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Psychological Contracts, OCB and Customer Service: An **Exploratory Examination**

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Abstract

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Keywords

psychological contract, OCB, customer service, fairness, contract, violation, research

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Running head: Psychological Contracts, OCB, and Customer Service

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Psychological Contracts, OCB, and Customer Service: An Exploratory Examination

This paper examines the relationships among the psychological contract, fairness, OCB, and customer service. We report on two exploratory studies that provide insight into psychological contract violations and subsequent perceptions of fairness, as well as OCB activity. A linkage is made between psychological contracts and behavior directed internally and those directed externally (i.e., customer service). We extend the current theory to suggest implications for effectively managing customer service employee OCB. Finally, suggestions are made for both practice and future research to be conducted in a multidisciplinary design.

Perceptions of the psychological contract, the idiosyncratic perception of the employment agreement held by individuals, have been much theorized but little researched (Kalleberg & Reve, 1992; Robinson, Kraatz & Rousseau, 1994; Rousseau & Parks, 1992; Robinson & Morrison, 1995). More recently, even the popular press has shown an interest in this construct (Atchison, 1991; O'Reilly, 1994; Tornow, 1988). What is the reason for this interest by both academic researchers and industry executives?

In a discipline that examines the effect of numerous policies and practices (e.g., compensation, training, recruitment) on various employment attitudes (e.g., fairness, satisfaction) and behavior (e.g., performance, extra-role behavior), the study of the psychological contract may be the most critical for human resource management. Moreover, the psychological contract may have, in fact, changed. Employers may no longer be willing or able to offer job security in exchange for productivity (Dyer & Blancero, 1992; O'Reilly, 1994). Use of contingent workers is becoming more critical (Belous, 1989; Dyer & Blancero, 1992; O'Reilly, 1994; Kochan, Smith, Wells, & Rebitzer, 1994). These changes may likely have implications for managing the psychological contracts of employees.

While much of the research is still exploratory in nature, even a piecemeal approach to this construct may help to uncover the nature of the relationships between perceptions of the fairness of psychological contracts and behavior that may follow as a result of perceived fulfillment, or perceived lack of fulfillment (violations) of these contracts. This behavior may be directed inwardly to the organization, and outwardly to external parties (e.g., customers).

The present paper continues this stream of research by exploring the construct of the psychological contract and its transactional and relational aspects. We look at potential outcomes of contract violations and the resultant effects on employee fairness perceptions, organizational citizenship behavior (OCB), and customer service behavior. Through review of existing theory and prior empirical evidence, we developed one set of propositions that is intended to increase understanding of the relationship between psychological contract violations and OCB. An exploratory study design is intended to provide support for these propositions and perhaps suggest alternative directions for future research. In the interest of developing multidisciplinary applications, we developed a second set of propositions that has implications for the effective management of employee customer service behavior.

Nowhere in the organization are the issues of psychological contract violation and OCB more important than for employees in positions of external customer contact. These employees, as providers of customer service, have prescribed work roles spanning the boundary between external customer demands and internal organizational goals; as such, they are sensitive to

customer requirements and organizational practices in relation to the provision of service (Schneider, Parkington, & Buxton, 1980). The functions served by a customer service employee are critical; in an era of flattened hierarchies and heightened expectations, organizations need their front-line workers to display skills traditionally required only of managers (e.g., resilience, resourcefulness, empathy, competence, and creativity). In investing these employees with more authority to handle customer situations, the organizations must ensure they have the right people in these customer service jobs. This requires more attention to initial employee selection (including personality and psychology testing), training, and compensation (often tied to customer satisfaction) (Henkoff, 1994).

The delivery of quality in goods and services was recognized as a marketing priority in the 1980s (Zeithaml, Berry, & Parasuraman, 1988), and since that time the total quality movement has spread globally from the manufacturing industry sector to the service industry sector. Many believe the shift to a quality focus is essential to the competitive survival of service businesses, just as it has become essential in manufacturing (Bitner, Booms, & Mohr, 1994). Bowen, Siehl, & Schneider (1989) suggest that quality leadership is a function of superior customer service, which is no longer a basis of competitive advantage but simply a requirement for being able to compete on an equal footing. From hiring and compensation to training and performance management, every human resource (HR) system influences employee performance and thus, the success or failure of a total quality initiative. Keeping HR systems aligned with quality strategies will be the HR challenge of the next decade (Caudron, 1993; Dyer & Holder, 1988). The obvious implication is that front-line service employees must be fully integrated into the organization's strategic customer planning, while at the same time given consideration regarding psychological characteristics, personal needs, attitudes, and perceptions.

It may not be sufficient to consider only employees' internal relationship with the organization, or to simply view employees as resources for delivery of the organization's goods or services to the customer. Schneider, Parkington, & Buxton (1980) suggest that customer service employees seem to possess information that may be of considerable value to the organization. They have a good sense of the ways in which the organization's customers view the organization, and can apparently accurately identify some of the methods the customers use to evaluate effectiveness. It is in this sensitivity to customers and to the practices and procedures carried out in service to customers that these data may be particularly helpful, the authors contend. This is consistent with conventional wisdom in the organization and marketing literatures and the popular press, which stress the importance of providing good customer

service (e.g., Henkoff, 1994; Parasuraman, Berry, & Zeithaml, 1994; Zeithaml, Parasuraman, & Berry, 1988).

New questions arise about the psychological contract and OCB with regard to this customer service perspective: Is the contract only between the organization and the employee, or between the employee and the customer, or among all three parties? Larsson & Bowen (1989) view the design of service operations in terms of a division of work which creates interdependencies among the actions of the three parties. Schneider & Bowen (1995) have developed a three-tiered model wherein the customer is the first tier; the boundary-spanning role of the customer service employee is the second tier, and the functions of management occupy the third, or coordination, tier. This is similar to what Reich (1987) terms "collective entrepreneurialism", or the working relationships established among management, employees, and customers.

Is OCB directed only inwardly, toward the organization, or outwardly as well, affecting the customer (and in a complete feedback loop, the organization)? Schneider & Bowen (1985) note that the behavior of employees in customer-contact roles is associated with customers' perceptions of quality, and that customers may equate the quality of service with the employee who provides it. The authors later (1995) also suggest that the "boundary tier" (customer service employee) is susceptible to influence from the tiers above and below (customers and management).

