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**ASSESSING THE NATURE OF PSYCHOLOGICAL
CONTRACTS: CONCEPTUALIZATION AND
MEASUREMENT**

by

I. VAN DEN BRANDE

L. SELS

M. JANSSENS

B. OVERLAET

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ASSESSING THE NATURE OF PSYCHOLOGICAL CONTRACTS:

CONCEPTUALIZATION AND MEASUREMENT

Inge Van den Brande¹

Katholieke Universiteit Leuven
Organization Studies, Department of Applied Economics
Naamsestraat 69, 3000 Leuven, Belgium
Phone: 32-16-326894
Fax: 32-16-326732
E-mail: inge.vandenbrande@econ.kuleuven.ac.be

Luc Sels

Katholieke Universiteit Leuven
Organization Studies, Department of Applied Economics
Naamsestraat 69, 3000 Leuven, Belgium
Phone: 32-16-326872
Fax: 32-16-326732
E-mail: luc.sels@econ.kuleuven.ac.be

Maddy Janssens

Katholieke Universiteit Leuven
Organization Studies, Department of Applied Economics
Naamsestraat 69, 3000 Leuven, Belgium
Phone: 32-16-326874
Fax: 32-16-326732
E-mail: maddy.janssens@econ.kuleuven.ac.be

Bert Overlaet

Katholieke Universiteit Leuven
Organization Studies, Department of Applied Economics
Naamsestraat 69, 3000 Leuven, Belgium
Phone: 32-16-326872
Fax: 32-16-326732
E-mail: bert.overlaet@econ.kuleuven.ac.be

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¹ Inge Van den Brande is currently working at Katholieke Universiteit Leuven, Higher Institute of Labour Studies, E. Van Evenstraat 2A, 3000 Leuven. E-mail: inge.vandenbrande@hiva.kuleuven.ac.be

Abstract

The purpose of this study is to clarify a feature-oriented assessment of psychological contracts, an underdeveloped approach to psychological contracts. From a theoretical perspective, the study aims to conceptualize the nature or different dimensions of a psychological contract drawing upon theoretical frameworks and cross-national research. Reviewing the 13 nation-studies of psychological contracts organized by Rousseau and Schalk (2000), we find support for the relevance of four theoretical dimensions: time frame, tangibility, scope and stability, as well as indications for two additional dimensions: power distance and individualization. From an empirical perspective, the 6 conceptualized dimensions are being operationalized in terms of employees' expected entitlements as well as their expected obligations and tested in a large, representative sample of 1,106 employees across industries, organizations and legal contracts. The analyses resulted in 12 scales and indicated that the expected entitlements and obligations of scope, stability, power distance and individualization do not highly correlate with each other while high correlations between entitlements and obligations of time frame and tangibility exist.

Introduction

After a hiatus of more than two decades, empirical assessments of psychological contracts reappeared in organizational research (Rousseau and Tijoriwala, 1998). In contrast to the initial research (Argyris, 1962; Levinson, Price, Munden, Mandl and Solley, 1962), this new stream of studies focuses on quantitative assessments (e.g. Rousseau, 1990; Robinson, Kraatz and Rousseau, 1994; Guzzo, Noonan and Elron, 1994; Freese and Schalk, 1996; Herriot, Manning and Kidd, 1997). While these new studies have generated valuable insights into the content and dynamics of psychological contracts, they have approached psychological contracts with an almost equal number of somewhat distinct assessments. This 'embarrassing richness' was for Rousseau and Tijoriwala (1998) the starting point to review assessments used in psychological contract research and to propose an organizing framework for future research. Rousseau and Tijoriwala (1998) distinguish three forms of measurement: content-oriented - examining the specific terms of the contract; feature-oriented - comparing the contract to some attribute or dimension; and evaluation-oriented - assessing the degree of fulfillment, change or violation experienced within the context of the contract. While content-oriented and evaluation-oriented measurements are well-known approaches to understand psychological contracts, feature measures are rather underdeveloped.

It is the purpose of this study to clarify a feature-oriented approach to psychological contracts and to increase our understanding of the nature of psychological contracts. A feature-oriented assessment of psychological contracts is 'to compare the contract to some attribute or dimension, such as the degree to which the contract is implicit/explicit or stable/unstable over time ... Its features are adjectives that characterize summary features of the contract and the ways in which it was conveyed or interpreted' (Rousseau and Tijoriwala, 1998; p. 685). While the potential contribution of this type of assessment is its etic nature or the possibility to study psychological contracts across persons and settings (Rousseau and Tijoriwala, 1998), only a few studies (McLean Parks, Kidder and Gallagher, 1998; McLean Parks and Van Dyne, 1995;

Rousseau and McLean Parks, 1993) have approached psychological contracts in a feature-oriented way. While the little existing research has already distinguished several properties that differentiate contracts, most commonly: narrow/wide scope; explicit/implicit, static/dynamic, certain/uncertain and written/unwritten (Rousseau and Tijoriwala, 1998), major critics (e.g. Guest, 1998) state that the proposed dimensions have been derived more intuitively than theoretically, that the list of dimensions may be incomplete and that it is possible that not all dimensions are equally important or relevant. The objective of this study is to further develop a feature-oriented assessment of psychological contracts, both theoretically and empirically. From a theoretical perspective, this study aims to conceptualize the nature or different dimensions of a psychological contract drawing upon theoretical frameworks and cross-national research. Following the theoretical frameworks of Macneil (1985) and Rousseau and McLean Parks (1993), we examine the relevance and completeness of five dimensions of psychological contracts - time frame, tangibility, scope, focus and stability - from a cross-national perspective. Reviewing the 13 nation-studies² of psychological contracts (Rousseau and Schalk, 2000), we find support for the relevance of time frame, tangibility, scope and stability as well as indications for two additional dimensions: power distance and individualization of contracts. From an empirical perspective, the 6 conceptualized dimensions are being operationalized in a consistent way and tested in a large, representative sample of 1,106 employees across industries, organizations and legal contracts. As the basis for our feature-oriented assessment, we begin by defining the concept of psychological contracts.

