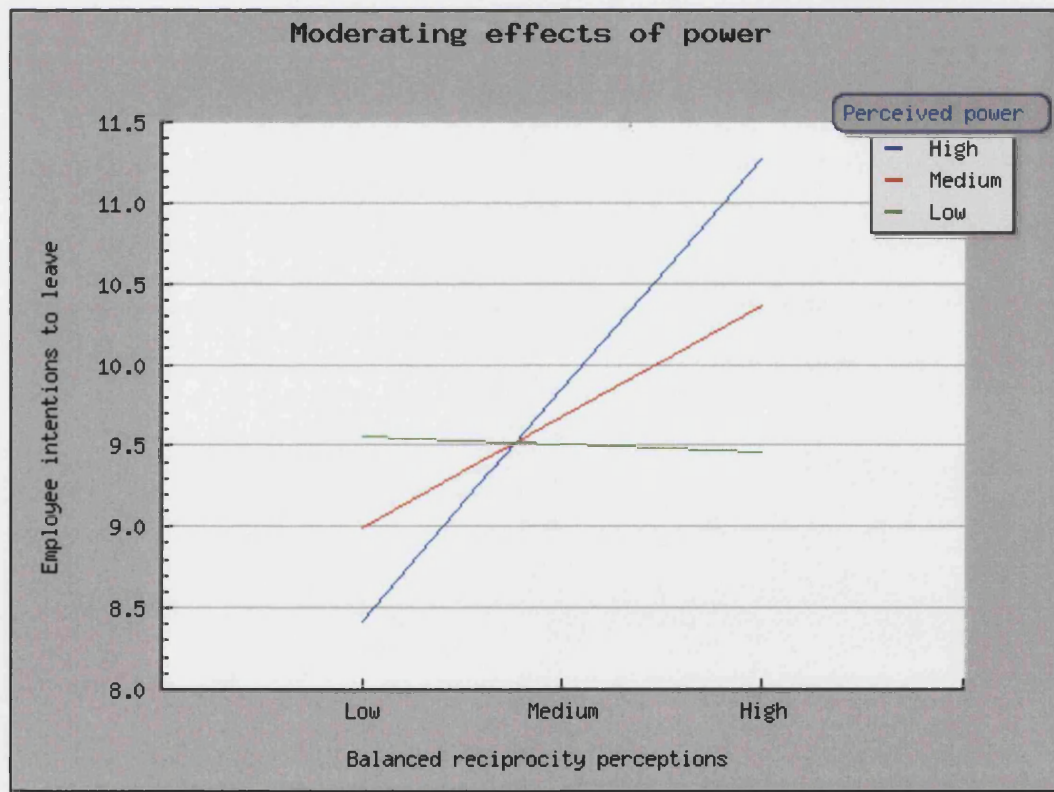


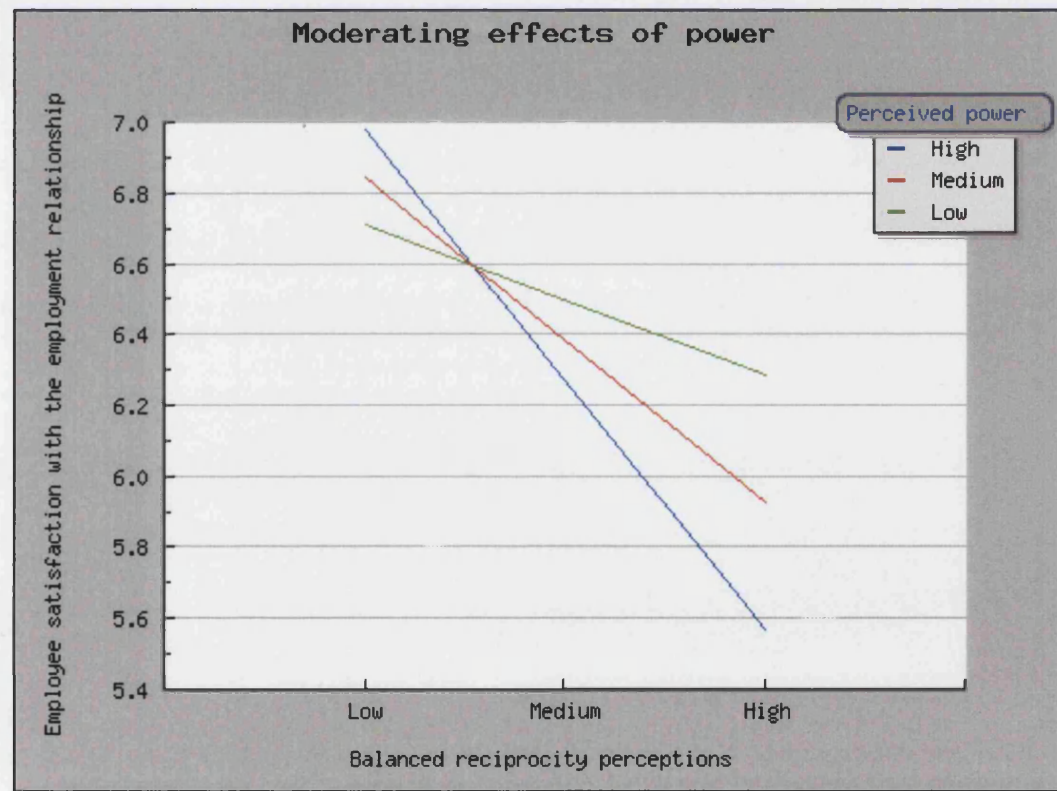
Table 5.11c: Tests of simple slopes of regression for interaction between perceived employee power and perceptions of reciprocity perceptions

Perceived employee power * perceptions of balanced reciprocity
 Dependent variable: employee satisfaction with the employment relationship

Level of perceived power	Simple Slope	SE	t (n = 162)
Low	-.07	.05	-1.58
Medium	-.15	.05	-3.40***
High	-.23	.05	-5.21***

Note. * $p < .05$. ** $p < .01$. *** $p < .001$.

Figure 5.5: Moderating effects of power in the relationship between perceptions of balanced reciprocity and satisfaction with the employment relationship



As the previous regression tables show (Step 4), perceived employee power did not moderate the proposed relationships between perceptions of balanced reciprocity and employee fulfilment of obligations and continuance commitment, failing to confirm Hypothesis 13b.

Hypothesis 14 suggested that perceived employee power will not play a moderating role in the relationships between generalized reciprocity and outcome variables. This hypothesis was mainly supported (see regression tables above, Step 4). However, as Table 5.10a (Step 4) shows, perceived power moderated the relationship between perceptions of generalized reciprocity and employee satisfaction with the employment relationship in sample B ($\beta = .25, p < .001$). Employees perceiving a higher level of generalized reciprocity were likely to be more satisfied with their employment relations when they perceived that they were powerful. The R square change value indicates that the interaction term explains an additional 6 per cent of the variance in employee satisfaction when the direct effects of generalized reciprocity perceptions and perceived power are controlled for. Simple slopes and t-tests for significant interaction are featured in Table 5.12 and Figure 5.6.

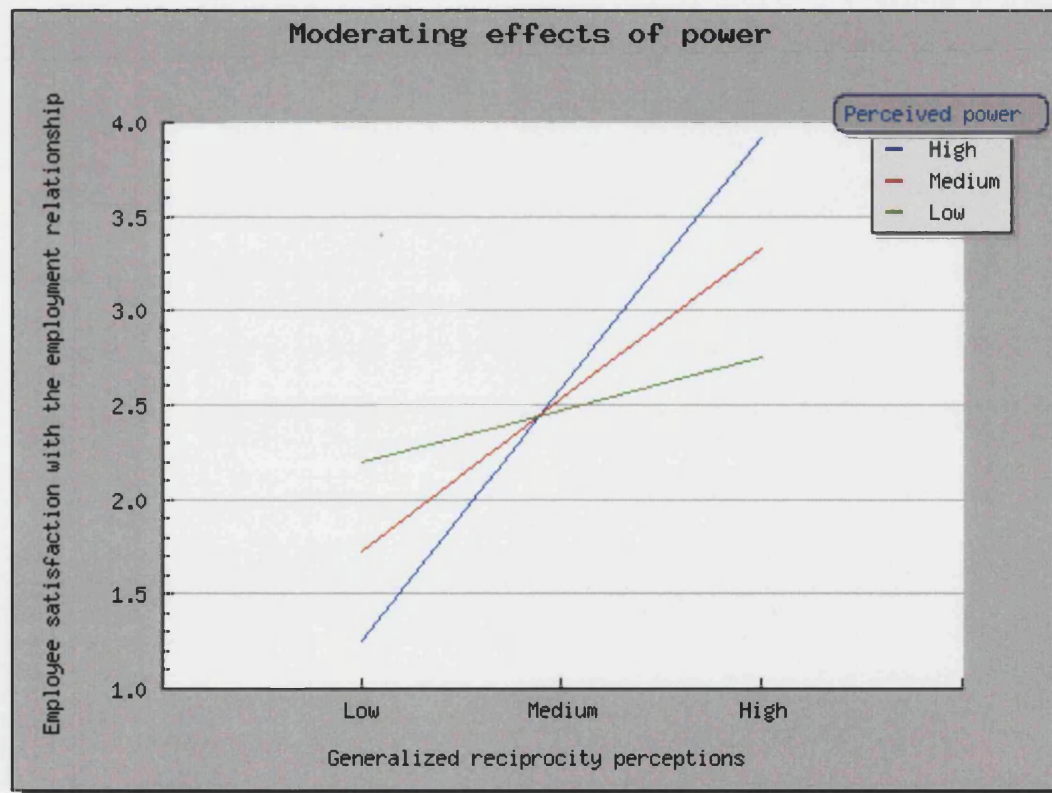
Table 5.12: Tests of simple slopes of regression for interaction between perceived employee power and perceptions of reciprocity

Perceived employee power * perceptions of generalized reciprocity
 Dependent variable: employee satisfaction with the employment relationship

Level of perceived power	Simple Slope	SE	t (n = 109)
Low	.11	.18	0.58
Medium	.31	.06	4.84***
High	.51	.18	2.75**

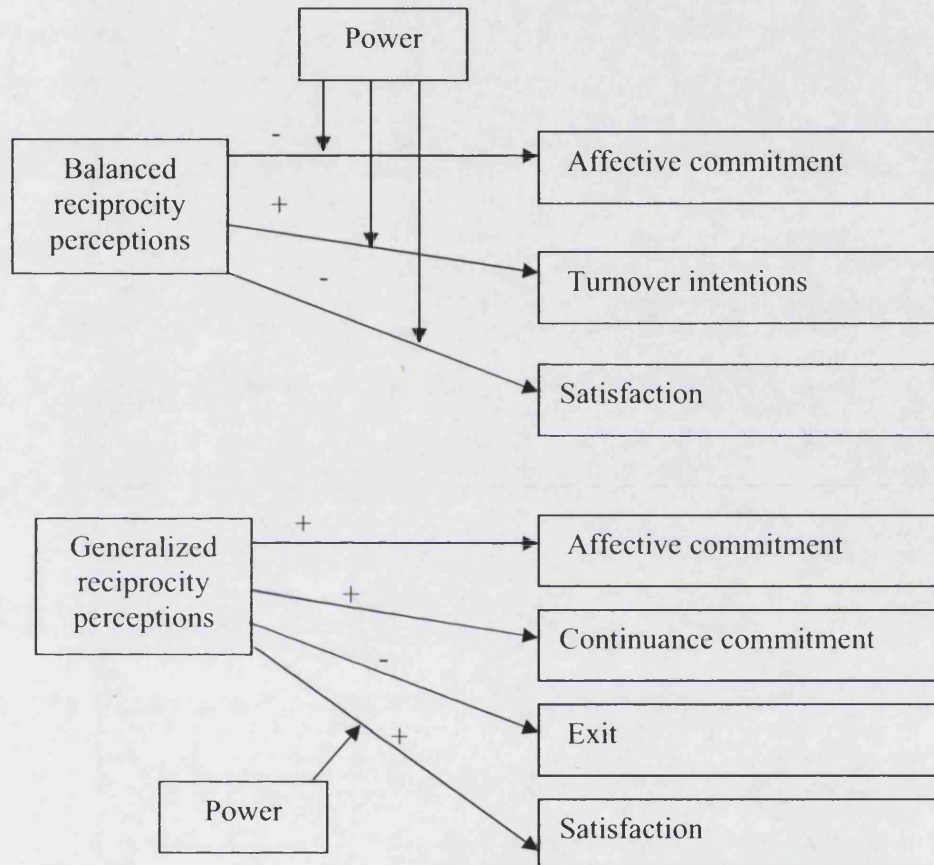
Note. * $p < .05$. ** $p < .01$. *** $p < .001$.

Figure 5.6: Moderating effects of power in the relationship between perceptions of generalized reciprocity and satisfaction with the employment relationship



To summarise the results of this chapter, Figure 5.7 shows the relationships that received support.

Figure 5.7: Confirmed relationships between the study variables in Chapter 5



5.7 Discussion

The purpose of this chapter was twofold. First, it examined the direct relationships between perceptions of generalized and balanced reciprocity and a number of outcome variables (perceived employee fulfilment of obligations, affective commitment, continuance commitment, exit, voice and satisfaction with the employment relationship). Second, it examined the moderating role of perceived employee power in influencing these relationships.

Contrary to what was expected, this study found no relationship between employee perceptions of the underlying exchange mechanism, i.e. generalized and balanced forms of reciprocity and employee reports of their fulfilment of psychological contract obligations. With regard to attitudinal reciprocation, perceptions of generalized reciprocity were positively associated with employee affective commitment to the organization, employee satisfaction and voice, and negatively associated with employee intentions to leave the organization. Perceptions of balanced reciprocity had a negative relationship with affective commitment and employee satisfaction and a positive association with intentions to leave. Hypotheses regarding the moderating role of perceived employee power in the relationships between perceptions of reciprocity and the fulfilment of employee obligations, affective and continuance commitment, exit, voice and general satisfaction received partial support.

5.7.1 Perceptions of reciprocity and employee fulfilment of obligations

Employee perceptions of the underlying exchange mechanism, i.e. generalized or balanced form, were found not to have any relationship with employee reports of their fulfilment of psychological contract obligations. While the general reciprocity principle suggests that employees feel obliged to fulfil their obligations regardless of the type of reciprocity, a number of alternative explanations exist for this surprising finding. Perhaps the employee obligations measured in this study require fulfilment by the employees simply because of the role demands associated with the positions they hold. Namely, as Gouldner (1960: 170) posits, “it is theoretically necessary [...] to distinguish specific status duties from the general norm [of reciprocity]. Specific and complementary duties are owed by role partners to one another by virtue of socially standardized roles they play”. Consequently, if the measured psychological contract

obligations reflect formally required role behaviour, their fulfilment may well be independent of the reciprocity norm in the exchange relationship.

Further, reciprocity evokes obligations towards others on the basis of their past voluntary behaviour (Gouldner, 1960). Phrased somewhat differently, the magnitude of indebtedness is partly a function of the degree to which the donor is perceived intentionally to exceed the requirements of his/her role (Greenberg, 1980). Therefore, employees may not feel indebted if they perceive that their employer is only fulfilling those obligations that result from the formal requirements associated with their position in the organization. Alternatively, as Greenberg (1980) suggests, the feeling of obligation itself may be difficult to report in situations involving long-standing relationships in which certain behaviours (such as standard job performance) has become routinised. In such situations, obligations are likely to become salient only when the routine is disrupted.

Moreover, existing research has suggested that in knowledge-intensive organizations, such as those participating in this study, employee commitment to the profession or job might override the effects of employee-employer relations on employee behaviour and attitudes (Alvesson, 2000; Huhtala, 2004). It may be that employees do not perceive themselves as obligated to the employer as such, but to their customers, colleagues and to themselves as representatives of certain professions. As with the role-related sense of duty, felt indebtedness towards a third party does not stem from exchange with the employer or from past employer behaviour. According to Alvesson (2000: 1110), in “knowledge-intensive organizations there is not normally a strong worker-identity associated with subordinate positions, which is antithetical to management”.

Furthermore, in this study employee power, captured as perceived alternative job opportunities and valuable skills, emerged as predicting employee fulfilment of obligations. This suggests that employee fulfilment of obligations may stem from motives other than the exchange principle in the employee-employer relationship. Namely, fulfilment of employee obligations like those measured in this study may capture employee willingness and determination to develop his/her professional skills and reach the top of their professional field. Perhaps fulfilment of obligations is also related to general willingness to participate in organizational activities, which ensure networking possibilities via, for example, customer contacts and help to maintain a good professional reputation.

5.7.2 Perceptions of reciprocity and affective and continuance commitment

Consistently with Tetrick et al.'s research (2004), perceptions of generalized reciprocity were positively associated with employee affective commitment to the employer in both participating organizations. When the underlying exchange principle is characterised by generosity, mutual interest and trust, employees feel emotionally attached to the organization and are willing to make emotional investments in the relationship. In line with this, a balanced form of reciprocity was negatively associated with affective commitment to the employer, thereby confirming that the perceived *quid pro quo* nature of an exchange relationship does not provide a basis for emotional attachment between the exchange partners. While not surprising, these are still important findings, particularly in the context of knowledge-intensive organization, in which employee loyalty is perhaps more important than ever (Alvesson, 2000; 2004). Moreover, Finnish employers have recently been strongly criticized for their short-term focus on financial gain at the expense of a working environment quality that would allow for innovativeness and creativity and help to achieve long-term competitive advantage (Siltala, 2004). As Meyer and Allen (1997) point out, affective commitment is arguably the most desirable form of commitment and the one that organizations prefer to instil in their employees. As the findings of this study suggest, the commitment of organizations to their employees, as reflected in employee perceptions of a principle of generalized reciprocity, aids the employer in winning the affective attachment of its employees.

Contrary to what was predicted, but consistent with the findings of Tetrick et al. (2004), balanced reciprocity was not positively associated with continuance commitment. Tetrick et al. (2004), having failed to find relationships between the forms of reciprocity and continuance commitment, concluded that continuance commitment - a sense of being locked into the organization - may have nothing to do with reciprocation. Indeed, reasons other than employer contractual behaviour and the exchange relationship may influence the development of continuance commitment. As Swailes (2002) points out, continuance commitment measures tend to equate with 'inability to leave' or 'perceived exit barriers' that may in the end have little to do with an employee's ties to the organization and relationship with the employer. For example, a critical family situation or the burden of a bank loan may independently influence continuance commitment.

Unexpectedly, however, in this study generalized reciprocity was positively associated with continuance commitment in the private sector organization. While the perceptions

of employer care and trust as signalled by generalized reciprocity do not appear to have a logical association with the instrumental nature of continuance commitment, the relationship can partially be explained by situational factors. Perhaps the fact that some of the employees complete their university degrees (often for the Helsinki Institute of Technology) as a part of their paid work generates perceptions of generalized reciprocity as well as contributing to continuance commitment. Or, the employees in the private sector may have been more sensitive to uncertainty in the labour market and temporary lay-offs in technology firms at the time of the study. Furthermore, social exchange theorists (Thibaut and Kelley, 1959) have long recognised that attraction between exchange partners includes both instrumental and emotional factors. This attraction is also reflected in the positive correlation between continuance and affective commitment. More recently, Alvesson (2000) has concluded that a certain level of financial compensation and acceptable social relations are necessary for people to feel loyalty to their employer. It may therefore be that affective and continuance forms of commitment are not exclusive types of commitment, and an employee's relationship with an organization may reflect them both to a varying degree (Meyer and Allen, 1997). The interrelatedness of instrumental and more intrinsic features is also inherent in reciprocity mechanisms, as explained by Sahlins (1972: 195): in generalized reciprocity the "material flow is sustained by prevailing social relations"; whereas in balanced reciprocity, "social relations hinge on the material flow". While affective commitment seems to develop firmly in relationships characterized by generalized reciprocity, continuance commitment appears also to be affected by generalized reciprocity.

5.7.3 Reciprocity perceptions and exit

Confirming the supportive and caring flavour of generalized reciprocity, employees reporting high generalized reciprocity also had low intentions of leaving the organization. This, combined with the discovery that in both organizations balanced reciprocity had a strong negative association with employee intentions of leaving, merits further consideration. This is of particular significance, as turnover in the context of knowledge-intensive organizations may have drastic consequences for the operation of the organizations (Alvesson, 2000). Employees who have specialized knowledge and skills may be difficult to replace. Particularly in the private sector, departing employees may also attract other employees to leave, or customers may follow them to their new places of work (ibid).

The results of this study suggest that work settings characterised by generalized reciprocity are perceived as attractive places to work. When employer behaviour signals care, interest and willingness to go beyond the minimum contribution, employees are likely to feel that their contribution is valued and feel motivated to stay with the organization. Managing undesired employee turnover naturally overlaps with the promotion of employee affective commitment. Employers, who succeed in 'emotionally' involving their employees and making an imprint on the identity of the employees, are also more likely to succeed in preventing unwanted exit (Alvesson, 2000). The results of this study point to the importance of trusting and caring relationships in the workplace being greater than that of providing incentives, which employees are expected to pay back promptly: employer exchange behaviour governed by a generalized type of reciprocity is likely to be reciprocated by affective commitment and lower intentions of leaving.

5.7.4 Perceptions of reciprocity and voice

It was proposed that employees who perceive generalized reciprocity as an exchange mechanism would be more inclined to use constructive means of conflict resolution (i.e. voice), whereas those following a balanced reciprocity principle would be more careful to consider the potential costs related to voice. However, in the organizations that participated in this study, employee voice was independent of the form of reciprocity in the employee-employer relationship. This can be partially explained by measurement issues. As pointed out by previous research, voice, like loyalty, may have several subcomponents (Withey and Cooper, 1989, Luchak 2003). For example, Luchak (2003) found that employees who were emotionally attached to the organization were more likely to use direct one-to-one voice, whereas instrumentally committed employees were more likely to use representative voice via a third party. Generalized reciprocity may well be associated with direct voice and readiness to 'sort out' any concerns with the least possible disturbance. As balanced reciprocity involves thinking of 'getting even', turning to a third party to keep the accounts balanced may be more likely. Furthermore, acting as a spokesperson or making suggestions implies that someone is expected to respond and hence leaves the employee to some extent dependent on the goodwill of the employer (Withey and Cooper, 1989). Cynicism or uncertainty about the response and its possibly negative or positive implications may thus influence employee willingness to voice concerns. Indeed, one respondent from Organization A

had written on the questionnaire next to the voice items that “there is no point trying to change anything here, I have tried it several times but nothing ever changes”.

5.7.5 Perceptions of reciprocity and satisfaction with the employment relationship

Employees who reported high levels of generalized reciprocity were also highly satisfied with their employment relationship. Perceptions of balanced reciprocity were negatively associated with employee satisfaction with the employment relationship. This suggests that, while the nature of work and organizational structures may have changed as a result of knowledge intensification, employees prefer a work environment characterized by trust, mutual concern and caring which emphasises social and emotional aspects, feelings of pride and social belonging. As Alvesson (2000) points out, employees in knowledge-intensive organizations often tend to emphasise the more intrinsic characteristics of their work at the expense of the more instrumental aspects. This is, however, not to suggest that issues such as salary or tenure would not be important for these employees.

5.7.6 The role of power in the relationship between forms of reciprocity and outcomes

Employee power, captured as perceived job alternatives and valuable skills, moderated the relationships between perceptions of balanced reciprocity and affective commitment, exit and satisfaction with the employment relationship in Organization A. Employees who reported high balanced reciprocity and saw themselves as having power were less affectively committed to the employer and less satisfied with their employment relationship than those employees who also reported high balanced reciprocity but did not see themselves as powerful. Similarly, employees whose relationship with the employer was characterized by balanced reciprocity and who perceived to have power had greater intentions of leaving the organization than those who view themselves as less powerful. These results are consistent with the works of Rusbult et al. (1988) and Withey and Cooper (1989), who found that perceived job alternatives increased employee intentions of leaving the job when dissatisfied with work. Similarly, Turnley and Feldman (1999a) found that managers perceiving contract violation were more likely to be searching for new employment when attractive job alternatives were available. Based on the findings, employee attitudes and behaviours appear thus to be fortified in an economically orientated employment relationship by perceived alternatives and valuable know-how. Perhaps these employees have higher expectations and perceive higher employer obligations than employees with less power.

Employer wariness or caution in engaging in open-ended exchange may hence be disappointing to the employees. As Blau (1964: 143) notes, “the man who expects much from his associates is more easily disappointed in them than the one who expects little.”

The moderating role of power in the relationship between generalized reciprocity and satisfaction with the employment relationship in the organization B was contrary to predictions. Employees who perceived high generalized reciprocity and considerable power were more satisfied than employees who perceived high generalized reciprocity but less power. Perhaps the employer is willing to provide more inducements and is more committed to those employees who have alternative job options and valuable skills, which in turn is reflected in their reports of satisfaction. It may also be that powerful employees are found in positions in which the intrinsic features of the job override the effects of more instrumental ones (Alvesson, 2000). Alternatively, the jobs of valuable employees may involve high levels of autonomy and independence which in turn require trust and generalized reciprocity to a greater degree than, for example, a coder’s job. Hence, a generalized reciprocity principle may characterise the employee-employer relationship for employees with power, or it may even be a form of recognition for valuable employees.

To summarise the findings and contributions of this chapter, it has demonstrated how employee perceptions of reciprocity contribute to various attitudinal outcomes in the employee-employer exchange relationship. This is a significant finding which suggests employee attitudes and behaviours favourable to the employer result partially from the qualitative features of the exchange relationship captured by the forms of reciprocity. Moreover, employee perceptions of their own power appear to influence employee reciprocal contributions to the exchange relationship.

5.8 Limitations

The research reported in this chapter has a number of limitations that should be considered when interpreting the results. In addition to the limitations related to cross-sectional design and self-report measures discussed in Chapter 4, the limitations

specific to this chapter concern the scales used and the explanatory power of the interaction terms.

The measures for perceived employee power and employee satisfaction with the employment relationship were developed for this study and should be validated in future studies. Further, while the low Cronbach's alpha coefficients of some of the scales can be partially attributed to the brevity of the scales (Briggs and Cheek, 1986) (see Chapter 4), it is worth noting that the coefficients were below .7 (but above .60) for power, continuance commitment, satisfaction and voice scales. It was particularly surprising that the reliability alpha for the continuance commitment scale was low in sample A (.65), as an existing and validated translation of the scale was used.

The interaction terms formed from the forms of reciprocity and perceived power explained only a limited amount of variance in the outcome variables. Though perceived power had also independent effects on the outcome variables, these effects were rather small. It may therefore be that other measures of power could more accurately capture employee perceptions of power.

5.9 Future research

Future research is needed to clarify the relationship between the reciprocity forms and employee reports of psychological contract fulfilment. Related to these relationships, the question of perceived psychological contract obligations and formally required role-based behaviour warrants further consideration. If perceived psychological contract obligations capture behaviours that are perceived to be part of the employee role, engagement in these may largely be independent of employer behaviour and of the cycle of reciprocity (Gouldner, 1970). Therefore, it could be useful to explore the determinants of the magnitude of indebtedness (i.e. perceived obligations) (Greenberg, 1980), such as the donor's motives and the locus of causality of the donor's action, in order to clarify the relationships among reciprocity, psychological contract fulfilment and role-related behaviour.

This proposition is similar to recommendations by Coyle-Shapiro and Conway (2004), who suggest that an examination of habitual behaviour in the context of psychological

contracts could shed new light on the process of reciprocation. As they argue, “much of the behaviour at present considered part of the social exchange between employee and employer can be interpreted as being habits and under control of automatic processes” (ibid: 23). Both role and habitual behaviour could hence help to explain why behaviours and attitudes are not always adjusted as suggested by the principle of reciprocity. Similarly, other foci of commitment or exchange relationships (e.g. with customers or colleagues) may exert their influence on those behaviours and attitudes that have typically been examined as outcomes of dyadic employee-employer relationship and should be taken into account in future research.

Further research is also needed in order to clarify the relationships between forms of reciprocity and continuance commitment. In addition, an examination of less researched normative commitment and its relation to the psychological contract could be interesting and perhaps provide a link to role behaviour or social norms in the workplace. As normative commitment stems from the feelings of obligation a person has towards the organization (Meyer and Allen, 1997), it seems highly relevant to the study of psychological contracts and reciprocity, and may help advance understanding of the functioning of the exchange relationships.

The potential moderating role of personality characteristics in influencing the relationships between the forms of reciprocity and the outcome variables would also be interesting to explore. For example, Coyle-Shapiro and Neuman (2004) found that employees with a high creditor ideology were more inclined to make a positive contribution to the exchange in terms of their obligations and the fulfilment of those obligations. In addition to perceived power, certain personality characteristics may therefore play a moderating role in the associations between the forms of reciprocity and the outcome variables.

5.10 Conclusions

The results of this chapter indicate that generalized reciprocity as an exchange mechanism yields the most favourable attitudinal outcomes for employers and employees in terms of commitment to the employer and satisfaction with the employment relationship respectively. Employees whose relationship with the employer

is characterized by balanced reciprocity appear to be less committed and satisfied and to have greater intentions of leaving their jobs. However, employee-reported fulfilment of their psychological contract obligations and employee voice are independent of the perceived reciprocity principle underlying the exchange with the employer. The negative relationship between balanced reciprocity and satisfaction and affective commitment is strengthened by perceived employee power. Similarly, intentions of leaving the job are further fortified if the employees perceive that they have attractive job alternatives and valuable know-how.

The next chapter will continue to examine the role of reciprocity in the employment relationship, but from the perspective of managers as organizational representatives.

CHAPTER 6 – THE EMPLOYER PERSPECTIVE ON RECIPROCITY IN THE PSYCHOLOGICAL CONTRACT

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6.9 Conclusions

6.1 Introduction

The previous two chapters examined the role of reciprocity in psychological contracts by looking at the antecedents and outcomes of different forms of reciprocity from the employee perspective. This chapter will look at reciprocity in employer-employee relationship from the employer perspective. Specifically, it will focus on examining the antecedents to managers' perceptions of their own obligations toward employees, and the fulfilment of those obligations. Furthermore, this chapter will explore the role of the underlying reciprocity mechanism, captured as reciprocity orientation, in the manager-employee exchange.

Examination of the employer perspective has been largely ignored in the psychological contract research mainly due to the difficulty in determining who could accurately represent the employer side of the psychological contract (Guest, 1998). The limited existing research exploring the employer perspective has done so by incorporating a front-line or senior managerial view of the psychological contract (Lewis and Taylor, 2001; Porter, Pearce, Tripoli, and Lewis, 1998; Guest and Conway, 2002, Dabós and Rousseau, 2004). These studies have demonstrated the importance of agreement on obligations between the exchange partners and indirectly shown the bi-directionality of the norm of reciprocity as a 'cycle of conferring benefits' (Coyle-Shapiro and Kessler, 2002). While the existing research has provided a valuable perspective on the psychological contract through employer lenses, it has focused almost exclusively on the interplay between employer and employee obligations. Virtually no consideration has been given to how the exchange relationship develops from the employer perspective or to the explicit role of reciprocity in how organizational representatives view their exchange relationships with the employees. As employer representatives by definition represent the employer, their contractual behaviour should to some extent reflect the broader organizational philosophy and the corresponding norms that give rise to the 'shared employer perspective' (cf. Leana and Van Buren III, 1999; Tsui and Wang, 2002; Shore, Porter and Zahra, 2004). It is therefore particularly relevant to recognize when examining the employer perspective that social exchange relationships should not be evaluated in isolation from the context in which they take place (Blau,

1964), because they are affected by the surrounding relationships that may be governed by an organizational reciprocity norm, either a balanced or generalized.

Furthermore, little is known about how the norm of reciprocity functions from the employers' perspective (Coyle-Shapiro, Taylor, Shore, Tetrick, Eisenberger, Folger, Liden, Morrison, Porter, Robinson, Roehling, Rousseau, Schalk and Van Dyne, 2002). While reciprocity involves a successful exchange of benefits, as demonstrated by existing psychological contract studies (e.g. Dabós and Rousseau, 2004), some relationships involve greater cooperation than others (Sahlins, 1972). As discussed in Chapter 5, in social exchange the benefits exchanged convey not only economic value, but also symbolic value, reflecting the quality of the relationship (Haas and Deseran, 1981; Sparrowe and Liden, 1997; Uhl-Bien and Maslyn, 2003). Managers' social exchange behaviour may therefore stem from the underlying reciprocity that characterizes their relationship with the employees, rather than occur only as a straightforward reaction to employee attitudes and behaviours as measured in the current research. Consistent with the conceptualization of generalized and balanced reciprocity forms at the organizational level, reciprocity orientation, which captures the characteristics of the relationship between an employer representative and an employee, can range from an *economic* to a *relationship* orientation (Sahlins, 1972; Uhl-Bien and Maslyn, 2003).

The first aim of this chapter is hence to explore what contributes to managers' perceptions of their obligations and the fulfilment of these obligations in exchange relationships with the employees they supervise. In line with previous research (Coyle-Shapiro and Kessler, 2002), this chapter will first examine how managers' evaluation of employee fulfilment of the psychological contract influences managers' own perceived obligations and the fulfilment of these obligations to employees. It will then move on to explore the potential influence of managers' perceptions of the organizational reciprocity norm on their psychological contract perceptions.

The second aim of this chapter concerns the role of reciprocity orientation in manager-employee relationships. Specifically, this chapter will examine whether the managers' reciprocity orientation mediates the above-mentioned proposed relationships between their perceptions of the perceived employee fulfilment of obligations, the organizational reciprocity norm and their perception of their own obligations and the fulfilment of these obligations. Further, as trust plays a central role in reciprocity and can be taken to

reflect high quality relationships (Blau, 1964; Gómez and Rosen, 2001), this chapter will explore the associations between managers' trust in employees and their reports of the reciprocity orientation in their relationships with employees.

The following section will provide a brief theoretical review of the existing literature on the employer perspective on the psychological contract.

6.2 Employer perspective on the psychological contract – review of recent studies

The importance of the employer's perspective has been recognized in psychological contract research for some time (Rousseau, 1990). However, the near exclusive emphasis on the employee perspective in empirical studies has distracted attention from the employers' perspective, which has remained largely underdeveloped in psychological contract theory (Taylor and Tekleab, 2004). This is partially due to the difficulties in determining who could most accurately represent the employer's side of the contract (Guest, 1998). The interest in examining the employer perspective on the contract has, however, increased, as the few existing studies have suggested that inclusion of the employer perspective in the psychological contract research can add valuable insights on the employee-employer exchange (Porter, Pearce, Tripoli and Lewis, 1998; Lewis and Taylor, 2001; Guest and Conway, 2002; Rousseau and Dabós, 2004).

6.2.1 The question of employer representation

As Guest (1998) highlights, a key question in examining the employer's perspective is who represents the employer. Until now, researchers have adopted two main approaches to this question. The first approach examines the exchange relationship at the dyadic level between employees and their immediate managers (Lewis and Taylor, 2001; Tekleab and Taylor, 2003). Lewis and Taylor (2001) argue that immediate managers play three important roles in forming, maintaining and monitoring employees' psychological contracts. Employees usually have most contact with their immediate managers, as they are normally involved in recruiting employees, assigning tasks and socialising employees to their work environment. Immediate managers also

often take the role of representing the organization's expectations to the employee, as they describe the standards for work, define working hours etc. In addition, immediate managers are often in a position to directly evaluate and respond to employee behaviour at work. In other words, as Lewis and Taylor (2001) suggest, managers appear central to managing the employee-employer exchange. In line with this, research on the relationship between perceived organizational support and leader-member exchange suggests that the quality of the relationship with the immediate manager influences employee evaluation of organisational support in general (Wayne, Shore and Linden, 1997; Eisenberger, Armeli, Rexwinkel, Lynch and Rhoades, 2001; Lewis and Taylor, 2001). Hence, immediate managers seem to play a crucial role as organizational agents who react to employee behaviour, respond on behalf of the organization and influence employees' perceptions of the organization and the exchange relationship.

Guest and Conway (2000), however, challenge the view that immediate managers could be considered as organizational representatives. They suggest that immediate managers do not necessarily see themselves as representing the organization. Indeed, managers are most often employees themselves and also have their own managers (Rousseau, 1995; Coyle-Shapiro and Shore, 2003). Consequently, immediate managers may face conflicting interests and the extent to which they identify with the employer may vary considerably depending on their own experiences as employees. Similarly, immediate managers' own experiences as employees may influence how they interpret and evaluate their subordinates' behaviour. Guest and Conway (2000) also point out that employees may not perceive line managers as organizational representatives unless they occupy a high position in the organizational hierarchy. This may be related to the distinction typically made in the leadership literature between supervisors and managers (Hales, 2005). For example, Hales (2005) suggests that a managerial role has more to do with indirect and strategic direction and formal authority, whereas supervision is about proximal and direct operational control of work. If employees perceive their immediate managers as supervisors and lacking authority and decision-making power in comparison to the 'employer', they may not think of their immediate managers as employer representatives.

The second approach to the employer perspective focuses on the relationship at a global level between senior/middle level managers and employees (Coyle-Shapiro and Kessler, 2002; Porter, Pearce, Tripoli and Lewis, 1998). The supporters of this global-

level approach argue that the decisions that affect the employment relationship are usually made by those higher up in the organization's hierarchy. For instance, Porter, Pearce, Tripoli, and Lewis (1998), who examined the psychological contract perceptions of high-level executives, argue that high-level executives are in the best position to know about employer inducements offered to employees. They are also likely to make decisions about human resource management policies and practices, even if the implementation of these policies and practices may vary vastly from what was intended. A similar argument was made by Guest and Conway (2002), who examined the role of organizational communication in influencing perceptions of psychological contract breach. In addition, senior managers are also likely to act in the role of immediate manager for some employees who in turn might occupy lower level managerial positions in the organizational hierarchy or be members of the organization's support staff.

The above discussion suggests that the roles of immediate managers and senior managers as employer representatives are overlapping and can in fact be seen as complementary in managing the employee-employer exchange relationship. Managers at all levels are to some extent in a position to represent the employer side and to respond to employee behaviour on behalf of the organization. Therefore, rather than expecting managers to view themselves as employer representatives, or employees to recognize the power of the employer representatives, it can be argued that all those who act in a formal managerial capacity play a role in managing the exchange relationship with employees. The nature of this role may range from monitoring employee work on a daily basis to making strategic decisions about the type of inducements that are offered to the employees.

6.2.2 Reciprocity from the employer perspective – existing evidence

The existing research on the employer perspective on the psychological contract has indirectly demonstrated that employer representatives see the employee-employer exchange relationship as one based on the principle of reciprocity. For example, Coyle-Shapiro and Kessler's (2002) study found that perceived employee fulfilment of obligations influenced both managers' and employees' perceptions of employer obligations, suggesting that there is an agreement between organisational representatives and employees regarding the norm of reciprocity governing the exchange relationship. Similarly, Lewis and Taylor (2001) and Tekleab and Taylor

(2003) found a negative relationship between managerial perceptions of employee contract breach and managerial ratings of employee performance and organizational citizenship behaviour. Recently, Dabós and Rousseau (2004), who examined reciprocity among 80 employee-employer dyads in a university context, found support for the reciprocity principle in the exchange relationship by demonstrating that employee perceptions of certain types of obligations were positively associated with employer perceptions of corresponding obligation types. Furthermore, in their study reciprocity had positive consequences for both employees and employer representatives in terms of research productivity, career advancement, expectations met, and intention to remain in the organisation. The results of these studies are commonly taken as evidence of the functioning of the norm of reciprocity as the underlying exchange principle. However, like the research on employee perspective discussed in Chapters 4 and 5, these studies assume the functioning of the underlying reciprocity norm rather than explicitly capturing it or its characteristics.

Furthermore, the existing literature on the employer perspective and reciprocity has strictly focused on measuring employer representatives' exchange behaviour in response to their evaluation of employee contractual behaviour. While this is line with the current conceptualization of the psychological contract as a dyadic exchange relationship (see Chapter 4), the different employer representatives by definition represent the employer and their contractual behaviour should to some extent reflect the broader organizational principles and practices, i.e. the employer perspective. This raises an interesting question of to what extent managers share a common understanding of the employee-employer exchange relationship in a given organizational context. Moreover, psychological contract theorists generally assume that human resource practices delivered by various employer representatives are the primary instruments for communicating expectations and obligations to the employees. Therefore, it is seen as important to have an integrative and consistent message for employees (Tsui and Wang, 2002). The common understanding shared by the employer representatives is comparable to the so-called normative psychological contract, which groups of employees are hypothesized to share (Rousseau, 1995; Ho, 2005). For example, it remains unclear whether organizations may have an organizational reciprocity norm that would influence employer representatives' reciprocal behaviour independently from the actual content of their obligations and their role and position in the organizational hierarchy. This is particularly interesting if it is accepted that

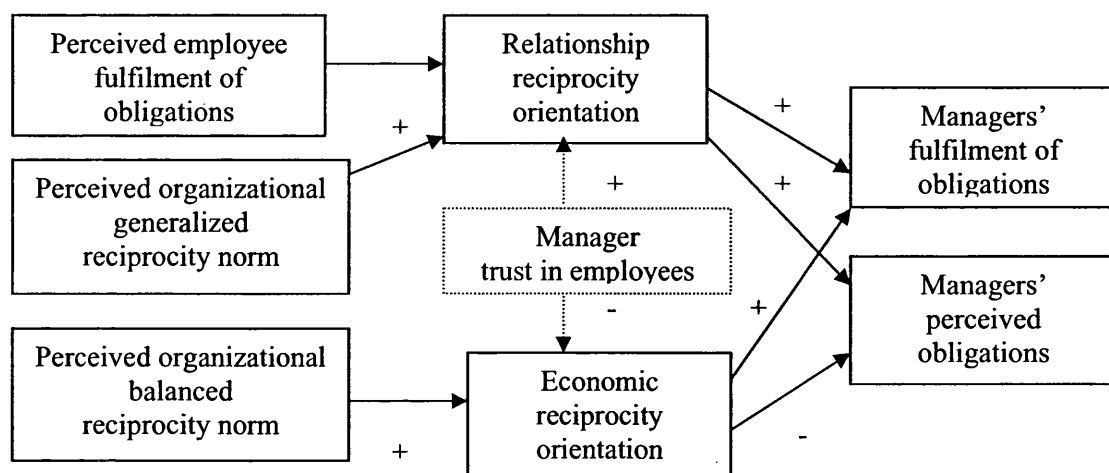
managers in different organizational positions can represent the employer, and contribute to the management of exchange relationships with employees.