What are the effects of internal organizational actions, including psychological contract violations (or employee perceptions of unfairness) on the OCB associated with effective customer service? One indication might be found in the popular press, where it is noted that companies that excel at managing front-line workers view excellent service as an experience that should satisfy the employees as well as the customer (Henkoff, 1994). Customer service-oriented organizations reinforce this point: Carla Paonessa of Andersen Consulting concludes that "You cannot expect your employees to delight your customers unless you as an employer delight your employees" (Henkoff, 1994, p. 116); Donald Clifton, CEO of the Gallup Organization, adds that "...if you hire talented people and treat them badly, they screw things up for you. They'll slow you down and be rude to customers. Talented people don't necessarily do better unless you manage them well. " (Henkoff, 1994, p. 122). Parasuraman, Zeithaml, & Berry (1985) argued that service must pervade the culture of the organization in order to influence the customer service behavior of the employee. Organ (1990) suggested that employees who perceive a good faith relationship with their employer are more likely to "go the extra mile" in providing customer service.

Given the critical impact of high quality customer service, this paper will examine the relationship among the psychological contract, contract violations or perceptions of unfairness, and OCB, both generally and in a customer service context. First, we will discuss the psychological contract based on findings to date and new evidence from the present exploratory study. Second, we will look at the concept of employee extra-role behavior and commonalties found in research on customer service employee behavior. Next, we extend current theory to suggest implications for effectively managing customer service employee OCB. Finally, we discuss the exploratory study designed to confirm the direction of our propositions, followed by suggestions for future research and conclusions.

PSYCHOLOGICAL CONTRACTS

Rousseau and her associates have made considerable progress in our understanding of the psychological contract (Robinson, Kraatz & Rousseau, 1994; Robinson & Rousseau, 1994; Robinson & psychological contracts, OCB, and customer service Morrison, 1995; Rousseau & Anton, 1991; Rousseau, 1989, 1990; Rousseau & Aquino, 1993; Rousseau & Parks, 1992). The psychological contract is an idiosyncratic perception of expectations and reciprocal obligations in the employment setting (Robinson, Kraatz & Rousseau, 1994; Rousseau, 1989). Critical to this perception, and what distinguishes it from mere expectations, is the reciprocal nature of the contract. Moreover, it is an individual or idiosyncratic perception, further distinguishing it from implied contracts, which are observable by third parties (Rousseau & Parks, 1992).

Psychological contracts can be described on a continuum from transactional to relational, using characteristics such as time frame, specificity and tangibility (Robinson, Kraatz & Rousseau, 1994; Rousseau & Parks, 1992). Transactional components of a contract are specific, economic and have a discrete duration; in contrast, relational contracts are considerably more subjective, open-ended and may or may not be economic in nature. Short term contracts or contracts that include commission sales are transactional ones. More long term, flexible agreements that include loyalty and high pay may be considered relational (Rousseau & Parks, 1992). Relational components of contracts are more emotional than transactional ones and may provoke stronger feelings (Bies, 1987; Robinson, Kraatz, & Rousseau, 1994; Rousseau & Parks, 1992).

Empirical results from Robinson and associates (1994) support these two types of contracts: transactional and relational. In their study, transactional employer obligations included advancement, high pay and merit pay; relational components were job security, training, career development and support with personal problems. Employee obligations of a transactional nature included willingness to accept a job transfer, refusal to support the organization's

competition, protection of the organization's proprietary information, and staying with the organization for a minimum of two years. Relational factors in the employee obligations were perceived as working extra hours, volunteering to perform non-required, or extra-role, behavior and loyalty.

The present exploratory study produced a variety of qualitative results relating to the transactional aspects and the relational aspects of the subjects' psychological contracts. A two-stage coding process classified responses to open-ended questions into nine categories that approximated the organizational obligations discussed by Robinson, Kraatz, & Rousseau (1994). The categories addressed four transactional contract obligations (advancement, rewards, job security, and time off) and five relational contract obligations (reciprocity, career development, consistency, input, and training).

The following representative subject responses from phase one of our exploratory study (see methodology section) are concerned with specific, easily-managed aspects of the work experience. These responses are to a query regarding perceived promises not met by their employers.

Mostly in compensation, bonuses, and salary increases -- never amounting to what was "promised". Promise is a strong word ... I'm using it more as expressed or assumed to be real (i.e., bonuses and raises are given a likely" range but never materialized or were minimal).

Here, the organizational obligation of rewards (high pay or merit pay) is economic. Although a formal compensation contract between organization and employee may be intact, the psychological contract (i.e., "expressed or assumed to be real") is perceived by the employee to have been violated.

I was informed that I would be promoted once I received my college degree. I will graduate in May and when I told my supervisor she said I would not be promoted. She will not give me a straight answer. My performance has been rated high. I think she thought I'd never finish school, so she made a promise she had no intention of keeping. So I'm looking for another job.

Here the employee is given a specific timeline for job advancement based on certain requirements being met. Although the promised outcome has not yet been denied (i.e., the employee has not yet graduated), and though there may be reasons for the denial of promotion beyond the supervisors control, the result is a perceived psychological contract violation based on the organization's obligation to the employee. Again, this is an easily-managed situation: promises are not made unless they can be met.

For a very important occasion I informed him about 2 months ahead of time I needed off He didn't remember when it came around and I had to work.

Time off is a transactional component not directly addressed by Robinson, Kraatz, & Rousseau (1994), but which fits the definition of being specific and having a discrete duration. Like the other transactional components of the psychological contract, it relates more to the structural aspects of the employee's job: measurable levels of advancement, quantifiable compensation, formalized scheduling, and objective displays of the employee's cooperation, support, security, and tenure.

Relational components deal with more complex behavioral issues, which often become highly personalized due to subjective interpretation. These can be more difficult to manage, and so more at risk to cause perceived psychological contract violations. The anecdotal evidence collected in the present study illustrates some of the relational aspects of the subjects' work experience, again followed by a brief interpretation:

I work in a busy, fast paced environment which is characterized by a high stress level. When changing from 4 managers to 3, the 3 of us were asked to willingly pick up the slack (longer hours, additional responsibility). We honored the commitment but a year later what upset us was no acknowledgment. Lack of respect. I left.