² Australia, Belgium, France, Hong Kong, India, Israel, Japan, Mexico, the Netherlands, New Zealand, Singapore, the United Kingdom and the United States.

Defining psychological contracts

Because of the existing variety on the concept of psychological contract, we reviewed the different definitions of psychological contracts in order to identify the main points of discussion. Throughout the literature, there seem to be two points of agreement: psychological contracts are *subjective* and *reciprocal*. Psychological contracts are subjective, in the sense that they refer to individual expectations, perceptions or beliefs. Since each party or individual selects, perceives and interprets these elements in his/her own way, psychological contracts are subjective, unique and idiosyncratic - they exist 'in the eye of the beholder' (Rousseau, 1990, p. 391) or 'in the minds of the parties' (Herriot and Pemberton, 1995, p. 17). Psychological contracts are also reciprocal since they arise in the context of an employment relationship (e.g. Herriot *et al.*, 1996; McLean Parks *et al.*, 1998; Rousseau, 1990). This employment relationship always involves two parties, implying that one party cannot create a psychological contract.

More discussion exists about the *implicit* nature of psychological contracts. Schein (1965) seems to suggest that all elements need to be implicit when he describes the psychological contract as an 'unwritten set of expectations'. Kotter (1973) on the other hand states that some elements of the psychological contract may be very clear (explicitly present), while others may be unclear (implicitly present). Levinson *et al.* (1962) also seems to drive at this interpretation when defining psychological contracts as a product of mutual expectations, which are largely 'implicit and unspoken'. A critical perspective on this aspect is taken by Guest (1998) when asking whether a psychological contract in which all terms are explicit, written down or expressed, automatically ceases to be a 'psychological' contract.

Similar differences in interpretation exist concerning the *obligatory* nature of the psychological contract. According to Schein (1965) and Dunahee and Wangler (1974), the psychological contract is obligatory because of the consequences associated with non-compliance. The psychological contract functions in the same way as a legal contract because the consequences of

violations can be equally serious in both cases. According to most authors (Levinson *et al.*, 1962; Portwood and Miller, 1976; Herriot *et al.*, 1996; McLean Parks *et al.*, 1998) however, the obligatory nature is more the result of the reciprocal character of the contract. Because of reciprocal expectations or perceived obligations, the two parties are bound to one another. Finally, according to Rousseau (1989), the obligatory nature ensues from the promises made, which she believes form the basis of psychological contracts. She therefore talks of a 'promissory contract'.

In order to define the concept of psychological contracts, we have explicitly made a choice on the four above-mentioned aspects. Specifically, we consider a psychological contract as:

- subjective, referring to individual expectations or perceptions. This implies that psychological contracts can be assessed by questioning one party in the exchange relationship.
- reciprocal, arising only in the interaction of two parties. This implies that the assessed expectations need to refer to the individual's expectations vis-à-vis his/her present employer and not to general expectations about work.
- predominantly implicit. By focusing on the nature instead of the content we emphasize the implicit character of psychological contracts more than the explicit one.
- obligatory, indicating that it requires fulfillment because violation may have serious consequences, such as a decline in performance or reduced involvement.

An existing definition which fits these choices and which we adopt in this study is the one of McLean Parks and colleagues (1998, p. 697): 'The psychological contract between an employer and an employee is the idiosyncratic set of reciprocal expectations held by employees concerning their obligations (what they will do for the employer) and their entitlements (what they expect to receive in return).'

Conceptualizing the nature of psychological contracts

To address the concern of theoretical foundation, we start our conceptualization of features of psychological contracts with the theoretical framework of Rousseau and McLean Parks (1993). They distinguish 5 underlying dimensions of psychological contracts which are based on the 'contractual continuum' proposed by Macneil (1985): time frame, tangibility, scope, focus and stability. In this study, we exclude the dimension of 'focus' because this facet of contracts refers to elements of a contract and thus represents a content-oriented assessment. Specific, focus indicates the degree to which the employee stresses socio-emotional aspects such as appreciation, friendship, respect, opportunities for personal growth and development versus economic aspects, such as wages, benefits and bonuses (McLean Parks *et al.*, 1998). It is mainly the economic aspects, such as wages, benefits and bonuses, that are content-oriented aspects of psychological contracts. We now briefly discuss the theoretical meanings of the 4 remaining dimensions and assess their relevance by relying on cross-national research on psychological contracts in 13 countries (Rousseau and Schalk, 2000). We further examine the extent to which this international research on psychological contracts indicates the existence of other relevant dimensions. Comparing the different portrayals, two additional dimensions were identified: power distance and individualization.