In addition to the potential organizational reciprocity norm, research on the employer perspective has so far largely ignored the potential role of other exchange-related factors that may contribute to managers' contractual behaviour beyond perceived employees' fulfilment of obligations. Studies on leader-member exchange (LMX) have indicated that leaders' trust in employees plays a central role in influencing the quality of the relationship between leaders and different subordinates and determining whether the subordinates become members of a so called in-group that receives favourable treatment from the leader (Sparrowe and Liden, 1997). Psychological contract research on the employer perspective has yet to explore what *else* (beyond employer representatives' perceptions of employee contractual behaviour) contributes to employer representatives' sense of indebtedness as captured by the concept of the psychological contract. Drawing on social exchange theory and research on LMX, it is particularly interesting to explore the potential influence of managers' trust in the employees due to its close relationship with reciprocity and its influence on the quality of the relationship (Blau, 1964; Deluga 1994; Dienesch and Liden, 1986; Uhl-Bien and Maslyn, 2003).

6.3 Hypotheses

The following section will explain the hypothesized relationships depicted in Figure 6.1.

Figure 6.1: Proposed relationships among the study variables in Chapter 6



6.3.1 The influence of perceived employee fulfilment of obligations on managers' perceived obligations and their fulfilment

The existing empirical evidence reviewed above suggests that the employee-employer exchange relationship is based, from the perspective of employer representatives, on reciprocity (Lewis and Taylor, 2001; Coyle-Shapiro and Kessler, 2002; Tekleab and Taylor, 2003; Dabós and Rousseau, 2004). Perceptions of employee fulfilment of psychological contract obligations have been found to contribute to employer representatives' sense of indebtedness, which in turn manifests itself in the positive adjustment of their respective obligations to employees and the fulfilment of these obligations (Coyle-Shapiro and Kessler, 2002). This can be explained through the functioning of the norm of reciprocity. As Coyle-Shapiro and Kessler (2002: 74) put it, "employees, in fulfilling their obligations to the employer, are temporarily discharging those obligations and placing an obligation on the employer to reciprocate". In line with this, studies by Lewis and Taylor (2001) and Tekleab and Taylor (2003) confirmed the cycle of reciprocation by demonstrating negative relationships between manager perceptions of employee breach of psychological contract obligations and managerial ratings of employee performance and organizational citizenship behaviours.

As the norm of reciprocity suggests, individuals are usually interested in maintaining a balance between their inputs and outputs and prefer to stay out of debt in their exchanges (Gouldner, 1960). Hence, reciprocity in an exchange implies the existence of balancing forces that create a strain towards equilibrium (Blau, 1964). While there is always a strain towards balance in social associations, reciprocity at one level necessitates an imbalance at others. The norm of reciprocity therefore creates recurrent pressures for re-equilibrium and functions as a dynamic force for social change (Blau, 1964). The state of obligation to pay another can be described as a feeling of indebtedness (Greenberg, 1980). The greater the discomfort experienced with the state of indebtedness resulting from received benefits, the stronger the need to reduce it.

To reduce the indebtedness, an individual may cognitively restructure the situation and/or engage in direct reciprocation. In other words, a balanced state can be (temporarily) achieved by positively adjusting perceived obligations or/and fulfilling them (Greenberg, 1980; Coyle-Shapiro and Kessler, 2002). Consequently, if managers

perceive that the employees have fulfilled their obligations, they may cognitively restructure the situation by increasing their perceived obligations towards the employees. Managers may also reciprocate by actually fulfilling their psychological contract obligations and thereby discharging the sense of indebtedness caused by perceived employee fulfilment. Hence, managers' perceptions of employee fulfilment of the psychological contract are positively associated with managers' reports of their own obligations, and the fulfilment of these obligations.

Hypothesis 1. Managers' perceptions of employee fulfilment of obligations will be positively associated with their own perceived psychological contract obligations towards the employees.

Hypothesis 2. Managers' perceptions of employee fulfilment of obligations will be positively associated with their report of their own fulfilment of psychological contract obligations towards the employees.

6.3.2 The influence of perceived organizational reciprocity norm on managers' perceived obligations and their fulfilment

Employer representatives are typically expected to share a common perspective on the general terms of the employment relationship they are supposed to manage (MacNeil, 1985; Hallier and James, 1997). Yet how this common perspective is formed and maintained has not been evaluated. Recent psychological contract literature has, however, paid attention to the potential influence of organizational context on employer representatives' attitudes and behaviours (Guest, 2004; Shore, Porter and Zahra, 2004). For example, Shore et al. (2004: 136) postulate that "organizational strategies and goals, as understood by multiple agents, determine an employer's approach to the [employee-organisation exchange]". In line with this, the concept of *organizational social capital*¹, which refers to a resource reflecting the characteristics of social relations within a firm (Leane and Van Buren III, 1999), suggests that organizational norms influence the behaviour and attitudes of an organization's members. Empirical research on psychological contracts has, however, with few exceptions (Guest and Conway, 2002)

¹ The term social capital, which was initially coined in community studies refers to 'the goodwill that is engendered by the fabric of social relations and that can be mobilized for action' (Adler and Kwon, 2002: 17).

focused on isolated dyadic employer-employee exchanges, without considering the role of the social context.

Organizational social capital theory highlights the importance of personal relations that provide the basis for trust, cooperation and collective action in an organizational context (Nahapiet and Koshal, 1998). As in psychological contract theory, the norm of reciprocity presents the key mechanism by which personal relationships are turned into collective assets (Staber, 2003). Hence, crucial to the creation of social capital is not only the stability and quality of a relationship between dyadic exchange partners, but the overarching organizational philosophy and corresponding norms with which different individuals enact that philosophy (Leana and Van Buren III, 1999). Consequently, when social capital is at a high level, relational norms rather than transactional agreements and formal rules and procedures form the operational underpinning of the behaviour between different organizational members. In fact, Leana and Van Buren III (1999) suggest that social capital can be seen as a psychological contract between a group of employees and organisational representatives. Hence, social capital theorists are talking about an 'organizational reciprocity norm', which can be described as a force that makes the members of the organization behave and think in a certain way in their exchange relationships. This bears a similarity to what Rousseau (1995; 2004) calls a 'meta psychological contract', which benchmarks the type of relationships and behaviour that are deemed desirable in a given organization, or a social contract that defines the collective norms and beliefs regarding appropriate behaviour at societal level (Van Buren III, 2000).

It therefore appears that the organizational reciprocity norm may play a role in influencing managers' perceptions of the psychological contract with employees. As discussed in Chapter 4, positive forms of the norm of reciprocity include generalized and balanced reciprocity (Sahlins, 1972). Generalized reciprocity is characterised by indefiniteness in exchange obligations, trusting relationships and a mutual, or even altruistic, orientation (Sahlins, 1972). Balanced reciprocity is based on the notion of *quid pro quo*, reflecting a stronger economic and calculating approach to the exchange. Given the limited empirical evidence (Hallier and James, 1997) and theoretical propositions (Leana and Van Buren III, 1999; Shore et al., 2004), which suggest that employer representatives work to some extent in concert in implementing the psychological contract, managers' understanding of the appropriate *modus operandi* of

reciprocal behaviour should follow their perceptions of organizational reciprocity in their organisation. In other words, managers' actions should reflect a degree of general conformity to a form of organisational reciprocity.

Consequently, if the perceived form of organizational reciprocity between employer and employees is a generalized form, managers should be willing to engage in open, long-term and trusting exchange with employees. Hence, they should be more likely to perceive high social exchange obligations towards their employees, and to fulfil these obligations.

Hypothesis 3a. Managers' perceptions of a generalized organizational reciprocity norm will be positively associated with managers' perceived psychological contract obligations.

Hypothesis 3b. Managers' perceptions of a generalized organizational reciprocity norm will be positively associated with managers' fulfilment of psychological contract obligations.

On the other hand, if managers perceive that the desirable reciprocal behaviour in the organization takes the form of balanced reciprocity, they should be less likely to cognitively broaden the scope of the exchange relationship and to perceive a vast range of social exchange obligations. As Sparrowe and Liden (1997) discuss, relationships operating under a balanced form of reciprocity are driven by self-interest and characterized by concern for the equivalence of exchange benefits and timely reciprocation. The trust and sense of mutual cooperation needed for indefinite exchange are limited and exchange partners are careful not to expand the exchange beyond the minimum level of obligations. In other words, managers should be less likely to perceive any extra 'discretionary' obligations toward the exchange partner or a need to do anything that could potentially compromise their own self-interest in conditions where the organizational philosophy does not encourage such behaviour.

Hypothesis 4a. Managers' perceptions of a balanced organizational reciprocity norm will be negatively associated with managers' perceived psychological contract obligations.

Yet, perceptions of balanced reciprocity should encourage managers to discharge those obligations that they perceive themselves to have toward employees in order to honour the exchange relationship and to maintain the balance in the exchange. As Organ (1990) posits, individuals in lower quality relationships (e.g. those characterized by balanced reciprocity) should be equally interested in fulfilling those duties that influence their performance records. Hence, although perceptions of an organizational balanced reciprocity norm have a negative relationship with managers' perceived obligations, they are positively associated with managers' reported fulfilment of psychological contract obligations.

Hypothesis 4b. Managers' perceptions of a balanced organizational reciprocity norm will be positively associated with managers' fulfilment of psychological contract obligations.

6.3.3 The mediating role of reciprocity orientation

While the interplay between employer and employee perceptions of psychological contract obligations demonstrates the general functioning of the reciprocity principle, it largely overlooks the characteristics of the relationship that can advance understanding of the quality and type of the exchange. As discussed in Chapter 5, benefits given and received in social exchange not only have economic value but also convey symbolic value, and they can therefore be taken as acts expressive of the form of reciprocity underlying the exchange relationship. According to Brinberg and Ganesan (1993), it is the meaning of behaviour in the context of exchange, rather than specific behaviour *per se*, that determines the functional meaning of the exchange. Therefore, managers' attitudes and behaviours in the exchange should not be viewed only as calculated and isolated responses to employee behaviours, but should rather be taken as an expression of the exchange partners' orientation towards the reciprocal relationship (McAllister, 1995; Hallier and James, 1997). For example, some employer-provided inducements may be of little importance as such to the employee, but the act of giving may itself signal care and commitment and induce yet another cycle of reciprocation, thereby expanding the exchange relationship. In other words, the value of the benefits exchanged is different, but what counts more is the perceived motives of the exchange partner [cf. Gouldner's (1960) heteromorphic reciprocity, Chapter 2] (Greenberg, 1980). This reduced emphasis on the economic value of exchanged benefits is

particularly likely to occur when the quality of the relationship improves (Sparrowe and Liden, 1997).

The reciprocity orientation that underlines the manager-employee exchange can be examined by looking at the different dimensions of reciprocity: a) equivalence (the extent to which the amount of return is approximately equivalent to what was received), b) immediacy (the time period between reciprocation) and c) interest (the motives of the exchange partners, ranging from self-interest to lack of self-interest) (Gouldner, 1960; Sahlins, 1972). These dimensions have, for example, been used to describe the quality of the leader-employee exchange relationship (Sparrowe and Liden, 1997; Uhl-Bien and Maslyn, 2003). High equivalence, high immediacy and high self-interest indicate economic reciprocity orientation in reciprocal behaviour which resembles the balanced form of organizational reciprocity. The exchange partners expect prompt repayment of equal value and their motivation to engage in the exchange is largely driven by self-interest. On the other hand, a high degree of mutual interest suggests extended cooperation in the exchange relationship and concern for the well-being of both exchange parties. Other-interest introduces a further element of altruism into the relationship (Sparrowe and Liden, 1997; Uhl-Bien and Maslyn, 2003). In other words, mutual and other-interest in the manager-employee relationship capture relationship reciprocity orientation corresponding to the organisational principle of generalized reciprocity.

As Liden et al. (1997) explain, the interest of the exchange parties in the exchange shifts from economically orientated to relationship orientated when the quality of the exchange relationship gradually improves. Perceived fulfilment by one party is likely to signal willingness to develop and maintain a relationship characterised by relationship reciprocity orientation. As Foa, Tjörnbom, Foa and Converse point out (1993), when we describe people's behaviour, we describe the meaning it conveys rather than the specific behaviour itself. Therefore, the consequent positive adjustments in perceived obligations and their fulfilment are likely to occur through the underlying exchange orientation. For example, employee fulfilment of obligations may signal to the manager that the employee is interested in further developing the exchange relationship. The manager's perceptions of his/her obligations towards the employee are in turn likely to be influenced not only by employee fulfilment *per se*, but through the relationship reciprocity orientation that comes to characterize the exchange. Hence, the managers'

perceptions of employee fulfilment of obligations are associated with the managers' perceived obligations and their fulfilment via the managers' perceptions of the reciprocity orientation in the manager-employee relationship, as follows:

Hypothesis 5. Relationship reciprocity orientation will mediate the relationship between the managers' perceptions of employee fulfilment of psychological contract obligations and the outcomes of a) perceived manager psychological contract obligations and b) manager fulfilment of psychological contract obligations.

Similarly, the managers' perceptions of the organisational reciprocity norm should contribute to perceived obligations and their fulfilment through the reciprocity orientation in the manager-employee relationship. If the managers perceive that the organizational norm is that of generalized reciprocity, they are likely to be less concerned with immediate pay-back and equivalent returns in their relationships with employees. Rather, they are likely to engage in open-ended exchange characterized by generosity and commitment to a long-term exchange. In other words, they should be more likely to be concerned with mutual benefits and even to display altruistic tendencies, and subsequently to perceive a broad range and high level of obligations, and to fulfil these obligations. However, if the organizational norm is perceived to be that of balanced reciprocity, the exchange relationships between managers and employees are also likely to be characterized by an economic approach with concern for the balance and timely reciprocation of equivalent benefits. Economic reciprocity orientation, on the other hand, translates into limited perceived social exchange obligations and urgency in discharging these obligations. Therefore, the following is hypothesised:

Hypothesis 6. The managers' report of relationship reciprocity orientation will mediate the relationships between a generalized organisational reciprocity norm and the outcomes of a) the managers' perceived psychological contract obligations and b) the fulfilment of these obligations.

Hypothesis 7. The managers' report of economic reciprocity orientation will mediate the relationships between a balanced

organizational reciprocity norm and the outcomes of a) the managers' perceived psychological contract obligations and b) the fulfilment of these obligations.

6.3.4 The influence of the managers' trust in the employees with regard to reciprocity orientation

As the earlier discussion and Chapter 4 indicate, the level of trust among the exchange partners is crucial to a reciprocal relationship and central to capturing the quality of the relationship between the exchange partners (Blau 1964; Mishra and Morissey, 1990). Trust between exchange parties reflects a belief that the other party will act benevolently and is willing to be vulnerable and to some extent dependent on the exchange partner. The managers' trust in the employees hence entails beliefs concerning the competence, openness and reliability of the employees and an expectation that the employees will not fail or deceive the manager (McAllister, 1995).

While trust in an organizational context has been widely researched over recent decades, the vast majority of studies have focused on examining the antecedents and outcomes of employees' trust in the employer, whereas limited attention has been paid to managers' trust in employees (Whitener, Brodt, Korsgaard and Werner, 1998; Gómez and Rosen, 2001). The existing research has however demonstrated that a leader's trust in employees is positively associated with a better quality of exchange relationship (Liden and Graen, 1980; Gómez and Rosen, 2001), employee empowerment (Gómez and Rosen, 2001) and manager use of favourable human resource management practices (McAllister, 1995; Whitener, Brodt, Korsgaard and Werner, 1998). For example, research on leader-employee exchange has shown that trust plays a central role in LMX quality. Specifically, LMX theory builds on the assumption that leaders form qualitatively different relationships with their subordinates, some employees forming a so-called inner group (Sparrowe and Liden, 1997). A key antecedent to the selection of inner group members is interpersonal trust between the leader and the employee (Dienesch and Liden, 1986; Deluga, 1994; Gómez and Rosen, 2001). Those employees who are considered to be a part of a leader's inner group feel obliged not only to perform their jobs adequately, but also to engage in behaviours that benefit the leader beyond the formal requirements. Similarly, the leader

feels obliged to engage in behaviours that are beneficial to the employee (Wayne, Shore and Liden, 1997).

Trust develops as the reciprocity between exchange partners becomes more predictable in the course of the exchange (Blau, 1964). It can be conceptualized as a dynamic process of mutually reinforcing actions of trust between exchange partners (Kramer, 1999). In other words, the gradual expansion of the benefits exchanged is accompanied by a parallel growth in trust. Hence, trust can be described as a psychological state that provides a representation of how individuals understand their exchange relationship with another party in a situation that involves risk (Kramer, 1999; Dirks and Ferrin, 2001). Trust allows the exchange parties to move out of 'actively testing' processes of reciprocity when the relationship matures (Uhl-Bien, Graen and Scandura, 2000). High levels of trust can therefore be taken as an indication that the exchange partners have established a workable mutual exchange pattern that goes beyond economic exchange.

Therefore, in manager-employee relationships, reciprocity orientation should reflect the managers' trust in subordinates. If the manager trusts the subordinates, the time span deemed appropriate for reciprocation should become longer. Similarly, when partners trust each other, they place less importance on the equivalence of benefits exchanged - they can trust that they will reach an eventual balance in the relationship. Furthermore, when trust between partners increases, the motivation to continue the relationship shifts from self-centred to mutual or even other-focused interest (Uhl-Bien and Maslyn, 2003). It is therefore hypothesized that the managers' trust in employees is positively associated with relationship orientation and negatively with economic orientation in reciprocal behaviour:

Hypothesis 8. The managers' trust in employees will be positively associated with relationship reciprocity orientation.

Hypothesis 9. The managers' trust in employees will be negatively associated with economic reciprocity orientation.

6.4 Method

6.4.1 Sample

The sample used in this chapter consists of employer representatives who had formal managerial duties in the participating Organizations A and B at the time the surveys were carried out. Due to the limited number of responses, 22 and 27 respectively, the data sets were combined in the analyses for this chapter. Due to missing responses, the effective sample size was 45.

6.4.2 Measures

For all items in each of the scales, participants were asked to indicate on a five-point scale the extent to which they disagreed or agreed with the statement.

Independent variables:

Perceived employee fulfilment of psychological contract obligations. In line with previous research on the psychological contract, the respondents in participating organizations were asked to indicate on a five-point scale the extent to which they thought the employees they supervised had fulfilled their obligations to the employer. In addition, the respondents had the option of answering ‘not sure’/‘not appropriate’. The participants were provided with a list of 10 items taken from previous studies and modified to match the specific context of this study (Coyle-Shapiro and Kessler, 2002; Tekleab and Taylor, 2003). One case-specific obligation was removed from the scale in order to create a consistent scale when the samples were combined. Examples of employee obligations included ‘if necessary, work unpaid extra hours to finish a task’, ‘keep abreast of current developments in their area of expertise’ and ‘make independent decisions regarding their work’.

Perceptions of generalized organizational reciprocity norm. Six items from the generalized reciprocity scale developed by Tetrick, Shore, Tsui, Wang, Glenn, Chen, Liu, Wang and Yan (2004), was used to measure the perceptions of generalized reciprocity. The respondents were specifically advised to think about their respective organizations as an employer before indicating the extent to which they disagreed or agreed with the statements on a five-point scale. The items include, for example, ‘A’s [company name] generous treatment of the employees makes them put forth their best

effort' and 'A [company name] helps its employees to develop themselves, even if they cannot make more contributions at present'.

Perceptions of a balanced organizational reciprocity norm. Five items from Tetrick et al.'s (2004) balanced reciprocity scale were used to capture perceptions of balanced reciprocity. The respondents were specifically advised to think about their respective organizations as an employer before indicating the extent to which they disagreed or agreed with the statements on a five-point scale. Examples of the items includes 'If A [company name] does something extra for its employees, they feel obliged to pay it back as soon as possible' and 'Every time A [company name] gives a promotion or increases the salary of its employees, it puts a heavier burden on their shoulders'.

Reciprocity orientation:

Immediacy. A three-item measure assessing the time transpiring between manager-subordinate exchange and its reciprocation developed by Uhl-Bien and Maslyn (2003) was used to measure the dimension of immediacy. An example item is 'If my subordinates and I do favours for one another, we expect the other to return it right away'. The respondents were specifically advised to think about their relationships with subordinates whom they supervised before indicating the extent to which they disagreed or agreed with the statements on a five-point scale.

Equivalence. The dimension of equivalence was measured with two items developed by Uhl-Bien and Maslyn (2003). An example item was 'When exchanging favours, my subordinates and I pay attention to what we get relative to what was given'. The respondents were specifically advised to think about their relationships with subordinates whom they supervised before indicating the extent to which they disagreed or agreed with the statements on a five-point scale.

Self-Interest. Self-interest was assessed with two items developed by Uhl-Bien and Maslyn (2003). An example item was 'I have learned to look out for myself in my relationship with my subordinates'. The respondents were specifically advised to think about their relationships with subordinates whom they supervised before indicating the extent to which they disagreed or agreed with the statements on a five-point scale.

Mutual interest. A three-item measure developed by Uhl-Bien and Maslyn (2003) assessed mutual interest. An example item was ‘My subordinates and I try to do what is best for each other’. The respondents were specifically advised to think about their relationships with subordinates whom they supervised before indicating the extent to which they disagreed or agreed with the statements on a five-point scale.

Other interest. A three-item measure developed by Uhl-Bien and Maslyn (2003) assessed other-interest. An example item was ‘If necessary, I would place my subordinates’ needs above my own’. The respondents were specifically advised to think about their relationships with subordinates whom they supervised before indicating the extent to which they disagreed or agreed with the statements on a five-point scale.

Managers’ trust in employees. The managers’ trust in employees was measured with four items taken from the seven-item scale originally developed by Robinson and Rousseau (1994) to measure employee trust in the employer. The wording of the items was changed to reflect the managers’ trust in subordinates. The items included, for example, ‘My subordinates are open and upfront with me’ and ‘I believe my subordinates have high integrity’. The responses were coded in such a way that a high score indicates a high degree of trust in employees.

Dependent variables:

Managers’ perceived psychological contract obligations. As in previous research on psychological contracts, the participating managers were asked to indicate on a five-point scale (ranging from ‘not at all’ to ‘very great extent’) the extent to which they thought they were obligated to provide their subordinates with 14 psychological contract obligations taken from previous studies and modified to match the specific context of this study (Coyle-Shapiro and Kessler, 2002; Tekleab and Taylor, 2003). In addition, the respondents had the option of answering ‘not sure’/‘not appropriate’. One case-specific obligation was removed from the scale in order to create a consistent scale when the samples were combined. Examples of the items included ‘necessary training to do the job well’, ‘career advice’ and ‘support in personal matters’.

Managers’ fulfilment of psychological contract obligations. In line with previous psychological contract studies, the participating managers were asked to indicate on a five-point scale the extent to which they perceived they had had fulfilled their

obligations to the employees they supervise. The participants were provided with the list of 14 items taken from previous studies and modified to match the specific context of this study (Coyle-Shapiro and Kessler, 2002; Tekleab and Taylor, 2003). One case-specific obligation was removed from the scale in order to create a consistent scale when the samples were combined. In addition, the respondents had the option to answer 'not sure'/'not appropriate'. Examples of the items include 'necessary training to do the job well', 'appropriate salary increases', 'career advice' and 'support in personal matters'.

Control variables. The organization and the managers' tenure in the organization were used as control variables. Tenure can potentially influence both their trust in employees and their perceptions of the existing reciprocity norm in the employee-employer relationship. The organization was controlled for in order to tap potential differences between the two organizations.

6.4.3 Analysis

Hierarchical regression analysis was used to test Hypotheses 1 and 2, which concerned the association between the managers' perceptions of employee fulfilment of psychological contract obligations and their own perceived obligations and the fulfilment of these obligations. The control variables (organization and tenure) were entered in the first step, followed by the independent variable (perceived employee fulfilment of obligations). Similar procedures were used to test Hypotheses 3a, 3b, 4a and 4b regarding the proposed relationships between employer managers' perceptions of the organizational reciprocity norm and the outcome variables of managers' perceived obligations and the fulfilment of these obligations.

To test for the mediation outlined in Hypotheses 5a and 5b, the procedure recommended by Baron and Kenny (1986) was used (see Chapter 4 for the detailed description). The same procedure was used to test Hypotheses 6a, 6b, 7a and 7b, which proposed that the reciprocity orientation would mediate the relationships between managers' perceptions of the organizational reciprocity norm and the outcome variables of managers' perceived obligations and the fulfilment of these obligations.

Hypotheses 8 and 9, which concerned the associations between managers' trust in employees and perceptions of reciprocity orientation in the manager-employee exchange, were tested using hierarchical regression analysis.

6.5 Results

6.5.1 Factor analysis

The reciprocity dimensions (equivalence, immediacy, mutuality and other-interest) were subjected to principal component analysis (principal components with varimax rotation) in order to facilitate the development of reciprocity orientation scales. Due to the small sample size, the factor analysis was supported with reliability alpha analyses to capture the best combination of items to be included in the scales and it should only be taken as indicative, aiding the scale development. The first factor analysis results indicated a four-component solution, with mutual-interest and other-interest items loading mixed between the two factors. Similarly, equivalence, self-interest and immediacy items loading was mixed between the two factors. After one of the items measuring immediacy, one of the items measuring equivalence and one of the items measuring self-interest were removed, as they loaded highly on two factors or had lower factor loadings and low correlations with the other items, a second factor analysis was conducted. This analysis was supportive of the presence of two independent components, which are in line with the reciprocity dimensions that can be identified as economic reciprocity orientation and relationship reciprocity orientation. These two components also correspond to the clustering¹ of the reciprocity dimension items to represent high- and low-quality relationship, as done by Uhl-Bien and Maslyn (2003). Table 6.1 presents the final factor loadings for the economic and relationship reciprocity orientation items.

¹ Cluster analysis is similar to factor analysis except that the groupings are of individuals using the different reciprocity dimensions of equivalence, immediacy, self-interest, other-interest and mutual interest.

Table 6.1: Final factor loading matrix for manager relationship and economic reciprocity orientation

Item	Relationship orientation	Economic orientation
My subordinates and I try to do what is best for each other.	.77	.08
If necessary, I would place my subordinates' needs above my own needs.	.77	.12
My subordinates and I look out for one another.	.74	.09
In my relationship with my subordinates, if one of us saw that the other needed something we would do it for the other without being asked.	.65	-.22
I am more concerned that my subordinates get what they need than I am about satisfying my own interests.	.50	-.13
If necessary, my subordinates would place my needs above their own needs.	.47	-.20
When I do something extra for my subordinates, I expect them to pay it back somehow.	.09	.91
In my relationship with my subordinates, I pay attention to what we get relative to what was given.	-.03	.88
If my subordinates and I do a favor for one another, we expect the other to return it right away.	-.28	.76
I have learned to look out for myself in my relationship with my subordinates.	-.01	.67
Eigenvalue	3.01	2.46
Percentage of total variance explained	27.69%	26.99%
Total percentage of variance explained	54.68%	

Similarly, a principal component analysis (principal components with varimax rotation) was conducted to aid the development of the scales of balanced and generalized organizational reciprocity norms. Due to the small sample size, the factor analysis was again supported with reliability alpha analyses to capture the best combination of items to be included in the scales. After one of the generalized reciprocity items and two of the balanced reciprocity items that loaded on several components and had low correlations with other items were removed, the factor analysis was supportive of the presence of two separate components. The final loadings for the items comprising the scales of 'generalized organizational reciprocity norm' and 'balanced organizational reciprocity norm' are presented in Table 6.2.

Table 6.2: Final factor loading matrix for generalized and balanced organizational reciprocity norm

Item	Generalized norm	Balanced norm
If an employee receives an honour or professional title, A/B will reward him/her.	.76	.29
A/B would do something for its employees without any strings attached.	.71	-.33
A/B takes care of its employees in ways that exceed their contribution to the organization.	.65	-.18
A/B is willing to invest in the professional development of its employees even when it does not directly impact their current job performance.	.64	-.25
The generous treatment by A/B as an employer makes the employees put forth their best effort.	.60	.01
If A/B does something extra for the employees, there is an expectation that the employees will do something in return.	.00	.81
At A/B the employer keeps track of how much the employer and employees owe each other.	-.28	.73
Every time A/B gives a promotion or increases the salary-level, it puts a heavier burden on employee shoulders.	-.02	.45
Eigenvalue	2.34	2.00
Percentage of total variance explained	29.85%	20.85%
Total percentage of variance explained	50.11%	

The final factor loading matrices assessing the independence of the scales of relationship orientation and organizational generalized reciprocity norm, and economic orientation and organizational balanced reciprocity norms, are presented in Appendix D.5. Similarly, the factor loading matrices for relationship orientation, economic orientation and managers' trust in the employees are included in Appendix D.6.

6.5.2 Descriptive statistics

The means and standard deviations of the study variables are reported in Table 6.3. Inter-correlations and reliability coefficients are presented in Table 6.4. The highest correlation was observed between managers' perceived obligations and the fulfilment of these obligations ($r = .68$). As this occurs between the dependent variables, it does not

pose a risk of multicollinearity in the regression analyses. The mean inter-item correlations and ‘corrected item - total correlation’ were checked for the organizational balanced reciprocity scale that had a low reliability coefficient (.53) (Briggs and Cheek, 1986). As recommended by Briggs and Cheek (1986), the mean inter-item correlations were found to be within the range of .2 to .4 and the corrected item-total correlations did not fall below .3 (See Chapter 4).

Table 6.3: The means and standard deviations of the study variables

Scale	Mean	SD
Perceived manager psychological contract obligations	3.92	.39
Fulfilment of perceived manager psychological contract obligations	3.69	.44
Perceived employee psychological contract fulfilment	4.00	.59
Generalized organizational reciprocity	2.78	.67
Balanced organizational reciprocity	2.81	.69
Economic reciprocity orientation	3.60	.56
Relationship reciprocity orientation	2.06	.70
Employer trust in employees	3.90	.64

Note. *N* = 45.

Table 6.4: Intercorrelations among study variables

	1	2	3	4	5	6	7	8	9	10
1. Organization										
2. Tenure	-.41**									
3. Perceived employee fulfilment of obligations	-.05	.02	(.87)							
4. Perceived manager obligations of obligations	-.15	.12	.51***	(.73)						
5. Manager fulfilment of obligations	-.25	.17	.41***	.68**	(.77)					
6. Generalized organizational reciprocity	-.10	.13	.23	.33*	.28	(.70)				
7. Balanced organizational reciprocity	-.05	.06	.03	.07	.09	-.26	(.53)			
8. Relationship reciprocity orientation	-.03	.18	.34*	.43**	.46***	.19	.07	(.76)		
9. Economic reciprocity orientation	.18	-.09	-.11	-.04	.25	.12	.34*	-.09	(.79)	
10. Manager trust in employees	.18	.09	.30*	.24	-.00	.19	-.19	.21	-.31*	(.71)

Note. $N = 45$. * $p < .05$. ** $p < .01$. *** $p < .001$. The main diagonal contains Cronbach's internal consistency reliability estimates.

6.5.3 The results of the regression analyses

Hypotheses 1 and 2 concerned the relationships between perceived employee psychological contract fulfilment and managers' perceived obligations and their fulfilment. As Table 6.5 (1st equation, 2nd and 3rd columns) shows, both hypotheses were supported. Managers' perceptions of employee fulfilment were positively associated with their reports of perceived obligations ($\beta = .53, p < .001$), and the fulfilment of these obligations ($\beta = .46, p < .01$).

Table 6.5: Regression analysis predicting the relationship between perceived employee fulfilment and perceived manager obligations and their fulfilment

<i>Variables</i>	<i>Mediator</i>		<i>Outcomes</i>
	Relationship orientation	Perceived manager obligations	Manager fulfilment of obligations
Equation 1			
Organization	.13	-.13	-.09
Tenure	.20	.10	.14
Perceived employee fulfilment of obligations	.35*	.53***	.46**
Adjusted R ²	.09*	.28***	.19**
ΔR^2	.12*	.27***	.20**
F	2.38 [†]	6.46**	3.81*
ΔF	5.58*	15.97***	9.06**
Equation 2			
Organization		-.13	-.15
Tenure		.04	.12
Perceived employee fulfilment of obligations		.41*	.34*
Relationship reciprocity orientation		.33*	.38*
Adjusted R ²		.36*	.30*
ΔR^2		.09**	.13*
F		6.98***	5.05**
ΔF		6.07*	6.82*

Note. $N = 45$. [†] $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$.

Hypotheses 3a and 3b, which concerned the relationship between managers' perceptions of generalized reciprocity and their own obligations and the fulfilment of these obligations, were partially supported. Specifically, managers' perceptions of a generalized organisational reciprocity norm were positively associated with managers' perceptions of their own obligations ($\beta = .35, p < .05$), and with reported fulfilment of these obligations at the significance level .10 ($\beta = .32, p < .10$), (Table 6.6, 1st equation).

Table 6.6: Regression analysis predicting the relationship between generalized organizational reciprocity norm and perceived manager obligations and their fulfilment

<i>Variables</i>	<i>Outcomes</i>		
	<i>Mediator</i>	Perceived manager obligations	Manager fulfilment of obligations
	Relationship orientation		
Equation 1			
Organization	.06	-.13	-.19
Tenure	.18	.04	.02
Generalized reciprocity perceptions	.18	.35**	.32 [†]
Adjusted R ²	-.00	.09*	.08 [†]
ΔR^2	.03	.12*	.10 [†]
F	1.82	2.52 [†]	2.20
ΔF	1.33	5.98	4.09 [†]
Equation 2			
Organization		-.15	-.23
Tenure		-.03	.04
Generalized reciprocity perceptions		.28*	.23
Relationship reciprocity orientation		.38**	.44**
Adjusted R ²		.22**	.25**
ΔR^2		.13**	.18**
F		4.08**	4.09**
ΔF		7.53**	8.89**

Note. $N = 45$. [†] $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$.

No support was found for Hypotheses 4a and 4b: managers' perceptions of balanced reciprocity were not statistically significantly associated with managers' perceptions of their own obligations, or with the fulfilment of these obligations (see Table 6.7, 1st equation).

Table 6.7: Regression analysis predicting the relationship between perceived balanced organizational reciprocity norm and perceived manager obligations and their fulfilment

<i>Variables</i>	<i>Outcomes</i>		
	<i>Mediator</i>		
	Economic orientation	Perceived manager obligations	Fulfilment of manager obligations
Equation 1			
Organization	.19	-.17	-.22
Tenure	-.04	.09	.08
Balanced reciprocity perceptions	.36*	.04	.04
Adjusted R ²	.10*	-.02	-.01
ΔR ²	.13*	.00	.00
F	2.56 [†]	.79	.05
ΔF	6.12*	.07	.94
Equation 2			
Organization		-.17	-.27
Tenure		.09	.08
Balanced reciprocity perceptions		.05	-.06
Economic orientation		-.01	.30 [†]
Adjusted R ²		-.04	.05 [†]
ΔR ²		.00	.08 [†]
F		.58	1.53
ΔF		.01	3.12 [†]

Note. $N = 45$. [†] $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$.

Hypotheses 5a and 5b predicted that relationship reciprocity orientation would mediate the relationship between managers' perceptions of employee fulfilment of obligations

and their own obligation and the fulfilment of these obligations. As shown in Table 6.5 earlier, the conditions (Baron and Kenny 1986) for mediation were met (see Chapter 4). The first condition of Baron and Kenny's test regarding the relationship between the independent (perceived employee fulfilment) and the mediating variables (relationship reciprocity orientation) was met ($\beta = .35, p < .05$). Similarly, the second condition, which requires that the independent variable is significantly associated with the dependent variable, was met: perceived employee fulfilment was statistically significantly associated with managers' perceived obligations ($\beta = .53, p < .001$) and with the fulfilment of these obligations ($\beta = .46, p < .01$). The third condition stipulates that the mediator must affect the dependent variable and that the effect of the independent variable must be insignificant or less when the mediator is among the predictor variables. When perceived employee fulfilment of obligations and relationship reciprocity orientation were entered together in Equation 2, the effect of perceived employee fulfilment of obligations on managers' perceptions of their own obligations ($\beta = .41, p < .05$) and the fulfilment of these obligations ($\beta = .34, p < .05$) became less significant. Hence, partial mediation was present and Hypotheses 5a and 5b were partially supported.

Hypothesis 6a, which posited that the relationship between perceived generalized organisational reciprocity form and managers' perceptions of their own obligations would be mediated by relationship orientation, was not supported. As Table 6.6 (1st equation, 1st column) shows, the first condition of Baron and Kenny's (1986) test was not fulfilled: managers' perceptions of a generalized reciprocity norm were not associated with relationship orientation. Similarly, Hypothesis 6b regarding the mediating role of relationship orientation in the relationship between perceived generalized organisational reciprocity form and managers' reports of fulfilment of their obligations was not supported. Therefore, Hypotheses 6a and 6b were not supported.

Hypotheses 7a and 7b did not receive support (Table 6.7, 2nd Equation). Economic orientation did not mediate the relationship between balanced organizational reciprocity norm and the outcomes of a) managers' perceived psychological contract obligations and b) the fulfilment of these obligations. Only the first condition of Baron and Kenny's test was met: organizational balanced reciprocity perceptions were positively associated with economic reciprocity orientation in the manager-employee relationship ($\beta = .36, p < .05$). However, neither an organizational balanced reciprocity norm nor economic

reciprocity orientation was positively associated with managers' perceptions of their psychological contract obligations and the fulfilment of these obligations.

No support was found for Hypothesis 8, which predicted a positive relationship between managers' trust in employees and relationship reciprocity orientation (see Table 6.8).

Hypothesis 9, regarding the negative relationship between managers' trust in employees and economic reciprocity orientation, was supported ($\beta = -.35, p < .01$).

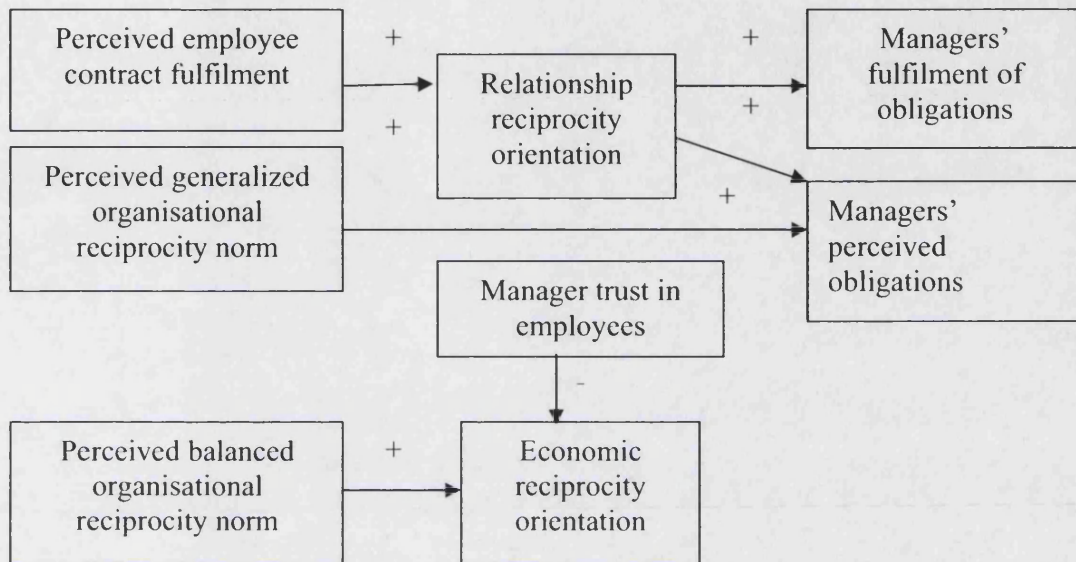
Table 6.8: Hierarchical regression analyses predicting the relationship between managers' trust in employees and reciprocity orientation

	Relationship orientation		Economic orientation	
	<i>Step 1</i>	<i>Step 2</i>	<i>Step 1</i>	<i>Step 2</i>
Independent variables:				
Organization	.22	.21	.25	.31
Tenure	.22	-.19	.19	.18
Manager trust in employees		.18		-.35**
Adjusted R ²	.01	.02	-.02	.12*
ΔR^2	.06	.03	.06	.12*
F	1.31	1.36	1.37	2.93*
ΔF	1.31	1.44	1.37	5.73*

Note. $N = 45$. † $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$.

The findings of this chapter are summarised in Figure 6.2 below.