As the psychological contract is a reciprocal relationship between the organization and employee, violation can occur by either party. Here, the employee actually upholds his/her end of the contract by working extra hours, yet the employer doesn't provide the employee with recognition, which could be interpreted as being a significant part of the employee's career development.

I was promised "challenging and interesting assignments", yet actual tasks assigned were often neither challenging nor interesting.

The lack of visibility and meaningful experience accorded the employee in this situation again suggests that expectations were not met by the organization regarding substantive career development.

He told me I would get training to become a manager of my department. I haven't received any training. Also, he said he listens to workers but doesn't let us have any input.

The organization's contract violation regarding training is in line with the findings of Robinson, Kraatz, & Rousseau (1994). The idea of a manager not listening to workers could be interpreted as not providing support with personal problems, or denying employee involvement which could support career advancement through increased knowledge and power.

Manager is unfair by having 'favorites' at work. Not consistent with policies at work.

This presents elements of both the relational contract violation (by showing favoritism, a complex, subjective behavioral aspect) and the transactional contract violation (inconsistency with policy, a relatively simple, objective structural aspect). The relational contract could be at greater risk of violation due to the difficulty in managing this aspect.

Robinson, Kraatz, & Rousseau (1994) examined the evolving psychological contract and found support for an instrumental approach to changing obligations. Their results suggest that employees perceived that their obligations to their employers decrease over time, while their perceptions of their employers' obligations to them increase. Robinson has also examined perceived violations of the psychological contract and possible effects (Robinson, Kraatz, & Rousseau, 1994; Robinson & Rousseau, 1994). Perceived violations of the contract have been suggested to relate to a decrease in employer obligations (Robinson, Kraatz, & Rousseau, 1994), a positive relationship with turnover, and an inverse relationship with trust and satisfaction (Robinson & Rousseau, 1994).

The Robinson, Kraatz, & Rousseau (1994) study utilized MBA students who were surveyed a few weeks before graduation and then again two years later. While virtually all participants had at least two years of work experience, these findings may reflect the naive perception that MBA students have immediately before embarking on a new, or perhaps a first, career. Thus, a study that examines individuals already employed may yield different results. With this in mind, the fact that more than two-thirds of the subjects in the present exploratory study were currently employed provides more unequivocal support for the propositions in this paper.

OCB AND FAIRNESS IN A CUSTOMER SERVICE CONTEXT

Organizational citizenship behavior has been studied most recently with regards to fairness (Moorman, 1991; Moorman, Niehoff & Organ, 1993; Organ & Moorman, 1993).

Organizational citizenship behavior is extra-role activity that are not formally or explicitly recognized by the organization (Organ, 1988). Originally, OCB was considered to be affected by job satisfaction (Bateman & Organ, 1983; Farh, Podsakoff & Organ, 1990; Motowidlo, 1984; Puffer, 1987-1 Smith, Organ & Near, 1983); however, more recent work has suggested that perceptions of fairness may be the strongest predictor of OCB (Eschew, 1993; Greenberg, 1993a; Moorman, 1991; Moorman, Niehoff & Organ, 1993; Organ & Moorman, 1993; Organ & Konovsky, 1989).

Fairness, or organizational justice, is typically examined via either distributive justice or procedural justice. Distributive justice refers to the fairness perceptions based on an outcome, or allocation of resources, while procedural justice perceptions are based on the processes used to make the decision about allocations (Folger & Greenberg, 1985). Thus, while distributive justice is concerned with the "ends", procedural justice focuses on the "means". Interactional justice is the perception of justice based on the interpersonal interaction (Bies, 1987), and may be considered a part of procedural justice (Greenberg, 1994).

Organ & Moorman (1993) specifically examined these concepts and suggested that fairness of contracts may play a major role in OCB. Moreover, procedural and interactional justice may be more important than distributive justice in predicting OCB (Moorman, 1991; Organ & Moorman, 1993). Another study (Robinson & Morrison, 1995) suggests that those employees who perceive violations are less likely to exhibit organizational citizenship behavior.

Fairness perceptions have been studied over the past decade as a result of numerous organizational interventions. Perceptions of fairness have been examined via compensation (Folger & Konovsky, 1989; Greenberg, 1987); performance appraisals (Greenberg, 1986, 1987); comparable worth (Greenberg & McCarty, 1991); parental leave (Grover, 1991); complaint systems (Blancero, 1992); layoffs (Brockner & Greenberg, 1990); selection (Gilliland, 1993), and drug testing (Konovsky & Cropanzano, 1991). Impressively, almost every organizational activity has been used. But, as Greenberg (1990, 1993b) suggests, it is time for research in organizational justice to be pushed further.

The study of the fairness of the psychological contract allows us to study true "organizational" justice, i.e., justice or fairness based on employees' complete perceptions of their relationship with their organization. Rather than focusing on only one organizational activity and its potential effect on fairness, studying psychological contracts enables us to examine individuals' perceptions of combinations of activities. This allows us to link psychological contracts with OCB. Several possible organizational influences on customer service employee OCB have been theorized.

Rousseau and Wade-Benzoni (1994) extended current theory to suggest four possible types of psychological contracts and addressed their influence on customer contracts: According to Organ & Konovsky (1989), if an employee's trust is violated by perceived unfairness in the relationship with the organization, the open-ended social exchange nature of the relationship shifts to an explicit, specifically timed, economic exchange nature, with services rendered in a more contractually enforceable manner. When employees regard outcomes as failing to meet some criterion of fairness, they may realize that neither reduction of prescribed

role performance nor leaving the organization are viable options (due to negative consequences), and thus choose discretionary contributions to even the score (presumably either reducing positive OCB or increasing negative OCB). Organ (1988) considered fairness cognitions to be the driving force behind the relationship between job satisfaction and OCB or prosocial behavior.