Time frame of psychological contracts: long term - short term

The dimension of time frame has its origins in the distinction between short-term contracts and long-term contracts (Macneil, 1985). Rousseau and McLean Parks (1993) define time frame as the perceived duration of the employment relationship. While time frame is regarded here as a feature of psychological contracts, Rousseau later argues that time frame, like focus, resembles content-oriented assessment (Rousseau and Tijoriwala, 1998). We would argue however that time frame is an essential characteristic of an employment relationship. This dimension is considered a crucial criterion in distinguishing several types of employment relationships, such as a relational or transactional contract (Rousseau, 1995), a clan or market relationship (Beer, Spector, Lawrence, Mills

and Walton, 1984), or a make or buy relationship (Williamson, 1981). It is for this reason that we include time frame as a dimension of psychological contracts. In accordance with the purpose of our study, we operationalize this dimension in terms of the nature of the relationship and not in content-terms.

The relevance of this dimension is strongly supported by the cross-national research on psychological contracts. The dimension of time frame seems to be an important property associated with contracts and employment relationships, mainly described in content-terms with job security and loyalty as the central concepts. For example, job security in return for loyalty is still the standard in shaping the employment relationship in Belgium (Sels, Janssens, Van den Brande and Overlaet, 2000) and France (Cadin, 2000). Indicators of this long-term perspective can be found in the legal character of the employment relationships (e.g. a limited use of temporary contracts, long notice periods), in HRM practices (e.g. closed internal labor markets, promotion based on seniority) and in employees' behavior (e.g. little external mobility, long-term commitment). The USA and Singapore are countries at the opposite end of the dimension. The principle of 'employment at will,' job mobility and the limited number of employees having an open-ended contract are indicators of a short term perspective in the USA (Rousseau, 2000). In the case of Singapore, employees aim not so much for job security, but for greater employability and the development of a 'protean' or 'boundary-less career' (Ang, Tan and Ng, 2000).

Tangibility of psychological contracts: specified - ambiguous

Tangibility, the second dimension, originates from the distinction between tangible contracts and intangible contracts (Macneil, 1985). Drawing upon Rousseau and McLean Parks (1993), tangibility is defined as 'the degree to which the employee perceives the terms of the contract as unambiguously defined and explicitly specified and clearly observable for third parties' (McLean Parks *et al.*, 1998, p. 708).

The cross-national comparison of psychological contracts shows that tangibility is an important dimension in all countries for characterizing

employment relationships. The concepts used refer to clarity and transparency versus ambiguity and room for interpretation. High tangibility seems to be particularly important in Western European countries as indicated by the existence of a complex web of formal laws and regulations and numerous written labor agreements. The Dutch case is here exemplary (Freese and Schalk, 2000). In the US, HRM practices form the functional equivalent of written employment agreements. Transparency and tangibility are established through specific job descriptions, explicit performance requirements, unambiguous evaluation and reward criteria and regular feedback (Rousseau, 2000). In contrast, Asian countries are rather typified by an intangible nature of employment relationships. For instance, trust seems to carry more weight than the formalization of rights and obligations in Hong Kong (Lee, Tinsley and Chen, 2000) and India (Shah, 2000), and broad role definitions seem to be dominant in Singapore (Ang *et al.*, 2000). Finally, several countries seem to know an evolution towards making the employment relationship more tangible. In Mexico, for example, a clear trend from verbal agreements towards written, detailed employment contracts can be observed (Diaz-Saenz and Witherspoon, 2000).

Scope of psychological contracts: narrow - broad

Macneil (1985) distinguished contracts with a narrow scope from contracts with a broad scope. According to the definition of McLean Parks and colleagues (1998, p. 707), scope refers to 'the extent to which the boundary between one's employment relationship and other aspects of one's life is seen as permeable.'

Examining the 13 nations-study, scope emerges as a relevant dimension for typifying psychological contracts. In most Western countries, employment relationships display a rather narrow scope. Indicators are the strict division between work and personal life (Belgium; Sels *et al.*, 2000) and the limited interference of organizations in the lives of their employees (The Netherlands; Freese and Schalk, 2000). Furthermore, the employment relationship is mainly interpreted as an economic and much less as a socio-emotional reciprocal relationship (USA; Rousseau, 2000). Considering the employees' perspectives,

they see their jobs as a means of achieving an end (UK; Millward and Herriot, 2000), demonstrate little extra-role behavior (Australia; Kabanoff, Jimmieson and Lewis, 2000) and are relatively uninvolved with their jobs (New Zealand; Peel and Inkson, 2000). Nonetheless, in various Western cases, reference is being made to an expansion of scope. For instance, in the Netherlands, the division between work and personal life is becoming more permeable through overtime work, working at home, flexible hours, and parties with colleagues (Freese and Schalk, 2000). A broader scope of employment relationships is being found in countries such as Israel (Krausz, 2000) and Mexico (Diaz-Saenz and Witherspoon, 2000). It is expressed through the employers' concern for the employees' family situation (parental leave, flexible hours, possibility of staying at home when children are ill, sponsoring recreation parks or socio-cultural centers). However, employment relationships are particularly broad in Asian countries. Extra-role behavior is regarded as evident in Japan (Morishima, 2000) and Singapore (Ang *et al.*, 2000), being reinforced by a corporate culture of open communication, support, respect, appreciation and trust. A broad scope is also found in Indian family businesses where it is expressed in far-reaching sacrifices in favor of the employer (e.g. wage cuts during a recession) and reinforced by frequent recruitment among families and friends (Shah, 2000).