Figure 6.2: Confirmed relationships among the study variables in Chapter 6



6.6 Discussion

This chapter set out to examine the antecedents of managers' psychological contract perceptions. Managers' perceptions of employee fulfilment of psychological contract obligations were found to be positively associated with managers' perceptions of their own obligations, and the fulfilment of these obligations. The relationship reciprocity orientation in the manager-employee exchange played a mediating role in these positive associations. Furthermore, perceptions of a generalized organizational reciprocity norm were found to have a significant effect on managers' perceptions of their obligations and also to influence the fulfilment of these obligations. Managers' trust in employees had a negative relationship with economic orientation in the manager-employee exchange.

6.6.1 The influence of perceived employee fulfilment on managers' perceived obligations and their fulfilment

The results of this chapter lend further support to the work of Lewis and Taylor (2001), Coyle-Shapiro and Kessler (2002) and Tekleab and Taylor (2003) in establishing that the psychological contract works as a cycle of conferring benefits between the exchange partners, thereby confirming the general functioning of the norm of reciprocity from the perspective of employer representatives. In line with social exchange theory, managers engage in reciprocation by both cognitively adjusting their perceived responsibilities and actually fulfilling them when they perceive employee fulfilment of psychological contract obligations (Greenberg, 1980). These attempts to reduce the perceived and felt indebtedness can be explained by the norm of reciprocity, which acts as a continuous balancing force towards a state of equilibrium (Blau, 1960).

Expanding existing knowledge of employer reciprocity, the findings of this chapter indicate that perceived employee fulfilment influences managers' perceptions of their obligations and the fulfilment of these obligations, partially through relationship reciprocity orientation in the manager-employee relationship. Managers' perceptions of employee fulfilment appear to contribute to the underlying reciprocity characteristics in the exchange relationship, which in turn translate into an expansion in the scope of managers' social exchange behaviour. Borrowing from signalling theories, employee behaviours (e.g. fulfilment of obligations, and in particular those that go beyond formal

requirements) serve as a cue which influences and guides managers' future actions (Maynard Smith and Harper, 2003). This is in line with the findings of Chapter 5, which examined the relationships between forms of reciprocity and various outcome variables from the employee perspective. All in all, these results suggest that the psychological contract is not only about tit-for-tat transactions and interplay between employer and employee obligations, but that the concept can also capture qualitative differences in reciprocity patterns in the exchange relationships between employer representatives and employees.

6.6.2 The influence of the organizational reciprocity norm on managers' perceived obligations and their fulfilment

Psychological contract research has paid surprisingly little attention to the potential influence of 'organisational reciprocity norms', or 'reciprocity culture', on individual perceptions of the psychological contract and the exchange relationship. This chapter extends the existing research by showing that managers' perceptions of organizational reciprocity norms influence their perceptions of their own psychological contract obligations to employees. Specifically, the findings suggest that when managers perceive that the *modus operandi* of reciprocal behaviour in the organization is characterized by mutual concern and an indefinite exchange of benefits, they are also more likely to cognitively expand the scope of their obligations in their exchange relationships with subordinates. These findings are in line with the research on social capital, which highlights the importance of organizational norms as creating the basis for cooperative relationships between the members of the organization (Leana and Van Buren III, 1999). It also provides support for Turnley and Feldman (1999b), who suggest that the exchange parties draw the expectations that comprise the psychological contract partially from the surrounding organizational culture.

It is, however, surprising that the relationship reciprocity orientation failed to mediate the impact of a generalized organizational reciprocity norm on managers' perceived obligations, because generalized organizational reciprocity norm did not influence the relationship reciprocity orientation. Rather, the relationship between a generalized organizational reciprocity norm and managers' perceived obligations appears to be direct, without any intervening variable. Perhaps the dyadic exchange is more important in determining the type of reciprocity that governs the manager-employee exchange relationship. Alternatively, some other factors not measured in this study may influence

the relationship. For example, the strength of managers' identification with the organization may moderate the link between a generalized organisational reciprocity norm and manager' perceived obligations.

Managers' actual engagement in reciprocal behaviour (i.e. fulfilment of psychological contract obligations) appears to be influenced less than perceived indebtedness by the perceptions of an organizational reciprocity norm. That is, the 'normative' generalized reciprocity principle at the organizational level contributes less to actual changes in managers' behaviour as measured by managers' reports of psychological contract fulfilment. Indeed, managers' fulfilment of their obligations may depend on various other factors, such as resources available to them (Shore et al., 2004). Furthermore, existing evidence suggests that managerial behaviours can differ in many ways even within the same organizational environment and in similar roles (Liden, Sparrowe and Wayne, 1997). In other words, interpretation and execution of norms, role requirements and organisational strategies and policies may differ vastly. Hence, like the theories of organizational culture and social capital (Staber, 2003), the notion of an 'organizational reciprocity principle' can be criticized for assuming a uniform norm that translates simplistically into concerted behaviours and attitudes in a given organizational context.

It can also be that personality factors or the dynamics of the dyadic exchange influence managers' actual engagement in reciprocation behaviours more than their perceptions of what is deemed organizationally appropriate reciprocal behaviour. Studies from the employee perspective have, for example, demonstrated that employee engagement in reciprocal behaviour is influenced by creditor ideology (Coyle-Shapiro and Neuman, 2004), equity sensitivity (Kickul and Lester, 2001) and certain personality characteristics (Raja, Johns, and Ntalianis, 2004). Specifically, Coyle-Shapiro and Neuman's (2004) study found that employees with a high creditor ideology were more likely to perceive higher obligations and to fulfil those obligations than were those with low creditor ideology. Raja, Johns, and Ntalianis (2004) show that personality characteristics such as extraversion, conscientiousness and self-esteem were related to contract type (relational vs. transactional) and influenced employee reactions to contract breach. Similarly, certain dispositional factors, for example conscientiousness, may moderate the relationship between what is perceived to be in line with organizational norms and actual engagement in behaviours that conform to these norms (Turnley and

Feldman, 1999b). Further, personal liking or manager perceptions of employee motivation and competences may influence managers' reciprocity.

In the present study, managers' perceptions of balanced reciprocity as an organizational reciprocity norm failed to influence managers' perception of their own obligations, and the fulfilment of these obligations. This suggests that while the organizational model of 'generous' reciprocal behaviour has the potential to influence the exchange relationship between employer representatives and employees, managers' perceptions of a balanced organizational reciprocity form are not powerful enough to influence self-reported manager behaviour and attitudes. Alternatively, it may be that the obligations typically measured in psychological contract research are closely linked to the formal requirements associated with managers' role. Organizational reciprocity culture characterized by generalized reciprocity hence may both strengthen the sense of role-based duty and encourage engagement in behaviours that go beyond role requirements, whereas balanced reciprocity perceptions may encourage fulfilment of the formal role requirements but discourage engagement in managerial extra-role behaviours that were not explicitly captured in this study.

Economic reciprocity orientation failed to mediate the relationship between balanced organizational reciprocity perceptions and managers' perceived obligations and the fulfilment of these obligations. However, managers' perceptions of a balanced organizational reciprocity form were positively associated with an economic reciprocity relationship orientation. This indicates that managers' perceptions of a *quid pro quo* approach at the organizational level are associated with an economic reciprocity orientation in manager-employee exchanges, but these were not related to managers' perceived psychological contract obligations or the fulfilment of these obligations. It may be that an economic reciprocity orientation influences negatively managers' behaviours other than those captured by the concept of the psychological contract. For example, managers whose relationships with subordinates are characterized by an economic reciprocity orientation, may be less likely to exhibit friendly gestures such as inviting employees for coffee or lunch or be flexible with working hours when needed.

6.6.3 Managers' trust in employees and reciprocity orientation

Consistently with the theories on trust and leader-member exchange (Kramer, 1999), managers' trust in employees was found to have a negative relationship with managers'

perceptions of an economic orientation characterized by immediacy, equivalence and self-interest (Uhl-Bien and Maslyn, 2003). As Blau (1964) points out, lack of trust implies a refusal to stay in the state of indebtedness and suggests a businesslike relationship. This is in line with the conceptualization of the economic reciprocity orientation, which is characterized by high immediacy and equivalence in the cycle of reciprocation.

Surprisingly, however, managers' trust in employees was not associated with a relationship reciprocity orientation in the exchange between managers and employees. A positive association was expected as relationship orientation implies that the exchange partners are able to trust in an eventual balance in the exchange, even if occasionally the benefits exchanged don't match in value, or there is a longer lapse between giving and receiving. Perhaps the relationship reciprocity orientation items related to mutual and other interest may have had somewhat different emphasis than the trust items that may have focused more on the cognitive and calculative type of trust. It may also be that trust in employees affects relationship reciprocity orientation through leader-member exchange quality. That is, trust and relationship may both be correlated positively with the quality of the leader-member exchange.

In summary, this chapter has advanced understanding of the employer perspective on the psychological contract by examining some of the potential antecedents to managers' attitudes and behaviour as captured by the concept of the psychological contract. It has shown that managers' perceptions of their obligations and the fulfilment of these obligations are influenced not only by the perceived level of employee contributions, but also by managers' perceptions of the organizational reciprocity norm. Moreover, relationship reciprocity orientation in the manager-employee relationship appears to partially explain these associations. Consequently, this chapter suggests that psychological contract theory would benefit from considering the potential influence of organizational factors on psychological contract perceptions. In line with the findings of previous chapters, it also suggests that the characteristics of the reciprocity underlying and driving the relationship are important in explaining exchange partners' attitudes and behaviours.

6.7 Limitations

There are several limitations to this study that should be kept in mind when interpreting the results. First, because of its small sample size and cross-sectional design, this study should be taken as a 'pilot' study on reciprocity from the employer representatives' perspective. For example, due to the small sample size, the regression analysis results should be interpreted with care. According to Tabachnick and Fidell (1983), the minimum requirement is to have at least four or five times more cases than independent variables, but they recommend that ideally a case-to-variable ratio should be 40 to 1. Therefore, it was not advisable to run a regression analysis including all the independent variables, or to have more control variables. Therefore, it is not known which one of the independent variables is the most significant predictor, when all the independent variables are controlled for. Similarly, the small sample size limits the reliability of the scale-development, which should therefore be considered only as indicative. While there are no strict guidelines for the sample size in factor analysis, Bryant and Yarnold (1995) recommend that the subjects-to-variables ratio should be no lower than 5, and some researchers suggest that 10 cases for each item in the instrument is sufficient. In this chapter, factor analysis was used in combination with reliability coefficient analysis in order to determine the items that can be included in the scales.

Second, the validity and reliability of some of the scales used in this chapter is a point to consider. For example, the organizational reciprocity norm scale was used for the first time to assess the managers' perspective. The low reliability coefficient alpha of the balanced organizational reciprocity scale is of particular concern and may hinder the interpretation and generalization of the results. The reciprocity scales were initially developed to assess employee views of the employee-employer exchange (Tetrick et al., 2004) and it may be that not all of the items were suited to assessing the employer viewpoint. Furthermore, it may also be that some of the items were not suited to assessing the employer-employee relationship in the Finnish context, or that the Finnish translations did not fully convey the meaning of the original items. Similarly, the reciprocity orientation scales originally developed by Uhl-Bien and Maslyn (2003)

require further testing. Uhl-Bien and Maslyn (2003) used cluster analysis to divide their sample into subgroups of employees characterized by particular reciprocity dimensions. However, due to the small sample size it was not possible to divide the sample into subgroups in this study.

A third limitation of this chapter concerns its use of a self-administered questionnaire to assess economic reciprocity orientation in managers' behaviour. There has been some debate regarding the use of self-reports to measure behaviours that may be socially less acceptable or desirable (Lautenschlager and Flaherty, 1990). Therefore, it is possible that economic reciprocity orientation in the manager-employee exchange was under-reported due to social desirability bias, and that for example employee reports would have yielded greater variance in the economic reciprocity orientation construct.

6.8 Future research

Future studies should continue examining the antecedents of psychological contract perceptions from the employer perspective. It would, for example, be interesting to explore whether managers' personality characteristics influence their perceptions of psychological contract obligations. As discussed earlier, conscientiousness may influence the extent to which managers fulfil their obligations in the employer-employee exchange. It could also be useful to examine the role of the quality of leader-member exchange in employer psychological contract perceptions. It may be that managers are more likely to fulfil their obligations towards those employees who are in their chosen in-group and with whom they have close relationships.

The role of reciprocity orientation in psychological contract perceptions should be explored further. It may be that employee engagement in organizational citizenship behaviours or the quality of leader-member exchange may explain additional variance in reciprocity orientation beyond perceived employee fulfilment of psychological contract obligations or an organizational reciprocity norm. Further, as discussed in Chapter 5, future psychological contract research should elaborate on the distinction between psychological contract obligations and formally required role behaviours. Inclusion of both employees' and employer representatives' extra-role behaviours could

potentially shed more light on the functioning of reciprocity in the exchange relationship between employer representatives and employees. For example, relationship reciprocity orientation may predict engagement in extra-role behaviours, whereas the influence of economic reciprocity orientation may be limited to the fulfilment of strictly task-related duties. This study did not differentiate what managers would perceive as in-role versus extra-role behaviours. Future research should also pay more attention to the content of employer obligations in knowledge-intensive organizations, in which self-managed employees may assume many of the traditional managerial obligations (Huhtala, 2004).

Future research should further examine the influence of contextual factors on perceived obligations and behaviours captured by the concept of the psychological contract and the potential antecedents to the perceived organizational reciprocity norm. Even if the interest of psychological contract research is in the social interaction in dyadic relationships, it should be acknowledged that this interaction does not exist in isolation from other social relations that create the parameters for the dyadic exchange relationships (Blau, 1964). Furthermore, the managerial role and the scope of responsibilities may be largely determined by the organizational context that should be taken into account in future research. For example, immediate managers may perceive a broader range of psychological contract obligations in organizations in which they have wider control over numerous discretionary rewards than in organizations in which they are strictly implementing and executing the policies and practices decided by the top management. Similarly, organizational culture, networks and social capital may play a role in influencing the organizational reciprocity norm and the consequent psychological contract perceptions. Recognizing the importance of contextual factors is particularly relevant when exploring the employer perspective. No matter who is chosen to represent the employer, it is implicitly assumed that this representative acts on behalf of the entity called 'employer' (Shore et al., 2004).

6.9 Conclusions

The results of this chapter indicate that managers' perceptions of their psychological contract obligations, and the fulfilment of these obligations, are not only influenced by managers' perceptions of employee exchange behaviour, but also by perceptions of the organisational reciprocity norm. As the role of contextual factors in the psychological contract has been so far largely ignored, this finding is important for researchers seeking to expand the potential explanatory power of the concept of the psychological contract. Furthermore, the positive relationships between managers' perceptions of employee exchange behaviour and their own perceived psychological contract obligations and the fulfilment of these obligations can be partly explained through the reciprocity orientation in the manager-employee relationship. Reciprocity orientation is also influenced by managers' trust in the employees.

The present chapter has taken a step forward in exploring the largely ignored employer perspective to the psychological contract and examined reciprocity in psychological contracts from the managers' perspective. The next chapter will continue with the reciprocity theme. Specifically, it will complement the previous two chapters on employee perspective by providing a qualitative study of employee reciprocity perceptions in an event of perceived psychological contract breach.

CHAPTER 7 – EMPLOYEES MAKING SENSE OF AN EVENT OF BREACH: STORIES OF RECIPROCITY

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... Men live in immediate acts of experience and their attentions are directed outside themselves until acts are in some way frustrated. It is then when awareness of self and of motive occurs.

Mills, (1940: 905)

7.1 Introduction

The previous chapters have provided a quantitative examination of employee and employer perspectives on the psychological contract and explored the role of reciprocity in the psychological contract. This qualitative chapter complements the previously presented quantitative survey-based findings. Using a critical incident interview technique, it will continue with an examination of how employees make sense of perceived psychological contract breach by the employer and, more specifically, how these interpretations are linked to reciprocity in employee accounts of breach.

Contract breach, i.e. perceived employer failure to fulfil its obligations, is perhaps the most important construct in psychological contract theory, yet its dynamics remain largely un-researched (Morrison and Robinson, 1997; Conway and Briner, 2002). The majority of psychological contract studies have focused on examining the consequences of perceived breach and convincingly demonstrated how breach leads to negative outcomes ranging from employee emotional exhaustion to reduced performance and exit from the organization (Robinson, 1996; Bunderson, 2001; Gakovic and Tetrick, 2003; Turnley, Bolino, Lester and Bloodgood, 2003). The norm of reciprocity provides the theoretical explanation for the observed associations between perceived breach and outcomes (Rousseau, 1995): employees reciprocate employer failure to keep promises by, for example, working less hard or reducing their commitment to the organization. However, very little is known about what actually happens in the event of psychological contract breach, and how perceptions of breach affect the psychological contract (Morrison and Robinson, 1997).

The conceptualization of the psychological contract as a perceptual cognition stems from theories on social schemas (Morrison and Robinson, 1997; Rousseau, 1995; 2001; 2003), which refer to the cognitive organization of conceptually related information (Fiske and Taylor, 1984). The concept of the psychological contract therefore captures an individual's cognitive structure of what is expected of him/her and of the employer in the employee-employer exchange (Rousseau, 1995; 2001). Schemas facilitate the interpretation of the social world and guide an individual's information-seeking to the extent that they allow behaviour to become somewhat automated (Louis and Sutton, 1991). For example, a psychological contract allows employees to go along with their exchange with the employer without conscious and continuous monitoring of contractual behaviour. Unexpected events can, however, confront individuals' schemas and call for active sense-making that may result in modifications in the existing schema structure (Luis and Sutton, 1991; Harris, 1994).

By definition, perceived psychological contract breach is an event that conflicts with employees' existing schemas of exchange relationships and triggers employee conscious sense-making of the situation (Coyle-Shapiro and Conway, 2004). Hence, it offers a unique opportunity to examine contract maintenance and formation from the sense-making perspective. Understanding the sense-making process is theoretically important, as it can provide valuable information about the cognitive basis and dynamics of the psychological contract. It will also advance understanding of the experience of breach and shed new light on how psychological contracts function. Consequently, this chapter sets out to investigate how employees make sense of psychological contract breach and what it entails for the schema of the reciprocal employee-employer exchange.

To begin, this chapter presents a review of current research on psychological contract breach and sense-making theory. It will then move on to describe the sample and introduce the research procedure. This will be followed by the results and final discussion.

7.2 Theoretical background

7.2.1 *Psychological contract breach*

Rousseau (1989) defines psychological contract breach as “the failure of organizations or other parties to respond to an employee’s contribution in ways the individual believes they are obligated to do” (Rousseau, 1989: 128). This definition entails both the cognitive and affective elements associated with the acknowledgement of the breach. Morrison and Robinson (1997), however, recommend separating the constructs of contract breach and contract violation. They argue that breach captures the cognition that one’s organization has failed to fulfil its promise, whereas violation should be used to refer to the emotional and affective state that follows from the acknowledgement of breach. Robinson and Morrison (2000) found preliminary empirical support for the distinctiveness of contract breach and violation, indicating that violation is associated with a more intensive response than breach perceptions. Yet the empirical evidence on the distinctiveness of breach and violation remains limited and researchers tend to use the terms breach and violation synonymously. In addition, some authors argue that the line between cognition and affective response is not clear enough to maintain the separation (Cassar, 2004). As theories of sense-making also suggest that affective and cognitive responses are intertwined (Weick, 1995), this chapter will use the term breach to capture the cognitive and affective elements consistently with Rousseau’s definition given above.

As discussed in Chapter 2, empirical research has convincingly demonstrated that employee perceptions of a contract breach are associated with negative adjustments in employee attitudes and behaviours, including reduced trust, commitment, satisfaction, organizational citizenship behaviour and in-role performance and increased absenteeism and thoughts of quitting (Guzzo, Noonan and Elron, 1994; Robinson, Kraatz and Rousseau, 1994; Robinson and Rousseau, 1994; Bunderson, 2001; Lester, Turnley, Bloodgood and Bolino, 2002; Johnson and O’Leary-Kelly, 2003; Tekleab, Takeuchi and Taylor, 2005; Deery, Iverson and Walsh, 2006). Evidence further suggests that in extreme cases of perceived violation, employees may seek revenge by engaging in aggressive behaviour, theft or sabotage (Robinson and Bennett, 1997). A study by Pugh, Skarlicki and Passell (2003) found that perceived violation by the previous employer was negatively associated with trust in the new employer and positively

associated with cynicism toward the new employer. Hence, the effects of violation may carry over to subsequent employment and continue to negatively influence employee attitudes long after the initial experience of breach.

Another, less sizable, body of research has examined employee experience of breach beyond the traditional survey research and its focus on outcomes. These studies suggest that the exchange processes involved in breach are complex, highly individual and specific to the context in which the breach occurs. Conway and Briner (2002) employed a quantitative diary study to investigate the outcomes of daily mood and emotions close to when breach actually happens. Twenty-one employees from a firm operating in the finance sector completed a diary, including a daily mood scale and specific questions regarding broken promises, over ten consecutive working days. The results suggest that the psychological contract is an intra-individual-level phenomenon and demonstrate the everyday fluctuations in emotions and mood that are caused by perceived breach.

Hallier and James (1997) examined breach perceptions during enforced work-role transitions by interviewing 41 employees on three occasions over a period of two years. The study found that employee interpretations of and reactions to breach were highly individual, depending on subjective appraisal of the situation, experience of uncertainty and perceptions of victimization. Yet employees experiencing even repeated breaches adhered to the principle of reciprocity and it was only with time that they eventually appeared to determine what the changes in the exchange meant for the overall relationship. With regard to contextual factors, Hubbard and Purcell (2001) interviewed 71 employees to examine how employee expectations about an acquisition re-formed their psychological contracts. According to the authors, employee expectations of the replacement owner, of the fit between the cultures and of the new colleagues all influenced psychological contract perceptions. In addition, employee expectations and concerns were influenced by their position in the organization.

Consequently, the existing research on breach has established that 1) employees reciprocate employer breach by adjusting their attitudes and behaviours; and 2) breach involves both resultant daily fluctuations in emotions and moods and overall evaluation of employer exchange behaviour; and 3) breach perception may be influenced by contextual factors. Yet very little is known about how employees modify or maintain their psychological contracts when they perceive psychological contract breach. In fact, Morrison and Robinson (1997) note the lack of discussion and empirical research into

what breach actually is or how it develops. Given that the psychological contract is essentially a mental model of the employer-employee exchange relationship (Rousseau 1995; 2001), understanding how employees themselves make sense of breach and how they maintain or modify their psychological contract (i.e. their mental model of the exchange) in the event of breach is essential.

7.2.2 What happens in between: Making sense of psychological contract breach

Over time, psychological contracts take the form of a relatively stable and durable mental model, a schema of the exchange relationship between the employee and employer (Rousseau, 2001; 2003). A schema here can be defined as a dynamic, cognitive structure regarding specific events and concepts that is used by the individual to encode and represent incoming information in the light of the existing information (Markus, 1977 cited in Harris, 1994). The schema also directs individual perception and information seeking to the extent that it may blind the individual to information that would challenge its validity. In other words, schemas can be seen as relatively stable subjective theories, derived from one's experiences of how the world operates, that guide individual selective memory and perceptions (Harris, 1994).

Schemas can vary in their level of complexity, i.e. in the number of beliefs that they comprise, the level of abstraction and the number of linkages among them. Over time and a series of modifications, schemas develop into complex, abstract and organized cognitive structures (Harris, 1994). Rousseau (2001) suggests that discrete obligations form the basis of psychological contract schemas. For example, a psychological contract schema includes knowledge of the obligations of both parties (e.g. a lecturer has to teach a certain number of classes and produce a certain number of research publications, the employer has to provide the lecturer with a certain type of facility and pay the salary on a certain day) and the relationship between those obligations (if the lecturer publishes a certain number of articles, the employer will renew the contract). At a more abstract level, employees have certain ideas of an employment relationship that they use to give meaning to discrete obligations (see Figure 7.1 below). The schema of a psychological contract is influenced by other schemas that are relevant to making sense of the employment relationship (Rousseau, 2001; 2003). For example, a schema regarding parenthood may influence the psychological contract schema of a father of small children.

Figure 7.1: Psychological contract as a schema
 Adapted from Rousseau (2001)

<p>Higher level abstractions regarding employment relationship</p> <p>(e.g. what is appropriate in employment relationship)</p>
<p>Associated meaning</p> <p>(e.g. the exchange is more transactional or relational)</p>
<p>Elemental beliefs of discrete promises and obligations</p>

Schemas make everyday life easier, as they help individuals to map new experiences, process information efficiently, fill in informational gaps, provide templates for problem solving and evaluation, and facilitate the planning of future action (see Harris, 1994). To a great extent, schemas allow individuals to operate in a kind of loosely pre-programmed unconscious manner and provide them with implicit explanations for what happens around them. In ‘business-as-usual’ situations this automated information-processing is adequate, and even superior to conscious sense-making (Louis and Sutton, 1991). For example, psychological contracts as schemas of the exchange make planning and cooperation in the employment relationship easier, as it is not necessary for the parties continuously to check on each other, or consciously to monitor and evaluate the deal (Rousseau, 1995). Furthermore, Coyle-Shapiro and Conway (2004) note that the causality ‘inducement → contribution → inducement → contribution’ implied in the cycle of dyadic reciprocation may, particularly in a long-term relationship, become very distant or blurred with other exchange relationships. In other words, the calculative and rational exchange behaviour assumed by psychological contract theory may often be replaced by somewhat automated behaviour enabled by the psychological contract schema.

While individuals can rely most of the time on these ‘habits of mind’, i.e. on the existing schemas, to guide their interpretation and behaviour (Louis and Sutton, 1991), certain conditions invite individuals to switch to active thinking and sense-making. Sense-making refers to a retrospective conscious process that includes the use of prior knowledge to assign meaning to new stimuli (Harris, 1994). A condition that can trigger the sense-making process occurs when something out of the ordinary happens,

i.e. when “individuals experience events that may be discrepant from predictions” (Louis, 1980: 241). These discrepant events, or surprises, trigger a need for an explanation, through which interpretations are developed. Langer (1978) has further specified that conscious thinking, explaining and sense-making is necessary when the outcomes of an individual’s acts are inconsistent with what s/he expected, or when schema-based behaviour is interrupted, or when acts require more effort than usual. Sense-making can also be triggered by explicit questions regarding an individual’s reasoning asked by an outsider or by the individual him/herself (Louis and Sutton, 1994).

Schwandt (2005) proposes that the sense-making process consists of three basic components: (i) triggers that signal that a meaning is required (e.g. breach), (ii) a schema that serves to guide understanding (e.g. psychological contract) and (iii) a relationship that links the trigger to the schema. Typically, sense-making starts with a search for information that supports the existing schema and allows the individual to resume the disrupted action. Sometimes sense-making leads to minor adjustment or elaborations in the schema that serve to develop the existing schema. Sometimes more fundamental alterations are required (Harris, 1994). The sense-making process embraces both emotional and cognitive aspects of the human experience of interaction with the environment (Schwandt, 2005). It also provides a connection from cognition to action: individuals’ explanations and theories shape and are shaped by their actions (Weick, 1995). Hence the connection from cognition to action is not prescribed or predictable, but action and sense-making are intertwined. For example, an employee may justify an additional assignment by the explanation that it will provide her with new learning opportunities. This justification is then solidified by the way the employee performs the job, which transforms the assignment into an opportunity.

In the employee-employer exchange relationship, perceived psychological contract breach is an event that disrupts the routine or habitual exchange and contradicts the established psychological contract schema of how the exchange relationship functions. Therefore, an experience of contract breach is likely to trigger a process of sense-making and cognitive evaluation of the situation (Rousseau, 1995; Coyle-Shapiro and Conway, 2004). This chapter therefore aims to examine *how* employees make sense of the occurrence of a breach and *how* they explain their reactions to employer breach of contract. Specifically, this research aims to address the following research questions:

- How do employees make sense of psychological contract breach? How do they make sense of employer behaviour? How do they explain their own responses to the breach?
- How is the norm of reciprocity reflected in the sense-making process?

7.3 Methodology

7.3.1 Sample

In December 2004, fifteen employees from Organization B participated in the interviews that form the basis for this study. A detailed description of the sample has been presented in chapter 3.

7.3.2 Method

This chapter employs qualitative interviews, using critical incidence technique to address the previously mentioned research questions. Chell (1998: 56) defines critical incident method as follows:

The critical incident interview technique is a qualitative interview procedure which facilitates the investigation of significant occurrences (events, incidents, processes or issues) identified by the respondent, the way they are managed and the outcomes in terms of perceived effects. The objective is to gain an understanding of the incident from the perspective of the individual, taking into account cognitive, affective and behavioural elements.

Critical incident technique (CIT) was chosen as it suited the purpose of this study which was to examine employee sense-making of an incident where the employer is perceived to have breached the employee's psychological contract. As Chell states (1998: 69), "in management and organizational behaviour/psychology, understanding the detail of the processes and behaviours is paramount and a technique such as CIT enables such an objective to be accomplished". Furthermore, it has the advantage of being a rich source of information on the conscious reflections of the interviewees, their frame of reference, feelings, attitudes and perspectives on matters which are of critical importance to them.

CIT allows for context-rich data that is developed from the perspective of the interviewee. As the events are explicated in relation to what happened, why it happened, how it was handled and what the consequences were, the linkages between the context, processes and outcomes are easier to tease out by using other qualitative methods, such as semi-structured interviews or observations.

7.3.3 The interview protocol

The interviews lasted for between 20 and 75 minutes, the average length being 46 minutes. Fourteen of the 15 interviews were audio-recorded and later transcribed. Notes were taken for the interview that was not audio-recorded due to technical problems. The interviews took place in meeting rooms at the employer's premises during the employees' working hours. The company provided refreshments for the interviews that took place at its headquarters.

At the beginning of each interview, the participant was told about the purpose of the study and assured of confidentiality. After the pilot study, I also found it necessary to explain that, even though I was asking the participants about their negative experiences, it was not my intent to view their employer in a negative light or to enforce a negative picture of Organization B as an employer. Due to the sensitivity of the topic, confidentiality was indeed an issue for several of the participants. This is vividly demonstrated by the following quotation: *"If I tell you and you write it down, they will immediately know who I am. You have to be careful (10: 3)"*. Consequently, I took special care to assure the participants that neither their employer nor any other outsider had access to the interview materials and that they did not need to answer the questions if they did not feel comfortable doing so.

I started the interviews with a few general questions that both provided me with demographic and background information about the participants and served to establish a relaxed atmosphere. For example, the participants were asked how long they had been employed by Organization B, how they had ended up working for Organization B, to describe their main duties, and how they liked their work. Then the interviewees were asked to describe an incident when they thought their employer had failed to fulfil an obligation towards them and to clarify when this had happened. When appropriate, a visual aid was used to help the participants to recall the event of breach. The timing of the perceived breach and other events that had happened prior or after the breach were

marked on an arrow drawn across an A4-sheet. This clearly helped some of the participants to think about the breach in greater detail than they otherwise would have done. It also provided me with notes on the events that preceded and followed the breach and that aided the interpretation process. Although each participant was asked broadly the same questions, the issues and areas of special significance to each participant were explored in depth and guided the interview. As the goal of the interviews was to understand the perspective of the employees, it was important to clarify the meanings and interpretations that each participant provided, rather than to lead the interview with a pre-determined set of questions. The interview protocol is shown in Appendix C.1.

In addition to the question of confidentiality, the sensitivity of the topic made me reflect on ethical questions related to interviewing and on the boundaries of a researcher's role. For several of the participants the interview process appeared to be a 'therapeutic' session during which they discussed an event that truly had affected them, but which they had not necessarily previously discussed. For example, one participant brought up marital troubles and a depressive mood that had been caused by the critical incident she discussed. Two of the participants openly cried during the interviews and one had tears in her eyes. At the same time as maintaining my focus on the research, I also tried to be supportive and encouraging. At the end of the interviews I asked the participants who were clearly affected by the interview if they needed any help or if they wanted to talk to somebody else.

7.3.4 Data analysis

The analysis procedure followed template analysis, as recommended by King (1998). Template analysis, which is also often referred to as thematic coding, combines elements of grounded theory approach and of content analysis. Grounded theory assumes that the explanatory framework is developed through the process of analysis and conceptualization of the data. In other words, the researcher abandons preconceptions prior to the analysis and 'lets the data speak'. On the other hand, content analysis assumes a coding frame based on a set of preconceived categories for which evidence is sought in the data. Template analysis consists of some initial codes which are revised over and over again in the process of analysis. Therefore it falls somewhere between grounded theory, where there is no *a priori* definition of codes, and content analysis, where the codes are pre-determined (Chell, 1998). Template analysis was

particularly suited to this study, as the research questions and theoretical background provided an initial set of codes, but the idiosyncratic events discussed by participants demanded refinement of the coding frame during the analysis.

A template is a collection of codes that are commonly organized hierarchically, with groups of similar codes grouped together to produce more general higher-order codes. Codes are simply labels attached to a section of text that relates to a certain theme which the researcher finds important. Broad higher-order codes usually give a good overview of the general direction of the interviews, while detailed lower-order codes allow for fine distinctions both within and between cases. The initial template was developed on the basis of the interview guide and each transcription was read and marked by hand with the appropriate codes. Initially I considered employing qualitative analysis software, but after discussions with qualitative researchers I ended up coding by hand and using 1) colour coding and 2) notes in the margins of the text. A sample of a translated interview transcript is provided in Appendix C.3. Use of a computer package is advisable when the data set is larger and the coding more complex than in this case (King, 1998). After the first round of reading the transcripts, one interview was excluded from the analysis. The employee in question, who had been employed by the company for six months at the time of the interview, did not really discuss employer breach as an unmet reciprocal obligation, but rather his own level of satisfaction, as illustrated by the following quotation in response to the question about unmet obligation:

What could it be... What I really don't like here is this office space. It is not perfect and the air conditioning is not working at the moment. In my office we are four people and several computers and it gets a bit problematic. [...] But at the same time I like that we are so much together. Don't need to call each other (8: 1).

The further development of the template proceeded hand-in-hand with the analysis of the text. That is, as I worked through the transcripts, identified the sections of the texts relevant to the research and marked them with the appropriate codes, I detected inadequacies in the initial template. Indeed, it is through this process of reading and refinement of the codes that the development of the template takes place (King, 1998). When an issue was found in the text that was relevant to the research but that did not match any of the existing codes, a new code was added. The most significant additions were new higher-level codes, as they changed the initial structure of the template and

the coding done previously. Similarly, some codes initially defined were deleted as there was no need to use them. Some codes were re-defined if they were initially too narrowly or too broadly defined. In sum, the template was re-defined over and over again in conjunction with reading and re-reading the transcripts. While the initial template went through significant changes during this coding process, the central higher-order codes on breach and employee attempts at reciprocation remained the same throughout the coding process.

One of the most difficult decisions in the analysis is to determine when the template can be called 'final'. In fact, King (1998) points out that there is always room for refinement and it is up to the researcher to decide when the template is ready. All in all I worked through the transcripts at least three times, most of them four or five times, before I was confident that no relevant sections of the text were left uncoded and that the template represented the data. The size of each coded quotation varied from short sentences to a full page of text. Many quotations were coded with multiple codes. For example, the following excerpt from one of the interviews was coded with the constructs 'trust' (as related to employee response), 'immediate manager' (as related to attribution) and 'reciprocity' (as related to expectation that employee voice, i.e. the letter, should be reciprocated):

I got suspicious that the immediate manager had not forwarded my letter... That I was really cheated now, and badly so. That my immediate manager was lying like the devil. Because I should have received a letter back. So I don't know if he ever sent my letter to the CEO... It is very difficult to know. (1:8)

To ensure the accuracy of the coding, an independent reviewer coded a randomly selected number of the excerpts. The independent reviewer, who was not familiar with my study, was given 15 samples of the data and instructed in the rationale of the coding process. The reviewer then coded the excerpts. She assigned 12 of the excerpts to at least one of the same categories as I had, yielding an 80% level of agreement. After a discussion with the reviewer about the clarity of the codes, I decided that the template was finalized (See Appendix C.2 for the final template).

Once the coding was complete, I compiled a list of the codes that occurred on each transcript, with the frequency that these were present, on a separate sheet of paper

attached to the transcript in question. This gives an overview of the distribution of the codes and suggests further areas that should receive attention (e.g. why some codes are missing in some transcriptions, why some codes are always present concurrently) (see Appendix C.4 for the distribution of the codes) (King, 1998). However, it has to be noted that the establishment of differences in frequencies of the codes and quantitative patterns in the data as such is not the purpose of the template analysis (ibid). After counting the frequencies of the codes, I extracted from each transcript on a separate sheet of paper quotations that presented the core of the event described. The number of excerpts (quotations) drawn from the transcripts varied from 5 to 14, totalling altogether 122. These quotations are referenced so that the first number refers to the interview and the second number indicates which quotation is in question. For example, a quotation referenced as (3: 7) is the seventh quotation extracted from the third interview.

7.4 Results

The presentation of the results follows the sequence in which most of the employee accounts of breach evolved. It starts with employees' descriptions and justifications of their experience of breach. This is followed by employee explanations of the reasons for breach and attribution of responsibility. Lastly, employee descriptions of their reactions are examined.

7.4.1 *The event(s): What happened to me?*

Most of the participants recalled an experience of breach without difficulty: it was clear that breach was indeed an event that triggered conscious sense-making. The obligation most frequently mentioned as breached was related to salary/remuneration and benefits. Negotiation of salary increases were brought up by three participants, compensation of the time that the employees use for travelling was discussed by two participants, and issues related to a company car by one participant. Furthermore, the issue of salary level and pay increases was brought up in several other interviews, even though the actual breach was a different one. As transactional benefits such as salary and benefits are more narrowly defined and usually more clearly observable than relational obligations, which are less *quid pro quo* in nature (Morrison and Robinson, 1997), a failure to fulfil these may be more likely to confront the psychological contract schema and demand an explanation. In addition to remuneration, other causes of breach had to do with lack of support, socialization, training and organization of work.

The employees commonly justified their perception and experience of breach by the norm of reciprocity (e.g. because the employees did their part, the employer should have done its part) and fairness (e.g. what the employer did was unacceptable or unfair). This suggests that the norms of reciprocity and fairness play a central role in employee schemas of the employee-employer exchange. Some participants discussed the breach in comparison to their experiences of a previous employer, to their colleagues' experiences, or even to 'the old days' in the company, in order to explain the unexpected disturbance in the flow of the exchange. While a perceived obligation that stems solely from past experience in other employment relationships and does not

involve a belief about a promise is typically considered to fall outside the psychological contract (Shore and Tetrick, 1994; Morrison and Robinson, 1997), employees in this study usually provided several justifications for the perceived breach. However, the following is an example where an employee perception of employer obligation is most likely solely based on previous experiences:

I was really surprised how badly a new person is socialized into the company. There was no socialization plan of how to do it at all. I had worked for a small company previously and we had all these programmes in place. So it is just so absurd that when I started here nobody seemed to know that I was there. Nobody showed me around. I was totally lost. (11: 1).

The quotes below illustrate how the norm of reciprocity underlines the experience of breach, and how the employees justify their perceptions of breach by the norm of reciprocity: travel time has to be compensated with money or time, and expansion of job description should be reciprocated by salary increase. In other words, the employees consider how well the employer fulfils its obligations compared to employee fulfilment or perceived level of obligation (Morrison and Robinson, 1997). While the discrete obligations as such are important to the employees, the main issue is that the principle of reciprocity that forms the basis of the exchange relationship is violated.

My condition was that the travel time has to be compensated with time off. Let's take an example that I go to Helsinki for a meeting, I leave early in the morning and I get there at 9 am. I will stay there until 4 pm, start driving back and get home at 10 pm. By the time I am at home my workday has lasted for 13-14 hours, but I am only paid for 7 and ½ hours. This doesn't sound reasonable, in particular if you do it on a regular basis. It has to be either a) compensated with pay or b) with time off. With my previous employer we got time off. [...] This is not about money but principle...It is the principle that is really bothering me... Well, it is the issue itself, too. I do travel so much... So if they don't give me extra time off then they have to pay me more. That's how it is (3:2).

And then we were discussing what the employer expects from me and all the things I should be doing and what kind of new tasks would be transferred to me... You know, I have never said no to any tasks and I am ready to learn and willing to take on board new tasks. So there is no problem if I get the necessary training and... really it is all fine with me... But then I asked about the salary. It really seems to be an issue here. So immediately when I asked about the salary the manager got angry and said that there will be no salary increases... And then he said that I could write a letter to request a salary increase and he would look at it and forward it to the CEO, that he himself cannot decide about it. So he had this attitude that do it if you dare... (1:1).

An important part of the experience of breach is employee perception of how fairly she or he is treated (Morrison and Robinson, 1997). Perceptions of breach may be influenced by employee perception of the fairness of organizational procedures, or of the distribution of benefits or interpersonal treatment. Following justice theory (Folger and Cropanzano, 1998; 2001), the degree to which an individual experiences injustice and holds the exchange partner responsible depends on counterfactual thinking. In other words, individuals experience injustice when they believe that: (1) a perceived alternative *would* have been better (2) the party *could* have behaved differently and/or (3) the party *should* have behaved differently. If employees believe that an injustice has occurred with respect to their input to the exchange and received output, they have received an adequate justification for the experience of breach (Morrison and Robinson, 1997). For example, one of the participants had taken part in an employer-sponsored training course in her own time in order to update her programming skills and to be accepted in a new project that she believed would improve her prospects in the company. However, once the training was over, a colleague who had no prior training on these particular programming tools was asked to join the new project. The employee felt unfairly treated. In the words of the employee:

It was that I used so much time on it... It was not enough that I was there for the course once a week. It was one evening per week but then we had all the homework to do and we had to study in our own time. So I used all my free time... or most of my free time on studying... and then it really was for nothing, all wasted (4: 4).