The following hypotheses regarding psychological contract violations, fairness perceptions, and OCB are posed, based on previous findings, and will be explored in the present study:

- 1) The violation of relational contracts will evoke stronger employee perceptions of unfairness than will violation of transactional contracts.
- 2) Employees who perceive that their organizations have more obligations than they do will perceive that their contracts are violated more frequently.
- 3) Generally, employees with higher perceptions of organizational justice will have higher OCB.
- 3a) Specifically, employees with stronger perceptions of interactional justice will display more OCB.
- 4) Employees who perceive contract violations by their organization will have lower perceptions of fairness and less OCB. In other words, contract violations will be negatively related to both fairness perceptions and OCB.

CUSTOMER SERVICE OCB

There is some disagreement on what constitutes customer service prescribed role behavior, and what constitutes customer service OCB. High levels of customer service behavior include being helpful, courteous, and knowledgeable in interactions with customers. Organ's (1988) definition of OCB as being outside employees' prescribed roles and non-compensated, voluntary activities implies that they have a deliberate, controlled character more similar to conscious decision-making than to expressive emotional behavior. Two forms of this definition of OCB that may relate to extra-role aspects of customer

- Relational contracts are characterized by mutual interdependence between employee and employer, and can enhance the employee's ability to provide features of customer relations beyond the employment contract (given supportive organizational culture and resources)
- Transactional contracts tend to promote limited employee involvement with customers and short-term customer relations
- 3. *Transitional* contracts carry the limited employee-customer involvement to the extreme of a "No Guarantee"", low-trust customer relationship (especially for highly unstable organizations)

4. Balanced contracts are described as ideal for a customer service environment because they can integrate customer relations through specific performance terms to encourage relational contracts with customers.

Schneider, Parkington, & Buxton (1980) noted the differential impact of managerial styles on employee performance based on the manager's enthusiastic versus bureaucratic orientation to service. Enthusiastic orientation meant management support for a flexible, open involvement with customers and community, a sense of "family", and value placed on new and creative customer service -- employees spoke of the extent to which extra effort in serving customers was rewarded and appreciated. Bureaucratic orientation, on the other hand, meant emphasis on rules, procedures, and system maintenance, which often diverted energy away from providing service in order to maintain the status quo -- rewards only for doing the job in routine fashion, using only established methods for solving customers' problems.

Strutton, Pelton, & Lumpkin (1993) looked at the organization's psychological climate based on salesperson-manager trust. They raised the constant possibility that salespeople will choose to twist the rules of fairness and justice in pursuit of their own success, and conclude that the ability of management to develop and preserve long-term, trusting relationships with members of the salesforce is a critical component of the long-run success of sales organizations.

Dubinsky & Levy (1989) found that dimensions of organization fairness (represented by pay rules, pay level, pay administration, rule administration, work pace, task distribution, and latitude allowed) affected job-related responses of retail salespersons due to a perceived strong linkage between performance level and the amount of extrinsic rewards they received if they believed the rules for pay raises and promotions were fair. are: 1) courtesy -- touching base with those parties (i.e., customers) whose work would be affected by one's decisions or commitment (e.g., giving advance notice, reminding, passing along information, consulting, and briefing); and 2) conscientiousness - carrying out role requirements far beyond the minimum necessary (such as following up with customers after hours or on days off).

George & Bettenhausen (1990) and George (1991) define customer service as helpful behavior directed at customers that are actually part of employees' role prescriptions, or a dimension of job performance. Puffer (1987) discusses quantifiably-measured focal task behavior in a sales environment as distinct from employee nontask behavior, which may either benefit the organization (prosocial behavior) or be dysfunctional (noncompliant behavior). Nontask behavior is more difficult to control, reward, and motivate than is focal task behavior

(Brief & Motowidlo, 1986), and may stem from different motives and situations, so that performance is more at the discretion of the employee (Puffer, 1987). Consistent with the notion of a continuum of psychological contracts between transactional (structural) and relational (behavioral) extremes, customer service has also been defined as having both a technical (product- related) component and a relationship (behavior) component (Bowen, Siehl, & Schneider, 1989).

At the initial point of customer contact, employees' OCB, or prosocial behavior, may result in higher sales because sales personnel provide customers with information and advice and help satisfy their needs. Customers who are the recipients of prosocial behavior are more likely to enjoy the "service transaction" and to develop a positive impression of the organization (George & Bettenhausen, 1990). This can result in increased repeat business, generating subsequent sales and positive "word of mouth" advertising. All of these potential outcomes of the level of OCB or prosocial behavior directed at customers should ultimately affect sales performance. In Puffer's (1987) study, for example, although management used the focal task behavior of sales performance as a criterion to evaluate and retain personnel, they also valued behavior above and beyond the sales role that helped the organization but that were only indirectly related to sales. Management believed that salespeople had sufficient opportunity to perform such extra duties as postsale customer service, but treated the duties as voluntary and non-compensable.

The other type of extra-role behavior referred to as noncompliant (Puffer, 1987) can hurt the organization with regard to sales and customer service. In Puffer's study, noncompliant behavior typically involved violating rules, such as salespeople making unrealistic promises to customers in order to close a sale, or failing to do their "fair" share of noncommissioned sales promotions. Brief and Motowidlo (1986) posited that dysfunctional behavior could make it difficult for organizations to be effective, for example, by delivering services or products to customers in an organizationally inconsistent manner. Puffer (1987) found a negative relationship between confidence in management and noncompliant behavior which suggests that violation of management's rules is a way of reciprocating for perceived unfair treatment by one's supervisor. Puffer's (1987) and other findings suggest that the opposite of prosocial behavior is the absence of prosocial behavior, rather than noncompliant behavior. Further, the opposite of noncompliant behavior is compliant behavior (role- prescribed), not prosocial behavior, presenting a 3-way continuum of customer service behavior negative, or noncompliant; neutral, or role-prescribed only; and positive, or OCB/prosocial. The most important questions become: 1) how to ensure that employees only exhibit positive OCB or

prosocial behavior, or, minimally, exhibit role-prescribed only behavior; and 2) how to prevent the enactment of dysfunctional OCB or noncompliant behavior.