Stability of psychological contracts: static - evolving

Stability, the fourth and last dimension of psychological contracts derived from Macneil's contract theory, refers to static versus evolving or dynamic contracts (Rousseau and McLean Parks, 1993). Stability of a psychological contract is defined as 'the degree to which the psychological contract is limited in terms of its ability to evolve and change without an implied renegotiation of the terms' (McLean Parks *et al.*, 1998, p. 706).

Following the cross-national study, indicators of stability often refer to a strict application of rules and arrangements by employers and a rather inflexible attitude towards internal changes by employees. Dynamic employment relationships can be found in USA with a high level of tolerance regarding change and uncertainty (Rousseau, 2000). Also Asian countries like Japan know

this nature of psychological contracts through flexible application of rules and continuously reinterpretation of details of the employment relationships (Morishima, 2000). In contrast, Australia is a prominent example of static employment relationships with the strict application of rules, very few HRM practices that can increase flexibility and a low tolerance level to uncertainty (Kabanoff *et al.*, 2000). In countries such as Belgium, France and the Netherlands, the situation is fairly ambiguous. Great importance is attached to carefully designed rules and legislation. However, in practice, these rules are flexibly applied. For instance, the web of rules in France apparently creates so much uncertainty and confusion that these rules are being flexibly interpreted depending on the context (Cadin, 2000).

Power distance of psychological contracts: low - high

Reviewing the different portrayals of psychological contracts in different countries, we identified two other dimensions necessary for a full understanding of all possible features associated with psychological contracts: power distance and individualization. The term power distance was originally used by Mulder (1971, 1977) to describe social relationships, structures or systems and is currently a very well known cultural dimension in cross-cultural research (e.g. Hofstede, 1980). Power distance is defined by Mulder (1977, p. 90) as 'the degree of inequality in power between a less powerful individual and a more powerful other, or the potential to determine or direct (to a certain extent) the behavior of another person/other persons more so than the other way round.'

The cross-national study on psychological contracts (see Table 1) suggests that this dimension is mainly illustrated through concepts such as hierarchy and inequality.

Table 1. Power distance dimension of psychological contracts.

<i>Country</i>	<i>Concepts and practices</i>
Australia	Tradition of egalitarianism Distrust of authority Minimization of privileges
Belgium	Differences in hierarchical position correspond to differences of status Respect for authority, orders and control Subordinates recognize authority and are prepared to do as they are told
France	Honor is pride in one's own rank and fear of losing it Social status and professional position are closely connected Subordinates dislike supervision and do not feel obliged to follow the injunctions of the boss During crissituations, the boss is supposed to make all decisions
Hong Kong	Hierarchy Paternalistic management
India	Caste system of mainly four social classes that are hierarchical A 'master-servant' type of relationship Attitudes of subservience and respect for authorities Hierarchical reporting structures, formalities
Israel	Low power distance High informality
Japan	Large status and pay differentials
Mexico	Before 1986: Authoritarian and paternalistic treatment of workers No delegation of authority Lack of trust between employees and employers Top management rarely shares information with workers After 1986 (participation in the GATT, globalization): Flat organization structures with open communication Increased interaction and cooperation between management and unions
The Netherlands	'Poldermodel' with negotiation, consensus policy making and culture of compromise as central elements Flat organization structures Informal behavior toward colleagues and bosses Open communication is highly valued Low level of respect for authority (e.g. scarcity of statues)
New Zealand	Egalitarianism Personal contact - relationships tend to be friendly and informal Lack of deference and servility The manager as being competent, prudent in exercising authority, in general being a 'good bloke'
Singapore	Job titles and job designations are extremely important, as they signify employees' career milestones and achievements.
United Kingdom	Managerial control - budget targets - performance-related pay Little participation
United States	Americans tend to view themselves as equals Parties to a contract are relatively equal Respect for achievement rather than for status

Expectations concerning the degree of power distance can be shaped both by the employer and by the employee. Unequal treatment of employees through privileges or differential status treatment, a formal relationship between different hierarchical levels, formal ways of addressing persons, and a paternalistic management style are all employer practices which create expectations of a high power distance relationship. The employee can also promote a high power distance relationship by accepting the authority of hierarchy, adopting a conformist attitude and respecting orders.

Individualization of psychological contracts: individual - collective

The second dimension suggested by our review of the cross-national study on psychological contracts is individualization. This dimension has already been suggested by Guest (1998) as a possible important dimension to understand the nature of psychological contracts. Individualization is expressed in the various countries (see Table 2) by the concepts of an individually regulated versus collectively regulated employment relationship. An individually regulated employment relationship refers to the possibility of individual negotiation or, in other words, individual arrangements can be made which deviate from the norm. In contrast, in a collectively regulated employment relationship, little or no individual negotiation is possible because all employment aspects have been collectively decided on. An individually regulated employment relationship may be further reinforced by individualized HRM practices such as individual performance-based pay, flexible benefit plans or individual complaint procedures. In contrast, a collectively regulated employment relationship is reinforced through the application of collective personnel practices, such as the use of generally applicable rules and procedures, agreements at group level and similar treatment of all employees. In a collectively regulated employment relationship, trade unions often play a more prominent role than in an individually regulated employment relationship. The employee can also induce individualization into the employment relationship by demanding individual arrangements rather than relying on collective rules or on trade unions.