In fact, Morrison and Robison (1997) specify that employee judgements of fair treatment in the context of breach may be more aligned with interactional justice than with procedural or distributional justice. Interactional justice refers to employee judgements of the fairness of interpersonal treatment in the exchange process, thereby reflecting employee beliefs about whether the employer has treated him/her honestly and respectfully. Unfair treatment serves as a justification for the experience of breach, as in the following situation, where the employee had received a written warning from the employer after having spent more resources than was expected to complete a customer project as agreed with the customer.

Worse things than this have happened to me. But it is just so unfair... Ok, if you make a mistake, fine, but it is different when you think that you have done it as it should be done. (10: 8).

Morrison and Robinson (1997) propose that renegeing is a likely cause of perceived breach. Renegeing occurs when the employee believes that the employer has knowingly broken a promise to the employee. This might be due to an inability to keep a promise, for example because of changes in the external environment, or to unwillingness to fulfil what was promised. If employees perceive intentional and purposeful renegeing, they are more likely to perceive that their psychological contract has been breached. One of the employees chose employer failure to give a salary increase as an event she wanted to discuss. During the interview it emerged that the question of the salary increase was related to several other events that could equally have been selected as critical incidents for the purposes of the interview. However, what differentiated the salary increase from the related events was purposeful renegeing. The following quote illustrates how employee perception of intentional renegeing constitutes the justification for the experience of breach:

Yes, I think it was intentional that they did not check my salary level. In my opinion it was intentional because we had an agreement... Well, it was not written down anywhere but it was an oral agreement. If they had wanted to keep their promise, they could have done it (5: 4).

Though the employees selected, on my request, a single event of breach, often the breach was part of a chain of events that might have taken place over a long period of time. For example, the employee quoted above had negotiated a salary increase after having returned from maternity leave. This negotiation was complicated by the fact that she wanted to work part time, as was her right under Finnish labour law. In the process of negotiating the part-time working arrangement, a lawyer was involved. Finally, the date for the salary increase was agreed, but it was delayed by six months. The delay influenced the daily allowance the employee received during a temporary lay-off of which she was informed on the same day as the salary increase finally came through. As the employee describes the interrelated events:

So really... it really begins when I returned to work from my maternity leave. I wanted to work only 30 hours per week, I still work 30 hours per week. And I think I am the only woman or only person at [Organization B] who makes use of the right to work part-time because of small children. [...] So I had to first fight to be allowed to work part-time when I got back in November. This was with my immediate manager at the time. Then we agreed that I would start with the same salary level that I had before my maternity leave. And we agreed that I would get a pay increase in a couple of months,

in January it was. Then it was June before I got it, just when I was temporarily laid off for three months. And I still had to make sure myself that it came through (5: 2).

Similarly, employer breach of one obligation may simultaneously cause a secondary breach that may be even more significant to the employee than the initially breached obligation. Morrison and Robinson (1997) call these second-order outcomes. For example, employer failure to keep a promise to give a promotion means that the employee is left without a pay increase or recognition. Morrison and Robinson suggest that the experience of breach is intensified the more varied the second-order outcomes are. In terms of sense-making, a breach that is accompanied by a number of second-order outcomes is likely to require greater alteration in the psychological contract schema than a breach with no, or limited, secondary outcomes. For example, one of the participants perceived that the employer had lied about travel time compensation and breached its obligation to compensate the time needed for travelling to the customer site. However, the travel time issue simultaneously constituted a breach of the obligation to provide occupational safety:

In fact I am so pissed off because this travel time issue is also an occupational safety issue... Because when you have to travel on your own time, you tend to drive really fast, but if it is company time, then you drive normally because you are not losing anything and you can get a day off [...] And nobody seems to realize that is an occupational safety issue. Because it is. The longer the journey, the more significant it is (2:2).

Further, singling out or identifying one event or specific events of breach was initially not easy for every participant. Rather, some referred to 'everyday breaches' of which none stood out as especially significant. As Conway and Briner (2002) found in their diary study, daily events may cause fluctuations in emotions and mood, which may influence employee attitudes and behaviour. It is possible that these daily events may have limited short-term consequences, but they do not influence the overall exchange relationship between employer and employee. That is, the discrepancy experienced between what was promised and what was received is not salient enough to stand out as a critical incident that would trigger overall evaluation of the psychological contract and to be remembered after some time has passed (Fiske and Taylor, 1984). In this case the perceived breach may not be significant enough to threaten the psychological contract schema at the higher level of abstraction, but requires only schema expansion or

elaboration. As recognized by psychological contract theory, the contract, even when stable, evolves continuously (Rousseau, 1995). In the words of the interviewees:

All the time there is something little, positive and negative... and they make a difference for a short while. But then I don't remember things that have taken place longer than a month ago (9: 1).

Is it necessarily a single occurrence? ... I mean for me it is a group of violations [...] It is that I don't see that [Organization B] really makes sense on the whole. [...] In some ways it is the policies and practices, how things are taken care of... I think they are really lost. It is really strange... I think it is what comes to my mind. Or I cannot really come up with anything else. It is really a kind of a sum of what happens here daily (7: 2).

7.4.2 Making sense of what happened: Who did this to me and why?

At the core of the sense-making process is attribution of responsibility for the breach and explanation of why it occurred (Louis and Sutton, 1991). In discussing reasons for the breach which had occurred, three broad categories of reason emerged from the interviews. These categories of reason were related to (i) the manager (e.g. personality, role, power), (ii) the organization (e.g. economic reasons, organizational culture) and (iii) the context (IT sector, quartile economy) in which the company operates.

Manager-related explanations

The issue of attribution of responsibility is interesting, as the question of employer representation has remained a challenge in the psychological contract literature (Guest, 1998). As discussed in Chapter 6, existing studies that have examined the employer representatives' perspective have focused on either the immediate managers or middle/senior managers. Those who argue for focus on the immediate managers have pointed out that employees usually have most contact with their immediate managers, who play important roles in forming, maintaining and monitoring employees' psychological contracts (Lewis and Taylor, 2001). Those who support the more global approach to the employee-employer exchange argue that the decisions that affect the employment relationship are usually made by those higher up in the organizational hierarchy (Porter, Pearce, Tripoli and Lewis, 1998).

Guest and Conway (2000) suggest that employees may not see their immediate manager as an employer representative unless the manager in question is also a senior manager.

While an employee's view of their manager may depend on the type of organization (e.g. size, hierarchy) in question and employee understanding of the scope of the manager's role, in this study the immediate manager emerged as the main party to the psychological contract and responsible for the perceived breach. This supports the view that the immediate manager is likely to play an important role in shaping the individual's psychological contract (Shore and Tetrick, 1994; Lewis and Taylor, 2001).

As I said I hold my immediate manager at the time totally responsible for this (1: 11).

He (the immediate manager)... He is putting his own good before ours. [...] He is supporting the employer... Or that is how I feel, I don't know. Or you know, when it is about something important, then he is on the side of the employer (2:8).

Harris (1994) calls schemas that encompass memories, impressions and learned expectations regarding the traits, goals, behaviours and preferences of particular individuals or groupings of individuals 'person-in-organization' schemas. Much of the content of person-in-organizations schemas consists of summaries of knowledge of other people. These schemas are important, as other people's behaviour shapes the reality one tries to make sense of. For example, an employee's schema of a manager shapes how the employee makes sense of a perceived breach. Further, Knobe and Malle (2002) draw attention to the distinction between what they call trait explanations and reason explanations of behaviour. Trait explanations do not usually give a reason for the behaviour which has occurred beyond 'that is how s/he is', and therefore somewhat paradoxically imply unintentional behaviour (e.g. my manager treated me badly because he is so career-driven and he cannot change this). In other words, trait explanations suggest that the person did not consciously decide to behave in a particular way. At the same time, trait explanations tend to pin the full responsibility for the behaviour on the exchange party and leave little option for constructive exchange in the future. The quotations below are good illustrations of this:

It was the attitude of the manager... I think it could have been solved if he had wanted it to do so. All his explanations were so out of the blue. You know he was trying to make us believe that it is the policy here [...] It was his attitude that he had to have a good income in order to be distinguished from the rest of us... That you guys are the small workers and you are the slaves here (1: 5).

In my mind this issue can be totally attributed to my immediate manager at the time. I talked with the personnel manager and he had nothing against it. It was really the

immediate manager. He was a childless man who owned a significant number of stocks here. He was just so interested in what the figures look like. It was really him (5: 8).

Interestingly, in all these situations the breach was not solved until the immediate manager left and was replaced. To some extent, explaining the breach via a trait explanation allows the employees to maintain their overall psychological contracts relatively untouched and to isolate the event of breach. While the breach still conflicts with the schema of the employee-employer exchange, it can be attributed to a disturbance caused by one person ‘who is just like that’.

On other hand, reason explanations try to understand the reasoning of the exchange party and consequently view the behaviour of the actor as intentional (e.g. my manager cannot allow me to take holidays at the moment because our team has to improve its results) (Knobe and Malle, 2002). While the behaviour is considered to be intentional, the reasoning process frees the exchange party to some extent from the ultimate responsibility for his/her behaviour: he does not deserve much credit or blame for his actions, he has a justified *reason* for what he did. This bears similarity to attributing renegeing to an inability to keep a promise, as discussed earlier (Morrison and Robinson, 1997). A reason explanation might serve as a mechanism to maintain a workable exchange relationship with the person (e.g. immediate manager), who initially was perceived as responsible for the breach, but with whom the employee has to continue working. However, it may question the behaviour of the employer representatives above the immediate manager and hence present a more fundamental challenge for the contract schema about the exchange employee-employer relationship. While the trait-related explanations of manager behaviour were more common, some employees also gave a reason explanation for their managers’ behaviour, as the following quotations demonstrate:

If the immediate manager has to simultaneously be a sales person and have responsibility for the personnel, it is clear that they will do the sales at the expense of the management tasks. There is no choice. But then people don’t like their managers because they are not real managers (11: 10).

I believe my immediate manager has in the end done his best to sort this out. If it were only dependent on him it would have been solved by now. But his power is not really enough. (3: 6).

Organizational explanations

Organizational schemas are particularly central to understanding how organizational culture is embodied in individuals and their cognition (Harris, 1994). Organizational schemas refer to knowledge and impressions of the organizations (e.g. we work for the public good) and organizational members (e.g. those at headquarters, those in management). While some of the employee explanations of breach were clearly related to the organization/employer as a whole, sometimes the participants discussed the role of the immediate manager even when s/he was not perceived as directly responsible for the breach. Employees also expected managers higher in the organizational hierarchy to interfere when the behaviour of the immediate manager challenged their psychological contract schema. This suggests that employees view the roles of their immediate managers and of senior managers as complementary. While immediate managers are 'acting out' the employer side of the psychological contract, senior managers may ultimately be held responsible for managing the exchange relationship, and in particular for making sure that the human resource policies are implemented as intended by senior management.

My immediate manager was only the stepping stone... So it was the boss above him that freaked out... And the fact that my immediate manager was leaving surely played a role. He was not around much during the critical times and really didn't want to get involved. So it was the guy above him who freaked out (10: 5).

If I have to name the culprit it is the immediate manager here. Because he is responsible for what we do here and this office is so independent that it is his duty to make things work here. But I would also expect that the bosses above him would be more interested in what is going on here (7: 8).

Sometimes, it was unclear for the employees whom they should hold responsible for the breach. This may cause frustration and hinder the sense-making process, central to which is to find somebody to whom responsibility can be attributed (Robinson and Morrison, 1997). The following quotations illustrate this:

Personnel manager and my immediate manager... They didn't react at all... And the personnel manager and immediate manager have been tossing the ball back and forth. I asked about it a while ago again and they were still playing their ball game. Then they decided they cannot do anything about it, it's up to the CEO. But they cannot bother the CEO with these kinds of things. So, tell me, what should I do? (3: 4).

The aim of sense-making is to maintain a coherent picture of social reality, by either expanding or elaborating existing schemas or, more radically, by modifying the existing schema (Fiske and Taylor, 1980). While attributing the responsibility for the breach she experienced to the organization and to economic reasons, one of the employees acknowledged how she attempts, in her sense-making, to protect her person-schema of the immediate manager:

In my opinion the reason is the way this organization works. And then of course if the immediate manager is active and wants to make a difference, they can do something about it... But... If he is not supported then... I think it is understandable that the immediate managers behave according to how they are rewarded. Their behaviour is reinforced by how they are rewarded. And it requires quite some individuality and courage to behave as their heart would tell them to. That is how I think about it... Or maybe this is just a way for me to make the situation more acceptable (15: 2).

The interviewees consistently painted a picture of the organization as one in which employees were resources and everything was decided on the basis of shareholder value. Consequently, it was not surprising that many of the employees attributed the breach to economic factors. Moreover, employee interpretation of the operation of the organization and its culture often reflected principles of balanced reciprocity, as discussed in Chapter 6: the employer carefully counts potential employee contributions to the exchange before committing anything but what is necessary in order to maintain the relationship. Hence, to some extent employees explained the breach by the perception that the employer/organization was not committed to a social exchange relationship in the way the employees expected, or were committed. Conflict over the underlying reciprocity principle in the exchange can radically interfere with the psychological contract schema, as the following quotations illustrate:

They want to leave renewing the contracts until the very last minute because it is about money, it is about costs... (13: 5).

It is money that matters here. To my understanding the board watches over the projects and when there is a project that is not going so well they invite the project manager to explain it. And he comes back and shouts at the guy below him... They have to find somebody who is guilty (10: 7).

It is really emphasised here that everybody has to be working for a paying client. Everybody. It is so typical that we have some internal development project and it is stopped just like that because everybody has to work for a paying client. [...] (11: 9).

Contextual explanations

Some employees were able to reduce the dissonance between their expectation and experience by externalizing the cause of the breach beyond the employer (Festinger, 1957). Just as externalizing the cause of the breach can release a person from responsibility, it can also help to maintain a positive schema of the employing organization. This is similar to what Morrison and Robinson (1997) call reneging due to an organization's inability to keep its promises. It was common for the employees to explain the breach in terms of what Harris (1994) would call the 'schema of the organization-in-context'. While an organizational schema refers to knowledge and impressions of an organization as an entity somewhat abstracted from its members (e.g. this company values research and development), an organization-in-context schema considers the organization in its relation to other actors and to its social environment (e.g. the company has to cut its spending on R&D because customers are buying only basic models of mobile phone).

The interviewees referred to the IT sector and to knowledge work in order to externalize and to some extent normalize their experience of breach beyond the employer. Interestingly, the human resources manager of the organization mentioned how the Finnish media indirectly influence employee perceptions of the organization as an employer. In his view, the media portray the IT sector as profit- and share-holder-value-orientated at the expense of employee wellbeing and satisfaction. According to him, this is reflected in employees' negative perceptions of their employer. While negative media coverage may indeed sensitize employees and lead them to monitor employer behaviour in more detail, it may also serve to protect the employer from employee attribution of the ultimate responsibility for the breach. That is, employee references to contextual factors often reflected employee acknowledgement of the so-called new psychological contract, or changing psychological contract, which in turn mirrored the changing realities of the current labour market (Roehling, Cavanaugh, Moynihan and Boswell, 2000). Attribution of breach to external factors also protected the existing psychological contract schema. In the words of the employees:

First of all, it is this IT sector which is a significant contributor. It is so uncertain and one cannot predict the future very far. Three months is already a long, long time. [...] So this is not only about personnel matters or contractual matters but all kinds of things (13: 4).

In this kind of firm there is not much where they can save, only the people...no machinery, no buildings, no land [...] The only capital [B] has is the brains. If they have to save money, they have to take it from the employees. They don't have an option (11: 9).

7.4.3 Employee reciprocation: What I felt, how I responded

Employee responses and sense-making: emotions and action over time

Emotional reactions are an essential part of the sense-making process (Schwandt, 2005). As Weick et al. (2005: 31) note, “expectations hold people hostage to their relationships in a sense that each expectancy can be violated, and generate a discrepancy, an emotion and a valenced interpretation”. Breach is an event that conflicts with the employee’s psychological contract and disrupts the employee-employer exchange –hence it is likely to generate negative emotions. The employees interviewed often recalled intense emotional responses (mainly anger) to the breach, in particular immediately after the breach. This suggests that individuals did not consciously evaluate the situation prior to their emotional response (Cassar, 2004). Rather the emotional response both demanded and aided the sense-making process and forced the individual to face the question “what did I expect” (Weick et al., 2005). Interestingly, individuals who recalled intense emotional responses had typically been quick to name an event of breach at the beginning of the interview. Therefore, breach that had triggered intense emotional reactions had also had enduring effects on the psychological contract: these were the events to be remembered and explained again and again.

Similarly to emotions, action is a crucial part of sense-making (Weick, 1995; Weick et al., 2005): the individual enacts the reality s/he inhabits (Berger and Luckmann, 1966). During the sense-making process, employees are likely to have 'mental dialogues' which allow them to consider what they think they should do and what the normative pressures arising from others and organizations tell them to do. However, the process is not linear: individuals do not first make sense of the event and then choose their preferred action. Rather, sense-making is about the interplay between action and interpretation, and not about the influence of evaluation on choice” (Weick et al., 2005). Employee action is therefore justified by their experience of breach, yet these actions

seek further justification for the breach experience, as the following short quotation demonstrates:

[...] It was clearly very critical, because I even considered leaving (3:1).

The employees interviewed often recalled initial emotional responses that gave rise to sense-making aided and supported by action, which can typically be described in Hirschman's (1970) terms as 'voice'. Employees saw their voice as an invitation to the employer to justify its behaviour and take corrective action:

I got so angry... and then I wrote a kind of job application to the shop steward. I wrote an email telling that my services don't seem to be needed anymore. And that I have so much experience and skills, I could do much... and... And that this situation is not acceptable. (15: 7).

By the deadline I had written a reasonable letter... Or the first version was a bit too harsh as I was so angry. But I worked on it during a couple of days and then it was businesslike and I had good justification for why I thought I deserved a salary increase (1: 2).

Often the employee experience received the label of breach after the employee action in the sense-making process. That is, during the sense-making process employees actively sought (dis)-confirmation or acceptable justification for the event that had initially challenged their psychological contract schema. When employee voice, as in the above cases, was ignored or did not bring an acceptable explanation for the initial employer action, the employees were not able to continue as if nothing had happened.

Consequently, the employee sense-making process and determination of whether a breach had taken place evolved with time and was influenced by the cycle of reactions between the employee and the employer. As Weick (1995) points out, identification of any given action or event is subject to infinite revisions and depends on its context, which can be expanded into the future and the past. Hence, the anchor point for a label of breach relies on a network of interdependent and modifiable interpretations, as some of the employees recount:

I actively offered different solutions to the employer to sort out this issue... so that they can compensate the travel time. One was a company car, and I was able to show in my calculations that if I swapped a certain salary increase for a company car it would have

even been beneficial for the employer too... It is a long story to explain but I just made these calculations and the company didn't react to it at all. Nothing at all (3:3).

At the beginning I was so incredibly angry and then later it started to feel mainly ridiculous. I cannot do anything about it. How stupid does the immediate manager think that his subordinates are? Even somebody without any education would realize that if you have to request a salary increase in writing then the reply has to be written too, and within a reasonable time. Come on, think about it, it has been two years and I have no bloody answer. I mean this is really stupid (1: 7).

Several participants mentioned that they had lost their trust in the organization or the manager, or that their level of commitment was reduced as a result of the breach. Lack of trust implies that the employee has not been able to make sense of the breach within his/her existing schema of psychological contract. As the quotations below indicate, it is difficult for the employees to 'switch back' to the pre-breach mode of exchange, even if they have decided to give the employer a second chance. To some extent the employee accounts demonstrate what Hallier and James (1997) call 'calculative acceptance of the breach', which indicates that, irrespective of the employee's seeming adherence to the norm of reciprocity, their psychological contract schema has fundamentally changed. In the employees' words:

I have started to be more sensitive... Doubtful. When I hear something, I always think twice... What could be behind it (14: 5).

It has without any doubt influenced my commitment to this company. In particular just now when the deadline was when I was supposed to know whether my contract continues or not. [...] I started to look for another job, though I didn't apply for anything. But it definitely influences...I will look at how things start to develop and then see. I am quite enthusiastic now. But if it doesn't start to look any better, I will start to look for a new job... I think everybody here keeps their eyes and ears open (13: 6).

Although almost all the interviewees discussed the possibility of exit, only one of them was actually leaving. He wanted to start with a 'new psychological contract' after a series of negative experience that he named as a breach of general project management and coordination of team work that failed to reach the level that he felt was promised and had expected. During the interview it became clear that none of the 'singular' breaches that had happened on a daily basis was sufficient alone to drastically challenge the psychological contract. However, it was over time that the experience of 'total' breach evolved, combined with the employee's unsuccessful attempts to address the issue. The breached obligations were mainly relational obligations, the fulfilment of

which may be more difficult to monitor, or which may be more difficult for the employer to address. Finally, the employee acknowledged that a total switch back would not be possible: his schema of the employee-employer exchange had changed forever as a result of his experiences of repeated breaches.

I have such a long history of negative events here and I need a new beginning, so when I have the chance why shouldn't I use it? It is easier to start new with some positive expectations rather than have the burden of negative experiences in the back of my mind. Though I am not sure that I will get rid of the negative experiences... At least I will try to have a fresh start, but I guess it will not be 100% successful. The shadows of the past will follow, but at least I can try to be conscious of them (6: 5).

Similarly, many of the employees indicated that their level of performance had suffered as a consequence of breach, or will suffer unless the situation changes. Some employee remarks reflect the norm of reciprocity as the underlying exchange mechanism in the psychological contract schema: it is a way for the employees to 'get even' and balance the exchange relationship. However, often employees allowed some time both for the employer to take corrective action and for themselves to search for information that would let them explain the breach within their schema of the employer-employee relationship. In the case of the following employees, the sense-making was still in process and the employees expanded the context of the breach into the future in order to determine what it finally meant for them:

I am really not motivated anymore. I don't know really... I am just in a situation that I don't know what to do next. Hmm... The organization is changing again and I will have a new boss from the beginning of next year. He has already been in touch twice. It could be an opportunity... But I am not really optimistic (15: 8).

If they in the end decide not to compensate the travel time it will mean that I will not go to Kuopio anymore. They will have to come here (from Kuopio). It will mean that I will not go anywhere any more (2: 4).

If this does not change it will make me consider how I do my job here. Hmm... It is all the time in the back of my mind that what I will do in a couple of years time (4: 5).

7.4.4 Justification of reciprocity: Why did I respond in the way I did?

Many of the employees interviewed appeared not to feel the need to explain their reactions: it was the experience of breach itself that justified the reactions described, such as feelings of anger and frustration or reduced trust, commitment or performance. However, some employees made general inferences that provided an overall explanation for what had happened. These inferences draw on fairness, the norm of reciprocity and cycle of reciprocation, i.e. on the comparison between how well the employer and employee fulfil their respective obligations. The following quotations illustrate this:

It should be fair play. Then we (employees) would play fair, too. Or I at least would, I cannot speak for the others. Because now I put myself first whenever I can. I must say I have nothing invested in this shit hole (2: 9.)

They should really get rid of these sick attitudes that are detrimental to the company... If they decide to continue in this direction, I am sure the employees and the clients will fire back with something equivalent (3: 12).

As much as employee emotions and actions were justified by the experience of breach, a failure to reciprocate the breach seemed to require an explanation. In other words, employees' cognitive consistency was threatened not only by the employer behaviour that had failed to reach the promised level, but also by the inconsistency between what the employees believed they should have done in response to the breach and what they had actually done. This was reflected in employee attempts to make sense of why they had not taken a particular action (often exit or voice). Alternatively, it may be that the interview process induced a conscious sense-making process that raised a need to explain their failure to adhere to the norm of reciprocity: as the employees told their stories of the breach, it became obvious that their lack of response demanded a justification. The explanations that the employees provided were largely related to employee schemas about themselves (e.g. I don't complain because I am strong) or actively underplaying or reframing of the event of breach (e.g. after all, it was not so important). For some, however, it was the fear of losing their jobs that explained why they had not taken a particular course of action.

Self schemas

According to Weick (1995), sense-making is closely tied to identity construction. The process of making meaning is both a product of and a process based on the sense-makers' schema of themselves and how they want to develop these schemas. A number of employee explanations for their reactions drew on what Harris (1994) calls the self-in-organization schema. Self-in-organization refers to individuals' theories of themselves in an organizational context. These theories are based on employees' inferences about their personality, values, roles and behaviour and are formed partially as a reflection of the reactions of others. The self-related schemas help individuals to direct their responses to organizational events and respond to them in a way that is consistent with their schema regarding the self. In other words, employees respond and explain their responses so that they are coherent with their image of themselves and/or they help to construct a theory of self that is desirable to them. For example, the following quotation illustrates how the employee uses his self-schema to justify that he stays with the company after the breach:

The labour market situation is such that I could go at any time if I wanted. It is just that... I have had these projects and I haven't really wanted to drop them and leave it all unfinished. In that respect it is not a good time to go. But somebody with lower work morals would have surely left banging the doors loudly (3: 11).

Similarly, some employees portrayed themselves as professionals whose behaviour and attitudes were not influenced by the experience of breach. For others, reference to values and to the importance of work helped them to reduce the saliency of the breach and explain why they still adhered to the principle of reciprocity, as demonstrated by the quotations below:

It is a bit sad really... But I try to be professional, do my job as well as I can (7: 9).

This work is not my life anymore like my previous work was... That's why it doesn't feel so bad any more (11: 14).

For older employees, age and experience helped to create consistency between the occurrence of breach and their reaction to the breach. That is, they explained their behaviour by contrasting their schemas of themselves with their schemas of others in relation to employer behaviour, thereby reinforcing their self-image as experienced,

even heroic, workers. This allowed them to maintain their existing psychological contract schemas. Further, as they were more experienced, their psychological contract schemas might indeed be more complex and hence better able to accommodate the occurrences of minor discrepancies (Rousseau, 2001), as the following quotations illustrate:

It doesn't really influence me... It is like... Things get sorted out when they can be sorted out and if not then one learns to live with them. That's how it is for me. I have been around in this business for such a long a time that these kinds of things don't really get me... I think younger lads take things too personally (12:3).

I have said that there are these young 25 year olds and it is a bit like group hysteria among them. Nobody believes if only one is repeating how bad it is here, but when two or three are doing it everybody starts to think so. It is not really as bad as the others seem to believe. But what really matters is what people think. What is in their minds, that's what matters (7: 10).

Making the schema meet the action

Drawing on cognitive dissonance theory, employees may deal with the inconsistency between how they think they should have behaved and how they actually behaved by reframing or rationalizing their initial experience of breach (Festinger, 1957). In brief, cognitive dissonance refers to a state of opposition between two cognitions. The theory of cognitive dissonance holds that these contradicting cognitions serve as a driving force that compels the individual to acquire or invent new thoughts or beliefs, or to modify existing beliefs, so as to minimize the amount of conflict between cognitions (Festinger, 1957). In other words, in the case of a breach, employees may revise or modify their existing schemas in order to make the experience match their mental map of the situation. Sometimes cognitive consistency can be achieved with minimum alteration in the schema by selectively interpreting and reframing information so that it can be moulded into an existing contract schema without radical changes (Robinson, 1997).

The overall evaluation of the employer or the job may help employees to maintain their positive psychological contract schema by allowing them to reframe and downplay or isolate the event of breach. In other words, employees were able to reduce the initial saliency of the breach by taking into account a number of other facts that diminished the

negative meaning of the breach, placed it in a context of other events and emphasised the positive aspects of their jobs. This is in line with the proposition of Turnley and Feldman (1998): employees who have positive relationships and working conditions may respond less negatively to perceived violation. Some employees engaged in rationalization, which involved normalizing the experience of breach and downplaying its significance. Rationalization also served as a way to reduce the negative emotions associated with the breach, as the following quotations illustrate:

In fact my tasks are better than previously [...] I mean if my job content wasn't what it is, I would have started asking around. But right now I don't have a pressing need for a change as I have the right kind of programming and thinking to do (2: 9).

The atmosphere is good here. I enjoy working here. I have interesting clients and interesting projects and lots is happening all the time. For some it would be too much, but I am satisfied when there is a lot to do... But of course the behaviour of the company with regard to the travel time is unacceptable. It would not take any public scrutiny (3: 6).

At the end of the day this is only work. One should not take it too personally (10: 8).

Entrapment

Some employees framed their action or lack of it as a job security issue. For them, breach presents itself as a gamble in which the employer side is the more powerful player. However, this didn't mean that these employees didn't do anything about the situation. Rather, the issue of job security presented a reason why they did not react as they intuitively would have done on the basis of their schema of how an exchange relationship functions:

We spoke about it behind his back (manager's), but... Well, I tried a bit. I could not say things as directly as I should have... If I had had some more security then I would have made more noise (14:3).

I wanted to say that I would not take the extra tasks, but I never did it. [...] Then they would have been able to tell me that I can go (1: 8).

7.5 Discussion

To date, the vast majority of empirical psychological contract research has been based on large-scale surveys and focused on the relationship between breach and its consequences. This study is one of the few qualitative empirical attempts to understand how employees construct and maintain their psychological contract schemas and the role that the norm of reciprocity plays in employee explanations of the employer-employee relationship. This was done by examining employee sense-making of the event of psychological contract breach. Specifically, this study explored employee explanations of what had happened in an event of breach, and why it had happened, in relation to their psychological contract schema. Further, it also examined employee responses (i.e. reciprocal behaviour) to contract breach as a part of the sense-making process. The results suggest that a breach is rarely an isolated event, but encompasses a series of exchanges involving employee affective and behaviour responses, during which the employer behaviour is labelled as a 'breach'. Employee explanations of the breach help employees to deal with the breach and hence influence the extent to which the breach threatens the overall employee psychological contract schema.

7.5.1 The event of breach

Most employees interviewed for this study did not need to think for long when asked to name an occasion when their employer had breached their psychological contract. Rather, it was clear that the employer had at one point in time breached an obligation that was salient to the employees. Employee reflections provided support for the notion of psychological contract as a schema, which is partially created and maintained by explaining events that relate to it (Rousseau, 2001). In line with Morrison and Robinson's (1997) and Conway and Briner's (2002) conclusions, the findings of this study further suggest that psychological contract breach can be seen as a disturbance that triggers a conscious sense-making process and, when significant enough, conflicts with the existing psychological contract schema (Louis and Harris, 1994).

Employees typically explained their experience of breach by drawing on the norm of reciprocity: the employer had failed to fulfil its obligations to the expected level in comparison to employee input to the exchange. This was most obvious in situations where the breached obligation was transactional (e.g. salary-related), the obligation was

explicitly agreed and the monitoring of its fulfilment was easy. Supporting previous research (Turnley and Feldman, 1999a; Tekleab, Takeuchi and Taylor, 2005), fairness emerged as a central part of employee conceptualization of the exchange relationship - employees justified their experience of breach by referring to unfairness. Sometimes employees compared their input or their level of perceived obligation with the employer input, and breach was perceived when the ratio was considered unfair. However, interactional justice, which refers to fairness in interpersonal treatment in the exchange process, often underlies the experience of breach. As Morrison and Robinson point out (1997), it is sometimes difficult to establish whether employees are considering the employer level of fulfilment in comparison to their level of fulfilment or promised contribution, or whether breach perceptions are due, for example, to interpersonal treatment. In this study, the role of interactional justice in breach perceptions was particularly salient when responsibility for the breach was attributed to the immediate manager.

7.5.2 From an event of breach to a series of events

While a disturbance in the reciprocal exchange pattern underlies the experience of breach, employee accounts of a breach often evolved into stories of a series of breaches, or simultaneous breaches that contributed to employee explanations of breach. Hence, the sense-making process not only took place at the level of discrete obligations, but was tied to a series of reactions between the exchange partners. These findings support Hallier and James's (1997) conclusion that the event of breach is not always a discrete event, as assumed by psychological contract theory (Rousseau, 1995). Rather, an event that disrupts the exchange relationship is given meaning in relation to other events and to a context that can be expanded into the future and the past (Weick, 1995). Therefore, measuring breach perceptions and subsequent adjustments in employee behaviours and attitudes as causal relationships overlooks some of the dynamics and complexities involved in the process that constitutes the event of breach from the employee perspective.

Moreover, employee responses were found to be central to the sense-making process during which the breach was labelled as such. Employees often actively searched for information that could have provided an explanation for the employer behaviour or gave the employer time and opportunity to undo the breach and take corrective action. This is in line with sense-making theory, which suggests that individuals typically first

look for reasons that will enable them to resume the interrupted activity (Weick et al., 2005). However, when such information was not available or perceived employer behaviour did not change, the psychological contract schema was challenged. Therefore, the initial breach was not always sufficient alone to lead to fundamental changes or revisions in the psychological contract schema, but it appeared to sensitize the employees and lead them to seek more information and to monitor employer contractual behaviour more carefully.

Similarly, employee evaluation of what Robinson and Morrison (1997) call second-order outcomes contributed to the breach perceptions. That is, a breach of one obligation may simultaneously generate secondary breaches which influence the overall evaluation of the psychological contract. These findings are line with those of Hallier and James (1997) who suggest that management actions, as an entire body of contractual behaviour over time rather than as single events, have the capacity to fundamentally reshape employees' perceptions of the employment relationship.

7.5.3 Attribution of responsibility

Essentially, making sense of a breach involves a development of theory regarding the breach and fitting that theory to the existing psychological contract (Morrison and Robinson, 1997). Central to the theory is to find somebody who can be held responsible for the discrepant event (Harris, 1994). The results of this study suggest that employees often held their immediate managers responsible for the breach and explained their managers' behaviour by either trait or reason explanations (Knobe and Malle, 2002). The manager-related explanations highlight the importance of people-in-organization schemas in influencing the psychological contract. Manager-trait explanations allowed employees to attribute the reasons for the breach to unchangeable manager characteristics. These explanations allowed the participants to protect their overall psychological contract schema, but the issue was usually not solved until a new manager arrived.

On the other hand, when the reasons for the perceived breach were seen to reside outside the immediate manager, the relationship between the immediate manager and the employee usually remained good. This, however, implied that the responsibility for the breach was allocated to managers higher in the hierarchy or to the organization as a whole. These situations often challenged the existing schema regarding the employee-

employer exchange – it was difficult for the employees to provide an explanation for the employer behaviour that would allow them to continue with their psychological contract schema without alterations. Similarly, if managers above the immediate manager were aware of the breach by the immediate manager, employees expected them to take steps to resolve the situation. These findings therefore suggest that employees consider the actions of multiple employer representatives when they evaluate their psychological contracts.

Another body of employee explanations of the breach revolved around contextual factors external to the organisation. This supports Rousseau's (2001: 525) conclusion that "because employment exists in an institutional context (shaped by law, societal beliefs, occupations etc.) psychological contracts are schemas shaped by multilevel factors [...], allowing the study of complex cognitive organizing". In line with Morrison and Robinson's (1997) proposition, attribution of partial responsibility for the breach to an organization's inability to keep its promises due to external conditions helped the employees to maintain their psychological contract and the existing schema of the employee-employer exchange. Employees may, for example, explain employer behaviour by a general economic downturn. Perhaps consideration of contextual and external factors also eventually leads to modifications in what researchers expect the traditional psychological contract schema to encompass. For example, Smithson and Lewis (1998) found some evidence to support the view that younger workers' expectations of employers were changing and that job insecurity and lack of "jobs for life" were not perceived as a contract breach, as has been found in the case of older workers (Herriot and Pemberton, 1997).

7.5.4 Employee responses

While the question 'what happened?' brings an event into existence, it is typically followed by another question regarding what the individual should do next. The question concerning future action indicates that the original event has a stable enough meaning to allow the person to continue to act and remain in touch with the continuing flow of experience (Weick et al., 2005). The results of this chapter suggest that employee emotional, attitudinal and behavioural responses to the breach were an intertwined and integral part of the sense-making process. Therefore, employee reactions to perceived breach were not only isolated linear acts of reciprocation that

would complete an unsuccessful transaction in the exchange relationship, but evolved during the employee's sense-making process.

As much as employees' experience of breach provided an explanation for their reactions, the reactions were used to justify or seek further justification for the experience of breach. Therefore, these findings fail to support Morrison and Robinson's (1997) and Robinson and Morrison's (2000) propositions that the relationship between breach as a cognitive acknowledgement and violation as an emotional response is moderated by the employee sense-making process. Rather, cognitive acknowledgement, emotions and action were all intertwined and integral parts of sense-making: employees often remembered initial affective responses that triggered the sense-making process, which was supported and aided by further employee action and emotions. To some extent, observable responses (e.g. voice) to a breach signified employee commitment to pursuing the sense-making process and not 'letting it go'.

The norm of reciprocity implicitly presented employees with an explanation for their responses to breach: for many it was self-evident that employer breach justified employee breach or other emotional or attitudinal responses unfavourable to the employer. However, employees felt a need to explain their behaviour in cases where they had failed to adjust their behaviours or attitudes in response to the breach. Often these explanations of non-reciprocity were influenced by the schemas they had about themselves or with reference to colleagues and their ability to reframe the event of breach. For example, if overall working conditions are satisfactory, employees may be able to downplay their breach perceptions and justify their non-reciprocity.

In sum, this chapter has demonstrated that while the concept of psychological contract as a schema of the employee-employer relationship appears to function along the principle of reciprocity, psychological contract perceptions and adherence to the norm of reciprocity are results of complex processes. Not only do employees make sense of their exchange relationship by evaluating isolated employer behaviours and adjusting their behaviours accordingly, but their sense-making is influenced by series of events, attribution processes and schemas about themselves, others and organisations. Moreover, employees settle for plausibility in their explanations within the limits of bounded rationality. Psychological contract research should therefore acknowledge that in order to deal with a discrepant event in the exchange relationship employees search

for meaning that fits their flow of experiences, and that their emotions and actions are a part of the meaning-making process, which can extend over time. Moreover, employer-provided inducements (or the lack of them) should not only be seen as ‘objects’ to which employees react – rather they are partially what employees make them to be in the context of their social reality.

7.6 Limitations

One disadvantage of critical incident technique is that the accounts are always retrospective – the interviewees are recalling events that have happened to them in the past. However, at the same time the fact that the incident or event is critical means that the individual remembers its occurrence well. As Bateson (1972: xvi) points out, “[an individual] cannot know what he is facing until he faces it, and then looks back over the episode to sort out what happened” (cited in Weick, 1995; 305 - 306). That is, people immerse themselves in their surroundings through their accounts and narratives, and that is how they are trying to make sense of their reality. Sense-making is not about truth, but about a continued redrafting of a story so that it becomes a plausible account of the event that has occurred (Weick et al., 2005). This is to acknowledge that employee stories may well be implausible for employer representatives, who draft their accounts of the events from a different viewpoint. However, although employees’ accounts may be partial and biased, these accounts still constitute the reality of the employees and arguably it is the way they view the world which shapes their future actions (Chell, 1998).

While most of the breaches that employees discussed had occurred a long time ago, the interview itself was an occasion for making sense of what had happened. As Louis and Sutton (1991) suggest, in addition to novel situations or experiences of discrepancies, open requests for increased conscious attention (e.g. explicit questions) are likely to trigger a sense-making process. My presence and the type of questions that I asked surely influenced the sense-making that took place during the interview. The stories that the employees told were products of the social interaction that took place in the context of the interviews in December 2004 – and not accounts of how the employees had made sense of the event when it had occurred or how they would necessarily do now.

7.7 Future research

An interesting area of research would be specifically to explore the potential influence that group- and organizational-level schemas exert on individual psychological contracts or on how individuals align their psychological contract schemas with those of other members of their organization. As Louis and Sutton (1991) point out, a number of studies have documented that members of the same social system share cognitive structures that guide their interpretation and behaviour. In fact, it is in the interest of the members of a social system to establish common meanings and shared schemas, as this makes the social reality more predictable (Harris, 1994). While recent research has explored from the schema perspective the influence of socialization processes (De Vos, Buyens, and Schalk, 2005) and ideology (Bunderson, 2001) on psychological contracts, further studies should investigate the sense-making processes involved in the process of adjusting one's schemas to a particular organizational context. Similarly, organizations may 'manage' sense-making and employee psychological contract schemas by attempting to influence employee understanding of the employee-employer exchange. For example, shared schemas of an organizational reciprocity norm (balanced vs. generalized), as discussed in Chapter 6, may influence an individual's schema of the employee-employer exchange captured by the concept of the psychological contract.

7.8 Conclusion

This chapter has examined employee sense-making of an event of breach using qualitative methodology. Its findings advance an understanding of the experience of breach by demonstrating that a breach is not necessarily a single event, but a complex process involving sense-making of a disruption in the exchange relationship over a period of time. Furthermore, sense-making often consists of a series of reciprocal transactions that are influenced by external factors, self-image and different parties relevant to the experience. Action and emotions are essential and intertwined parts of the sense-making process.

The following chapter will move on to discuss the significance of the findings of this thesis for psychological contract theory. The practical implications of the results

established in the last four chapters will be explored. Ways to build upon the results of this thesis in future research will also be suggested.