The outcomes of positive and negative OCB with regard to customer service can have serious ramifications for the organization. George & Bettenhausen (1990) suggested that the impact of OCB at the individual level may be unclear, because its effects tend to be aggregated across employees and over time. However, they found that group performance of prosocial behavior in a service context was significantly and positively related to group sales performance, confirming some implicit assumptions in the academic and popular literatures about the importance of customer-service behavior. If there is conflict between prescribed behavior and OCB, this could lead to employees' perception of conflict between the expectations of the organization and the expectations of the customer. Such a situation can be psychologically uncomfortable for employees, resulting in a negative effect on employee satisfaction and performance, and increased absenteeism and turnover (Zeithaml, Berry, & Parasuraman, 1988).

Motowidlo (1984) found that employees' feelings of satisfaction were associated with patterns of behavior at work that reflect interpersonal sensitivity and kindness (such as listening to others, showing awareness and concern for the needs and feelings of others, tact, emotional control, and acceptance of others). Interpersonal sensitivity and consideration are especially likely to be important in jobs where success is dependent upon an ability to provide personal services and satisfy others through personal contact (e.g., sales and customer service positions). Puffer (1987) showed that employees who feel deprived or unfairly treated are less inclined to help others, and suggested that insecurity about one's personal situation impedes the ability to focus on and react to external situations (i.e., working with customers). Puffer (1987) also found that noncompliant behavior undermines performance, but positive OCB or prosocial behavior neither helps nor hinders performance.

Kinlaw (1988) discovered that an organization's work locations in which employees had the most positive perceptions of fairness, clarity of purpose, appreciation, manager responsiveness, and employee involvement outperformed the other locations of the organization on all objective measures of performance. In a study of retail sales organizations, George (1991) found that the correlation between organization fairness and customer service was significant, but that the correlation between supervisor fairness and customer service was not. Other evidence has shown that open communication between front-line personnel is important for achieving service quality (Parasuraman, Zeithaml, & Berry, 1994; Zeithaml, Berry, & Parasuraman, 1988). Moorman (1991) concluded that if managers want to increase positive

OCB among their employees, they should work to increase the fairness of their interactions with employees.

The customer service employees' OCB or extra-role prosocial behavior is subject to multidirectional influences. There is evidence that employees often modify their behavior on the basis of feedback received from customers (Bitner, Booms, & Moor, 1994) and that customers have immediate influence over service employees at the time of job performance (Rafaeli, 1989). Organ (1988) noted that the behavior of employees who encounter idiosyncratic customer demands in service may be more appropriately controlled through shared values than through rules and procedures. Moorman (1991) implied that supervisors can directly influence employees' OCB. Strutton, Pelton, & Lumpkin (1993) found that sales managers could favorably affect salesperson perception of fairness by acting consistently, truthfully, respectfully, and equitably. Sales managers could also provide substantive evidence of procedural and outcome justice in matters relating to the reward and/or disciplinary system.

However, evidence has shown that individuals are likely to react more strongly against perpetrators of unfair treatment who are expected to continue their unjust actions in the future (Greenberg, 1987), but that victims of injustice may not retaliate against such perpetrators when they perceive little impact from their actions (Martin, Brickman, & Murray, 1984). Greenberg (1987) also found that victims of unfair procedures were more likely to behaviorally rectify the injustice when they perceived the cause of inequity to be organizational policy rather than individual decision. Extending this flow of logic to a customer service context yields a theoretical proposition regarding remedial displacement of unfair treatment: continual or consistent organizational psychological contract violations may cause retaliation by customer service employees in the form of modified OCB, and it may be inferred that such retaliation may be in the form of lower-quality service directed toward the customer. Employees in this way can control and assess the impact of customer-directed retaliatory behavior, rather than behavior directed toward the organization, where it may not have any impact measurable at the individual level. This also suggests that customer service employees are less likely to retaliate with modified OCB against unfair treatment by a customer (individually based) than against unfair treatment by the organization (Greenberg, 1987).

A set of propositions which extend the previous hypotheses is derived from synthesis of existing theory and research on the psychological contract, OCB, and customer service employee behavior. These propositions are more application-focused and have implications for the organization in effectively managing customer service employees, due to the potential effects of OCB modification on customer satisfaction:

- 5) The customer service employee who perceives contract violations by the organization is more likely to react by reducing positive OCB associated with good customer service and/or increasing negative OCB (noncompliant behavior) associated with poor customer service, and less likely to modify OCB associated with internal organizational effectiveness.
- 6) The customer service employee who perceives contract violations or unfair treatment by the external customer is less likely to react by modifying customer service OCB than if the contract violations were caused by the organization.
- 7) Regardless of the source of the contract violation or employee perceptions of fairness, the outcome may be a reduction in quality of customer service, which reduces the external effectiveness and resultant profitability of the organization.

Thus, the management of front-line customer service employees is a complex and critically important process. It requires consideration of multiple sources of influence and reciprocity, and the impact of employee perceptions on employees' OCB, the customer relationship, and ultimately the organization (both inwardly and through an external customer feedback loop). Even by carefully defining and protecting the fairness perceptions of employees' psychological contracts, the organization may not be able to obtain desired positive extra-role OCB or prosocial behavior with regard to customer service. However, the organization should be able to minimize the possibility of negative OCB or noncompliant behavior.

EXPLORATORY STUDY DESIGN

This exploratory research was conducted in two phases. The first phase was based on a content analysis of subject responses regarding psychological contract violations. A questionnaire was completed by 209 individuals (42% response rate) from three academic institutions and one service organization. 140 (67%) of the respondents were currently working, and the average work experience of all respondents was 3 years. Of the 140 employed respondents, 85 (61%) perceived violations of their psychological contracts. Employer violations were assessed with two items on the questionnaire: 1) the extent to which employers had satisfied promises to the employees; and 2) whether the employer had ever failed to keep a promise to the employee. This second item was followed up with an open-ended question regarding specific details of any broken promises.

In the second phase of this study, 24 salespersons from the service organization (43% response rate), with an average of 12 years work experience, answered questions assessing two sets of beliefs. First, the questionnaires assessed employees' beliefs regarding obligations to their employers with measures similar to those used by previous researchers (Robinson, Kraatz, & Rousseau, 1994). Employees' perceptions of the obligations of employees were

assessed on factors such as basic job duties, training, job security, promotions, loyalty, and citizenship behavior. Respondents indicated their perceptions of the above factors on a seven point scale (1= Strongly disagree, 7= Strongly agree). Second, the questionnaires assessed employees' perceptions of their employer's obligations to them. These were also assessed on factors such as basic job duties, training, job security, promotions, and loyalty. Again, respondents indicated their feelings on the above factors on a seven point scale (1= Strongly disagree, 7= Strongly agree).