Table 2. Individualization dimension of psychological contracts

<i>Country</i>	<i>Concepts and practices</i>
Australia	Uniform general laws to enforce equal treatment Conception of equality: a minimum standard of material well-being for all Tradition of 'social justice': a 'fair go' for everyone Ethic of equality and mutual solidarity
Belgium	Collective regulation of the employment relationship Little room for free negotiation of employment terms and conditions High trade union membership Compliance with social rules
France	France celebrates 'equality' in all circumstances Duties and rights are designed collectively by the state Statutes restrict considerably individual workers' zones of negotiation
Hong Kong	Reliance on mutual trust in establishing an employment relationship Obligations based on relationships mean more than written terms Personalism or the tendency to allow personal preferences and relationships to influence decision making and action
India	Negotiation of employment contracts with unions, creating a collective or group-level agreement rather than a distinctive individual one Strong labor unions Equal treatment: same uniforms, same office space, same cafeteria
Israel	Labor relations are mainly governed by collective bargaining Strong union system - sense of sharing and solidarity Equality as minimal reward differentials
Japan	Importance of belonging, being a member of a larger entity Strong government regulations concerning labor markets Recent emphasis on individualized pay-for-performance
Mexico	Importance of collective legal agreement and trade unions Principles of 'union' and 'solidarity'
The Netherlands	Many contract features are covered by law or collective bargaining Broad zone of negotiability for young, highly educated workers. Minimization of inequality: striving for equal opportunities and results Specific human resource practices tend to become individualized
New Zealand	Before 1984 (protected regulated welfare economy): Centralized, state-sponsored framework for contractual relationships Importance of trade unions After 1984 (unprotected deregulated market economy): Wider zones of contract negotiability - shift to individualized contracting Declining role of unions Decollectivization of resolution means - personal grievance procedures
Singapore	'Personal achievement society' Individuals, not the state, have sole responsibility for personal success
United Kingdom	Long tradition of collective bargaining, but the country's employment law has never strongly supported this tradition The regulatory framework is minimal compared to France or Germany
United States	Few laws guaranteeing employment conditions Parties have a broad ability to negotiate the contract terms Individualized HR-practices: cafeteria plans, performance based rewards

Summary

Based on a theoretical framework (Rousseau and McLean Parks, 1993; McLean Park *et al.*, 1998) and a cross-national study on the meaning of psychological contracts (Rousseau and Schalk, 2000), we identified six relevant dimensions of psychological contracts: time frame, tangibility, scope, stability, power distance and individualization. We will now operationalize and measure these dimensions, conform with the definition of psychological contracts, in terms of expectations, both as expected entitlements and expected obligations. The testing of this feature-oriented assessment is carried out using a questionnaire answered by a large representative sample.

Method

Sample

The original population for this study consisted of all Belgian employees working in private, public, profit and non-profit organizations with at least 10 employees. We excluded agency workers, employees with 'small' part-time jobs (less than 40% of a full-time job), seasonal workers, trainees and apprentices. A (disproportionally) stratified random sample was drawn, resulting in a realized sample of 1.106 employees. The stratification variables chosen were gender, age, sector of employment and the type of the employment relationship. The latter of these variables was included for stratification since there is no single dominant type of employment relationship in Belgium (Sels *et al.*, 2000). One important distinction is the difference between contract and statute, as two different mechanisms of formalizing the employment relationship. In the private sector, the employment relationship is formalized in an employment contract. Employer and employee have the possibility of free negotiation with respect to the content of this contract. In the public sector, a statute regulates the relationship with the employer (i.e. the government). The content of this statute is unilaterally established by the government-employer. There is no question of 'autonomous expression of will', such as in the contractual relationship. A second distinction still very

much present in the Belgian private sector is the difference between blue-collar workers, white-collar workers and executive level employees. The employment contract receives a very different content depending whether you belong to the first, the second or the third group. Labor law treats these categories differently for issues such as protection from dismissal, salary arrangements, the probationary period, guaranteed income, annual vacation, etc. Inclusion of this distinction in our survey design allows us to fully investigate the relevance of differences in 'formal contract' for the nature and type of psychological contracts. In order to have sufficient data for analyses we needed to select larger samples from the strata with smaller populations ('disproportional'), in casu from the 'executive level' stratum. The realized sample includes 326 blue-collar workers, 358 white-collar workers, 213 employees at executive level and 209 civil servants (employed by 'statute').

The data were collected using a standardized questionnaire. Respondents were interviewed by a total of 60 professional interviewers from a private research office. All interviewers were very experienced in conducting face-to-face interviews and received additional training from members of the research team. In order to minimize the risk of interpretation errors, we organized a briefing on the content of the questionnaire for each individual interviewer.

Measurement

Conform the definition of psychological contracts, items were developed that measured the individuals' expectations concerning their entitlements (I expect from my employer that he ...) as well as expectations concerning their obligations (My employer can expect from me that ...). Following test interviews and a pilot study, 61 items were retained. The respondents were asked to indicate for each item, on a five-point scale, to what extent they agreed with the item in question (1 = entirely agree; 5 = entirely disagree).

Time frame refers to the expected duration of the relationship or the extent to which a person expects a short-term or long-term employment relationship. Seven items were developed to measure the individual's expected entitlements concerning a long-term commitment from his/her employer. Three items were

designed to measure the individual's expected obligations indicating the degree to which the employer can expect a long-term commitment.