CHAPTER 8 - DISCUSSION

8.1 Introduction

8.2 Summary of key findings

8.2.1 The role of reciprocity in the psychological contract - the employee perspective

8.2.2 The role of reciprocity in psychological contract - the employer perspective

8.2.3 Employee sense-making in relation to reciprocity and an event of breach

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8.3.1 Generalized and balanced forms of reciprocity and the psychological contract

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8.7 Conclusions

8.1 Introduction

The last four chapters of this thesis have presented the results pertaining to the role of reciprocity in psychological contracts from employee and employer perspectives, using both quantitative and qualitative methods. This chapter will begin by recapitulating the key findings of these chapters, before describing the contributions of this thesis to psychological contract theory. The limitations of the research and the practical implications of the findings will then be discussed. Finally, directions for future research will be outlined.

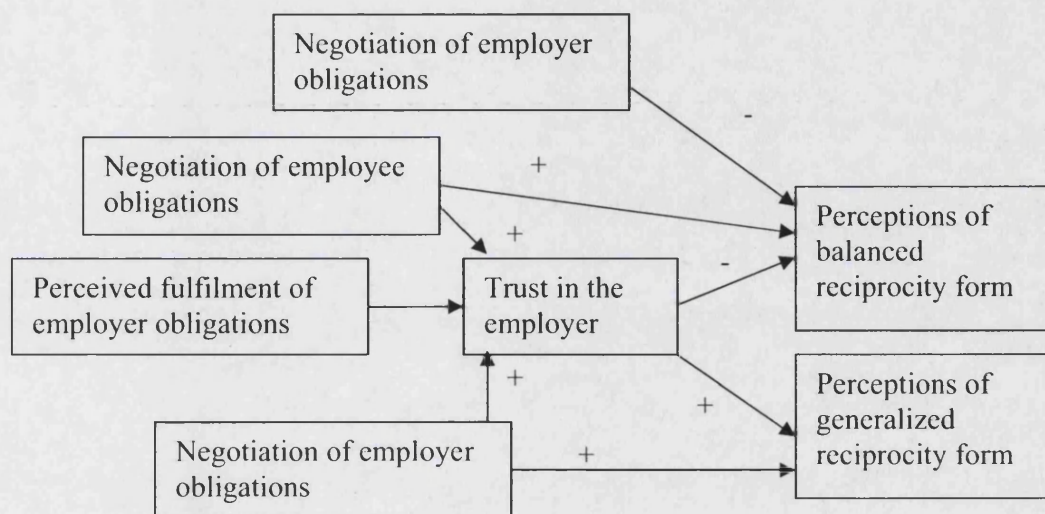
8.2 Summary of key findings

Chapters 4 and 5 tested a number of hypotheses concerning the role of reciprocity and central social exchange theory concepts in psychological contract and the outcomes of reciprocity from the employee perspective. Complementing the employee view, Chapter 6 explored the antecedents and outcomes of reciprocity according to managers' perceptions. Chapter 7 examined reciprocity through employee sense-making of an event of breach. The findings of these four chapters will be recapitulated in relation to the following three themes: the role of reciprocity in the psychological contract from the employee perspective, managers' view of reciprocity and the role of reciprocity in sense-making in accordance with employees' perceptions of contract breach.

8.2.1 The role of reciprocity in the psychological contract - the employee perspective

Chapter 4 examined how employee perceptions of employer psychological contract fulfilment influence employee perceptions of the type of reciprocity underlying the exchange relationship. It also investigated the mediating role of employee trust in the employer in these relationships, as well as the potential impact of the negotiation of obligations on reciprocity perceptions. An illustration of the findings of Chapter 4 is provided in Figure 8.1.

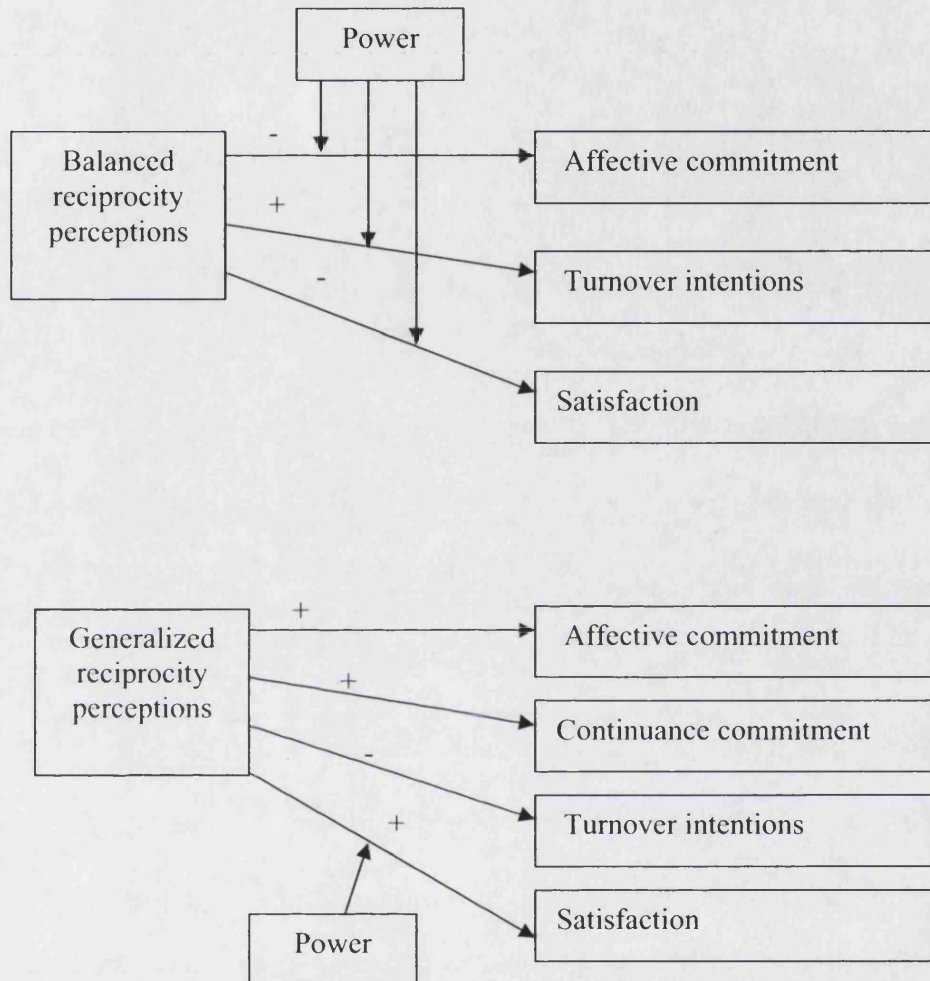
Figure 8.1: Key findings on employee reciprocity perceptions



Consistently across the two samples, employees who perceived that their employer had fulfilled its obligations toward the employee were more likely to perceive that a generalized reciprocity form underpinned the exchange relationship. This can be partially explained through employee trust in the employer whereby perceived employer fulfilment signals the trustworthiness of the employer. Trust in turn provides the basis for a relationship that can be characterized by long-term giving, unspecified benefits and mutual interest. The negative relationship between trust and balanced reciprocity highlights the importance of trust in a relationship that is driven by a shared interest in mutually beneficial exchange. Contrary to what was expected, the negotiation of employer obligations had a positive effect on generalized reciprocity perceptions, suggesting that explicit agreement on employer contributions has the potential to improve the exchange relationship, perhaps through increased mutuality. Negotiation of both employee and employer obligations seems to contribute to the development of trust between the exchange partners. In sample A, negotiation of employee obligations, however, increased employee perceptions of balanced reciprocity in the exchange relationship.

Chapter 5 examined the attitudinal and behavioural outcomes associated with the generalized and balanced reciprocity forms. The potential of employee perceptions of power to moderate the relationships between the reciprocity forms and outcome variables was also investigated. The findings of Chapter 5 are illustrated in Figure 8.2.

Figure 8.2: Key findings on the outcomes of employee reciprocity perceptions



As predicted, the reciprocity forms were found to be associated differently with the measured attitudinal and behavioural outcome variables in each of the samples studied. Employees who perceived that their exchange relationship with the employer was characterized by generalized reciprocity were more likely to report attitudes and behaviours favourable to the organization. Specifically, they were likely to be committed, satisfied and to have lower turnover intentions. Employees who scored high on balanced reciprocity reported in turn higher turnover intentions and lower levels of affective commitment and satisfaction with their employment relationship consistently across the two samples.

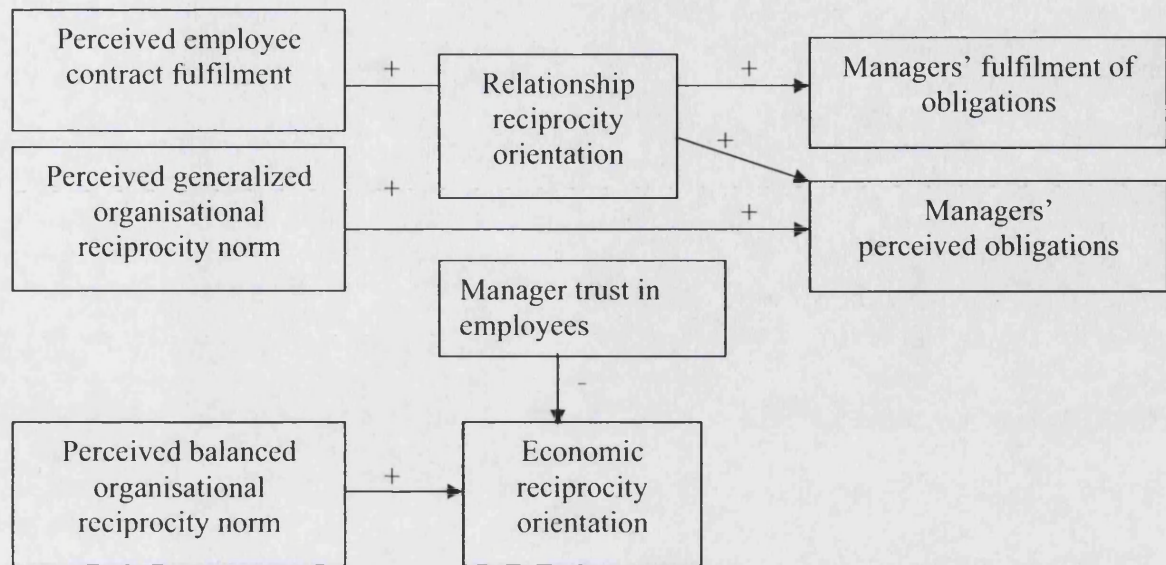
Perceived power influenced reciprocal behaviours and attitudes, but more so when the underlying reciprocity form was balanced. In organization B, the relationship between generalized reciprocity and satisfaction was influenced by employees' perceptions of their power. Employees who perceived high generalized reciprocity and high levels of power were more satisfied than employees who perceived high generalized reciprocity but less power. Employees who reported high balanced reciprocity and perceived themselves as powerful were less affectively committed to their employer and less satisfied with their employment relationship and had higher intentions to leave than those employees who reported high balanced reciprocity but less power.

In sum, the findings of Chapters 4 and 5 on the employee perspective indicate that perceived employer fulfilment of obligations contributes to qualitative differences in the exchange relationship, captured by the reciprocity dimensions. This occurs partially through improved trust between the exchange partners, which in turn engenders generalized reciprocity perceptions and reduces the need to control the behaviour of the exchange partner. This is also reflected in reduced perceptions of balanced reciprocity. In addition, perceptions of generalized reciprocity are associated with favourable attitudinal and behavioural outcomes and these relationships are largely uninfluenced by power perceptions. Perceptions of balanced reciprocity in turn appear to predict less favourable outcomes to the organization, and these outcomes are fortified if the employee perceives himself/herself as having more power.

8.2.2 The role of reciprocity in psychological contract - the employer perspective

Complementing the employee view, Chapter 6 elaborated on the role of reciprocity in the psychological contract from the employer perspective. Specifically, it examined potential antecedents to managers' reports of their perceived obligations and the fulfilment of these obligations. It explored the potential influence of i) managers' evaluation of employee fulfilment of the psychological contract; ii) perceptions of the organizational reciprocity norm on managers' psychological contract perceptions, and iii) the mediating role of reciprocity orientation (relationship vs. economic) in these relationships. In addition, the effect of managers' trust in employees on the reciprocity orientation was examined. The key findings of Chapter 6 are presented in the diagram below (Figure 8.3).

Figure 8.3: Key findings on employer perceptions of reciprocity



These findings indicate that managers' reports of their perceived obligations and the fulfilment of these obligations is contingent not only upon perceived employee fulfilment of obligations, but also on the perceived organizational reciprocity norm. Relationship reciprocity orientation in the manager-employee exchange played a partial mediating role in the positive association between perceived employee fulfilment and outcomes. Managers' trust in employees had a negative relationship with economic reciprocity orientation in the manager-employee exchange, but economic reciprocity orientation was not associated with managers' psychological contract perceptions.

8.2.3 Employee sense-making in relation to reciprocity and an event of breach

After having examined quantitatively the role of reciprocity in psychological contracts from both employee and employer perspectives, Chapter 7 investigated employees' sense-making of reciprocity in the aftermath of a perceived employer breach by using the critical incident interview technique. Specifically, Chapter 7 was interested in exploring how employees make sense of perceived employer failure to fulfil obligations, how breach influences their schema of reciprocal exchange, how they explain their own responses to the breach and how the norm of reciprocity is reflected in the sense-making process.

The findings of Chapter 7 indicate that employees rarely perceive a breach as an isolated event that would straightforwardly threaten the psychological contract schema

and to which they would 'automatically' reciprocate by adjusting their behaviour or attitudes. Rather, what is considered as a breach appeared to encompass a series of exchanges involving employee emotional, affective and behaviour responses during which the employer behaviour is labelled as a 'breach'. To some extent, employee reciprocation appears therefore to occur as a response to cumulative negative employer exchange behaviours that constitute the breach. Employee explanations of the breach and attribution of responsibility helped the employees to deal with the breach and hence influenced the extent to which the breach threatened employee's contract schema. For example, employees were found to draw on contextual factors external to the organization in justifying the employer breach, thereby allowing themselves to continue with the exchange relationship without significant changes in the reciprocity pattern. Confirming that the norm of reciprocity underlines the exchange relationship, employees however perceived a need to explain their non-compliance with the norm of reciprocity when they perceived employer breach but failed to respond to it by adjusting their attitudes and behaviours. For example, employee explanations of their own behaviour were influenced by their schemas about themselves with reference to colleagues and by their ability to reframe the event of breach.

8.3 Contributions to psychological contract theory

The contribution of this thesis to psychological contract theory is threefold. First, it draws on social exchange theory by incorporating different forms of reciprocity, trust and power into psychological contract theory. In so doing it has shed new light on how the psychological contract as an exchange framework functions from both the employee and the less-researched employer perspectives. The second contribution of the thesis is its attempt to expand the understanding of the employers' perspective, not only by examining forms of reciprocity and reciprocal behaviour at the individual level, but also by taking into account the role of the organizational reciprocity norm. Finally, this thesis contributes to the understanding of the psychological contract as a mental model, i.e. schema, which individuals maintain and expand by engaging in complex sense-making processes when an event of breach occurs, challenging the existing schema of the reciprocal exchange.

8.3.1 Generalized and balanced forms of reciprocity and the psychological contract

Although the norm of reciprocity presents the key explanatory mechanism in psychological contract research, it has so far received relatively little explicit theoretical and empirical attention. In particular, its different forms have been largely ignored. This thesis has provided one of the first attempts to include the generalized and balanced forms of reciprocity put forward by Sahlins (1972) in psychological contract research. Supporting the research conducted on leader-member exchange (Tetrick et al., 2004), it demonstrates that the balanced and generalized forms of reciprocity are distinguishable exchange principles in the employer-employee exchange and shows how perceived psychological contract fulfilment has opposing influences on these. This suggests that integrating the reciprocity forms into psychological theory can add to its explanatory potential and help in gaining a more comprehensive understanding of how the exchange relationship functions.

Specifically, employees' perceptions of employers' contractual behaviour influence employees' perceptions of the form of reciprocity underpinning the exchange. Employer fulfilment of obligations generates perceptions of a generalized form of reciprocity as the underlying principle in the exchange relationship. In line with this, managers' perceptions of employee fulfilment influence positively the reported relationship orientation in the employer-employee relationship. Relationship reciprocity orientation was conceptualized in terms of the same features as generalized reciprocity from the employee perspective. Following the reciprocity dimensions (Sahlins, 1972; Sparrowe and Liden, 1997), the generalized form of reciprocity suggests an exchange relationship characterized by interest in the exchange partner and open-ended exchange in terms of the type of benefits and timing of reciprocation. Trust appears to play a significant role in influencing the adoption and development of a generalized form of reciprocity as the exchange principle. The fulfilment of obligations on occasions when it is not a formal requirement signals trustworthiness, resulting in a reduced need to control the behaviour of the exchange partner and an increased reliance on mutually supportive exchange. Consequently, irrespective of the actual content of the contract, perceived fulfilment by one party appears to create favourable conditions for the exchange relationship to strengthen and develop towards one characterized by un-fixed timing, unspecified benefits and shared interest.

In line with this, perceived fulfilment appears to reduce concerns about the timing and type of benefits exchanged and the emphasis on self-interest as an exchange motive. Such an exchange, where the timing is important, benefits are agreed and self-interest is the driving force, would be governed by a balanced type of reciprocity, resembling an economic exchange (Blau, 1964). This falls, however, within the scope of social exchange and can be described as a negotiated exchange relationship (Molm, 1994; Lawler, 2001). Like all social exchange relationships, and unlike the isolated transactions in economic exchange, negotiated exchange has continuity. Continuity in turn allows trust to develop when explicit deals are honoured, thereby facilitating future exchanges and a potential gradual transition towards more risky exchange behaviours and generalized reciprocity. Therefore, balanced reciprocity may underpin a psychological contract when the exchange partner's reciprocal behaviour pattern is still unknown and unpredictable, or when the trust between the exchange partners is undermined, for example during organizational change or because of a perceived breach. It may also be that generalized reciprocity is more likely to govern a proximal exchange relationship where the exchange partners have an opportunity to engage frequently in reciprocal transactions and where the extent of giving can fully be determined within the exchange dyad. For example, even if the day-to-day employee-immediate supervisor relationship is close and characterized by mutual interest and trust, the employee's acts may be driven by self-interest and concern with timing and the content of the exchange when it comes to organizational inducements that are decided outside that relationship.

The inclusion of the reciprocity forms and greater attention to the role of trust hold the potential for expanding the scope of the concept of psychological contract in order to fully capture the characteristics of the exchange and to explain qualitative differences in the exchange relationship. This is a significant contribution both theoretically and empirically, in particular in the context of knowledge-intensive organizations and project-based work in which the content of the contract – the actual obligations – typically evolves and changes rapidly (c.f. Huhtala, 2004). Therefore, the findings of this thesis suggest that, rather than examining the respective obligations of the exchange parties at a certain point in time, the pattern of *how* the reciprocal exchange relationship functions holds the potential to advance understanding of the nature and characteristics of the employee-employer relationship. Directing the focus to reciprocity forms and trust may also allow for an examination of the exchange relationship as a series of

evolving processes that develop and expand gradually when successful exchange experiences accumulate and the exchange partners learn to trust each other.

The influence of reciprocity perceptions on reciprocal attitudes and behaviours

The findings of this study show that employee perceptions of the underlying form of reciprocity contribute to various attitudinal outcomes in the employee-employer exchange relationship. Specifically, an exchange governed by the generalized form of reciprocity appears to yield the most favourable attitudinal outcomes for employers and employees in terms of employee commitment to the employer and satisfaction with the employment relationship. Employees whose relationship with the employer is characterized by balanced reciprocity appear in turn to be less committed and satisfied and to have a higher level of intention to leave their jobs. In line with this, from the organizations' perspective relationship reciprocity orientation in the employer-employee relationship appeared to influence managers' perceptions of their obligations towards employees. Consequently, reciprocal adjustments in attitudes and behaviours may not follow perceived fulfilment of the exchange as measured by perceived employer contributions *per se*, but rather result from the qualitative characteristics of the exchange relationship captured by the reciprocity forms. In other words, it is not only the actual benefits or behaviours exchanged that matter, but also the symbolic meaning carried by the benefits and the patterns of how the benefits are exchanged (Sahlins, 1972; Brinberg and Ganesan, 1993). For example, perceived employer fulfilment of a voluntary, gift-type obligation to provide training opportunities sends a different signal and is likely to lead to different attitudinal outcomes from the fulfilment of a specifically agreed obligation to provide training opportunities in exchange for an expansion in task duties. This is a point for psychological contract theory to consider, highlighting the importance of examining the features of and the qualitative differences in the psychological contract - in addition to the extent to which the contract is perceived to be fulfilled.

Exchange relationships entail ties of mutual dependence between the partners, which vary depending on the value of the outcomes controlled by the other partner and the availability of alternative resources (Emerson, 1972; 1976). The more dependent partner is the less powerful, and the cycle of reciprocity is influenced by power perceptions (Gouldner, 1960). The findings of this thesis suggest that the inclusion of power perceptions in psychological contract theory is useful in order to advance

understanding of why the exchange partners comply, or do not comply, with the norm of reciprocity. In particular, when the underlying exchange norm is that of balanced reciprocity, employee power perceptions appear to influence employee engagement in attitudinal and behavioural reciprocation. Employees who believe that they have skills valuable to the employer and opportunities to change jobs may be less tolerant of departures from the balance and less willing to tolerate the monitoring and tit-for-tat exchange transactions that balanced reciprocity implies. Given the centrality of power in classical and more recent social exchange theories (Gouldner, 1960; Blau, 1964; Molm, 1994) and the potentially increased employer dependency on employees in knowledge intensive organizations (Cortada, 1998), psychological contract theory should therefore consider and further clarify the role of power in influencing reciprocity and contract perceptions.

In the light of the findings of this study, psychological contract theory should acknowledge that social exchange encompasses different types of social exchange relationships, and that the examination of these can provide valuable new insights into the employee-employer exchange. By examining the characteristics of the reciprocal exchange pattern rather than only measuring the perceived level of fulfilment, researchers are likely to gain a broader understanding of how the exchange relationship functions and what it means to the parties, and to explain its associated outcomes. In addition, the inclusion of trust and power, central concepts of classical and more contemporary social exchange theories, would allow the development of more comprehensive models of the psychological contract and processes of contracting.

8.3.2 The organizational reciprocity norm and the psychological contract

Psychological contract research has largely focused on the dyadic reciprocal exchange relationship without paying much attention to the context in which the exchange takes place, even if the first definition of psychological contract emphasised the importance of the informal workplace culture as its driving force (Argyris, 1960). This is regardless of the fact that Blau's (1960: 104) social exchange theory also recognized the role of group norms in influencing exchange perceptions: "the entire exchange transactions in a group determine a prevailing rate of exchange, and this group puts pressure on any partnership whose transactions deviate from it to come into line". It is particularly important to note the implications of a potential *modus operandi* of reciprocal behaviour (or culture of reciprocity) when considering the employer perspective,

because employer representatives are generally assumed to share a common perspective on the overall terms of the employment relationship that they manage (MacNeil, 1985; Hallier and James, 1997). At the same time, the various employer representatives involved in managing the exchange relationship are likely to have very different knowledge of the specific promises made to employees and widely differing opportunities to influence the exchange relationship.

While confirming that managers see the employer-employee exchange as one based on the norm of reciprocity, the findings of this thesis extend the current understanding of the antecedents to psychological contract perception to include an organizational *modus operandi* of reciprocal behaviour. In other words, reciprocal attitudes and behaviour are influenced not only by the transactions in the exchange dyad, but also by the reciprocity environment in which the dyadic exchange occurs. The idea of the organizational reciprocity norm and its influence on organizations' members' perceptions is in line with what Rousseau (1995; 2004) calls a 'meta psychological contract', which benchmarks the type of relationships and behaviour that are viewed as desirable in a given organization. Recently, Ho (2005) has considered theoretically the role of social context and its implications for normative psychological contract-forming among groups of employees. According to her, social comparisons may influence employees' evaluation of their psychological contract. Similarly, Turnley and Feldman (1998; 1999a; 1999b) suggest that employee evaluation of the working environment may affect employees' responses to perceived breach. In the light of the findings of this study, the organizational reciprocity norm and contextual factors and their potential influence on psychological perceptions should be considered more carefully in order to develop a more comprehensive understanding of the antecedents of the psychological contract and how such contracts are maintained and changed. For example, it may well be that members of a public sector organization share a common meta-psychological contract that differs significantly from the culture of reciprocity and *modus operandi* of reciprocal behaviour in an investment bank, thereby causing differences in individual psychological contracts and influencing, for example, career transition. Moreover, in the context of knowledge intensive organizations in which employees' autonomy is often relatively high, the organizational reciprocity norm may play a crucial role as a form of control aligning the interests of the employer and employees.

8.3.3 Psychological contract breach and sense-making

The vast majority of empirical psychological contract studies have been quantitative and drawn on large-scale surveys. Chapter 7 of this thesis provides one of the few qualitative empirical attempts to advance understanding of how employees construct and maintain their psychological contract schemas and demonstrated the value of examining employee sense-making. The findings confirm that the psychological contract as a schema of the employee-employer exchange relationship appears to function in accordance with the principle of reciprocity: employee sense-making with regard to the employment relationship in an event of breach draws explicitly and implicitly on the idea of reciprocity and the strain towards balance in the exchange relationship. However, psychological contract perceptions and adherence to the norm of reciprocity are results of complex cognitive and affective processes that may not be fully captured by quantitative methods.

An event of breach which interrupts the perhaps habitual cycle of reciprocity calls for conscious sense-making and reveals the complex processes that occur when the incoming information and experiences deviate too much from the established contract schema. However, not only do employees make sense of employer exchange behaviour by evaluating isolated employer failures and adjusting their reciprocal attitudes and behaviours accordingly, but their sense-making is influenced by series of events, attribution processes and other schemas relevant to their experience. The sense-making process with regard to a perceived breach also extends into the past and the future: past exchanges acquire new meanings and new experiences are interpreted in the light of what has happened earlier, and used to re-explain what happened earlier (Weick, 1995). Consequently, in an event of breach, inducements provided by the employer, or the lack of these, are not merely isolated 'exchange events' to which employees react – rather their meaning arises from employee interpretations and construction of social reality in relation to other relevant exchange events. In line with this, employee emotional, attitudinal and behavioural responses to the breach are intertwined and integral elements of the sense-making process and evolve in interaction during the employee's sense-making process.

Consequently, the cycle of reciprocity does not appear to run straightforwardly: while the exchange of goods may appear to be a rather linear process, enabled by the contract

schema, it is a result of complex processes during which meanings are established and attached to particular goods. Therefore, psychological contract research would benefit from attempts to shift its focus from measuring a static psychological contract towards measuring psychological *contracting* as an unfolding process that includes sequences of non-linear and sometimes parallel exchanges with various employer representatives over periods of time. As the study of schemas and social cognition concerns how people understand their everyday life and make sense of their surroundings (Fiske and Taylor, 1984), its relevance to psychological contract theory and to the study of perceptions of employee-employer exchange relationship is unquestionable, in particular in the current business environment characterised by constant change and uncertainty.

8.4 Methodological considerations and the limitations of the study

One of the strengths of this study is its use of both quantitative and qualitative methods. As some researchers have noted, the nature of contemporary organizational and working life may be so complex that it cannot be comprehensively studied by using quantitative methods only (Lämsisalmi, Peiró and Kivimäki, 2000; Rousseau and Field, 2001). In the light of the findings of this thesis, a quantitative study alone might not have caught the complexity of the exchange relationship in such powerful detail as the qualitative study did. This, however, is not to deny the value of the quantitative studies. As Dachler (2000) observes, depending on what version of the world one is in the process of researching, certain methods make sense, whereas others appear illogical and fraught with error. Another strength of this study is its attempt to replicate the quantitative studies in two different organizational contexts, in one public sector organization and one private sector organization in a previously un-researched context of Finnish knowledge intensive organizations. This approach allowed for the consideration of contextual factors and the use of supporting materials when interpreting the results. Regrettably, due to the concerns over the sample size and statistical analysis, this was possible only with the employee data sets, and in Chapter 6 the data from the employer perspective was combined. This and other limitations will be considered in more detail below.

8.4.1 Limitations of the quantitative study

The main limitations related to the quantitative part of this research concern a) the use of self-report questionnaires and cross-sectional design, b) questionnaire design and the validity and reliability of some of the scales, c) the small sample size in Chapter 6, and d) the context of the study.

Any causal implications of the findings of this thesis should be interpreted with caution, due to the cross-sectional research design (cf. Conway and Briner, 2005). As data is collected only at one point in time, studies based on a cross-sectional design can only show associations between variables and cannot verify cause-and-effect relationships, thereby challenging the internal validity of the study. Internal validity refers to the validity with which statements can be made about whether there is a causal relationship between one variable and another in the form in which the variables were measured (Black, 1999). While longitudinal study design, including repeated measurements across time, is clearly preferable in terms of determining the direction of causality between the variables studied, the commitment required from the participants and the limited time and resources available for the research prevented its adoption in this study. Moreover, in the social sciences it is typical when drawing causal inferences to rely on theoretical reasoning to support the hypotheses, rather than on empirical tests of cause-and-effect (Karpinski, 1990). Conway and Briner (2005) also note that longitudinal psychological contract studies are difficult to design and carry out carefully. Due to organizations' unwillingness to have their employees surveyed on several occasions within a short period of time and the increased likelihood of a low response rate, longitudinal studies typically repeat too few measurements and the length of time between the surveys is too long. This undermines the real value of longitudinal design in comparison to cross-sectional design.

Due to its reliance on self-report questionnaires to assess psychological contract perceptions and behaviour and attitudinal variables, the results of this study may be distorted by i) how employees select the events on which they base the assessment, ii) how accurately employees recall their exchange with their employer and iii) how they aggregate their employment experiences into an overall assessment of their employment relationship (cf. Conway and Briner, 2005). These issues are related to common method variance and contamination effects (Spector, 1994). Common method variance concerns

the potential bias due to confounding variables such as social desirability, acquiescence and negative affectivity, which may artificially inflate the relationships between the variables studied. For example, responses to sensitive items are likely to be influenced by social desirability, while answers to less sensitive items are not. Some responses may simply be untrue, in particular when negative behaviours are measured. Although this study did not specifically ask about negative behaviours, employee and manager responses to the balanced reciprocity and economic relationship orientation items may have been influenced by common method variance and contamination effects. When assessing fulfilment, employees and employer representatives may also evaluate the employment relationship on the basis of recent events that they can remember easily, but these may not be representative of the overall employment relationship (Conway and Briner, 2005). In line with this, psychological contract evaluations may be mood-congruent – when they are happy, employees may judge their employer more favourably than when they are in a bad mood. While the common method variance problems related to self-report questionnaires call for a degree of caution when interpreting the results, they may also occur when using more objective measures (Spector, 1994). Furthermore, the self-report questionnaire was one of the few options available for the present research, given that the psychological contract is perceptual in its focus. It is difficult, if not impossible, to judge employees' trust in the employer by asking colleagues or by observing the employees, or to assess the impact of employee evaluation of the employer on employee commitment by any means other than asking the employees themselves.

Regarding the scales used in this study, some points are worth mentioning. First of all, it has to be noted that apart from the items constituting the commitment scales used in Chapter 5, all the items were translated into Finnish for the first time for the purposes of this study. Although this was done carefully, the Finnish translations require further validation. The generalized and balanced reciprocity scales have been developed recently, and Tetrick et al. (2004) have noted that further scale refinement may be necessary. As in the study by Tetrick et al. (2004), the factor loadings for some of the items were low, and these items were hence omitted from the final scales, resulting in rather short scales. Similarly, the items used to develop the reciprocity orientation scales in Chapter 6 were originally intended for use in cluster analysis, which, however, was not possible in this study due to the small sample size (Uhl-Bien and Maslyn,

2003). Consequently, these scales may have lost some of their ability to fully capture the intended elements of reciprocity.

Further scale refinement would most likely also improve the reliability of some of the measures. Namely, the Cronbach alpha coefficient that was used to measure internal consistency of the scales was low for some of the scales in this study, including the generalized reciprocity scale ($r=.62$) used in Chapters 4 and 5, and the balanced organizational reciprocity scale ($r=.53$) used in Chapter 6. The level of acceptable reliability is debatable, many researchers suggesting the limit of .70 (Nunnally, 1978). In practice, contemporary researchers often settle for lower values and by convention a cut-off of .60 is used (e.g. Flood, Turner, Ramamoorthy and Pearson, 2001; Millward-Purvis and Cropley, 2003) and regarded as good or adequate (Clack and Watson, 1995). A value of .50 appears to be seen as the absolute limit for acceptability, and scales with a reliability alpha lower than .50 are always omitted (cf. Kivimäki, Lämsä, Elovainio, Heikkilä, Lindström, Harisalo, Sipilä and Puolimatka, 2000; Snow, Swan, Raghavan, Connell and Klein, 2004). While the low alpha values in this study may partially be attributed to the shortness of the scales in question and to the homogenous sample (Cronbach, 1984), the internal consistency of the scales warrants further improvement and should be addressed in future studies. Furthermore, due to the high correlation between the negotiation of employer obligations scale and perceived employer psychological contract fulfilment scale in Chapter 4, the results concerning negotiation should be interpreted with care.

With regard to Chapter 6 on the employer perspective, the small sample size ($N=45$) is a major limitation. Hence, this chapter should be regarded as a pilot study and future studies with bigger samples of employer representatives should further develop and test the propositions put forward. Nonetheless, Chapter 6 provides interesting insights into the employer perspective and its contribution should not be devalued solely on the grounds of the small sample size. The results provided support for the theoretical propositions, thereby indicating that it would be useful to pursue these in future empirical studies that draw on larger samples of employer representatives and use scales with better psychometric properties.

Although the fact that this study examined the psychological contract and reciprocity perceptions beyond the traditional Anglo-Saxon and more recent Asian (China, Hong

Kong) context is one of its strengths, the findings may be specific to the Finnish context and should therefore be generalized with care. While several studies have been conducted to compare psychological contracts internationally (cf. Rousseau and Schalk, 2000; King and Bu, 2005), neither Finland nor any other of the Nordic countries has been a part of these studies. In Finland, the relatively stable labour markets governed by the tripartite decision-making structure are likely to influence the kinds of benefits and conditions that are expected and what is legally permitted (Vanhala, 1995; Elvander, 2002). As Rousseau and Schalk (2000) discuss, central collectively negotiated agreements and occupational groupings set the conditions within which psychological contracts are created and maintained. Therefore, how the national and organizational context is reflected in employee and employer psychological contract perceptions is to be kept in mind when generalizing the findings of this study and comparing them to other studies conducted, for instance, in an Anglo-Saxon context. For example, due to the relatively strong unions and strong workers' rights, Finnish employees may perceive themselves as rather powerful in comparison to employees in less protected labour markets. They may also be less tolerant about discrepancies between what is promised and what is delivered.

8.4.2 Limitations of the qualitative study

The results of the qualitative Chapter 7 should be interpreted in the light of at least three limitations related to the generalizability of the findings, the subjectivity in the research design and the method used in this study. The first limitation concerns both the practical and the theoretical generalizability of the findings, even if the qualitative study is not to be judged by positivistic criteria, as discussed in Chapter 3. As the interviews were carried out in only one organization, specific implications are difficult to draw for other organizations. Moreover, a 'one-organization study' is limited in its attempt to expand the theoretical understanding of psychological contact as a schema and in the sense-making involved in its creation and maintenance. Ideally, interviews in both participating companies would have allowed the replication or extension of the emerging theoretical implications suggested by the findings of Chapter 7 (Eisenhardt, 1989). This was, however, not possible due to the difficulty in gaining access for interviews.

The second limitation concerns the subjectivity inherent in the qualitative design. As the interviews, analysis and categories were carried out and created by one person, they are

unavoidably products of that person. The stories were told in response to the presence of that person and to her questions, and then dismantled by the same person in order to place the splintered quotes into pre-existing or newly created categories. Therefore, it has to be recognized that the findings of Chapter 7 present what Dachler (2000) would describe as one truth out of several possible truths. This highlights the importance of remembering the role of the researcher as the architect of the researched phenomena. In order to reflect on researchers' position in the analysis of the results and to address the question of researcher bias in the analysis, random samples of the data were analysed by another researcher in this study. As Eisenhardt (1989) suggests, the use of more than one investigator may help to build confidence in the findings of qualitative studies. Moreover, subjectivity is also an issue in seemingly objective quantitative designs: it is the researcher who selects the measures, designs the questionnaires and chooses the statistical methods and means to analyse the data.

The third limitation of the qualitative study relates to the overall design and the method used. As discussed in Chapter 7, employee accounts are always retrospective, and the accuracy of recollection is questionable (Chell, 1998; Conway and Briner, 2005). In addition, as Conway and Briner (2005) note, critical incident technique may overlook the more mundane day-to-day operation of the exchange relationship. Therefore, by focusing on a negative event (i.e. breach), this study has admittedly failed to give a comprehensive picture of contract maintenance under normal circumstances. This was also noted by the participants, some of whom mentioned that "it is not always like this" or that there is "so much good in this employer, too, but if we now have to focus on these negative events...". However, an investigation of an unusual event that distorts the normal functioning of the contract and calls the functioning of the norm of reciprocity into question is likely to give 'the best access' to the employee sense-making process (cf. Louis and Sutton, 1991). Furthermore, it is likely that, when asked to recall a specific type of event, employees choose events that are meaningful to them and that they remember well (Chell, 1998). Finally, employees' accounts may be partial and biased, but they still constitute the reality of the employees and form the basis for their future action.

8.5 Implications for practice

In addition to the contributions to psychological contract theory described earlier, some practical implications can be drawn from the findings of this thesis. On the one hand, this thesis highlights the importance of dyadic reciprocity and trust as the underlying mechanism in psychological contracts that influence employee attitudes and behaviours at work. On the other hand, the findings suggest that organizations should pay attention to organizational norms that may guide the psychological contract perceptions, attitudes and behaviours of their agents and members. Further, the qualitative findings suggest several implications that organizations should take into account when managing the employee-employer exchange, in particular at times when breach perceptions are more likely.

8.5.1 Psychological contract and reciprocity perceptions: Practical implications

Groth (1999: 5) notes in his discussion of the future of organizational design that “our natural abilities and dispositions have hardly changed at all in historic times; our basic social habits and the way we prefer to pattern interpersonal relationships are also remarkably stable.[....] We therefore have a reason to believe that major parts of existing organizational and psychological theory are valid also in the age of informational technology”. Originating from anthropology (Malinowski, 1922; Lévi-Strauss, 1969), social exchange theory and the norm of reciprocity continue to provide the means to understand employee behaviour not only for academic scholars, but also for practitioners in contemporary organizations.

Organizations that successfully manage and fulfil their employees’ psychological contracts are likely to benefit from qualitative improvements in the employer-employee exchange relationships. Perceived employer fulfilment of the contract sends an important signal to employees regarding the exchange principle that can influence employee behaviours and attitudes and result in increased affective commitment and satisfaction and reduced intentions to leave the organization. Consequently, organizations should carefully consider the inducements they provide relative to employee expectations, and foster trusting and mutually supportive exchange relationships with their employees. Employers’ economically orientated practices and a calculative approach to the exchange relationship with employees may signal a balanced form of reciprocity as the exchange principle and result in lowered

commitment and increased turnover intentions. Balanced reciprocity as an exchange mechanism invites balance-keeping and monitoring, thereby also increasing the likelihood of breach perceptions.

In order to respond to employees' expectations and to maintain and foster employee commitment, employer behaviour and management practices that in the short term conflict with efficiency demands may be required: an expectation of employee loyalty and investments requires similar inducements and reciprocation from the employer. Explicit pressure to promptly repay given benefits is unlikely to bring about the most favourable outcomes, at least in contexts such as in this study where employees have considerable power over their work and where performance is significantly influenced by attitudes and behaviours that are difficult to detail in the formal employment contract. Similarly, explicit promises about employer obligations should be made with care, if the ability to fulfil them is uncertain. Explicit deals are likely to carry more weight when breached than are promises that are conveyed implicitly (Turnley and Feldman, 1998). Therefore, the implicit psychological contract is particularly crucial in managing the employee-employer exchange relationship, especially in the context of knowledge intensive organizations where the terms of the exchange deal are likely to change frequently.

Organizations should try to promote consistency in the management of social exchange relationships at work, including both the delivery of promised inducements as well as the *modus operandi* of reciprocal behaviour. This requires that key organizational members, such as founders, top managers, human resource personnel and managerial staff, give careful consideration to what kind of an organizational meta-contract they would like to establish. Organizations and their representatives need to be clear about the values that underlie the contract and to have consistent human resource policies and practices supporting these values. Moreover, they should take an active role in creating and encouraging a strong organizationally desired reciprocity norm that reduces the likelihood of deviation from that norm, for example by themselves behaving in exemplary accordance with the desired norm.