A subset of the questionnaire measured the perceptions that employees had about who had more contractual obligations: employees or employers. There were two items which stated that employers had more obligations in general and specifically in their company. Respondents indicated their perceptions of these two items on a seven point scale (1=strongly disagree, 7=strongly agree). There were two other items that stated that employees had more obligations in general and specifically in their company. Again, respondents indicated their perceptions of these two items on a seven point scale (1 =strongly disagree, 7= strongly agree). Organizational justice was measured using Moorman's (1991) 24 item scale. This 24 item questionnaire consists of three factors: distributive justice, procedural justice, and interactional justice. These factors looked at such issues as consistent outcomes, fair procedures, and interpersonal treatment received by employees, respectively. Organizational citizenship behavior of the respondents was measured from two sources. The questionnaire contained 16 items describing different activities in which workers could involve themselves. Respondents and their peers indicated how often the respondents did each of those activities on a seven point scale (1 = Never do this, 7= Always do this). This sixteen-item OCB scale was developed by Smith, Organ, & Near (1983).

PROCEDURES

In phase one of the study, questionnaires addressing psychological contract violations were sent to 209 individuals, with responses to be content analyzed. In phase two, questionnaires containing measures of fairness, OCB, and perceptions of the psychological contract were sent directly to the 56 salespeople, to be returned directly to the first author by the respondents. The respondents were also requested to give to a peer a one page questionnaire which contained an independent measure of the respondent's OCB. The peers evaluated the citizenship behavior of the respondents and returned the questionnaire directly to the author in a separate envelope provided for that purpose. The respondents were requested to identify their questionnaires with a code number of their choice before giving it to a peer to enable us to match their responses with those of their peers.

RESULTS

Content Analysis of Contract Violations

Two coders coded the responses to the open ended questions from both phases as described. Psychological contract categories were the level of content analysis (Weber, 1989). Weber outlines three kinds of reliabilities for content analysis-based studies: stability, reproducibility, and accuracy. Of these three kinds of reliabilities, we estimated reproducibility, which is the extent to which content classification produces the same results when the text is coded by more than one coder. The reproducibility (intercoder reliability) estimates ranged from a low of 79% (e.g., for the category of "input") to a high of 100% (e.g. for "promotions") -

The nine categories that resulted from the content analysis are described below. There were 138 examples provided from 109 individuals, which represented 51% of the total sample. The exploratory results suggested differential effects of specific components of the psychological contract violation.

Transactional components

Rewards. Pay was one of the variables that loaded on the transactional factor in the Robinson Kraatz, & Rousseau (1994) study. Our results are consistent in that rewards constituted the majority (19% of the total) of the responses in the transactional category of psychological contracts.

Advancement. Approximately 13% of the responses included promotions as a factor in their psychological contracts. Promotions as an aspect of the transactional component of psychological contracts is consistent with the literature (Robinson, Kraatz & Rousseau, 1994). **Time Off.** Time off from work, especially when promised ahead of time, was expected by employees to be granted and was a source of contract violation as described in approximately 4% of the respondents.

Relational Components

Reciprocal Relationship. Approximately 22% of the responses suggested that employees felt that reciprocity in their relationships with managers and employers was the most important aspect of the psychological contract. This was the largest category of responses. Apart from the tangible aspects of the relational nature of the contract such as training and development opportunities, a long term career path, and job security, the reciprocal relationship refers to more abstract and intangible aspects of the relationship itself between employers and employees (e.g., recognition, equitable contract enforcement).

Career Development. Approximately 16% of the responses described situations where employees were promised opportunities for higher visibility and broader experiences but the promises were not kept. The opportunity for experience and visibility fits best under the relational nature of the contract violations (Robinson, Kraatz, & Rousseau, 1994).

Consistency. This category represents employees' perceptions of procedural and interpersonal consistency of the psychological contract as executed by the organization. About 12% of the responses reported that fairness in dealing with the employees was a major aspect of individuals' psychological contracts. Favoritism and policy violation were some of the common factors mentioned in the area of consistency.

Input. Input into decision making about how the work is done was also listed as important, representing approximately 9% of the responses. These included employees being informed of organizational occurrences such as meetings; for example, closed door meetings with no explanations were seen as violating the psychological contract. This component could capture aspects of career development based on acquisition or deprivation of knowledge crucial for development.

Training. About 4% of the responses cited contract violations in the area of training which would also fall under the relational factor of psychological contracts.

Job Security. Job security was described in only 2.2% of the responses. These results surprised us, as we expected job security to be an important issue. However, consistent with recent trends in the work place (O'Reilly, 1994), job security is not perceived as a major aspect of the changing nature of the psychological contract.

Summary of Contract Violations

As expected, the categories of violations fell into two types of psychological contracts discussed in the literature (Robinson, Kraatz, & Rousseau, 1994; Rousseau & Parks, 1992): transactional and relational contracts. The categories of reciprocal relationship, career development, consistency, input, training, and job security represent the relational nature of the psychological contract. The categories of advancement, rewards and time off represent the transactional nature of the psychological contract. Thus, the results of the content analysis reveal that psychological contracts existing in the minds of our respondents are similar to what one might expect from a knowledge of the literature. Reciprocal relationships were the most common (29 out of 138 responses) aspects of the contracts mentioned, lending support to the expectation that relational aspects of the contract are likely to be more important than the transactional aspects. Rewards, including bonuses and incentives, seemed to be the second most important (26 out of 138 responses) aspect of psychological contracts. On the whole, relational aspects

such as consistency, career development, and employee input seemed to be more important than the transactional aspects of the contract.

Quality of measures

The measure of organizational justice had high reliability (Cronbach's Alpha = 0.95). The three dimensions of organizational justice also had relatively high internal consistency estimates (distributive justice, 0.95; procedural justice, 0.91; interactional justice, 0.94). Despite a small sample, the measure of organizational justice yielded three distinct and interpretable factors consistent with prior research (Moorman, 1991).