Tangibility refers to the expected specification of the employment relationship or the extent to which a person expects the content of the employment relationship to be specified, transparent and not open for interpretation. Six items were developed to measure the individual's expected entitlements concerning written, unambiguous and detailed rights, obligations, and agreements of the employment relationship. The individual's expected obligations were measured by four items, referring to specified and unambiguous communication and agreements concerning the employee's wishes, intentions and plans.

Scope refers to the expected scope of the employment relationship (narrow or broad) or the extent to which a person expects work and personal life to merge into one another. To measure the individual's expected entitlements, 5 items were developed concerning the degree of personal treatment by the employer. The individual's expected obligations were measured by 5 items referring to his/her willingness to invest personally in the company.

Stability refers to the expected stability of the employment relationship, or the extent to which a person expects no room for maneuver or flexibility to be possible within the existing employment relationship. The individual's expected entitlements were measured by 5 items, referring to the strict application of existing rules and arrangements. To measure the individual's expected obligations, 5 items were developed indicating the degree to which the individual takes an inflexible or intolerant attitude towards internal changes.

Power distance refers to the expected power distance within the employment relationship (high or low) or the extent to which a person expects power to be unequally distributed between subordinates and superiors. Five, resp. six items were developed to assess the individual's expected entitlements and obligations. In both cases, these expectations assess the degree of unequal treatment between subordinates and superiors, the extent of the formal

hierarchic relationship and autocratic or paternalistic management style.

Individualization refers to the expected degree of individualization of the employment relationship or the extent to which a person expects the employment relationship to be individually or more collectively regulated. Seven items were developed to measure the individual's expected entitlements regarding individual or collective negotiation and individual or equal treatment. To measure the individual's expected obligations, 3 items referred to individual regulations or collective rules and procedures.

Analyses

Scales were formed after two principal component analyses with varimax rotation to assess the dimensionality of the items. One analysis was conducted on the items measuring the employee's expected entitlements, and the second analysis on the items measuring the employer's expected obligations. Items with loadings above .40 and low cross-loadings were retained to construct scales (Hair, Tatham and Anderson, 1995). Internal consistency of the scales was assessed by calculating the Cronbach alpha coefficient.

Results

Psychological contract dimensions: employees' expected entitlements

Principal component analyses with varimax rotation on the 35 items measuring the employee's expected entitlements resulted in 6 factors. Following the criteria of factor loadings, 9 items were eliminated. The 6-factor structure explained 63.5% of the variance and indicated a stable structure: all items had a high factor loading on the factor for which they were intended (between .59 and .89) and no single item loaded for several factors (the highest cross-loading was .26). Table 3 presents the rotated factor loadings for the set of 26 items.

Table 3. Principal component analysis on expected entitlements

Items	Factors					
	F1	F2	F3	F4	F5	F6
I expect from my employer that he						
offers me employment security	.17	.68	.11	.10	.16	.01
makes a commitment to me for a long time	.17	.76	.07	.07	.09	.06
offers me opportunities for career development	.09	.71	.03	.09	.18	.02
doesn't immediately fire me if things are going badly	.08	.65	.26	.10	-.07	-.03
offers me a transfer to another job if my current job would disappear	.13	.68	.08	.06	.00	.03
does everything in his power to keep me employed	.12	.62	.26	.14	.24	.09
sets agreements regarding my work down in writing	.73	.03	.05	.04	.11	.04
makes specific agreements regarding my work	.75	.04	.11	.11	.11	.01
is very clear about opportunities for advancement in this firm	.63	.25	.19	-.01	.14	.03
specifically describes the performance appraisal criteria used in this firm	.77	.16	.14	.03	.02	.01
unambiguously describes my obligations within this firms	.81	.18	.14	.12	.06	.05
unambiguously describes my rights within this firm	.77	.21	.14	.14	.12	.01
personally supports me in difficult periods	.19	.23	.59	.13	.26	.06
appreciates me for what I do and for who I am	.20	.22	.72	.13	.14	.04
considers not only the end result but also my personal effort	.20	.17	.70	.14	.17	-.01
treats me as a person, not as a number	.10	.10	.81	.20	.06	-.02
allows me to be myself within this firm	.10	.07	.75	.19	.15	-.04
sticks to agreements despite changed circumstances	.24	.17	.21	.14	.65	-.03
is flexible in applying agreements*	.07	.16	.26	.11	.69	.12
considers made agreements as permanently valid	.17	.12	.15	.19	.78	.05
gives differential benefits to superiors and subordinates	.04	.02	.03	-.08	-.01	.89
allows managers in this firm to decide for their subordinates	.06	.09	-.03	.05	.12	.87
treats all employees at the same level equally	.02	.12	.18	.79	.09	.01
demands the same from all employees at the same level	.08	.11	.14	.86	.07	.03
regards agreements as applicable to the whole group, department or team	.12	.11	.21	.77	.15	-.07
applies the same benefits to all employees at the same level	.14	.13	.16	.79	.14	-.02
Explained variance (%)	14.4	12.5	12	11.1	7.4	6.1

* Item is reverse

The first factor contains all six items, developed for the dimension of tangibility ($\alpha = .86$) and explains 14.4% of the variance. These items assess the extent to which the employee expects rights, obligations, and agreements of the employment relationship to be established in writing, clearly and concretely. We refer to this factor by the term *tangibility* expected by the employee.

The second factor contains all seven items which refer to the employee's expectations of time frame ($\alpha = .82$) and explains 12.5% of the variance. These items assess the extent to which the employee expects a long-term employment relationship, resulting in a scale *long-term involvement* expected by the employee.