8.5.2 Employee sense-making: Practical implications

The findings of this thesis regarding sense-making in an event of breach have a number of practical implications and suggest several ways in which employers can offset the

likelihood of breach perceptions or manage the looming crisis after employee sense-making has been triggered by a perceived discrepancy in employer behaviour. First, as sense-making occurs typically over time and it is tied by both parties to emotions and actions, employers should take great care to manage the employee-employer relationship in the aftermath of a breach. By providing a justification for its behaviour or proving employee suspicions of breach to be at least partially unfounded, the employer may enable the employee to cognitively recast the event to fit the existing schema of the reciprocal employer-employee exchange (Harris, 1994). If the employer ignores employee attempts to seek an explanation, breach perceptions and their influence on employee attitudes and behaviours are likely to be fortified. Second, the results suggest that it is important for employees to find a plausible explanation and to be able to attribute responsibility for the breach to somebody. Even if the label of breach is unavoidable, the employers' explanation for its behaviour can help employees to make sense of the event which has occurred and to resume their reciprocal exchange relationship with the employer with minimum alterations in the psychological contract schema. Third, the results of this study highlight the importance of the role of immediate managers as employer representatives and providers of organizational meaning. Organizations need to carefully consider manager role requirements and ensure that managerial duties are performed in line with the organizations' policies and practices.

It was interesting to note the passive or even arrogant approach that the employer - according to the employees - adopted in an event of breach and its aftermath. While this perception may partially be attributed to self-serving employee biases and preference for presenting oneself in a favourable light, it still raises concerns about employer behaviour in an event of breach. Insofar as a breach presents a discrepancy in the reciprocal exchange relationship that triggers employee sense-making, it should also alert the employer to constructively reflect and make sense of what has happened. In other words, a breach (as long as it is acknowledged by the employer) and employee reactions to it can be reframed as an invitation to organizational learning which could improve employer capacity to understand employee psychological contracts and to 'read' the exchange situation in order to avoid future events of breach (Louis and Sutton, 1991; Schwandt, 2005). In the words of Weick (1995: 10), "to call something a problem is no more privileged or easier to sustain than is the proposal that something is an opportunity".

8.6 Future research

There are several areas that need to be addressed in the future development of theory and in future empirical studies of the psychological contract and reciprocity. These concern i) the inclusion of reciprocity types and consideration of exchange structures; ii) the consideration of contextual factors; and iii) the consideration of what kind of attitudes and behaviour are taken as reciprocal in psychological contract research, as well as iv) the use of qualitative research methods.

Reciprocity types and exchange structures

As has already been mentioned, this thesis strongly suggests that an integration of the generalized and balanced reciprocity types into psychological contract research can add to the explanatory power of the concept of the psychological contract and shed insight on how the employer-employee exchange relationship functions. However, more research is needed in order to clarify the relationships among the different reciprocity types, different bases for trust (calculus, cognitive and affective) and psychological contract perceptions, preferably using a carefully planned *longitudinal study* design. For example, the fulfilment of negotiated obligations may be more likely to contribute to the development of calculus- and cognitive-based trust, whereas generalized reciprocity may develop concurrently with the development of affective trust between the exchange partners. Investigation of different bases of trust and their role in reciprocity and psychological contracts could also advance understanding of how the cycle of reciprocity functions and how the employee-employer exchange relationship evolves. It may well be that exchange relationships begin with relatively high levels of calculus- and cognition-based trust and that they are in the beginning governed by the balanced reciprocity norm. When exchange relationships mature and when mutual obligations are repeatedly fulfilled, trust is more likely to develop towards the affective type and reciprocity towards the generalized type.

Future research will also need to explore whether the different types of reciprocity develop on a continuum, and whether they are mutually exclusive or whether they can exist in parallel. For example, drawing on the idea of multiple psychological contracts

(Marks, 2001), it may be that employee exchange with the immediate manager is more likely to be governed by the generalized reciprocity form (and affective trust). The exchange with the organization at large may in turn function in accordance with the balanced reciprocity form. In addition, an examination of the negative form of reciprocity characterized by a taking orientation and the return of injuries experienced (Gouldner, 1960; Sahlins, 1972) and its relationship with perceived psychological contract breach would complement the study of positive types of generalized and balanced reciprocity. For example, it would be interesting to explore how breach and fulfilment perceptions influence the three different forms of reciprocity. Depending on their severity, breach perceptions may, for example, potentially induce an employee to take revenge in the form of negative reciprocity or lead to careful monitoring in the exchange, as suggested by the balanced reciprocity form.

Another potential way to explore the psychological contract and engagement in reciprocity in the future would be to further develop Greenberg's (1980) theorizing of the motives for reciprocity. According to Greenberg, reciprocity may be driven by three different motives: 1) the desire to receive future benefits (utilitarian reciprocity); 2) the recipient's increased attraction to the donor; and 3) internal pressure to conform to the norm of reciprocity (normative reciprocity). The normative form of reciprocity is not contingent upon external rewards, as is the case with utilitarian reciprocity, nor is it exclusively dependent upon the recipient's attraction to the donor, as in the case of attraction-mediated reciprocity. Rather, normative reciprocity is motivated by a feeling of obligation, the removal of which constitutes a reinforcement. Attraction-based reciprocity may be the driving force in an exchange relationship characterized by high quality leader-member exchange, perceived psychological contract fulfilment and a generalized reciprocity form. Utilitarian motives in turn may be associated more strongly with the balanced reciprocity type, whereas normative reciprocity motives may be influenced by a strong organizational culture that enforces particular reciprocity norms, personality characteristics such as self-monitoring and conscientiousness, and a national culture that fosters loyalty towards authority.

Contextual factors

This thesis has taken a step forward in suggesting that organizations may have an organizational reciprocity norm that influences the exchange behaviour of their members. This is in an interesting direction to pursue in future research and it should be

explicitly acknowledged that the employee-employer exchange does not occur in isolation from other social relations that create the parameters for the dyadic exchange relationship (Blau, 1964). As discussed earlier, for example the group context may be a powerful factor influencing psychological contract perceptions (Blau, 1964).

Individuals may compare themselves with others like themselves whom they know about, in their groups and sometimes also in groups to which they aspire to belong, and their knowledge of the rewards these others receive may affect the level of rewards they expect to receive (Ho, 2005). Similarly, as the qualitative study in this thesis indicates, employees may consider their family situation or draw on their knowledge of the market situation when interpreting the contractual behaviour of their exchange partner.

Theories of social capital, organizational culture and network analysis may provide useful insights into the development of a more comprehensive model of how contextual factors influence reciprocal behaviour. For example, it would be interesting to explore whether a strong organizational culture or social capital in the organization is associated with a uniform normative psychological contract and mutuality in psychological contract perceptions. It would also be interesting to examine how employees match their work-related psychological contracts with the expectations and demands they face in their family life: work-life conflict may exert its influence on an individual's psychological contract perceptions (Sturges, Conway, Guest and Liefvooghe, 2005). This could be studied, for example, by interviewing employees about work- and family-related obligations and how they manage to combine these two domains.

In addition to contextual factors, future psychological contract research could also consider expanding its scope beyond the dyadic reciprocal pattern between an employer and an employee to specifically include indirect (univocal reciprocity and productive exchange structures) exchange relationships. The norm governing the two-party reciprocation does indeed represent only one interpretation of the principle of reciprocity in exchange situations. However, the principle of reciprocity has a wider meaning in early theories of reciprocity (Lévi-Strauss, 1969), as well as in the contemporary sociological tradition (Lawler, 2001). The principle of reciprocity has what can be called a 'social usage', whereby an individual feels obligated to reciprocate another's action not only by directly rewarding the exchange partner, but also by benefiting other parties implicated in the social exchange process. Consequently, Ekeh (1974) discusses the concept of univocal reciprocity which implies generalized duties to

others from whom one cannot directly expect the fulfilment of one's rights. However, the rights will eventually be forthcoming from some other source. That is, univocal reciprocity implies and operates in an atmosphere of generalized morality and trust that the system will work. Univocal reciprocity is similar to what Lawler (2001) and Molm (1994) describe as indirect person-to-group exchange and call a productive exchange structure (see Chapters 2 and 4).

With reference to the theory presented above, the complex nature of exchange processes involved in psychological contracting should encourage researchers to consider the role of univocal reciprocity, indirect exchange and productive exchange structures. In particular, in large and knowledge-intensive organizations long chains of exchange transactions may occur in complex networks, in which the work of some members contributes to the performance of others. These networks or chains of transactions do not necessarily involve dyadic reciprocal exchanges. What they may require more than these is the ability to rely on indirect reciprocity and conformity to ever-changing role requirements on the part of members of the organization. Therefore, univocal reciprocity and productive exchange could provide avenues for the expansion of the concept of the psychological contract to cover multiple exchange relationships in complex networks that undeniably often characterize contemporary workplaces and in particular knowledge intensive work.

Extra-role and in-role behaviours in psychological contract research

It is worth noting that the different reciprocity forms failed in this study to have a significant relationship with employees' perceived obligations and the fulfilment of these obligations, and consider what this entails for future research. As discussed in the previous chapters, the distinction between employee role-related duties that are derived from their position may overlap with what are measured as psychological contract obligations. According to Gouldner (1960), it is, however, theoretically important to distinguish formal duties from the general norm of reciprocity, as the fulfilment of role-related duties may be influenced by factors beyond the dyadic reciprocal exchange. Consequently, some of the obligations measured that are duty-related may not be influenced only by the reciprocity norm, but arise for example from a sense of duty toward clients or colleagues. In line with this, Coyle-Shapiro and Conway (2004) suggest that exchange behaviours may become partially habitual and therefore be

independent of the reciprocal exchange process. Employers may also be legally bound to provide certain benefits that are independent of employee contributions to the exchange that are measured as psychological contract obligations. Or, a temporary lecturer, for example, may fulfil those of his/her obligations that directly influence the students irrespective of his/her exchange relationship with the employing university. Hence, if perceived psychological contract obligations capture behaviours that are perceived to be part of the employer/employee role or to result from loyalty to a third party, their fulfilment may be independent of the norm of reciprocity.

Consequently, psychological contract researchers should explicitly acknowledge that psychological contract obligations may include both formally required in-role duties and extra-role behaviours. At the same time, the magnitude of the recipient's indebtedness is partly a function of the degree to which the donor of the benefit is perceived to exceed the requirements of his or her role (Greenberg, 1980). Perceived exchange motives may therefore influence the reciprocity type underlying the exchange: it may well be that perceptions of balanced reciprocity are related to behaviours and attitudes that are considered to fall within the scope of in-role performance, whereas generalized reciprocity may predict engagement in extra-role behaviours that go beyond formal requirements. Therefore, it could be useful to explore the determinants of the magnitude of indebtedness (i.e. perceived obligations) (Greenberg, 1980), such as exchange motives and the perceived locus of causality of the donor's action, in order to clarify the relationships between reciprocity, psychological contract fulfilment and role-related behaviour.

The exchange relationship and perceived obligations and their fulfilment are also likely to be influenced by idiosyncratic factors which were not included in this study and should be explicated in future research. As Cropanzano and Mitchell (2005) rightfully point out, even if the norm of reciprocity is universal, not all individuals value it to the same degree. Empirical evidence indicating that reciprocity is partially a function of individual differences is provided, for example, by Kickul and Lester (2001), Coyle-Shapiro (2002), Coyle-Shapiro and Neuman (2004) and Raja, Johns and Ntalianis (2004). In particular, in knowledge intensive contexts where the performance requirements are often unclear and employee autonomy much higher the relationships between an inducement and an act of reciprocity may be largely influenced by professionalism, work centrality, conscientiousness and equity sensitivity. For example,

the extent to which a researcher examining the effects of fertility treatments on newly-born babies fulfils his/her perceived obligations may, for example, be influenced by a variety of other factors beyond the benefits received from the employer.

Qualitative methods and psychological contract research

As mentioned earlier, a quantitative study alone might not have caught the complexity of the exchange relationship in such powerful detail as the qualitative study presented in Chapter 7. This suggests that research designs focusing on relationships between independent and dependent variables can at times be criticized for assuming oversimplified causal links in rather static environmental settings. In particular, as the pressure is mounting for psychological contract research to broaden its scope beyond contract breach (Taylor and Tekleab, 2004; Conway and Briner, 2005), the use of qualitative methods or study designs combining both qualitative and quantitative methods may be beneficial. Whatever the methodologies adopted, measurement of something as complex as the dimensions of reciprocal behaviour no doubt presents a challenge for current and future research.

Drawing on Chapters 6 and 7, it would, for example, be interesting to study the potential influence that group- and organizational-level schemas exert on individual psychological contracts or to examine how individuals align their psychological contract schemas with those of other members of their organization. Existing studies indicate that members of the same social system share cognitive structures that guide their interpretation and behaviour (Louis and Sutton, 1991). For example, participant observations of teams combined with interviews or focused diary studies could potentially advance understanding of how team members develop a shared psychological contract and a model of reciprocal behaviour. Critical incident interview technique could also be used longitudinally to explore the exchange processes closer to times when breach perceptions occur. Alternatively, critical incident technique could be used to examine longitudinally newcomers and the events that significantly contribute to their understanding of their obligations and of the obligations of their employer over the first year of the employment relationship.

In sum, this thesis has suggested a number of avenues for future research. The suggested themes would help to clarify the role of reciprocity in the psychological

contract from various viewpoints and to expand the framework of the psychological contract, by using both qualitative and quantitative methods.

8.7 Conclusions

This thesis has taken a step toward advancing understanding of the role of reciprocity in psychological contracts. Specifically, it took as its first aim to examine the relationships between the contract and reciprocity forms and other central social exchange theory concepts, including the exchange structures, trust, power and negotiation from both employee and employer perspectives. The second aim of this thesis was to explore how the psychological contract functions as a schema of the reciprocal exchange relationship and how perceived breach affects the contract schema.

By including the generalized and balanced reciprocity types, trust, power and reciprocity dimensions in psychological contract research, this study has shed light on the functioning of the psychological contract and contributed to the theoretical understanding of the exchange relationship and its associated outcomes. It has demonstrated that the different forms of reciprocity can be used to characterize and explore the qualitative differences in the exchange relationship captured by the psychological contract from both employee and employer perspectives. Significantly influenced by trust, these differences become prominent in attitudinal and behavioural reciprocity. Perceived power and the normative context of the exchange relationship also influence the exchange relationship. This study has also added to the knowledge base on the psychological contract as a schema and demonstrated that the reciprocal exchanges captured by the concept of psychological contract are complex and multifaceted, even if the contract schema may allow for a seemingly and relatively stable exchange pattern. However, events that disrupt the established reciprocal pattern induce sense-making and make possible a potential change to the contract.

At the same time as this study has contributed to the understanding of the role of reciprocity from both employee and employer perspectives and by drawing on social exchange and schema theories, it has pointed out a number of areas that demand further

investigation and development. These are new and interesting paths for psychological contract researchers to explore, in particular in the context of knowledge intensive organizations.

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Appendix A

Appendix A.1	Example of employee survey in English
Appendix A.2	Example of employee survey in Finnish
Appendix A.3	Example of employer survey in English
Appendix A.4	Example of employer survey in Finnish

Appendix A.1 Example of employee survey in English

PART A. BIOGRAPHICAL INFORMATION

1. Gender? 1. Female 2. Male

2. Year of birth?

3. For how long have you been employer at A/B? (years/months)

4. Following statements concern your contract and salary. Circle the answer appropriately.

	Yes	No
a) I have a permanent contract	1	2
b) I have a time-limited contract....	1	2
c) I work part-time.....	1	2
d) My salary is paid by my X.....	1	2
e) My salary is comes from a special research grant or project	1	2

5. Which one of the following occupational groups you belong to?

1. Secretaries and other support staff
2. Expert position
3. Leading expert
4. Head of the group
5. Management

6. What is the level of your education? Circle the answer appropriately.

1. No training
2. Occupational course
3. Vocational training, lower level
4. Vocational training, upper level
5. Polytechnic
6. University, undergraduate
7. University, post graduate
8. University, Doctoral level

7. Are you a member of any union?

1. Yes 2. No

PART B. THE OBLIGATIONS OF YOUR EMPLOYER

The following are some obligations that employees may perceive that their employers have towards them. Please, indicate on a scale 1 - 5

- a) to what extent do you think that your employer is obliged to provide you with the following (Scale 1 Not at all - 5 To a very large extent).
- b) to what extent your employer has fulfilled these obligations to you (Scale 1 Not at all - 5 Very well).

	a) Obligation of my employer						b) Fulfilment of the obligations					
	Not at all	To a very little extent	To little extent	To some extent	To a very large extent	Don't know/ Not applicable	Not at all	Very poorly	Some-what	Well	Very well	Don't know/ Not applicable
1. Long term job security.....	1	2	3	4	5	9	1	2	3	4	5	9
2. Possibility to decide about my working hours.....	1	2	3	4	5	9	1	2	3	4	5	9
3. Support with career planning.....	1	2	3	4	5	9	1	2	3	4	5	9
4. Feedback about my work.....	1	2	3	4	5	9	1	2	3	4	5	9
5. Support at times of personal problems.....	1	2	3	4	5	9	1	2	3	4	5	9
6. The opportunity to do the kind work that really interests me.....	1	2	3	4	5	9	1	2	3	4	5	9
7. Appropriate training that I need	1	2	3	4	5	9	1	2	3	4	5	9
8. Freedom to do my job the way I think best.....	1	2	3	4	5	9	1	2	3	4	5	9
9. The opportunity to be involved in decisions that affect me.....	1	2	3	4	5	9	1	2	3	4	5	9
10. Pay increases depending on my performance.....	1	2	3	4	5	9	1	2	3	4	5	9
11. Additional benefits (car, phone, flat).....	1	2	3	4	5	9	1	2	3	4	5	9
12. Opportunities to develop my skills and knowledge.....	1	2	3	4	5	9	1	2	3	4	5	9
13. Friendly atmosphere at the workplace.....	1	2	3	4	5	9	1	2	3	4	5	9
14. Opportunities to define the goals of my work.....	1	2	3	4	5	9	1	2	3	4	5	9

PART C. ABOUT YOUR RELATIONSHIP WITH YOUR EMPLOYER

The following statements concern the employer-employee relationship. Please, think about your relationship with your employer and indicate on a scale 1 (Fully disagree) - 5 (Fully agree) the extent to which you disagree or agree with the statements.

	Fully disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Fully agree
1. If I receive an honour or professional title, my employer will reward me.....	1	2	3	4	5
2. Every time my employer gives me a promotion or increases my salary, it puts a heavier burden on my shoulders.....	1	2	3	4	5
3. My employer gives me many things without expecting more from them than my usual job performance.	1	2	3	4	5
4. My employer would help me to develop myself, even if I cannot make more contributions at present.....	1	2	3	4	5
5. My employer's generous treatment makes me put forth my best effort....	1	2	3	4	5
6. If my employer does something extra for me, it expects me to pay back in equal value.....	1	2	3	4	5
7. My employer would do something for me without any strings attached..	1	2	3	4	5
8. My employer takes care of me in ways that exceed my contribution to the organization.....	1	2	3	4	5
9. If my employer does something extra for me, there is an expectation that I will do something extra in return.....	1	2	3	4	5
10. A/B keeps track of how much we owe each other.	1	2	3	4	5
11. When my employer treats me favourably, it is important that I show my appreciation right away.....	1	2	3	4	5
12. My employer seems willing to invest in my professional development even when it does not directly impact my current job performance.....	1	2	3	4	5

PART D. ABOUT YOUR WORKPLACE AND EMPLOYER

The following statements are about your employer and workplace. Please indicate on a scale 1 (Fully disagree) - 5 (Fully agree) the extent to which you disagree or agree with the statements.

	Fully disagree	Some-what disagree	Neither agree nor disagree	Somewhat agree	Fully agree
1. I would be very happy to spend the rest of my career in this workplace.....	1	2	3	4	5
2. I have key skills that my employer needs.....	1	2	3	4	5
3. I believe my employer would have difficulties in replacing me.....	1	2	3	4	5
4. One of the major reasons I continue to work for this employer is that leaving would require considerable personnel sacrifice.....	1	2	3	4	5
5. I do not feel like part of the family in this workplace	1	2	3	4	5
6. I really feel as if the problems of my employer are my own.....	1	2	3	4	5
7. It would be hard for me to leave my employer right now, even if I wanted to.....	1	2	3	4	5
8. I am not afraid of what might happen if I quit my job without having another one lined up.....	1	2	3	4	5
9. Right now, staying with this employer is a matter of necessity as much as desire.....	1	2	3	4	5
10. I have knowledge and skills that make me valuable to my employer.....	1	2	3	4	5
11. My workplace has a great deal of personal meaning to me.	1	2	3	4	5
12. Too much of my life would be disrupted if I decided to leave my job now.....	1	2	3	4	5
13. I feel that I have too few options to consider for leaving my workplace.....	1	2	3	4	5
14. I think that I could easily become as attached to another employer as I am to this one.....	1	2	3	4	5
15. I think I could easily find another job elsewhere.....	1	2	3	4	5
16. I do not feel emotionally attached to my employer	1	2	3	4	5

PART E. ABOUT YOUR EMPLOYER AND YOUR EMPLOYMENT RELATIONSHIP

The following statements concern your employer and your employment relationship. Please, indicate on a scale 1 (Fully disagree) – 5 (Fully agree) the extent to which you disagree or agree with the statements.

	Fully disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Fully agree
1. Overall, my employer and I have similar expectations.....	1	2	3	4	5
2. I believe my employer has high integrity.....	1	2	3	4	5
3. In general, I believe that the intentions of my employer are good.	1	2	3	4	5
4. Overall, I am satisfied with my relationship with my employer.....	1	2	3	4	5
5. I think I am treated fairly by my employer.	1	2	3	4	5
6. I can expect to be in a consistent and predictable fashion by my employer	1	2	3	4	5
7. My employer is open and upfront with me.....	1	2	3	4	5
8. Overall, my view of the terms of the exchange with my employer are similar to those of my employer	1	2	3	4	5
9. My employer is always honest and trustworthy	1	2	3	4	5
10. I am satisfied with what I get from my employer in relation to what I give.....	1	2	3	4	5

PART F. THE OBLIGATIONS OF YOUR IMMEDIATE MANAGER

The following are some obligations that employees may perceive that their immediate managers have towards them. Please, indicate on a scale 1 - 5 the extent

- a) To which you think that your immediate manager is obliged to provide you with the following (Scale 1 Not at all - 5 To a very large extent).
- b) To which you think that your immediate manager has fulfilled the obligations (Scale 1 Not at all - 5 Very well).

	<u>a) Obligation of my immediate manager</u>						<u>b) Fulfilment of the obligations</u>					
	Not at all	To a very little extent	To little extent	To some extent	To a very large extent	Don't know/ Not applicable	Not at all	Very poorly	Some-what	Well	Very well	Don't know. Not applicable
1. Long term job security.....	1	2	3	4	5	9	1	2	3	4	5	9
2. Possibility to decide about my working hours.....	1	2	3	4	5	9	1	2	3	4	5	9
3. Support with career planning.....	1	2	3	4	5	9	1	2	3	4	5	9
4. Feedback about my work.....	1	2	3	4	5	9	1	2	3	4	5	9
5. Support at times of personal problems.....	1	2	3	4	5	9	1	2	3	4	5	9
6. The opportunity to do the kind work that really interests me.....	1	2	3	4	5	9	1	2	3	4	5	9
7. Appropriate training that I need	1	2	3	4	5	9	1	2	3	4	5	9
8. Freedom to do my job the way I think is best.....	1	2	3	4	5	9	1	2	3	4	5	9
9. The opportunity to be involved in decisions that affect me.....	1	2	3	4	5	9	1	2	3	4	5	9
10. Pay increases depending on my performance.....	1	2	3	4	5	9	1	2	3	4	5	9
11. Additional benefits (car, phone, flat).....	1	2	3	4	5	9	1	2	3	4	5	9
12. Opportunities to develop my skills and knowledge.....	1	2	3	4	5	9	1	2	3	4	5	9
13. Friendly atmosphere at the workplace.....	1	2	3	4	5	9	1	2	3	4	5	9
14. Opportunities to define the goals of my work.....	1	2	3	4	5	9	1	2	3	4	5	9

PART G. ABOUT YOUR IMMEDIATE MANAGER

The following statements concern your immediate manager and your relationship with him/her. Please indicate on a scale 1 (Fully disagree) - 5 (Fully agree) the extent to which you disagree or agree with the statements.

	Fully disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Fully agree
1. My immediate manager and I take care of each others' wellbeing.....	1	2	3	4	5
2. Overall, I am satisfied with how my exchange with my immediate manager functions.....	1	2	3	4	5
3. When exchanging favours my immediate manager and I pay attention to what we get relative to what was given.....	1	2	3	4	5
4. My immediate manager looks out for him/herself first.	1	2	3	4	5
5. If my immediate manager and I do a favour for one another we expect the other to return it right away.....	1	2	3	4	5
6. If necessary, I would place the needs of my immediate manager above my needs.....	1	2	3	4	5
7. When I do something extra for my manager, I watch for him/her to pay back.....	1	2	3	4	5
8. I have learned to look out for myself in my relationship with my immediate manager	1	2	3	4	5
9. If my immediate manager and I do favours for one another we want to return them as soon as possible so we don't feel indebted to one another.....	1	2	3	4	5
10. I am more concerned that my immediate manager gets what s/he needs than I am about satisfying my own interests.....	1	2	3	4	5
11. If necessary, my immediate manager would place my needs above her/his needs.....	1	2	3	4	5
12. Overall, my view of how the exchange between me and my immediate manager works is similar to that of my immediate manager	1	2	3	4	5
13. Overall, I am satisfied with the terms of the relationship with my immediate manager.	1	2	3	4	5
14. If my immediate manager or I would see that the other needed something we would do it for the other without being asked.	1	2	3	4	5
15. When I do something extra for my manager, I watch for him/her to pay back.....	1	2	3	4	5
16. Overall, my view of how the exchange between me and my immediate manager works is similar to that of my immediate manager	1	2	3	4	5
17. My immediate manager and I try to do what's best for each other.....	1	2	3	4	5

PART H. ABOUT YOUR IMMEDIATE MANAGER

The following statements are about your immediate manager. Please indicate on a scale 1 (fully disagree) - 5 (Fully agree), whether you disagree or agree with the statements.

	Fully disagree	Somewhat disagree	Neither agree nor disagree	Some-what agree	Fully agree
1. I feel respect for my immediate manager.....	1	2	3	4	5
2. Too much of my work would be disrupted if my immediate manager decided to leave A/B now.....	1	2	3	4	5
3. In general, I believe that the intentions of my immediate manager are good..	1	2	3	4	5
4. I can expect my immediate manager to treat me in a consistent and predictable fashion.....	1	2	3	4	5
5. Right now, working with my current immediate manager is a matter of necessity as much as desire.....	1	2	3	4	5
6. I believe my immediate manager has high integrity.....	1	2	3	4	5
7. I do not really feel attached to my immediate manager.....	1	2	3	4	5
8. My immediate manager is always honest and trustworthy.....	1	2	3	4	5
9. I think my immediate manager treats me fairly.....	1	2	3	4	5
10. I feel proud to work with my immediate manager.....	1	2	3	4	5

PART I. AGREEMENT REGARDING EMPLOYER OBLIGATIONS

Some of the employer obligations may be openly negotiated whereas some may be more implicit. Please indicate on a scale 1 (Fully disagree) - 5 (Fully agree) the extent to which you disagree or agree with the statements.

I have been explicitly negotiated with my employer that they provide me with....	Fully disagree	Somewhat disagree	Neither agree nor disagree	Some-what agree	Fully agree
1. Long term job security	1	2	3	4	5
2. Possibility to decide about working hours.....	1	2	3	4	5
3. Support with career planning.....	1	2	3	4	5
4. Feedback about work	1	2	3	4	5
5. Support with personal problems	1	2	3	4	5
6. The opportunity to do that kind work that really interests me.....	1	2	3	4	5
7. Appropriate training.....	1	2	3	4	5
8. Freedom to do the job the way the way I think is the best.....	1	2	3	4	5
9. The opportunity to be involved in decisions that affect the me.....	1	2	3	4	5
10. Pay increases depending on performance	1	2	3	4	5
11. Additional benefits (car, phone, flat).....	1	2	3	4	5
12. Opportunities to develop skills and knowledge.....	1	2	3	4	5
13. Friendly atmosphere at the workplace.....	1	2	3	4	5
14. Opportunities to define the goals of my work.....	1	2	3	4	5

PART J. ABOUT YOUR OBLIGATIONS

The following are some obligations that employees may perceive for themselves. Please, indicate

- a) the extent to which you perceive yourself obligated to provide your employer with the following, and
 b) the extent to which you think you have fulfilled the obligation in question.

	a) The extent of my obligation						b) Fulfilment of my obligation					
	Not at all	To a very little extent	To little extent	To Some extent	To a very large extent	Don't know	Not at all	Very poorly	Some-what	Well	Very well	Don know
1. To look for better ways of doing my job	1	2	3	4	5	9	1	2	3	4	5	9
2. Make independent decisions regarding my work.....	1	2	3	4	5	9	1	2	3	4	5	9
3. Be flexible in my job.....	1	2	3	4	5	9	1	2	3	4	5	9
4. If necessary, work unpaid extra hours to finish a task	1	2	3	4	5	9	1	2	3	4	5	9
5. Adjust to changes when necessary.....	1	2	3	4	5	9	1	2	3	4	5	9
6. Keep abreast of current developments in my area of expertise	1	2	3	4	5	9	1	2	3	4	5	9
7. Support my team and colleagues	1	2	3	4	5	9	1	2	3	4	5	9
8. Do the work that is assigned to me as well as I can.....	1	2	3	4	5	9	1	2	3	4	5	9
9. Be creative in my job.....	1	2	3	4	5	9	1	2	3	4	5	9
10. Support the objectives of A/B.....	1	2	3	4	5	9	1	2	3	4	5	9

PART K. AGREEMENT REGARDING EMPLOYEE OBLIGATIONS

Some of the employee obligations may be openly negotiated whereas some may be more implicit. Please, indicate on a scale 1 (Fully disagree) - 5 (Fully agree) whether you disagree or agree with the following

It has been openly negotiated with my employer that	Fully disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Fully agree
1. I look for better ways of doing my job	1	2	3	4	5
2. I make independently decisions regarding my work	1	2	3	4	5
3. I am flexible in my job.....	1	2	3	4	5
4. I work unpaid extra hours to finish a task, if necessary.....	1	2	3	4	5
5. I adjust to changes when necessary.....	1	2	3	4	5
6. I keep abreast of current developments in my area of expertise.....	1	2	3	4	5
7. I support my team and colleagues.....	1	2	3	4	5
8. I do the work that is assigned to me as well as I can.....	1	2	3	4	5
9. I am creative in my job.....	1	2	3	4	5
10. I support the objectives of A/B.....	1	2	3	4	5

PART L. YOUR FEELINGS ABOUT YOUR WORK

The following statements concern how you feel about your work or how you feel when you are working. Please, indicate on a scale 1 (Almost never) - 5 (Very often), how often you experience the following feelings or thoughts at work.

	Almost never	Rarely	Once in a while	Quite often	Very often
1. I am full of energy when I work.....	1	2	3	4	5
2. My work is meaningful and it has a clear purpose.....	1	2	3	4	5
3. I forget the time when I am working	1	2	3	4	5
4. I feel myself strong when I am work.....	1	2	3	4	5
5. I am enthusiastic about my work.....	1	2	3	4	5
6. While working, I forget everything around me.....	1	2	3	4	5
7. My work inspires me.....	1	2	3	4	5
8. When I get up in the morning, it feels good to be leave for work.....	1	2	3	4	5
9. I am satisfied if I am totally immersed in my work.....	1	2	3	4	5
10. I am proud of my work.....	1	2	3	4	5
11. I am totally immersed in my work.....	1	2	3	4	5
12. I am able to work for very long periods without a break.....	1	2	3	4	5
13. My work is challenging.....	1	2	3	4	5
14. When I work, the work 'carries me away'.....	1	2	3	4	5
15. I am very persistent in my work	1	2	3	4	5
16. Sometimes it is very difficult for me to stop working because I am so immersed in my work.....	1	2	3	4	5
17. I persistently continue with my work even if I would face difficulties.....	1	2	3	4	5

PART M. THOUGHTS ABOUT YOU WORK

Please indicate on a scale 1(Fully disagree) – 5 (Fully agree) the extent to which you agree or disagree with the following statements

	Fully agree	Some-what agree	Neither agree nor disagree	Some-what agree	Fully agree
1. I have recently spent some time looking for another job.....	1	2	3	4	5
2. I sometimes discuss problems at work with my employer.....	1	2	3	4	5
3. Next year, I will probably look for a new job outside this organization.	1	2	3	4	5
4. When things are seriously wrong and the company won't act, I am willing to do something about it.	1	2	3	4	5
5. When working conditions decline I think a lot about quitting.....	1	2	3	4	5
6. I have made several attempts to change working conditions here.....	1	2	3	4	5
7. I often think about quitting.....	1	2	3	4	5
8. I have at least once contacted an outside agency (e.g. union) to get help changing the working conditions.....	1	2	3	4	5
9. When I think of an idea that will benefit my company I make a determined effort to implement it.	1	2	3	4	5

PART N. PERFORMANCE

In the following, please evaluate your performance as an employee, the performance of your immediate manager and A/B as an employer.

	Not satisfactory	Below Average	Average	Good	Excellent
1. Your performance as an employee	1	2	3	4	5
2. How your manager would evaluate your performance.....	1	2	3	4	5
3. The performance of your managers as a manager.....	1	2	3	4	5
4. How your manager would evaluate his/her performance.....	1	2	3	4	5
5. Performance of A/B as an employer	1	2	3	4	5
6. How A/B would evaluate itself as an employer.....	1	2	3	4	5

THANK YOU!!!

If you have any further comments, please write the below.

Appendix A.2 Example of employee survey in Finnish

OSA A. TAUSTATIETOJA

1. Sukupuolesi? 1. Nainen 2. Mies

2. Syntymävuotesi?

3. Kuinka kauan olet ollut töissä A/B:ssä?
(vuotta/kuukautta)

4. Työskenteletkö (Rengasta sopiva vastaus
kussakin kohdassa)

Kyllä Ei

a) toistaiseksi voimassa olevassa työsuhteessa.....	1	2
b) määräaikaisessa työsuhteessa.....	1	2
c) osa-aikaisessa työsuhteessa.....	1	2
d) A/B:n palkkalistoilla.....	1	2
e) apurahan turvin.....	1	2

5. Mihin henkilöstöryhmään kuulut?

1. Sihteerit ja muut toimihenkilöt
2. Asiantuntijatehtävissä työskentelevät
3. Johtavat asiantuntijat
4. Ryhmäpäälliköt
5. Johto

6. Mikä on koulutuksesi taso? (Rengasta sopivin
vaihtoehto)

1. Ei ammattikoulutusta
2. Ammattikurssi
3. Alempi keskiaste (esim. ammattikoulu)
4. Ylempi keskiaste (esim. kauppaopisto,
teknillinen opisto)
5. Ammattikorkeakoulu (esim. tradenomi)
6. Alempi korkeakoulu (esim. kandidaatti, 120
ov)
7. Ylempi korkeakoulu (esim. maisteri, ekonomi,
160 ov)
8. Tutkijakoulutus (lisensiaatti, tohtori,
parhaillaan tutkijakoulutuksessa)

7. Oletko jonkun ammattijärjestön jäsen?

1. Olen
2. En ole

OSA B. TYÖNANTAJASI VELVOLLISUUDET

Työntekijät näkevät työnantajansa velvollisuudet eri tavoin. Arvioi seuraavassa

- a) missä määrin työnantajasi on mielestäsi velvollinen tarjoamaan tai järjestämään sinulle seuraavaa (asteikko 1 'Ei lainkaan' – 5 'Suuresta määrin'), ja
- b) miten hyvin työnantajasi on mielestäsi täyttänyt velvollisuutensa sinua kohtaan (asteikko 1 'Ei lainkaan' – 5 'Hyvin').

	a) Työnantajan velvollisuus						b) Velvollisuuden täyttäminen					
	Ei lain- kaan	Vä- hän	Jos- sain määrin	Melko paljon	Suu- ressa määrin	En osaa sanoa	Ei lain- kaan	Huo- nosti	Jossain määrin	Mel- ko hyvin	Hy- vin	En osaa sanoa
1. Pysyvä työsuhde.....	1	2	3	4	5	9	1	2	3	4	5	9
2. Mahdollisuus määritellä omat työaikani.....	1	2	3	4	5	9	1	2	3	4	5	9
3. Apu urasuunnittelussa	1	2	3	4	5	9	1	2	3	4	5	9
4. Palaute koskien työsuorituksiani.....	1	2	3	4	5	9	1	2	3	4	5	9
5. Tuki henkilökohtaisissa ongelmissa	1	2	3	4	5	9	1	2	3	4	5	9
6. Mahdollisuus tehdä sellaista työtä kuin haluan.....	1	2	3	4	5	9	1	2	3	4	5	9
7. Tarpeellisen koulutuksen järjestäminen.....	1	2	3	4	5	9	1	2	3	4	5	9
8. Mahdollisuus tehdä työni parhaaksi katsomallani tavalla.....	1	2	3	4	5	9	1	2	3	4	5	9
9. Mahdollisuus osallistua työtäni koskevaan päätöksentekoon	1	2	3	4	5	9	1	2	3	4	5	9
10. Palkankorotukset.....	1	2	3	4	5	9	1	2	3	4	5	9
11. Erityisedut (esim. auto, puhelin, asunto).....	1	2	3	4	5	9	1	2	3	4	5	9
12. Mahdollisuus osaamiseni kehittämiseen.....	1	2	3	4	5	9	1	2	3	4	5	9
13. Hyvän yhteishengen luominen.....	1	2	3	4	5	9	1	2	3	4	5	9
14. Mahdollisuus osallistua työni tavoitteiden asettamiseen.....	1	2	3	4	5	9	1	2	3	4	5	9

OSA C. NÄKEMYKSIÄ TYÖSUHTEESTASI JA TYÖNANTAJASI TOIMINNASTA

Työnantajat toimivat roolissaan eri tavoin. Arvioi seuraavassa työnantajaasi omien kokemustesi perusteella ja vastaa asteikolla 1 (Täysin eri mieltä) - 5 (Täysin samaa mieltä), oletko väittämän kanssa samaa vai eri mieltä.

	Täysin eri mieltä	Jokseen- kin eri mieltä	Ei samaa eikä eri mieltä	Jokseen- kin samaa mieltä	Täysin samaa mieltä
1. Jos työni huomioitaisiin A/B ulkopuolella (esim. kunniamaininta, lehdistön huomio), työnantajani palkitsisi minut jotenkin.....	1	2	3	4	5
2. Jos joku saa ylennyksen tai palkankorotuksen, niin työnantajani tuntien se tietää hänelle myös lisää töitä ja vastuuta.....	1	2	3	4	5
3. Työnantajani kohtelee minua erittäin hyvin odottamatta normaalia 'työpanostani' enemmän.....	1	2	3	4	5
4. Työnantajani on halukas sijoittamaan koulutukseeni silloinkin, kun se ei suoraan vaikuta työhöni.....	1	2	3	4	5
5. Työnantajani positiivinen suhtautuminen työntekijöihin saa minut tekemään parhaani.....	1	2	3	4	5
6. Jos työnantajani tekee jotakin ylimääräistä hyväkseni, minun on tehtävä vastapalvelus niin pian kuin mahdollista.....	1	2	3	4	5
7. Työnantajani toimii etujeni mukaisesti odottamatta minulta mitään erityistä.....	1	2	3	4	5
8. Työnantajani huolehtii minusta tavoilla, jotka ylittävät työni arvon.....	1	2	3	4	5
9. Jos työnantajani tekee hyväkseni jotakin, minun oletetaan korvaavan sen tavalla tai toisella.....	1	2	3	4	5
10. A/B:ssa pidetään lukua siitä, miten paljon työnantaja ja työntekijät ovat 'velkaa' toisilleen.....	1	2	3	4	5
11. Jos työnantajani palkitsee minut, on tärkeää, että osoitan kiitollisuuteni tavalla tai toisella mahdollisimman pian.....	1	2	3	4	5
12. Työnantajani auttaa minua kehittämään osaamistani, vaikka en pysty parantamaan tämänhetkisiä työsuorituksiani.....	1	2	3	4	5

OSA D. NÄKEMYKSIÄ TYÖPAIKASTASI JA TYÖNANTAJASTASI

Seuraavat väittämät koskevat työpaikkaasi ja työnantajaasi. Arvio asteikolla 1 (Täysin eri mieltä) - 5 (Täysin samaa mieltä), oletko väittämän kanssa samaa vai eri mieltä.