The internal consistency of the psychological contract scale was 0.60. The psychological contract scale consisted of two fairly interpretable factors (Eigen values of 4.20 and 2.55). One of the factors represents the respondents' beliefs about the nature of employer obligations to employees, in general and specifically in their company. These beliefs about employer obligations were in areas such as basic job duties, training, job security, promotions, loyalty, and citizenship behavior. The second factor represented respondents' beliefs about employees' obligations to employers, in general and specifically in their company. These beliefs pertained to the same areas as those of employer obligations. We call the first factor employer obligation, and the second factor employee obligation. The OCB scale also had a high internal consistency estimate (Alpha= 0.80).

Support for Hypothesis

The means, standard deviations, and correlations are illustrated in Table 1.

The relationship between transactional violations and fairness perceptions (r= -0.20, p<0.37) was weaker than the relationship between relational violations and fairness perceptions (r=-0.57, p<0.01), supporting the first proposition that relational contract violations will evoke more perceptions of unfairness than will transactional violations.

Variables	means	std devs	1	2	er.	4	ĸ	6	7	8	6	10
1. employees have more obligations *	3.13	16.								8		
employers have more obligations*	2.77	1.03	-,10 ats									
3. overall fairness	3.94	1.08	.34	07 as							4	
4. confract violations	.70	.47	.60	.18 BS	.60		200	. Seni				
5. promises met by employers	3.91	1.37	.01)	12 ns	. 85 (10.)	(10)						
6. self repon ocbs	5.12	98.	.47	-, 19 nrs	.47	-,39	.59 (10.)		Xio			
7, peer report ochs	4.98	1.17	(.01)	19 IIS	.52 (.04)	.12 IIS	.60	.47				
8. distributive justice*	4.05	1.44	(22)	03 ns	.85 (10.)	63	.65 (10.)	.44	.39			
9. procedural justice"	3.13	1,26	-,30	-,21 (.05)	48 . (10.)	46	.69 (10.)	.43	.01)	.58		
10. interactional justice*	4.64	1.20	36	.06 ns	.79 (10:)	-,36	.74 (.01)	.27 SII	(.07)	.47	.54	

Table One

Means, standard deviations and correlations

' All measured by a 7-point scale $p\!<\!10$ and higher reported as as [non-significant]

Individuals who perceived that they had more obligations to their employers than their employers had to them reported fewer contract violations (r=-0.60, p<0.01). In other words, contract violations were associated with lower perceptions of employee obligations, supporting our second proposition.

The third proposition that individuals with higher perceptions of organizational justice will have higher OCB is strongly supported (r=0.47, p<0.02). This was true for the relationship between coworkers' rating of citizenship behavior and organizational justice as well (r=0.52, p<0.04). Thus organizational citizenship behavior is, for this study, based on the perceptions of organizational justice. This relationship between organizational justice and citizenship behavior is true for both self-reported citizenship behavior as well as peer assessments of citizenship behavior.

However, proposition 3a is not as strongly supported: individuals with higher perceptions of interactional justice didn't necessarily display more OCB. The association between coworkers' rating of OCB and an individual's perceptions of interactional justice (r=0.47, p<0.07) was strong, but the relationship between an individual's perceptions of interactional justice and his/her own rating of citizenship behavior was less strong and not significant (r=0.27, p<0.19). Further, OCB was strongly associated with perceptions of distributive justice (r=0.44, p<0.03), and procedural justice (r=0.43, p<0.03). Thus, OCB was strongly related to overall perceptions of fairness in general, and specifically with distributive justice perceptions more so than interactional justice.

Finally, individuals who reported contract violations did have lower overall fairness perceptions (r=-0.60, p<0.01). This supports proposition 4. Specifically, contract violations were strongly associated with perceptions of distributive justice (r=-0.63 p<0.01), and procedural justice (r=-0.46, p<0.02), and to a lesser extent with interactional justice (r=-0.36, p<0.06). Moreover, individuals who reported that their employers had largely satisfied the promises expected of them reported higher perceptions of fairness than those who reported that their expected promises were also kept, but to a smaller extent (r=0.84 p<0.01). This measure of satisfaction of promises expected was strongly correlated with all dimensions of organizational justice (r=0.69 for procedural justice, r=0.74 for interactional justice, and r=0.65 for distributive justice).

Additionally, individuals who reported contract violations did score lower on the OCB scale (r=-0.39, p<0.06). Although the direction of the relationship was consistent with expectations, it was only marginally significant. However, individuals who reported that the promises they had expected were satisfied by their employers to a large extent also had higher

scores on the OCB scale (r=0.59, p<0.01). The coworkers of the individuals who reported high level of satisfaction of promises expected also rated the OCB of those individuals higher (r=0.60, p<0.02). Thus citizenship behavior seems to be associated with the extent to which promises made to employers are satisfied regardless of who rates the citizenship behavior (self or peers). The direction of the relationship between contract violations and coworkers' ratings of citizenship behavior was also consistent with expectations but not significant.

DISCUSSION

Our research supports the previous research (Robinson, Kraatz & Rousseau, 1994) in illustrating the two psychological contract components. Not surprisingly, relational violations were more recalled. This may be because relational violations may reflect a more personal violation. Such violations may elicit more emotional responses, thus remaining more vivid in employees' memories. In turn, these individuals are more likely to have lower fairness perceptions.

Fairness of the psychological contract, overall, was strongly related to overall fairness perceptions. Clearly, one's psychological contract is not merely idiosyncratic, but is also all encompassing. The strong, positive relationship overwhelmingly suggests that the study's measure of the psychological contract components captures the majority of issues in one's employment contract.

Although interactional justice did not strongly relate to OCB, other dimensions of fairness did. Moreover, overall fairness perceptions were significantly and strongly related to OCB, both self-reported and peer-assessed.

While intriguing results were uncovered, clearly they have limitations. As indicated, these were exploratory findings and should be interpreted as such. Finding such strong relationships with such a small sample (n=24), however, may indicate that these relationships truly exist, but admittedly they may be organization specific. Moreover, given our small sample we were only able to examine correlations. Future research needs to be done using a larger sample and more sophisticated analyses. Additionally, better measures for the psychological contract need to be developed and validated.