Factor 3 contains all five items concerning the scope dimension ($\alpha = .84$) and explains 12% of the variance. These items assess the extent to which the employee expects the employer to treat him/her as a person, not purely as an economic resource. We label this factor *personal treatment* expected by the employee.

Factor 4 contains 4 of the 7 items measuring the employee's expected entitlements for the dimension individualization ($\alpha = .85$) and explains 11.1% of the variance. All 4 items assess the extent to which the employee expects all workers to be treated equally by the employer. We therefore refer to this factor as *equal treatment* expected by the employee.

The fifth factor contains 3 of the 5 items from the stability dimension ($\alpha = .70$) and explains 7.4% of the variance. Two items refer to stability – the extent to which the employee expects the employer to hold on to the made agreements – and one item refers to flexibility – the extent to which the employee expects a flexible attitude to agreements. Rather than stability versus flexibility, the communality of this factor seems to lie in the attitude to agreements, which can be both stable and flexible. We therefore interpret this factor as the *carefulness regarding agreements* expected by the employee.

Finally, factor 6 contains 2 of the 5 items developed for the dimension of power distance ($r = .58, p < .001$) and explains 6.1% of the variance. The two items assess the extent to which the employee expects unequal treatment across

hierarchical levels and the use of an autocratic management style. For this reason, we label this factor *power distance* expected by the employee.

Psychological contract dimensions: employees' expected obligations

Principal component analyses with varimax rotation on the 26 items measuring the individual's expected obligations resulted in 6 factors. Following the criteria of factor loadings, 3 items were eliminated. The 6-factor solution explained 66% of the variance. This factor structure also appeared very stable: all items had a high factor loading on the factor for which they were intended (between .66 and .89) and no single item loaded on several factors (the highest cross-loading was .32). Table 4 presents the rotated factor loadings for the set of 23 items.

The first factor contains all five items from the scope dimension ($\alpha = .85$) and explains 14.2% of the variance. These items assess the extent to which the employer can expect the individual to personally invest into the organization. This factor is labeled as *personal investment* that the employer can expect.

The second factor contains all five items developed for the expected obligations concerning the stability dimension ($\alpha = .85$) and explains 13.8% of the variance. These items assess the extent to which the employer can expect from the employee to take a flexible and tolerant attitude towards internal changes. We call this factor *flexibility* which the employer can expect.

Factor 3 contains all four items developed for the expected obligations concerning the tangibility dimension ($\alpha = .79$) and explains 11.4% of the variance. These items assess the extent to which the employer can expect from the employee to be specific about all aspects of the employment relationship. We label this factor as *open attitude* that the employer can expect.

Factor 4 contains 4 of the 6 items developed for the power distance dimension ($\alpha = .79$) and explains 11.1% of the variance. All 4 items assess the extent to which the employer can expect from the employee that authority will be respected. This factor is labeled *respect for authority* that the employer can expect.

Table 4. Principal component analysis on expected obligations

Items	Factors					
	F1	F2	F3	F4	F5	F6
My employer can expect from me that I						
commit myself to this firm for a long time	.17	.11	.22	.12	.78	-.02
accept a transfer to a different job in the organization if necessary	.00	.17	.06	.12	.76	-.01
stay with this firm my whole career	.08	.05	.16	.14	.83	-.01
clearly state what is important to me in my work	.11	.12	.76	.12	.11	.07
explicitly indicate my career wishes and plans	.14	.14	.73	.14	.16	.08
clearly indicate if problems arise	.08	.20	.75	.12	.10	-.01
make explicit agreements with my boss about work	.12	.15	.67	.23	.10	-.01
am concerned about this firm, even outside working hours	.82	.12	.01	.06	.12	.09
work extra hours when necessary	.79	.11	-.06	.02	.04	.13
bring own ideas and creativity into this firm	.78	.19	.21	.02	.02	.04
want to develop myself in this firm	.71	.22	.28	.14	.14	.08
invest time and energy in this firm	.70	.31	.22	.09	-.00	.03
adjust easily to changes in my work situation*	.12	.74	.16	.14	.14	.07
tolerate changes when introduced in this firm*	.13	.80	.09	.13	.01	.02
deal with unpredictable events in my work situation*	.21	.73	.18	.13	.06	.02
adopt a flexible attitude*	.32	.67	.20	.18	.06	-.00
accept if agreements are being revised*	.18	.73	.11	.13	.08	.14
show respect for my superiors	.17	.22	.23	.66	.06	-.03
adopt a formal attitude to my superiors	.03	.11	.14	.78	.09	.06
accept that management has a higher status than employees	.04	.11	.12	.76	.13	.10
adhere to the authority of superiors	.05	.17	.12	.78	.12	.01
have individual demands that are different than those from other employees*	.08	.03	-.01	-.06	-.02	.89
want to make individual arrangements*	.14	.15	.11	.22	-.02	.79
Explained variance (%)	14.2	13.8	11.4	11.1	9	6.5

* Item is reverse

The fifth factor contains all three items developed for the time frame dimension ($\alpha = .76$) and explains 9% of the variance. These items assess the extent to which the employer can expect the employee to be loyal to the organization. We refer to this factor as *loyalty* that the employer can expect.

Finally, factor 6 contains 2 of the 3 items which were developed for the dimension of individualization ($r = .49, p < .001$) and explains 6.5% of the variance. These 2 items assess the extent to which the employer can expect from the employee to ask for individual treatment. We refer to this factor by the term *individualization* that the employer can expect.