	Täysin eri mieltä	Jokseenkin eri mieltä	Ei samaa eikä eri mieltä	Jokseenkin samaa mieltä	Täysin samaa mieltä
1. Olisin hyvin mielelläni työurani loppuun asti tässä työpaikassa.....	1	2	3	4	5
2. Työntantajani tarvitsee tietojani ja taitojani.....	1	2	3	4	5
3. Uskon, että työnantajallani olisi vaikeuksia löytää tilalleni joku toinen.....	1	2	3	4	5
4. Muut työnantajat eivät pystyisi tarjoamaan vastaavia etuja, joita minulla nyt on.	1	2	3	4	5
5. En tunne olevani osa 'perhettä' tässä työpaikassa.....	1	2	3	4	5
6. Minusta todella tuntuu siltä kuin tämän työpaikan ongelmat olisivat omiani.....	1	2	3	4	5
7. Tällä hetkellä minun olisi vaikeaa lähteä tästä työpaikasta.....	1	2	3	4	5
8. En ole huolissani siitä, mitä tapahtuisi, jos sanoutuisin irti, vaikka minulla ei olisikaan vielä uutta työpaikkaa.....	1	2	3	4	5
9. Tällä hetkellä työskentely tässä organisaatiossa on yhtä lailla tarpeen sanelema juttu kuin halustani kiinni.....	1	2	3	4	5
10. Minulla on sellaista osaamista, joka on arvokasta työnantajalleni.....	1	2	3	4	5
11. Tämä organisaatio merkitsee minulle paljon.....	1	2	3	4	5
12. Jos nyt lähtisin tästä työpaikasta, se sotkisi täysin nykyisen elämäntilanteeni....	1	2	3	4	5
13. En voi harkita sanoutuvani irti, koska uusia mahdollisia työpaikkoja on niin vähän auki.....	1	2	3	4	5
14. Voisin helposti tuntea jonkun toisen työpaikan yhtä läheiseksi kuin tämän.....	1	2	3	4	5
15. Uskon, että halutessani löytäisin helposti uuden työpaikan.....	1	2	3	4	5
16. Minulla ei ole tunnesidettä tähän työpaikkaan	1	2	3	4	5

OSA E. NÄKEMYKSIÄ TYÖNANTAJASTASI JA TYÖSUHTEESTASI

Seuraavat väittämät koskevat työnantajaasi ja työsuhdettaasi. Vastaa asteikolla 1 (Täysin eri mieltä) - 5 (Täysin samaa mieltä), oletko väittämän kanssa samaa vai eri mieltä.

	Täysin eri mieltä	Jokseenkin eri mieltä	Ei samaa eikä eri mieltä	Jokseenkin samaa mieltä	Täysin samaa mieltä
1. Työnantajani ja minun odotukset koskien työsuhdettaani ovat samankaltaiset....	1	2	3	4	5
2. Työnantajallani on korkea työmoraali.....	1	2	3	4	5
3. Uskon, että työnantajani tarkoittaa aina hyvää työntekijöilleen.....	1	2	3	4	5
4. Olen tyytyväinen työsuhteeseeni	1	2	3	4	5
5. Mielestäni työnantajani kohtelee minua reilusti.....	1	2	3	4	5
6. Voin luottaa siihen, että työnantajani kohtelee minua odotusteni mukaisesti.....	1	2	3	4	5
7. Työnantajani kertoo avoimesti kaikista työpaikkani asioista.....	1	2	3	4	5
8. Työnantajani ja minä näemme velvollisuutemme samankaltaisesti.....	1	2	3	4	5
9. Työnantajani on aina rehellinen ja luottamukseni arvoinen.....	1	2	3	4	5
10. Olen tyytyväinen, mitä saan työnantajaltani verrattuna siihen mitä annan.....	1	2	3	4	5

OSA F. LÄHIMMÄN ESIMIEHESI VELVOLLISUUDET

Seuraavassa on lueteltu joitakin lähimpien esimiesten velvollisuuksia työntekijöitä kohtaan. Vastaa seuraavassa

- a) missä määrin lähin esimiehesi on mielestäsi velvollinen tarjoamaan tai järjestämään sinulle seuraavaa (asteikko 1 'Ei lainkaan' – 5 'Suuresta määrin'), ja
- b) miten hyvin hän on mielestäsi täyttänyt velvollisuutensa sinua kohtaan (asteikko 1 'Ei lainkaan' – 5 'Hyvin') Jos vastasit kohdassa a '1 Ei lainkaan', voit jättää tämän kohdan vastaamatta.

	a) Lähimmän esimieheni velvollisuus						b) Velvollisuuden täyttäminen					
	Ei lainkaan	Vähän	Jossain määrin	Melko paljon	Suuresta määrin	En osaa sanoa	Ei lainkaan	Huonosti	Jossain määrin	Melko hyvin	Hyvin	En osaa sanoa
1. Pysyvä työsuhde.....	1	2	3	4	5	9	1	2	3	4	5	9
2. Mahdollisuus määritellä omat työaikani.....	1	2	3	4	5	9	1	2	3	4	5	9
3. Apu urasuunnittelussa	1	2	3	4	5	9	1	2	3	4	5	9
4. Palaute koskien työsuorituksiani.....	1	2	3	4	5	9	1	2	3	4	5	9
5. Tuki henkilökohtaisissa ongelmis... ..	1	2	3	4	5	9	1	2	3	4	5	9
6. Mahdollisuus tehdä sellaista työtä kuin haluan.....	1	2	3	4	5	9	1	2	3	4	5	9
7. Tarpeellisen koulutuksen järjestäminen.....	1	2	3	4	5	9	1	2	3	4	5	9
8. Mahdollisuus tehdä työni parhaaksi katsomallani tavalla.....	1	2	3	4	5	9	1	2	3	4	5	9
9. Mahdollisuus osallistua työtäni koskevaan päätöksentekoon	1	2	3	4	5	9	1	2	3	4	5	9
10. Palkankorotukset.....	1	2	3	4	5	9	1	2	3	4	5	9
11. Erityisedut (esim. auto, puhelin, asunto).....	1	2	3	4	5	9	1	2	3	4	5	9
12. Mahdollisuus osaamiseni kehittämiseen.....	1	2	3	4	5	9	1	2	3	4	5	9
13. Hyvän yhteishengen luominen.....	1	2	3	4	5	9	1	2	3	4	5	9
14. Mahdollisuus osallistua työni tavoitteiden asettamiseen.....	1	2	3	4	5	9	1	2	3	4	5	9

OSA G. SINUN JA LÄHIMMÄN ESIMIEHESI VÄLINEN SUHDE

Arvioi seuraavassa lähimmän esimiehesi työskentelyä ja sinun ja hänen välistä suhdetta. Vastaa asteikolla 1 (Täysin eri mieltä) - 5 (Täysin samaa mieltä), oletko väittämän kanssa samaa vai eri mieltä.

	Täysin eri mieltä	Jokseenkin eri mieltä	Ei samaa eikä eri mieltä	Jokseenkin samaa mieltä	Täysin samaa mieltä
1. Esimieheni ja minä huolehdimme toistemme hyvinvoinnista.....	1	2	3	4	5
2. Olen tyytyväinen esimieheni ja minun väliseen suhteeseen.....	1	2	3	4	5
3. Sekä esimieheni että minä olemme, että molempien edut huomioidaan tasapuolisesti.....	1	2	3	4	5
4. Esimieheni ajattelee ensisijaisesti omia etujaan.....	1	2	3	4	5
5. Jos teemme jotakin toistemme hyväksi, olemme, että toinen korvaa sen tavalla tai toisella mahdollisimman pian.....	1	2	3	4	5
6. Tilanteen vaatiessa laitan esimieheni edun oman etuni edelle.....	1	2	3	4	5
7. Pidän huolta siitä, että saan esimieheltäni takaisin samassa suhteessa kuin annan.....	1	2	3	4	5
8. Olen huomannut, että minun täytyy pitää silmällä omia etujani suhteessani esimieheeni.....	1	2	3	4	5
9. Esimieheni ja minä emme halua millään tavoin tuntea olevamme 'velkaa' toisillemme.....	1	2	3	4	5
10. Haluan varmistaa, että esimieheni on tyytyväinen sen sijaan että ajattelisin itseäni	1	2	3	4	5
11. Uskon, että tilanteen vaatiessa esimieheni laittaisi minun etuni oman etunsa edelle.....	1	2	3	4	5
12. Esimieheni ja minä näemme omat ja toistemme velvollisuudet samankaltaisesti.....	1	2	3	4	5
13. Olen tyytyväinen siihen, mitä saan esimieheltäni verrattuna siihen, mitä annan.....	1	2	3	4	5
14. Jos joko minä tai esimieheni huomaamme toisen tarvitsevan jotakin, teemme tai järjestämme sen pyytämättä.....	1	2	3	4	5
15. Jos teen jotakin ylimääräistä esimieheni hyväksi, odotan, että hän tekee jotakin vastapalvelukseksi.....	1	2	3	4	5
16. Esimieheni ja minun näkemykset koskien työsuhdettani ovat samankaltaiset.....	1	2	3	4	5
17. Esimieheni kanssa yritämme tehdä sen, mikä on parhaaksi toiselle.....	1	2	3	4	5

OSA H. NÄKEMYKSIÄ ESIMIEHESTÄSI

Seuraavat väittämät koskevat lähintä esimiestäsi. Vastaa asteikolla 1 (Täysin eri mieltä) - 5 (Täysin samaa mieltä), oletko väittämän kanssa samaa vai eri mieltä.

	Täysin eri mieltä	Jokseenkin eri mieltä	Ei samaa eikä eri mieltä	Jokseenkin samaa mieltä	Täysin samaa mieltä
1. Kunnioitan esimiestäni hänen roolissaan.....	1	2	3	4	5
2. Työni häiriintyi paljon, jos esimieheni päättäisi lähteä A/B:stä	1	2	3	4	5
3. Uskon, että esimieheni tarkoittaa aina hyvää.....	1	2	3	4	5
4. Voin luottaa siihen, että esimieheni kohtelee minua odotusteni mukaisesti	1	2	3	4	5
5. Tällä hetkellä työskentely esimieheni kanssa on yhtä lailla tarpeen sanelema juttu kuin halustani kiinni.....	1	2	3	4	5
6. Mielestäni esimiehelläni on korkea työmoraali.....	1	2	3	4	5
7. Minulla ei ole voimakasta 'tunnesidettä' esimieheeni.....	1	2	3	4	5
8. Esimieheni on aina rehellinen ja luottamukseni arvoinen.....	1	2	3	4	5
9. Mielestäni esimieheni kohtelee minua reilusti.....	1	2	3	4	5
10. Olen ylpeä siitä, että saan työskennellä nykyisen esimieheni kanssa.....	1	2	3	4	5

OSA I. TYÖNANTAJAN JA ESIMIESTEN TEHTÄVISTÄ SOPIMINEN

Joistakin työnantajien tai esimiesten velvollisuuksista saatetaan sopia tai neuvotella avoimesti ja selkeästi työntekijöiden kanssa. Vastaa seuraavassa asteikolla 1 (Täysin eri mieltä) – 5 (Täysin samaa mieltä), oletko esitettyjen väittämien kanssa samaa vai eri mieltä.

Olen selkeästi neuvotellut työnantajani kanssa...	Täysin eri mieltä	Jokseenkin eri mieltä	Ei samaa eikä eri mieltä	Jokseenkin samaa mieltä	Täysin samaa mieltä
1. työsuhteeni pituudesta	1	2	3	4	5
2. mahdollisuuksista määritellä omat työaikani.....	1	2	3	4	5
3. että saan ohjausta urani suunnittelussa.....	1	2	3	4	5
4. että saan palautta koskien työsuorituksiani	1	2	3	4	5
5. mahdollisuuksista saada tukea henkilökohtaisissa ongelmissa.....	1	2	3	4	5
6. että voin tehdä sellaista työtä kuin haluan.....	1	2	3	4	5
7. että saan osallistua koulutukseen tarpeen mukaan.....	1	2	3	4	5
8. että voin tehdä työni parhaaksi katsomallani tavalla.....	1	2	3	4	5
9. mahdollisuuksista osallistua työtäni koskevaan päätöksentekoon.....	1	2	3	4	5
10. palkankorotuksista.....	1	2	3	4	5
11. erityiseduista (esim. auto, asunto).....	1	2	3	4	5
12. mahdollisuuksista osaamiseni kehittämiseen.....	1	2	3	4	5
13. hyvän yhteishengen luomisesta.....	1	2	3	4	5
14. että voin osallistua työni tavoitteiden asettamiseen.....	1	2	3	4	5

OSA J. TYÖNTEKIJÖIDEN VELVOLLISUUKSISTA

Seuraavassa on lueteltu joitakin velvollisuuksia, joita työntekijät saattavat kokea itselleen. Vastaa

a) missä määrin esitetyt seikat kuuluvat mielestäsi sinun velvollisuuksiisi (asteikko: 1 'Ei lainkaan – 5 'Suuressa määrin') ja

b) miten hyvin mielestäsi täytät kyseiset velvollisuudet (asteikko 1 'En lainkaan' – 5 'Hyvin').

	a) Velvollisuuteni						b) Velvollisuuksien täyttäminen					
	Ei lainkaan	Vä- hän	Jossain määrin	Melko paljon	Suur- essa määrin	En osaa sanoa	En lain- kaan	Huon- osti	Jos- sain määrin	Mel- ko hyvin	Hy- vin	En osa sanoa
1. Kehittää itsenäisesti keinoja tehdä työni paremmin.....	1	2	3	4	5	9	1	2	3	4	5	9
2. Tehdä itsenäisesti päätöksiä työssäni.....	1	2	3	4	5	9	1	2	3	4	5	9
3. Olla joustava työssäni	1	2	3	4	5	9	1	2	3	4	5	9
4. Tehdä tarvittaessa töitä normaalin työajan ulkopuolella.. ..	1	2	3	4	5	9	1	2	3	4	5	9
5. Sopeutua muutoksiin työssäni.....	1	2	3	4	5	9	1	2	3	4	5	9
6. Kehittää itsenäisesti tietoja ja taitoja omalla osaamisen aluellaani	1	2	3	4	5	9	1	2	3	4	5	9
7. Toimia ryhmäni ja työkavereideni edun mukaisesti.....	1	2	3	4	5	9	1	2	3	4	5	9
8. Suorittaa minulle kuuluvat työtehtävät parhaani mukaan.....	1	2	3	4	5	9	1	2	3	4	5	9
9. Olla luova työssäni	1	2	3	4	5	9	1	2	3	4	5	9
10. Toimia A/B:n tavoitteiden mukaisesti...	1	2	3	4	5	9	1	2	3	4	5	9

OSA K. VELVOLLISUUKSISTASI SOPIMINEN

Työntekijät saattavat neuvotella joistakin velvollisuuksistaan avoimesti ja selkeästi työnantajansa kanssa. Vastaa seuraavassa asteikolla 1 (Täysin eri mieltä) – 5 (Täysin samaa mieltä), oletko esitettyjen väittämien kanssa samaa vai eri mieltä.

	Täysin eri mieltä	Jok- seenkin eri mieltä	Ei samaa eikä eri mieltä	Jok- seenkin samaa mieltä	Täysin samaa mieltä
Olen selkeästi neuvotellut työnantajani kanssa siitä, että ...					
1. kehitän itsenäisesti keinoja tehdäkseni työni paremmin.....	1	2	3	4	5
2. teen itsenäisesti päätöksiä työssäni.....	1	2	3	4	5
3. olen joustava työssäni	1	2	3	4	5
4. teen tarvittaessa töitä normaalin työajan ulkopuolella	1	2	3	4	5
5. sopeudun muutoksiin työssäni parhaani mukaan.....	1	2	3	4	5
6. kehitän itsenäisesti tietojani ja taitojani omalla osaamisen aluellaani. ..	1	2	3	4	5
7. toimin työkavereideni ja ryhmäni edun mukaisesti	1	2	3	4	5
8. suoritan minulle kuuluvat työtehtävät parhaani mukaan.....	1	2	3	4	5
9. olen luova ja innovatiivinen työssäni	1	2	3	4	5
10. toimin A/B:n tavoitteiden mukaisesti.....	1	2	3	4	5

OSA L. TUNTEMUKSIASI TYÖSTÄSI

Seuraavat väittämät koskevat tuntemuksiasi työstäsi. Vastaa asteikolla 1 (Täysin eri mieltä) - 5 (Täysin samaa mieltä), kuinka usein mielestäsi....

	En juuri koskaan	Harvoin	Silloin äällöin	Melko usein	Hyvin usein
1. Tunnen olevani täynnä energiaa, kun teen työtäni.....	1	2	3	4	5
2. Työni on mielestäni merkityksellistä ja sillä on selvä tarkoitus	1	2	3	4	5
3. Työskennellessäni unohdan ajan kulun	1	2	3	4	5
4. Tunnen itseni vahvaksi ja tarmokkaaksi työssäni.....	1	2	3	4	5
5. Olen innostunut työstäni.....	1	2	3	4	5
6. Kun työskentelen, unohdan kaiken muun ympärilläni .	1	2	3	4	5
7. Työni inspiroi minua	1	2	3	4	5
8. Aamulla herättyäni minusta tuntuu hyvältä lähteä töihin	1	2	3	4	5
9. Tunnen tyydytystä, kun olen syventynyt työhöni	1	2	3	4	5
10. Olen ylpeä työstäni.....	1	2	3	4	5
11. Olen täysin uppoutunut työhöni	1	2	3	4	5
12. Jaksan työskennellä hyvinkin pitkiä aikoja kerrallaan	1	2	3	4	5
13. Minulle työni on haastavaa.	1	2	3	4	5
14. Kun työskentelen, työ vie minut mukanaan	1	2	3	4	5
15. Olen hyvin sinnikäs työssäni	1	2	3	4	5
16. Minun on vaikea irrottautua työstäni, kun olen siihen uppoutunut	1	2	3	4	5
17. Jatkan hellittämättä työssäni silloinkin, kun asiat eivät suju niin hyvin	1	2	3	4	5

OSA M. AJATUKSIA TYÖPAIKASTASI

Seuraavassa on joitakin väittämiä koskien työpaikkaasi. Vastaa asteikolla 1(Täysin eri mieltä) – 5 (Täysin samaa mieltä), oletko väittämän kanssa samaa vai eri mieltä.

	Täysin eri mieltä	Jokseenkin eri mieltä	Ei samaa eikä eri mieltä	Jokseenkin samaa mieltä	Täysin samaa mieltä
1. Olen viime aikoina käyttänyt aikaa uuden työpaikan etsimiseen.....	1	2	3	4	5
2. Keskustelen työhöni liittyvistä ongelmista työnantajani kanssa.....	1	2	3	4	5
3. Suunnitelmissani on etsiä uutta työpaikkaa vuoden sisällä.....	1	2	3	4	5
4. Jos jokin 'mättää' tässä organisaatiossa eikä kukaan tee mitään, niin yritän itse tehdä jotakin asian hyväksi.....		2	3	4	5
5. Jos työolot huononevat, suunnittelen sanoutuvani irti.....	1	2	3	4	5
6. Olen useamman kerran yrittänyt tehdä parannusehdotuksia työyhteisössäni....	1	2	3	4	5
7. Ajattelen usein sanoutuvani irti.....	1	2	3	4	5
8. Olen ainakin kerran ollut yhteydessä ulkopuoliseen tahoon kohentaakseni työolosuhteita A/B:ssa (luottamusmies, ammattijärjestö, työterveys jne).....	1	2	3	4	5
9. Jos mieleeni tulee joku idea kehittää työyhteisöäni, niin yritän ajaa sen läpi...	1	2	3	4	5

PART N. SUORITUSTEN ARVIOINTI

Arvio seuraavassa omaa suoritustasi, lähimmän esimiehesi suoritusta ja A/B:tä työnantajana

	Huono	Melko huono	Keski- verto	Hyvä	Erin- omainen
7. Arvio omasta työsuorituksistasi.....	1	2	3	4	5
8. Miten esimiehesi arvioisi työsuorituksiasi.....	1	2	3	4	5
9. Arviosi lähimmästä esimiehestäsi esimiehenä	1	2	3	4	5
10. Miten lähin esimiehesi arvioisi työsuorituksiaan esimiehenä.....	1	2	3	4	5
11. Arviosi A/B:ta työnantajana.....	1	2	3	4	5
12. Miten A/B arvioisi itseään työnantajana.....	1	2	3	4	5

KIITOS!

**Jos sinulla on kyselyyn liittyen kommentoitavaa tai kysymyksiä,
kirjoitathan ne tähän:**

Appendix A.3 Example of employer survey in English

PART A. BIOGRAPHICAL INFORMATION

1. Gender? 1. Female 2. Male

2. Year of birth?

3. For how long have you been employer at A/B ? (years/months)

4. Following statements concern your contract and salary. Circle the answer appropriately.

	Yes	No
a) I have a permanent contract	1	2
b) I have a time-limited contract....	1	2
c) I work part-time.....	1	2
d) My salary is paid by A/B.....	1	2
e) My salary is comes from a special research grant or project	1	2

5. Which one of the following occupational groups you belong to?

1. Secretaries and other support staff
2. Expert position
3. Leading expert
4. Head of the group
5. Management

6. What is the level of your education? Circle the answer appropriately.

1. No training
2. Occupational course
3. Vocational training, lower level
4. Vocational training, upper level
5. Polytechnic
6. University, undergraduate
7. University, post graduate
8. University, Doctoral level

7. Are you a member of any union?

1. Yes
2. No

PART B. ABOUT THE OBLIGATIONS OF A/B AS AN EMPLOYER

Employers can have different obligations towards their employees. Please, indicate

- a. To what extent you think that providing employees with the following belongs to the obligation of A/B as an employer. (Scale: 1 Not at all – 5 To a great extent), and
- b. To what extent A/B has fulfilled the obligation in question to the employees. (Scale: 1 Not at all – 5 ‘Very well),

	a) A/B's obligation						b) Fulfilment of the obligations					
	Not at all	To a very little extent	To little extent	To some extent	To a very large extent	Don't know/ Not applicable	Not at all	Very poorly	Some-what	Well	Very well	Don't know/ Not applicable
1. Long term job security.....	1	2	3	4	5	9	1	2	3	4	5	9
2. Possibility to decide working hours.....	1	2	3	4	5	9	1	2	3	4	5	9
3. Support with career planning.....	1	2	3	4	5	9	1	2	3	4	5	9
4. Feedback about work.....	1	2	3	4	5	9	1	2	3	4	5	9
5. Support at times of personal problems.....	1	2	3	4	5	9	1	2	3	4	5	9
6. The opportunity to do the kind work that really interests him/her...	1	2	3	4	5	9	1	2	3	4	5	9
7. Appropriate training that is needed.	1	2	3	4	5	9	1	2	3	4	5	9
8. Freedom to do the job as s/he thinks is best.....	1	2	3	4	5	9	1	2	3	4	5	9
9. The opportunity to be involved in decisions that affect him/her.....	1	2	3	4	5	9	1	2	3	4	5	9
10. Pay increases depending on performance.....	1	2	3	4	5	9	1	2	3	4	5	9
11. Additional benefits (e.g. car, phone, flat).....	1	2	3	4	5	9	1	2	3	4	5	9
12. Opportunities to develop skills and knowledge.....	1	2	3	4	5	9	1	2	3	4	5	9
13. Friendly atmosphere at the workplace.....	1	2	3	4	5	9	1	2	3	4	5	9
14. Opportunities to define the goals of his/her wor.....	1	2	3	4	5	9	1	2	3	4	5	9

PART C. ABOUT A/B AS AN EMPLOYER

The following statements concern the employer-employee relationship. Please, think about A/B as an employer and indicate on a scale 1 (Fully disagree) - 5 (Fully agree), how strongly you agree or disagree with the statements:

	Fully disagree	Somewhat disagree	Neither disagree or agree	Somewhat agree	Fully agree
1. A/B will reward an employee who receives an honour or professional title outside A/B.....	1	2	3	4	5
2. A/B gives employees many things without expecting more from them than their usual job performance.	1	2	3	4	5
3. Every time A/B gives a promotion or increases the salary of the employees, it will put a heavier burden on employees' shoulders.....	1	2	3	4	5
4. A/B helps to develop the employees even if they cannot make more contributions at present.	1	2	3	4	5
5. A/B generous treatment makes the employees to put forth their best effort. ..	1	2	3	4	5
6. If A/B does something extra for the employees, they will feel obliged to pay back as soon as possible.	1	2	3	4	5
7. A/B takes care of employees in ways that exceed the contributions of the employees to the organisation.	1	2	3	4	5
8. A/B does something for employees without any strings attached.....	1	2	3	4	5
9. Is A/B does something extra for the employees, there is an expectation that the employees will do something in return.	1	2	3	4	5
10. A/B keeps track of how much we owe each other.	1	2	3	4	5
11. When A/B treats the employees favourably, it is important that they show their appreciation right away	1	2	3	4	5
12. A/B seems willing to invest in the professional development of the employees even when it does not directly impact their current work performance.....	1	2	3	4	5

PART D. ABOUT THE EMPLOYEES AT A/B

The following statements concern employees at A/B. Please, think about your subordinates and indicate on a scale 1 (Fully disagree) - 5 (Fully agree), how strongly you agree or disagree with the statements:

	Fully disagree	Somewhat disagree	Neither disagree or agree	Somewhat agree	Fully agree
1. Most of the employees have key skills that A/B really needs.....	1	2	3	4	5
2. The employees at A/B would not try to gain an advantage by deceiving employees.....	1	2	3	4	5
3. Most of the employees could easily find another job elsewhere.....	1	2	3	4	5
4. I have complete faith in the integrity of the employees of A/B.....	1	2	3	4	5
5. I feel a strong loyalty to the employees.....	1	2	3	4	5
6. Most of the employees would be difficult to replace.....	1	2	3	4	5
7. Most of the employees have knowledge that makes them valuable to A	1	2	3	4	5
8. I would support the employees in almost any emergency.	1	2	3	4	5

PART E. EMPLOYEES' OBLIGATIONS

The following are some obligations that employers and immediate managers may perceive for the employees. Please, indicate on a scale 1-5..

- a. to what extent you feel that your subordinates are obliged to provide the following (scale: 1 'not at all' – 5 'to a very large extent')
- b. to what extent they have fulfilled the obligation in question (scale 1 'not at all' – 5 'very well fulfilled')

	a) Obligation of the employee						b) Fulfilment of the obligation					
	Not at all	To a very little extent	To little extent	To Some extent	To a very large extent	Don't know	Not at all	Very poorly	some what	Well fulfilled	Very well	Don't know
1. Look for better ways of doing his/her job.....	1	2	3	4	5	9	1	2	3	4	5	9
2. Make independent decisions regarding work.....	1	2	3	4	5	9	1	2	3	4	5	9
3. Be flexible in his/her job	1	2	3	4	5	9	1	2	3	4	5	9
4. If necessary, work unpaid extra hours to finish a task.....	1	2	3	4	5	9	1	2	3	4	5	9
5. Adjust to changes when necessary	1	2	3	4	5	9	1	2	3	4	5	9
6. Keep abreast of current developments in his/her area of expertise.....	1	2	3	4	5	9	1	2	3	4	5	9
7. Support team and colleagues.....	1	2	3	4	5	9	1	2	3	4	5	9
8. Do the work that is assigned to him/her as well as s/he can	1	2	3	4	5	9	1	2	3	4	5	9
9. Be creative in their job.....	1	2	3	4	5	9	1	2	3	4	5	9
10. Support the objectives of A/B.....	1	2	3	4	5	9	1	2	3	4	5	9

PART F. AGREEMENT REGARDING EMPLOYEE OBLIGATIONS

Some of the employee obligations may be openly negotiated whereas some obligations can be more implicit. Please, indicate whether you disagree or agree with the following statements

	Fully disagree	Somewhat disagree	Neither disagree or agree	Somewhat agree	Fully agree
It has been openly negotiated with my subordinates that they....					
1. look for better ways of doing their jobs.....	1	2	3	4	5
2. make independent decisions regarding work.....	1	2	3	4	5
3. are flexible in his/her job	1	2	3	4	5
4. work unpaid extra hours to finish a task, if necessary.....	1	2	3	4	5
5. adjust to changes when necessary.....	1	2	3	4	5
6. keep abreast of current developments their area of expertise.....	1	2	3	4	5
7. support their team and colleagues	1	2	3	4	5
8. do the work that is assigned to them as well as they can	1	2	3	4	5
9. are creative in their jobs.....	1	2	3	4	5
10. support the objectives of A/B.....	1	2	3	4	5

OSA G. ABOUT YOUR OBLIGATIONS

The following are some obligations that managers at different levels might perceive for themselves. Please indicate in the following

- a. To what extent you feel that providing your subordinates with the following belongs to your obligations.
- b. To what extent you think you have fulfilled the obligation. If you replied 1 'no obligation' in section a), you don't need to answer this).

	a) My obligation						b) Fulfilment of my obligation					
	Not at all	To a very little extent	To little extent	To some extent	To a very large extent	Don't know/ Not applicable	Not at all	Very poorly	Some-what	Well	Very well	Don't know/ Not applicable
1. Long term job security.....	1	2	3	4	5	9	1	2	3	4	5	9
2. Possibility to decide about working hours.....	1	2	3	4	5	9	1	2	3	4	5	9
3. Support with career planning.....	1	2	3	4	5	9	1	2	3	4	5	9
4. Feedback about his/her work.....	1	2	3	4	5	9	1	2	3	4	5	9
5. Support at times of personal problems.....	1	2	3	4	5	9	1	2	3	4	5	9
6. The opportunity to do the kind work that really interests him/her....	1	2	3	4	5	9	1	2	3	4	5	9
7. Appropriate training that is needed..	1	2	3	4	5	9	1	2	3	4	5	9
8. Freedom to do my job the way h/she thinks is the best.....	1	2	3	4	5	9	1	2	3	4	5	9
9. The opportunity to be involved in decisions that affect him/her.....	1	2	3	4	5	9	1	2	3	4	5	9
10. Pay increases depending on performance.....	1	2	3	4	5	9	1	2	3	4	5	9
11. Maintain high research standards in decision -making.....	1	2	3	4	5	9	1	2	3	4	5	9
12. Opportunities to develop skills and knowledge.....	1	2	3	4	5	9	1	2	3	4	5	9
13. Friendly atmosphere at the workplace.....	1	2	3	4	5	9	1	2	3	4	5	9
14. Opportunities to define the goals of his/her work.....	1	2	3	4	5	9	1	2	3	4	5	9

PART H. ABOUT THE RELATIONSHIP BETWEEN YOU AND YOUR SUBORDINATES

The following statements concern the relationship between you and your subordinates. Please, indicate in the scale 1 (Fully disagree) – 5 (Fully agree), whether you disagree or agree with the statements.

	Fully disagree	Somewhat disagree	Neither disagree or agree	Somewhat agree	Fully agree
1. My subordinates and I look out for one another.....	1	2	3	4	5
2. When exchanging favours my subordinates and I pay attention to what we get relative to what was given.....	1	2	3	4	5
3. When I do something extra for my subordinates I watch for them to pay back.....	1	2	3	4	5
4. My subordinates and I try to do what's best for each other.	1	2	3	4	5
5. My subordinates look out for themselves first.	1	2	3	4	5
6. If an employee and I do a favour for one another we expect the other to return it right away	1	2	3	4	5
7. If necessary, I would place the needs of my subordinates above my needs	1	2	3	4	5
8. In general, I am satisfied with my exchange with my subordinates.....	1	2	3	4	5
9. When exchanging favours my subordinates and I pay attention to what we get relative to what was given.....	1	2	3	4	5
10. I have learned to look out for myself with regard to my subordinates.....	1	2	3	4	5
11. If a subordinate and I do favours for one another we want to return them as soon as possible so we don't feel indebted to one another.....	1	2	3	4	5
12. I am more concerned that my subordinates get what they need than I am about satisfying my own interests.....	1	2	3	4	5
13. If necessary, my subordinates would place my needs above their needs...	1	2	3	4	5
14. In general, my subordinates and I have similar views about their employment relationship.....	1	2	3	4	5
15. If one of us saw that the other needed something we would do it for the other without being asked.....	1	2	3	4	5
16. My subordinates and I agree on our respective obligations.....	1	2	3	4	5

PART I. AGREEMENT REGARDING EMPLOYER OBLIGATIONS

Some of the employer obligations may be openly negotiated with the employees whereas some obligations can be more implicit. Please, indicate whether you disagree or agree with the following statements

	Fully disagree	Somewh at disagree	Neither disagree or agree	Somewhat agree	Fully agree
It has been openly negotiated my subordinates that they are provided with....					
1. Long term job security	1	2	3	4	5
2. Possibility to decide about working hours.....	1	2	3	4	5
3. Support with career planning.....	1	2	3	4	5
4. Feedback about work	1	2	3	4	5
5. Support with personal problems	1	2	3	4	5
6. The opportunity to do that kind work that really interests the employee.....	1	2	3	4	5
7. Appropriate training.....	1	2	3	4	5
8. Freedom to do the job the way the employee thinks is the best...	1	2	3	4	5
9. The opportunity to be involved in decisions that affect the employees.....	1	2	3	4	5
10. Pay increases depending on performance	1	2	3	4	5
11. Additional benefits (car, phone, flat).....	1	2	3	4	5
12. Opportunities to develop skills and knowledge.....	1	2	3	4	5
13. Friendly atmosphere at the workplace.....	1	2	3	4	5
14. Opportunities to define the goals of work.....	1	2	3	4	5

PART J. PERFORMANCE

In the following, please evaluate the performance of a typical A/B employee, your performance as a manager and A/B as an employer.

	Not satisfactory	Below Average	Average	Good	Excellent
13. The performance of a typical A/B employee.....	1	2	3	4	5
14. How a typical A/B employee would evaluate his/her performance.....	1	2	3	4	5
15. Your performance as a manager.....	1	2	3	4	5
16. How the employees would evaluate your performance.....	1	2	3	4	5
17. Performance of A/B as an employer	1	2	3	4	5
18. How A/B would evaluate itself as an employer.....	1	2	3	4	5

THANK YOU!!!

If you have any comments or feedback, please write them below:

Appendix A.4 Example of employer survey in Finnish

OSA A. TAUSTATIETOJA

1. Sukupuolesi? 1. Nainen 2. Mies

2. Nimesi ja asemasi?

3. Syntymävuotesi?

4. Kuinka kauan olet ollut töissä A/B:ssä?
(vuotta/kuukautta)

5. Mihin henkilöstöryhmään kuulut?

1. Sihteerit ja muut toimihenkilöt
2. Asiantuntijatehtävissä työskentelevät
3. Johtavat asiantuntijat
4. Ryhmäpäälliköt
5. Johto

6. Mikä on koulutuksesi taso? (Rengasta sopivin vaihtoehto)

1. Ei ammattikoulutusta
2. Ammattikurssi
3. Alempi keskiaste (esim. ammattikoulu)
4. Ylempi keskiaste (esim. kauppaopisto, teknillinen opisto)
5. Ammattikorkeakoulu (esim. tradenomi)
6. Alempi korkeakoulu (esim. kandidaatti, 120 ov)
7. Ylempi korkeakoulu (esim. maisteri, ekonomi, 160 ov)
8. Tutkijakoulutus (lisanssiaatti, tohtori, parhaillaan tutkijakoulutuksessa)

7. Oletko jonkun ammattijärjestön jäsen?

1. Olen 2. En ole

OSA B. A/B:N VELVOLLISUUKSISTA TYÖNANTAJANA

Työnantajilla on erilaisia velvollisuuksia työntekijöitään kohtaan. Vastaa seuraavassa

- a. missä määrin esitettyjen seikkojen tarjoaminen tai järjestäminen työntekijöille kuuluu mielestäsi A/B:n velvollisuuksiin työnantajana (asteikko: 1 'Ei lainkaan' – 5 'Suuressa määrin'), ja
- b. miten hyvin A/B on mielestäsi täyttänyt kyseiset velvollisuutensa työntekijöitään kohtaan (asteikko: 1 'Ei lainkaan' – 5 'Hyvin'). Jos vastasit kohdassa a '1 – Ei lainkaan', voit jättää tämän kohdan vastaamatta.

	a) A/B:n Velvollisuus						b) Velvollisuuden täyttäminen					
	Ei lainkaan	Vähän	Jossain määrin	Melko paljon	Suuresta määrin	En osaa sanoa	Ei lainkaan	Huonosti	Jossain määrin	Melko hyvin	Hyvin	En osaa sanoa
1. Pysyvä työsuhde.....	1	2	3	4	5	9	1	2	3	4	5	9
2. Mahdollisuus määritellä omat työaikansa.....	1	2	3	4	5	9	1	2	3	4	5	9
3. Apu urasuunnittelussa.....	1	2	3	4	5	9	1	2	3	4	5	9
4. Palaute koskien työsuorituksia.....	1	2	3	4	5	9	1	2	3	4	5	9
5. Tuki henkilökohtaisissa ongelmissa.....	1	2	3	4	5	9	1	2	3	4	5	9
6. Työntekijän mahdollisuus tehdä sellaista työtä kuin hän haluaa.....	1	2	3	4	5	9	1	2	3	4	5	9
7. Tarpeellisen koulutuksen järjestäminen.....	1	2	3	4	5	9	1	2	3	4	5	9
8. Mahdollisuus tehdä työn parhaaksi katsomallaan tavalla.....	1	2	3	4	5	9	1	2	3	4	5	9
9. Mahdollisuus osallistua työtä koskevaan päätöksentekoon.....	1	2	3	4	5	9	1	2	3	4	5	9
10. Palkankorotukset.....	1	2	3	4	5	9	1	2	3	4	5	9
11. Erityisedut (esim. auto, asunto).....	1	2	3	4	5	9	1	2	3	4	5	9
12. Työntekijän mahdollisuus osaamisensa kehittämiseen.....	1	2	3	4	5	9	1	2	3	4	5	9
13. Hyvä yhteishengen luominen.....	1	2	3	4	5	9	1	2	3	4	5	9
14. Mahdollisuus osallistua työnsä tavoitteiden asettamiseen.....	1	2	3	4	5	9	1	2	3	4	5	9

OSA C. A/B TYÖNANTAJANA

Seuraavat väittämät koskevat A/B:n toimintatapoja työnantajana. Vastaa asteikolla 1 (Täysin eri mieltä) – 5 (Täysin samaa mieltä), oletko väittämän kanssa samaa vai eri mieltä:

	Täysin eri mieltä	Jokseenkin eri mieltä	Ei samaa eikä eri mieltä	Jokseenkin samaa mieltä	Täysin samaa mieltä
1. Jos A/B:n työntekijän työ huomioitaisiin jotenkin sen ulkopuolella (esim.asiakkaan tyytyväisyys), lehdistön huomio), A/B palkitsisi hänet.....	1	2	3	4	5
2. A/B kohtelee työntekijöitään erittäin hyvin odottamatta heiltä normaalia työpanosta enemmän.....	1	2	3	4	5
3. Jos työntekijä saa ylennyksen tai palkankorotuksen, kuuluu hänelle silloin myös lisää töitä ja vastuuta.....	1	2	3	4	5
4. A/B on halukas sijoittamaan työntekijöidensä koulutukseen silloinkin, kun se ei suorasti vaikuta heidän työhönsä.....	1	2	3	4	5
5. A/B:n positiivinen suhtautuminen työntekijöihinsä saa heidät tekemään parhaansa.....	1	2	3	4	5
6. A/B huolehtii työntekijöistään tavoilla, jotka ylittävät heidän työnsä arvon.....	1	2	3	4	5
7. A/B toimii työntekijöidensä edun mukaisesti odottamatta heiltä mitään erityistä.....	1	2	3	4	5
8. A/B:ssa pidetään 'lukua' siitä, miten paljon työnantaja ja työntekijät ovat 'velkaa' toisilleen.....	1	2	3	4	5
9. Jos A/B palkitsee työntekijöitään, on tärkeää, että he osoittavat kiitollisuutensa tavalla tai toisella mahdollisimman pian.....	1	2	3	4	5
10. A/B auttaa työntekijöitään kehittämään osaamistaan, vaikka he eivät pystyisi parantamaan tämänhetkisiä työsuorituksiaan.....	1	2	3	4	5
11. Jos A/B tekee työntekijöidensä hyväksi jotakin tavanomaisesta poikkeavaa, heidän oletetaan korvaavan sen tavalla tai toisella.....	1	2	3	4	5
12. Jos A/B tekee jotakin ylimääräistä työntekijöidensä hyväksi, heidän on tehtävä 'vastapalvelus' niin pian kuin mahdollista.....	1	2	3	4	5

OSA D. A/B:N TYÖNTEKIJÖISTÄ

Seuraavassa on joitakin väittämiä koskien työntekijöitä. Ajattele alaisiasi, ja vastaa asteikolla 1 (Täysin eri mieltä) – 5 (Täysin samaa mieltä), oletko väittämän kanssa samaa vai eri mieltä:

	Täysin eri mieltä	Jokseenkin eri mieltä	Ei samaa eikä eri mieltä	Jokseenkin samaa mieltä	Täysin samaa mieltä
1. A/B tarvitsee työntekijöidensä tietoja ja taitoja.....	1	2	3	4	5
2. A/B:ssa työntekijät eivät aja omia etujaan työnantajansa selän takana..	1	2	3	4	5
3. Useimmat työntekijät löytäisivät halutessaan helposti uuden työpaikan..	1	2	3	4	5
4. Luotan täysin työntekijöiden työmoraaliin	1	2	3	4	5
5. Olen lojaali työntekijöitä kohtaan	1	2	3	4	5
6. Useimpien työntekijöiden tilalle olisi vaikeaa löytää uusia työntekijöitä.....	1	2	3	4	5
7. Useimmilla työntekijöillä on A/B:lle todella tärkeää osaamista.....	1	2	3	4	5
8. Tuen työntekijöitä lähes missä tahansa tilanteessa.....	1	2	3	4	5

OSA E. ALAISTESI VELVOLLISUUKSISTA

Seuraavassa on lueteltu joitakin velvollisuuksia, joita eri johto- ja esimiestehtävissä toimivat saattavat odottaa alaiensa täyttävän. Ajattele alaiasi johto- tai esimiestehtävissä toimivan näkökulmasta, ja arvioi

a) missä määrin esitetyt seikat kuuluvat mielestäsi alaitesi velvollisuuksiin (asteikko: 1 'Ei lainkaan' – 5 'Suuresta määrin') ja

b) miten hyvin he mielestäsi täyttävät velvollisuutensa (asteikko 1 'Ei lainkaan' – 5 'Hyvin'). Jos vastasit kohdassa a '1 Ei lainkaan', voit jättää tämän kohdan vastaamatta.

	a) Työntekijän velvollisuus						b) Velvollisuuksien täyttäminen					
	Ei lainkaan	Vähän	Jossain määrin	Melko paljon	Suuresta määrin	En osaa sanoa	Ei lainkaan	Huonosti	Jossain määrin	Melko hyvin	Hyvin	En osaa sanoa
1. Kehittää itsenäisesti keinoja tehdä työnsä paremmin.....	1	2	3	4	5	9	1	2	3	4	5	9
2. Tehdä itsenäisesti päätöksiä työssään.	1	2	3	4	5	9	1	2	3	4	5	9
3. Olla joustava työssään	1	2	3	4	5	9	1	2	3	4	5	9
4. Tehdä tarvittaessa töitä normaalin työajan ulkopuolella.. ..	1	2	3	4	5	9	1	2	3	4	5	9
5. Sopeutua muutoksiin työssä... ..	1	2	3	4	5	9	1	2	3	4	5	9
6. Kehittää itsenäisesti tietojaan ja taitojaan omalla osaamisen alueellaan	1	2	3	4	5	9	1	2	3	4	5	9
7. Toimia ryhmänsä ja työkalvereidensa edun mukaisesti.....	1	2	3	4	5	9	1	2	3	4	5	9
8. Suorittaa määrätyt työtehtävät parhaansa mukaan.....	1	2	3	4	5	9	1	2	3	4	5	9
9. Olla luova työssään	1	2	3	4	5	9	1	2	3	4	5	9
10. Toimia A/B:n tavoitteiden mukaisesti.....	1	2	3	4	5	9	1	2	3	4	5	9

OSA F. ALAISTESI VELVOLLISUUKSISTA SOPIMINEN

Työnantajat tai esimiehet saattavat neuvotella työntekijöiden kanssa joistakin työntekijöiden velvollisuuksista avoimesti ja selkeästi. Vastaa seuraavassa asteikolla 1 (Täysin eri mieltä) – 5 (Täysin samaa mieltä), oletko esitettyjen väittämien kanssa samaa vai eri mieltä.