Examining violations perceived by 109 employees, from 86 different organizations (across the four sites where the questionnaire was administered), clearly provides us with a broad view. As we mentioned earlier, having so few responses mentioning job security was surprising. However, upon reflection, it may be the result of the changing psychological contract. In other words, because our sample consisted primarily of young workers, the responses may be a result of employment relationships that do not address job security.

EXPECTED FINDINGS

While not specifically addressed by the survey methodology, there are several expected corollary findings regarding customer service OCB that can be extended from the results of our exploratory research, based on the evidence of previous studies (e.g., Puffer, 1987; Dubinsky & Levy, 1989; George & Bettenhausen, 1990). Relational violations of the psychological contract can be expected to be as strong or stronger for customer service employees. The basis of effective customer service is relationship building, both internally, between the organization and the employee, and externally, between employees and customers (Zeithaml, Berry, & Parasuraman, 1988; Parasuraman, Zeithaml, & Berry, 1985, 1994; Henkoff, 1994). Thus, a relational violation could have a more severe effect on customer service employees' OCB than it would on the OCB of non-customer service employees.

Because customer service employees' prescribed roles in the organization are primarily concerned with externally-directed behavior, we would expect that any changes in their OCB in reaction to perceptions of contract violations would be most likely manifested in modification of customer service extra-role behavior. That is, if the organization violates the relational contract, employees probably would react by reducing positive OCB and/or increasing negative OCB associated with the quality of service given to the customer. Lower quality customer service, aggregated across time and individual customers, is expected to result in lower organizational effectiveness and profitability (Puffer, 1987). This could be assessed by including additional measures of customer perceptions of service quality received, and organizational performance.

Additionally, because prior evidence has shown that perceptions and behavior of customer service employees are influenced by both internal members of the organization (i.e., supervisors) and external customers (Bitner, Booms, & Mohr, 1994; Rafaeli, 1989; Strutton, Pelton, & Lumpkin, 1993), there are more potential causes of changes in OCB. Had our Surveys included measures relating to employee-customer interaction, as well as employee-manager interaction, we wonder if employee OCB might have been modified even if there were no perceptions of internal contract violations. If so, this may be due to employees' reactions to perceived unfair treatment by the customer in their relationship, independent of unfair treatment by the organization. Even though Greenberg (1987) found that individuals were more likely to retaliate against unfair treatment caused by organizational policy than treatment caused by an individual decision, there is enough evidence to suggest that employees would retaliate when the unfair treatment is continual (Greenberg, 1987), and direct such retaliation at targets who would feel the impact (Martin, Brickman, & Murray, 1984). Rafaeli (1989) has also noted that

customer service employees like to be "in control" of the relationship with the customer; retaliation in the form of OCB modification may be one such form of control.

SUGGESTIONS FOR FUTURE RESEARCH

Future research incorporating customer service dimensions should include measures of all elements of the service "loop": employee perceptions, customer perceptions, management perceptions, and organization performance. Qualitative methods are recommended to capture the nuances and direction of the 3-way interaction among organization, employee, and customer. A very basic question to be addressed is: Do the psychological contracts of customer service employees differ significantly from those of non-customer service employees? We have suggested that violations of relational contract components are expected to be more severe for customer service employees, but what role does the customer play in the employee's psychological contract? Is the customer merely a moderating influence on the contract between employee and organization? Are there perhaps two separate contracts between organization-employee and employee-customer (as well as an overarching customer-organization contract, perhaps more transactional in nature)? Could the 3-way interaction be best described as one overall contract, incorporating the expectations of the employee, the customer, and the organization? Would the employee be a recursive mediator of the organization-customer relationship in this case?

Finally, what are the implications for the organization in managing the psychological contract with customer service employees, assuming that preventing contract violations will enhance organizational effectiveness? Should the organization be most concerned with internal contract violations and possible employee external retaliation? How can the organization best manage the interactive relationship and potential for contract violations between the employee and customer? What effects might various methods of employee-customer relationship monitoring, tracking, and reporting have on employee perceptions of fairness and OCB?

CONCLUSION

Clearly, future research needs to be conducted using these same constructs. While good measures exist for OCB and fairness, a more stable and valid measure of the psychological contract and violations needs to be developed and tested. A model that incorporates the three-way interaction, as discussed above, needs to be further developed and tested as well. Conceptual progress must be made before these constructs can be fully studied. While we are working on such a model (Blancero & Johnson, in progress), we encourage other researchers to examine these same issues.

It is critical for the study of management (in a broad context) to examine these constructs from a multidisciplinary perspective. As this paper illustrates, only by combining various disciplinary perspectives can we begin to understand the complex relationships in organizations. Depending on the discipline, there are numerous studies that suggest the positive benefits to the organization when improving the treatment of, and relationship with, employees or customers, or both. This can be operationalized as the organization being perceived as more fair, or providing more respect in the form of tangibles such as pay (internally) or service (externally). Perhaps a more complete understanding can be reached by viewing both organizational fairness and respect simultaneously.

Moreover, an additional area of research may be quite critical to explore in the context of these constructs. Examining potential differences between core (i.e., full-time) and contingent (e.g., part-time) employees may be very valuable. There is an increasing number of companies that are using contingent workers, either as part-timers, or on a leased or contractual basis (including those working at remote locations, or telecommuting); this is especially true for many sales and service organizations. How are the psychological contracts of these contingent employees managed and affected by perceived violations? Are their contracts formulated differently due to their temporary relationship with the organization, i.e., do the contracts tend to be more transactional and less relational? What is the relationship between organization culture, or lack thereof, and perceived contract violations? Further, how does this affect the level of customer service these employees are expected to provide?

Finally, it is clear that longitudinal research in this area is critical. Only by examining these relationships over time can we have definitive results; and, given that the psychological contract is a dynamic relationship, longitudinal studies will allow researchers to document changes. Important potential differential effects among gender, age, ethnicity, and type of job should also be explored. Once again, we encourage researchers to examine these issues from these perspectives or others.

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