Alaisteni kanssa on selkeästi neuvoteltu siitä, että he...	Täysin eri mieltä	Jokseenkin eri mieltä	Ei samaa eikä eri mieltä	Jokseenkin samaa mieltä	Täysin samaa mieltä
1. kehittävät itsenäisesti keinoja tehdä työnsä paremmin.....	1	2	3	4	5
2. tekevät itsenäisesti päätöksiä työssään.....	1	2	3	4	5
3. ovat joustavia työssään	1	2	3	4	5
4. tekevät tarvittaessa töitä normaalin työajan ulkopuolella	1	2	3	4	5
5. sopeutuvat muutoksiin työssään.....	1	2	3	4	5
6. kehittävät itsenäisesti tietojaan ja taitojaan omalla osaamisen alueellaan	1	2	3	4	5
7. toimivat ryhmänsä ja työkalvereidensa edun mukaisesti	1	2	3	4	5
8. suorittavat heille kuuluvat työtehtävät parhaansa mukaan.....	1	2	3	4	5
9. ovat luovia työssään	1	2	3	4	5
10. toimia A/B:n tavoitteiden mukaisesti	1	2	3	4	5

OSA G. SINUN VELVOLLISUUKSISTASI

Alla on lueteltu joitakin velvollisuuksia, joita erilaisissa johto- tai esimiestehtävissä toimivat saattavat kokea itselleen. Arvioi seuraavassa johto- tai esimiestehtävissä toimivan näkökulmasta

- a. missä määrin esitettyjen seikkojen tarjoaminen tai järjestäminen kuuluu mielestäsi sinun velvollisuuksiisi alaisiasi kohtaan (asteikko 1 'Ei lainkaan – 5 'Suuresta määrin'), ja
- b. miten hyvin olet mielestäsi täyttänyt kyseiset velvollisuudet (asteikko 1 'En lainkaan – 5 'Hyvin'). Jos vastasit kohdassa a '1 – Ei lainkaan', voit jättää tämän kohdan täyttämättä.

	a) Velvollisuuteni tarjota/järjestää						b) Velvollisuuden täyttäminen					
	Ei lainkaan	Vä- hän	Jossain määrin	Mel- ko paljon	Suu- ressa määrin	En osaa sanoa	En lain- kaan	Huo- nosti	Jossain määrin	Mel- ko hyvin	Hy- vin	En osaa sanoa
1. Pysyvä työsuhde.....	1	2	3	4	5	9	1	2	3	4	5	9
2. Työntekijän mahdollisuus määrittellä omat työaikansa.....	1	2	3	4	5	9	1	2	3	4	5	9
3. Apu urasuunnittelussa	1	2	3	4	5	9	1	2	3	4	5	9
4. Palaute koskien työsuorituksia .	1	2	3	4	5	9	1	2	3	4	5	9
5. Tuki henkilökohtaisissa ongelmissa.....	1	2	3	4	5	9	1	2	3	4	5	9
6. Työntekijän mahdollisuus tehdä sellaista työtä kuin hän haluaa..	1	2	3	4	5	9	1	2	3	4	5	9
7. Tarpeellisen koulutuksen järjestäminen.....	1	2	3	4	5	9	1	2	3	4	5	9
8. Mhdollisuus tehdä työnsä parhaaksi katsomallaan tavalla...	1	2	3	4	5	9	1	2	3	4	5	9
9. Mahdollisuus osallistua työtään koskevaan päätöksentekoon..	1	2	3	4	5	9	1	2	3	4	5	9
10. Palkankorotukset.....	1	2	3	4	5	9	1	2	3	4	5	9
11. Erityisedut (esim. auto, asunto)	1	2	3	4	5	9	1	2	3	4	5	9
12. Mahdollisuus osaamisensa kehittämiseen.....	1	2	3	4	5	9	1	2	3	4	5	9
13. Hyvän yhteishengen luominen...	1	2	3	4	5	9	1	2	3	4	5	9
14. Mahdollisuus osallistua työnsä tavoitteiden asettamiseen.....	1	2	3	4	5	9	1	2	3	4	5	9

OSA H. SINUN JA ALAISTESI VÄLINEN SUHDE

Arvioi seuraavassa sinun ja alaistesi välistä suhdetta ja vastaa asteikolla 1 (Täysin eri mieltä) – 5 (Täysin samaa mieltä), oletko väittämän kanssa samaa vai eri mieltä.

	Täysin eri mieltä	Jok- seenkin eri mieltä	Ei samaa eikä eri mieltä	Jok- seenkin samaa mieltä	Täysin samaa mieltä
1. Minä ja alaiseni huolehdimme toistemme hyvinvoinnista.....	1	2	3	4	5
2. Sekä alaiseni että minä oletamme, että molempien edut huomioidaan tasapuolisesti.....	1	2	3	4	5
3. Jos teen jotakin ylimääräistä alaisteni hyväksi, odotan, että he tekevät jotakin vastapalvelukseksi.....	1	2	3	4	5
4. Alaisteni kanssa yritämme tehdä sen, mikä on parhaaksi toiselle.....	1	2	3	4	5
5. Alaiseni ajattelevat ensisijaisesti omia etujaan.....	1	2	3	4	5
6. Jos teemme jotakin toistemme hyväksi, oletamme, että toinen korvaa sen tavalla tai toisella mahdollisimman pian.....	1	2	3	4	5
7. Tilanteen vaatiessa laitan alaisteni edun oman etuni edelle.....	1	2	3	4	5
8. Olen tyytyväinen alaisteni ja minun väleihin.....	1	2	3	4	5
9. Pidän huolta siitä, että saan alaisiltani takaisin samassa suhteessa kuin annan.....	1	2	3	4	5
10. Olen huomannut, että minun täytyy pitää silmällä omia etujani suhteessani alaisiini.....	1	2	3	4	5
11. Alaiseni ja minä emme halua millään tavoin tuntea olevamme 'velkaa' toisillemme.....	1	2	3	4	5
12. Haluan varmistaa, että alaiseni ovat tyytyväisiä sen sijaan, että ajattelisin itseäni.....	1	2	3	4	5
13. Uskon, että tilanteen vaatiessa alaiseni laittaisivat minun etuni oman etunsa edelle.....	1	2	3	4	5
14. Alaisteni ja minun näkemykset koskien heidän työsuhdettaan ovat samankaltaiset.....	1	2	3	4	5
15. Jos joko minä tai alaiseni huomaamme toisen tarvitsevan jotakin, teemme tai järjestämme sen pyytämättä.....	1	2	3	4	5
16. Alaiseni ja minä näemme toistemme velvollisuudet samankaltaisesti.....	1	2	3	4	5

OSA I. TYÖNANTAJAN JA ESIMIEHEN VELVOLLISUUKSISTA SOPIMINEN

Joistakin työnantajien ja esimiesten velvollisuuksista saatetaan neuvotella työntekijöiden kanssa avoimesti ja selkeästi. Vastaa seuraavassa asteikolla 1 (Täysin eri mieltä) – 5 (Täysin samaa mieltä), oletko esitettyjen väittämien kanssa samaa vai eri mieltä.

	Täysin eri mieltä	Jokseenkin eri mieltä	Ei samaa eikä eri mieltä	Jokseenkin samaa mieltä	Täysin samaa mieltä
Alaisteni kanssa on selkeästi neuvoteltu....					
1. heidän työsuhteensa pituudesta.....	1	2	3	4	5
2. heidän mahdollisuuksistaan määritellä omat työaikansa	1	2	3	4	5
3. ohjauksesta uran suunnittelussa.....	1	2	3	4	5
4. palautteesta koskien heidän työsuorituksiaan	1	2	3	4	5
5. mahdollisuuksista saada tukea henkilökohtaisissa ongelmissa...	1	2	3	4	5
6. mahdollisuuksista tehdä sellaista työtä kuin he haluavat.....	1	2	3	4	5
7. tarpeellisen koulutuksen järjestämisestä.....	1	2	3	4	5
8. mahdollisuuksista tehdä työt heidän parhaaksi katsomillaan tavoilla.....	1	2	3	4	5
9. mahdollisuuksista osallistua työtä koskevaan päätöksentekoon.....	1	2	3	4	5
10. palkankorotuksista.....	1	2	3	4	5
11. erityiseduista (esim. auto, asunto).....	1	2	3	4	5
12. heidän mahdollisuuksista osaamisensa kehittämiseen.....	1	2	3	4	5
13. hyvän yhteishengen luomisesta.....	1	2	3	4	5
14. heidän osallistumisesta työnsä tavoitteiden asettamiseen.....	1	2	3	4	5

PART J. SUORITUSTEN ARVIOINTI

Arvio seuraavassa omaa suoritustasi esimiehenä, tyypillisen alaisesesi työskentelyä ja A/B:tä työnantajana

	Huono	Melko huono	Keski-verta	Hyvä	Erinomainen
1. Arvio omasta työsuorituksistasi.....	1	2	3	4	5
2. Miten esimiehesi arvioisi työsuorituksiasi.....	1	2	3	4	5
3. Arviosi lähimmästä esimiehestäsi esimiehenä	1	2	3	4	5
4. Miten lähin esimiehesi arvioisi työsuorituksiaan esimiehenä.....	1	2	3	4	5
5. Arviosi A/B:ta työnantajana.....	1	2	3	4	5
6. Miten A/B arvioisi itseään työnantajana.....	1	2	3	4	5

KIITOS!

Jos sinulla on kyselyyn liittyen kommentoitavaa tai kysymyksiä, kirjoitathan ne tähän:

Appendix B

- Appendix B.1 Cover letter in English - Example
- Appendix B.2 Cover letter in Finnish – Example
- Appendix B.3 Reminder email in English – Example
- Appendix B.4 Remainder email in Finnish - Example

Appendix B.1 Cover letter in English - Example

Dear Participant,

There is much talk about knowledge work, but we know relatively little about how employees and employer representatives in knowledge intensive organizations perceive the employee-employer relationship. This questionnaire study is designed to address this question. It is a part of Marjo-Riitta Parzefall's PhD project that is financed by the Academy of Finland and Helsingin Sanomain 100-vuotissäätiö. In addition to this organization, the study will be carried out in two other organizations.

The study is strictly confidential. The responses will be analysed statistically and your answers will not be identifiable. The results will only be reported at the organizational level. A/B will receive a report drawn from the results. This report will provide information regarding the employee-employer relationship at A/B. By answering the questionnaire, you have the potential to influence your work environment!

Please, answer the questionnaire by marking the most appropriate answer. The questionnaire is rather long, but it is quick to fill in and you are invited to do so during your working hours. If some of the questions are not applicable to you, you don't need to answer them. Please, try however to answer all the questions.

If you have any questions regarding the questionnaire, you can either call or email Marjo-Riitta Parzefall or her supervisor Jacqueline Coyle-Shapiro.

Your answer is important - thank you for taking the time to complete the questionnaire!

Marjo-Riitta Parzefall
m.parzefall@lse.ac.uk
tel: 050 463 0708

Jacqueline Coyle-Shapiro
j.a.coyle-shapiro@lse.ac.uk
tel: +44 20 7955 7035

Appendix B.2 Cover letter in Finnish – Example

Hyvä vastaaja,

Tietotyöstä on paljon puhetta, mutta siitä, miten tietotyöntekijät kokevat työn ei ole paljoakaan tietoa. Tällä kyselytutkimuksella kartoitetaan suomalaisten tietotyöntekijöiden ja heidän esimiestensä ja työnantajiansa näkemyksiä työstä ja työsuhteista. Se on osa tutkija Marjo-Riitta Parzefallin väitöskirjatyötä, jota rahoittavat Suomen Akatemia ja Helsingin Sanomain 100-vuotis juhlarahasto. Sysopenin ohella kysely toteutetaan myös kahdessa muussa suomalaisessa tietointensiivisessä organisaatiossa.

Vastaukset käsitellään tilastollisesti eikä tilastotaulukoista voi tunnistaa yksittäisiä vastauksia. Yksittäiset vastaukset tulevat tutkijan käyttöön ja ne käsitellään ehdottoman luottamuksellisina. Tulokset raportoidaan yleisellä tasolla, joista yksittäisten henkilöiden tunnistaminen on mahdotonta. A/B kuitenkin saa yhteenvedot tuloksista omaan käyttöönsä. Tulokset voivat tarjota hyödyllistä tietoa A/B sen johtamiskulttuurista, sisäisestä kommunikaatiosta ja työntekijöiden tyytyväisyydestä työsuhteisiinsa. Vastaamalla voit siis vaikuttaa myös omiin työolosuhteisiisi!

Kyselyyn vastaaminen tapahtuu rengastamalla sopivin vaihtoehto tai kirjoittamalla vastaus sille varattuun tilaan. Kysely on aika pitkä, mutta se on nopea täyttää ja voit tehdä sen työ aikanasi. Mikäli jokin kysymys ei koske sinua, voit jättää vastaamatta siihen. Yritä kuitenkin vastata kaikkiin kysymyksiin

Vastaamme mielellämme kysymyksiin kyselystä tai tutkimuksesta, voit joko soittaa tai lähettää sähköpostia Marjo-Riitta Parzefallille tai hänen ohjaajalleen Jacqueline Coyle-Shapiroolle (yhteystiedot alla).

Vastauksesi on tärkeä - kiitos ajastasi ja avustasi!

Marjo-Riitta Parzefall
m.parzefall@lse.ac.uk
puh: 050 463 0708

Jacqueline Coyle-Shapiro
j.a.coyle-shapiro@lse.ac.uk
puh: +44 20 7955 7035

Appendix B.3 Reminder email in English – Example

Dear Participant,

This is to remind you about the survey about employment relationships sent out about a week ago. If you haven't yet filled out the questionnaire, I would like to take this opportunity to encourage you to do so. Your response is important, and would greatly help me with completing my doctoral research! Please, remember that the survey is completely confidential. You can fill out the questionnaire during your working hours.

If you have any questions, please contact me at the phone-number below, or by e-mail.

If you have already returned your completed questionnaire, thank you very much!

Marjo-Riitta Parzefall

Dept. of Industrial Relations
London School of Economics
Email: m.parzefall@lse.ac.uk
Tel: 050 463 0708

Appendix B.4 Remainder email in Finnish - Example

Hyvä vastaaja!

Tämä on muistutus kyselylomakkeesta, jonka sait viikko sitten. Vastaathan siihen, ellet ole jo niin tehnytkin. Vastauksesi on minulle tärkeä ja se auttaa minua suuresti väitöskirjani valmistelussa. Kuten tiedätkin, kysely on täysin luottamuksellinen ja voit täyttää sen työaikanasi.

Jos sinulla on kysyttävää, voit soittaa tai lähettää minulle sähköpostia alla oleviin yhteystietoihin.

Jos olet jo palauttanut lomakkeen, kiitos siitä!

Marjo-Riitta Parzefall

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London School of Economics
Email: m.parzefall@lse.ac.uk
Tel: 050 463 0708

Appendix C

Appendix C.1 Interview protocol

Appendix C.2 Final template

Appendix C.3 A sample of transcribed and translated interview

Appendix C.4 Distribution of the codes

Appendix C.1 Interview protocol

INTERVIEW PROTOCOL

INTRO

Explain

- the purpose of the interview,
- link to the survey,
- confidentiality, and
- ask permission for recording.

BACKGROUND

First, can you tell me a bit about yourself? How old are you? What did you study?

Can you tell me a little bit about your current job? Main responsibilities? For how long you have been employed here? How would you describe your relationship with your employer?

THE EVENT

Explain breach... Tell me about an occasion when you think your employer did not fulfil his obligations towards you. By this I mean an occasion, when you felt that your employer did not behave in the way you expected, or it did not kept its promises towards you?

When did it happen? (USE THE VISUAL AID – i.e. draw a line and mark the event)

Now I would like you to tell me what you think happened before the event (/before this happened), then describe the 'event' in so much detail as you can remember and tell what you thought about it at that time, and finally, and what happened after 'the event'. Let's start with what happened before the event.

Before the event (+use the visual aid if appropriate)

Did you anticipate the event? Why? How did you react and why?

Can you remember any other events that happened before this particular event that would have been related to it? Can you tell me about them?

What was it like to work here around that time? How was your relationship with your employer at the time?

The event

Can you tell as much about the event as you can remember? Why is this event significant to you? Why do you think it happened? Whom do you think is mainly

responsible for it, and why? How was it communicated? Who informed you about it?

Did some other incidents accompany this event? Can you tell me about them?

What did you think of it at that time? Why? What was your biggest concern at the time and why? What was your immediate reaction? What did you do, why?

What was it like for you to work here at that time? What did you think about your relationship with the employer at that time, why?

Colleagues

How did others react? Why?

How did others think? Where others concerned? Why? Did you discuss about it with others? Why?

After the event (+use the visual aid if appropriate)

Now that some time has passed since the event occurred, what do you think about it now? How do you feel about it now?

What seems most significant now that you look back? Why?

How would you describe your relationship between you and your employer after the event?

Do you think it influences your attitudes towards working here? How, why?

What do you think about the future in the light of this event?

Anything else you would like to add?

THANK YOU

Appendix C.2 Final template

1. Pre-violation

1. *Relationship quality*
2. *Anticipation*
3. *Image of the organization*

2. Violation

1. *Importance*
 - i. **Content**
 - ii. **Fairness**
 1. **Lying**
 2. **Broken explicit promise**
 - iii. **Norm of reciprocity**
 - iv. **Unexpected behaviour**
 - v. **Principle / Unacceptable behaviour**
 - vi. **Comparison with colleagues, old times, previous employer**
2. *Party*
 - i. **Attribution**
 - ii. **Immediate manager**
 - iii. **Personnel manager**
 - iv. **Top management**
 - v. **Organization/Hierarchy**
3. *Explanation for the violation*
 - a. **Organizational explanations**
 - i. **Economic**
 - ii. **Culture**
 - iii. **Hierarchy**
 - iv. **Role clarity**
 - v. **Procedures**
 - vi. **Communication**
 - vii. **Changing organization**
 - b. **Manager related explanations**
 - i. **Role-related**
 - ii. **Manager power**
 - iii. **Economic**
 - iv. **Attitudes, personality**
 - v. **Interpersonal / communication**
 - c. **Context of the violation as an explanation**
 - i. **It-sector**

- ii. Knowledge work
- iii. Business is business
- iv. Stock exchange /quartile economy

3. Reactions

- 1. *Affective reactions*
 - a. Anger / Annoyance
 - b. Disbelief
 - c. Frustration
 - d. Commitment
 - e. Trust
 - f. Motivation
 - g. Fear
- 2. *Behavioural reactions*
 - a. Voice
 - b. Exit
 - c. Performance (in-role, extra-role)
- 3. *Cognitive reaction*

4. Employee explanations for their reactions

- 1. *Justification for reaction/reciprocity*
 - a. Employee power
 - b. Self-related
 - c. Fairness
 - d. Norm of reciprocity
- 2. *Justification for non-reaction/reciprocity*
 - a. Self-related Personality, gender, age
 - b. Content of the work
 - c. Evaluation of the employer/job/workplace on the whole
 - d. Underplaying the violation
 - e. Rationalization: business is business
- 3. *Loyalty to*
 - a. Customers
 - b. Colleagues
- 4. *Time*

7. Other incidents related to the violation

- 1. *Related incidents*
- 2. *Comparisons/references to colleagues*
- 3. *Violation as culture*

Appendix C.3 A sample of transcribed and translated interview

[.....]

M: All right, I think we could now start to think about the breach that I mentioned at the beginning of the interview. Specifically, what I mean with the breach is that... employees perceive that their employer has different obligations towards the employees that they should fulfil... and naturally employers also expect the employees to fulfil some obligations to them. These can be basically any, and some of them may be really individual-specific, and some may be really implicit, and some explicit. Could I now ask you to think of a time when your employer would not have fulfilled one of these obligations that expected the employer to fulfil?

P2: ...Well, ...I think it is the travel time... Well, this travel time is a bit complicated thing....

M: Could you please tell me more about it?

P2:... From Jyväskylä we need to travel around Finland quite a bit... So for example if you have to go to Helsinki, it takes quite a long time... so then your hourly pay gets really small if you start to calculate how long your working day is. At my previous employer we had reached this agreement that the travel time is always compensated. Well, it is basically clear that it needs to be so. How else? And then now it turns out that here at B the travel time is not compensated at all. Well, or when I have discussed with these older employees here I have heard that they get some compensation for the travel time. So, basically I can conclude that I have been given false information.

M: When did this happen?

P2: In the spring and early summer...

M: Let me mark it here...

M: And who was it that gave you the false information?

P2: There was not really any formal... Or I don't really know now how it went...

M: With whom did you discuss it?

P2: Well I have been meaning to discuss it with my manager, even today, but it has just been delayed and delayed and he is hardly ever here.

M: Can you tell me more about the time issue then.... How much travelling do you need to do then?

P2: ...I don't actually need to go to Helsinki so often at the moment but I go frequently to Kuopio.

M: How do you travel there?

P2: I go by car.

M: So you will need a good hour from here one-way?

P2: Almost two hours, in the winter longer.

M: Why is the travel time issue so important for you? Do you travel often?

P2. Well, it is not fair... In fact I am so pissed off because this travel time issue is also an occupational safety issue... Because when you have to travel on your own time, you tend to drive really fast, but if it is company time, then you drive normally because you are not losing anything and you can get a day off ...And then... And nobody seems to realize that is an occupational safety issue. Because it is. The longer the journey, the more significant it is. But it is also the travelling and the compensation. The salary is anyway too small like it always is.....

M: Why do you think B is not compensating the travel time then?

P2: I think it is just a way for them to make money.

M: It is not very much money.

P2: But in this company... I agree, it is not very much money, but a penny is the beginning of a million as they say.

M: What about the lying?

P2: It was for the same reason... that they would not need to pay for us and we would not ask about it.

M: How is it to work here then when such an an issue is unresolved and hanging in the air?

P2: Well of course it influences... As I said, it is not fair, first of all... And I think the lying is the worst of it. ... And at the previous employer I got so fed up with the promises they kept making but never actually fulfilled... But there it was even somehow more understandable because it was a small company and sometimes I believe they really were running out of money. But this company does not have that problem; it is a profitable firm at least at the moment. Otherwise it would not be paying such bonuses to the managers as it is at the moment...

M: Let's continue with that a bit later more... But really, you said you have not discussed this with your manager?

P2: Well not really, but it should be now any day that we will talk about it.

M: So you have not talked about even informally?

P2: No, no we haven't.... It was just, I didn't really think about it so much before I realized from my hour account how many hours there were extra and nothing was going to happen unless I did something.

M: So what do you think will happen? How will it go with your manager?

P2: Well I think it will involve quite some wrestling... I don't know. I think it will all go wrong. It will be shit. It shouldn't, but it will all be shit.

M: Why do you think so?

P2: I just think... I don't know.

M: Do you think your manager will start doing something about it?

P2: Frankly, I don't think so. That's where it all starts to go wrong. I will need to start to think about a plan B.

M: Why do you think that he will not do anything about it?

P2: I just don't believe he will. Or he will arrange it so that they will not need to pay for us.

M: What about the HR manager? Have you talked to him?

P2: No... he has not yet been involved, not to my knowledge.

M: Have you talked with your colleagues about it? You said that for some others the travel time is compensated.

P2: Yes... they thought that it was really strange... and that there should be nothing unclear about it. That it should be compensated. Actually, in Kuopio there are some others in the same situation... But for me it is really so that if they in the end decide not to compensate the travel time it will mean that I will not go to Kuopio anymore. They will have to come here (from Kuopio). It will mean that I will not go anywhere any more.

[...]

Appendix C.4 Distribution of the codes

<u>High order code</u>	<u>Lower order codes</u>	<u>Mentioned in total number of interviews</u>	<u>Mentioned total number of times</u>
<i>Previolation</i>	Relationship quality	2	3
	Anticipation	2	2
	Image of the organization	2	2
<i>Violation: Importance</i>	Content	3	3
	Fairness	12	19
	Norm of reciprocity	5	6
	Unexpected behaviour	6	6
	Principle, unacceptable behaviour	4	4
	Comparison with colleagues, old times, previous employer	5	10
<i>Violation: Party</i>	Attribution process	4	4
	Immediate manager	7	12
	Personnel manager	4	5
	Top manager	8	10
	Organization (hierarchy)	5	5
<i>Violation: Explanation</i>	Organizational explanations		
	Economic	8	14
	Culture	6	8
	Hierarchy	5	7
	Role clarity	3	6
	Procedures	1	2
	Communication	2	3
	Changing organization	5	6
	Manager related explanations		
	Role-related	4	5
	Manager power	4	4
	Economic	2	4
	Attitudes, personality	9	14
	Interpersonal / communication	1	1
	Context of the violation as an explanation		
	It-sector	1	2
Knowledge work	3	6	

	Business is business	2	2
	Stock exchange /quartile economy	2	3
Reactions	Affective reactions		
	Anger / Annoyance	5	9
	Disbelief	4	5
	Frustration	3	3
	Commitment	2	3
	Trust	4	4
	Motivation	1	1
	Fear	1	1
	Behavioural reactions		
	Voice	10	14
	Exit	9	15
	Performance (in-role, extra-role)	8	13
	Cognitive reaction	4	4
Employee explanations for their reactions	Justification for reaction/reciprocity		
	Employee power	3	9
	Self-related	4	5
	Fairness	2	2
	Norm of reciprocity	4	6
	Justification for non-reaction/reciprocity		
	Self-related Personality, gender, age	4	4
	Content of the work	5	7
	Evaluation of the employer/job/workplace on the whole	4	4
	Underplaying the violation	3	5
	Rationalization: business is business	4	5
	Loyalty to		
	Customers	4	4
	Colleagues	1	1
	Time	5	11
Other	Other incidents	6	10
	Comparisons/references to colleagues	8	19
	Violation as culture	4	6
Total number of coded quotes:			348

Appendix D

- Appendix D.1 Final factor loading matrixes for perceived employer fulfilment of psychological contract obligations and negotiation of employer psychological contract obligations; perceived employer psychological contract obligations and negotiation of employer psychological contract obligations; and perceived employer psychological contract obligations and perceived employer fulfilment of psychological contract obligations
- Appendix D.2 Final factor loading matrix for negotiation of employer psychological contract obligations and negotiation of employee psychological contract obligations
- Appendix D.3 Final factor loading matrix for affective and continuance commitment
- Appendix D.4 Final factor loading matrix for voice and exit
- Appendix D.5 Final factor loading matrix for relationship reciprocity orientation and generalized organizational reciprocity norm and economic reciprocity orientation and balanced organizational reciprocity norm
- Appendix D.6 Final factor loading matrix for relationship reciprocity orientation and managers' trust in the employees; and economic reciprocity orientation and managers' trust in the employees

Appendix D.1 Final factor loading matrixes for perceived employer fulfilment of psychological contract obligations and negotiation of employer psychological contract obligations

Item	<i>Sample A</i>		<i>Sample B</i>	
	1	2	1	2
Fulfillment of obligation 'goal-setting'	.64	.43	.81	.29
Fulfillment of obligation 'participation in decision-making'	.71	.27	.79	.15
Fulfillment of obligation 'work content'	.63	.43	.76	.13
Fulfillment of obligation 'working methods'	.66	.25	.70	.04
Fulfillment of obligation 'career planning'	.47	.44	.67	.29
Fulfillment of obligation 'training'	.65	.23	.65	.19
Fulfillment of obligation 'feedback'	.40	.43	.65	.18
Fulfillment of obligation 'skills and knowledge development'	.75	.30	.64	.36
Fulfillment of obligation 'working hours'	.60	.14	.51	-.09
Fulfillment of obligation 'tenure'	.21	.09	.40	.21
Negotiation of obligation 'skills and knowledge development'	.17	.74	.25	.77
Negotiation of obligation 'feedback'	.06	.70	-.07	.71
Negotiation of obligation 'career planning'	.19	.62	.17	.70
Negotiation of obligation 'participation in decision-making'	.25	.76	.19	.69
Negotiation of obligation 'training'	.64	.18	.31	.67
Negotiation of obligation 'work content'	.12	.68	.35	.64
Negotiation of obligation 'goal-setting'	.11	.77	.38	.62
Negotiation of obligation 'working hours'	.32	.30	.13	.58
Negotiation of obligation 'working methods'	.17	.73	.17	.56
Negotiation of obligation 'tenure'	.26	.01	-.04	.41
Eigenvalue	7.66	1.68	7.27	2.40
Percent of total variance explained	38.31	7.95	22.61	22.78
Total percent of variance explained	46.23%		48.39%	

1= Perceived employer fulfilment of psychological contract obligations

2= Negotiation of employer psychological contract obligations

Appendix D.1 Final factor loading matrixes for perceived employer psychological contract obligations and negotiation of employer psychological contract obligations

Item	<i>Sample A</i>		<i>Sample B</i>	
	1	2	1	2
Negotiation of obligation 'skills and knowledge development'	.76	.01	.79	-.13
Negotiation of obligation 'goal-setting'	.78	.01	.76	-.01
Negotiation of obligation 'training'	.68	-.16	.75	-.11
Negotiation of obligation 'work content'	.68	.10	.72	-.03
Negotiation of obligation 'participation decision-making'	.80	.11	.72	.21
Negotiation of obligation 'career planning'	.63	.01	.71	-.16
Negotiation of obligation 'feedback'	.66	-.01	.68	-.00
Negotiation of obligation 'working hours'	.46	-.00	.61	.17
Negotiation of obligation 'working methods'	.76	.12	.59	.28
Negotiation of obligation 'tenure'	.12	-.10	.37	.24
Perceived obligation 'feedback'	-.07	.39	.30	.28
Perceived obligation 'participation in decision-making'	.05	.67	.05	.79
Perceived obligation 'work content'	.11	.54	-.05	.67
Perceived obligation 'skills and knowledge development'	-.02	.71	.12	.65
Perceived obligation 'goal-setting'	.06	.72	.21	.53
Perceived obligation 'working methods'	.03	.60	.03	.52
Perceived obligation 'career planning'	-.01	.57	.27	.47
Perceived obligation 'tenure'	.06	.38	.03	.38
Perceived obligation 'working hours'	.08	.42	-.13	.37
Perceived obligation 'training'	-.12	.59	-.14	.34
Eigenvalue	4.53	3.22	5.00	2.88
Percent of total variance explained	22.63	16.12	25.04	15.42
Total percent of variance explained	38.75%		40.46%	

1= Negotiation of employer psychological contract obligations
2= Perceived employer psychological contract obligations

Appendix D.1

Final factor loading matrixes for perceived employer psychological contract obligations and fulfilment of employer psychological contract obligations

Item	<i>Sample A</i>		<i>Sample B</i>	
	1	2	1	2
Fulfillment of obligation 'goal-setting'	.77	.14	.85	.11
Fulfillment of obligation 'participation decision-making'	.77	.03	.81	.09
Fulfillment of obligation 'work content'	.75	.19	.79	-.02
Fulfillment of obligation 'career planning'	.65	-.03	.77	.06
Fulfillment of obligation 'skills and knowledge development'	.80	.08	.75	-.05
Fulfillment of obligation 'working methods'	.69	.10	.75	.15
Fulfillment of obligation 'training'	.66	.11	.71	-.06
Fulfillment of obligation 'feedback'	.61	-.13	.69	.10
Fulfillment of obligation 'working hours'	.59	-.00	.55	-.05
Fulfillment of obligation 'tenure'	.11	-.07	.51	-.09
Perceived obligation 'participation in decision-making'	.13	.67	-.02	.81
Perceived obligation 'work content'	-.05	.55	-.14	.68
Perceived obligation 'goal-setting'	.14	.70	.17	.70
Perceived obligation 'skills and knowledge development'	.03	.71	.28	.56
Perceived obligation 'working methods'	.04	.61	-.07	.54
Perceived obligation 'career planning'	-.17	.58	.18	.48
Perceived obligation 'training'	.02	.57	-.15	.39
Perceived obligation 'feedback'	.16	.38	.26	.34
Perceived obligation 'tenure'	-.17	.40	.00	.32
Perceived obligation 'working hours'	.13	.43	.23	.32
Eigenvalue	4.77	3.15	5.60	2.88
Percent of total variance explained	23.87	15.77	27.98	14.42
Total percent of variance explained	39.64%		42.40%	

1= Perceived fulfilment of employer psychological contract obligations

2= Perceived employer psychological contract obligations

Appendix D.2

Final factor loading matrix for negotiation of employer psychological contract obligations and negotiation of employee psychological contract obligations

Item	<i>Sample A</i>		<i>Sample B</i>	
	1	2	1	1
Negotiation of employee obligation 'colleagues and teamwork'	.83	.18	.80	.10
Negotiation of employee obligation 'adjustments to changes'	.80	.20	.88	.10
Negotiation of employee obligation 'flexibility'	.78	.24	.81	.24
Negotiation of employee obligation 'performance'	.74	.23	.63	.20
Negotiation of employee obligation 'look for ways to improve'	.73	.30	.69	.22
Negotiation of employee obligation 'extra hours when necessary'	.68	.06	.72	.08
Negotiation of employee obligation 'creativity'	.68	.16	.60	.34
Negotiation of employee obligation 'keep abreast of development'	.61	.33	.72	.19
Negotiation of employer obligation 'skills and knowledge development'	.16	.75	.24	.75
Negotiation of employer obligation 'participation in decision-making'	.35	.72	.24	.68
Negotiation of employer obligation 'working methods'	.24	.72	.10	.61
Negotiation of employer obligation 'goal-setting'	.32	.71	.26	.70
Negotiation of employer obligation 'training'	.11	.70	.08	.74
Negotiation of employer obligation 'career planning'	.17	.62	.14	.67
Negotiation of employer obligation 'feedback'	.26	.61	.09	.67
Negotiation of employer obligation 'work content'	.28	.60	.18	.71
Negotiation of employer obligation 'working hours'	.08	.48	.10	.67
Negotiation of employer obligation 'tenure'	.02	.16	.07	.36
Eigenvalue	4.80	4.36	4.63	4.6
Percent of total variance explained	26.68	24.26	25.70%	25.55%
Total percent of variance explained	50.94%		51.25%	

1= Negotiation of employee psychological contract obligations
 2= Negotiation of employer psychological contract obligations

Appendix D.3 Final factor loading matrix for affective and continuance commitment

Item	<i>Sample A</i>		<i>Sample B</i>	
	1	2	1	2
I don't feel emotionally attached to this family	.84	.08	.84	.17
My workplace has a great deal of personal meaning to me	.79	.06	.70	.28
I don't feel like a part of the family in this workplace	.76	.02	.78	.10
I think that I could easily become as attached to another employer as I am to this one	.65	.21	.77	.14
I feel that I have too few options to consider leaving my workplace	-.02	.83	.04	.90
Too much of my life would be disrupted if I would leave my job now	.20	.72	.30	.77
I am not afraid of what might happen if I quit my job right now without having another one lined up.	.08	.72	.24	.78
Eigenvalue	2.61	1.55	2.86	1.22
Percent of total variance explained	37.27	22.15	31.98	26.34
Total percent of variance explained	59.42%		58.33%	

1= Affective commitment, 2 = Continuance commitment

Appendix D.4 Final factor loading matrix for voice and exit

Item	<i>Sample A</i>		<i>Sample B</i>	
	1	2	1	2
I have recently spent some time looking for another job	.86	-.03	.72	-.21
Next year, I will probably look for a new job outside this organization	.85	.06	.88	.24
I often think about quitting	.82	-.06	.89	-.08
When working conditions decline I think a lot about quitting	.77	.11	.86	-.06
When I think of an idea that will benefit my company I make a determined effort to implement it	-.07	.84	.08	.79
I have made several attempts to change working conditions here	.00	.79	-.33	.72
I have at least once contacted an outside agency to get help changing the working conditions	.12	.77	-.22	.70
Eigenvalue	2.76	1.93	3.38	1.34
Percent of total variance explained	39.26	27.65	48.28	24.65
Total percent of variance explained	66.91%		67.38%	

1= Exit, 2= Voice

Appendix D.5 Final factor loading matrix for relationship reciprocity orientation and generalized organizational reciprocity norm and economic reciprocity orientation and balanced organizational reciprocity norm

Item	1	2
If necessary, I would place my subordinates' needs above my own needs.	.82	.01
My subordinates and I look out for one another.	.80	.01
My subordinates and I try to do what is best for each other.	.79	-.11
In my relationship with my subordinates, if one of us saw that the other needed something we would do it for the other without being asked.	.63	.11
A/B would do something for its employees without any strings attached.	.04	.85
A/B is willing to invest in the professional development of its employees even when it does not directly impact their current job performance.	.03	.75
The generous treatment of A/B as an employer makes the employees put forth their best effort.	.28	.68
A/B takes care of its employees in ways that exceed their contribution to the organization.	.05	.41
Eigenvalue	2.42	2.00
Percent of total variance explained	30.26%	25.05%
Total percent of variance explained	55.31%	

1= Relationship reciprocity orientation, 2= Generalized organizational reciprocity norm

Item	1	2
When I do something extra for my subordinates, I watch them to pay it back somehow.	.90	.10
In my relationship with my subordinates, I pay attention to what we get relative to what was given.	.90	.02
If my subordinates and I do a favor for one another, we expect the other to return it right away.	.80	.14
I have learned to look out for myself in my relationship with my subordinates.	.60	.37
At A/B the employer keeps track of how much the employer and employees owe each other.	.20	.75
Is A/B does something extra for the employees, there is an expectation that the employees will do something in return.	.12	.72
Every time A/B gives a promotion or increases the salary-level, it puts a heavier burden on employee shoulders.	.01	.63
Eigenvalue	2.67	1.65
Percent of total variance explained	38.17	23.63
Total percent of variance explained	61.80%	

1= Economic reciprocity orientation, 2= Balanced organizational reciprocity norm

Appendix D.6 Final factor loading matrix for relationship reciprocity orientation and managers' trust in the employees; and economic reciprocity orientation and managers' trust in the employees

Item	1	2
If necessary, I would place my subordinates' needs above my own needs.	.82	.02
My subordinates and I try to do what is best for each other.	.80	-.03
My subordinates and I look out for one another.	.79	.05
In my relationship with my subordinates, if one of us saw that the other needed something we would do it for the other without being asked.	.60	.38
I have complete faith in the integrity of the employees of A/B.	-.13	.81
The employees at A/B would not try to gain an advantage by deceiving the employer.	-.09	.78
I feel a strong loyalty to the employees.	.39	.67
I would support the employees in almost any emergency.	.17	.59
Eigenvalue	2.49	2.21
Percent of total variance explained	30.06	27.59
Total percent of variance explained	58.65%	

1= Relationship reciprocity orientation, 2= Manager trust in the employees

Item	1	2
When I do something extra for my subordinates, I watch them to pay it back somehow.	.91	.00
In my relationship with my subordinates, I pay attention to what we get relative to what was given.	.83	-.26
If my subordinates and I do a favor for one another, we expect the other to return it right away.	.78	-.15
I have learned to look out for myself in my relationship with my subordinates.	.71	-.03
I feel a strong loyalty to the employees.	.10	.80
The employees at A/B would not try to gain an advantage by deceiving the employer.	-.07	.76
I have complete faith in the integrity of the employees of A/B.	-.38	.70
I would support the employees in almost any emergency.	-.15	.65
Eigenvalue	2.81	2.20
Percent of total variance explained	35.17	27.51
Total percent of variance explained	62.68%	

1= Economic reciprocity orientation, 2= Manager trust in the employees