Summary

The operationalization of the 6 psychological contract dimensions in terms of expected entitlements and expected obligations resulted in 12 scales. Table 5 presents the correlation matrix between all 12 scales. The intrascale reliabilities are all higher than the interscale correlations, which suggests at least a tolerable level of discriminant validity for the 12 dimensions of psychological contracts (Buchanan, 1974). The results of the correlation matrix further suggest that individuals may differ in their perceptions regarding their expected entitlements and expected obligations. The difference between expected entitlements and expected obligations seems to be most prominent for the dimensions of individualization and scope. Individuals who expect a high degree of equal treatment from their employer seem not to perceive it as their obligation to make equal demands and requests of their employer ($r = -.003$). Similarly, individuals who expect a high degree of personal treatment seem not always to perceive it as their obligation to show a high degree of personal investment ($r = .34$). The two scales referring to the dimension of stability are also correlated at a low level ($r = .29$) but this may be explained by the different meaning of the scale measuring the expected entitlements. This scale is labeled *carefulness regarding agreements* because it consists of items referring both to stability and flexibility.

The two dimensions having high correlations between the expected entitlements and expected obligations are time frame and tangibility.

Individuals who expect long-term commitment from their employers also appear to be loyal to their employers ($r=.71$). Similarly, individuals who expect specificity from their employers also seem to demonstrate openness towards their employers ($r=.54$). In addition, the expected entitlements regarding scope appear to correlate highly with the expected obligations regarding tangibility. Individuals who expect personal treatment from their employers seem to indicate that their employers can expect openness and clarity from them ($r=.58$).

Table 5. Means, standard deviations and intercorrelations among the 12 psychological contract dimensions.

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12
Long-term involvement	4.30	.65	1											
Tangibility	4.04	.68	.40**	1										
Personal treatment	4.46	.54	.45**	.42**	1									
Carefulness regarding arrangements	4.05	.67	.40**	.39**	.51**	1								
Power distance	3.01	1.04	.11**	.09*	.03	.14**	1							
Equal treatment	4.40	.65	.33**	.26**	.44**	.40**	-.02	1						
Loyalty	4.20	.80	.71**	.28**	.32**	.29**	.12**	.26**	1					
Open attitude	4.35	.55	.41**	.54**	.58**	.41**	.10*	.37**	.38**	1				
Personal investment	3.78	.85	.16**	.13**	.34**	.21**	.25**	.10*	.23**	.34**	1			
Flexibility	4.16	.62	.25**	.20**	.35**	.29**	.30**	.28**	.29**	.44**	.48**	1		
Respect for authority	4.11	.65	.36**	.27**	.34**	.37**	.36**	.39**	.33**	.44**	.23**	.42**	1	
Individualization	3.06	.97	.05	.12**	.16**	.23**	.31**	-.003	.02	.14**	.24**	.21**	.17**	1

*p<.01 **p<.001

Discussion and Conclusion

The purpose of this study was to clarify a feature-oriented assessment of psychological contracts, an underdeveloped approach to psychological contracts. It was designed in such a way that a number of hiatus in studying psychological contracts were being addressed. First, the conceptualization of the different features or dimensions was based upon the theoretical framework of Rousseau and McLean Parks (1993) who applied Macneil's contract theory (1985) to psychological contracts. In this way, we addressed a major critique that dimensions of psychological contracts are often identified in an intuitive way. Second, we assessed the relevance and completeness of these theoretically derived dimensions by relying on a cross-national study of psychological contracts (Rousseau and Schalk, 2000). This study provides rich and emic descriptions of psychological contracts in 13 different countries that were used to further interpret the existence and importance of psychological contract dimensions. It is through this review that we identified two additional dimensions: power distance and individualization. Third, we carefully crafted the empirical assessment by operationalizing the concept of psychological contracts in a consistent way with the different aspects of its definition and testing it in a large, representative sample. Fourth, we assessed the 6 different dimensions in terms of employees' expected entitlements as well as their expected obligations. Through differentiating each dimension into these two aspects, we explicitly invoke the theoretical element that psychological contracts exist within the interaction and exchange of two parties, e.g. the employee and his/her employer. The results further indicated that expected entitlements and obligations of a same psychological contract dimension do not necessarily have to correlate with each other while high correlations between entitlements and obligations of different psychological contract dimensions may exist.

While the above discussion indicates the study's contributions, the results also show its limitations and indicate questions for future research. One limitation of this study refers to the operationalization of the two new

psychological contract dimensions, power distance and individualization. While the cross-national study clearly indicates the existence of these aspects of the employment relationship, no reliable scale could be constructed for employees' expected entitlements concerning power distance and their expected obligations regarding individualization. The lack of reliability may be due to the invalid meaning that seems to occur when differentiating these two dimensions into entitlements and obligations. Power distance or respect for authority may be a valid aspect in the employment relationship that the employer can expect from their employees (obligation), but not a valid expectation when approaching this dimension from the perspective of the employees (entitlement). The reverse may be true for the dimension of individualization. Employees can expect from their employer that an individual or collective treatment is being adopted (entitlement) while an obligation towards the employer in terms of individualized versus collectivist behavior may be more difficult to imagine. Another limitation of this study is the exclusion of 'focus' as an important dimension to understand the nature of psychological contracts. Our argument to exclude 'focus' referred to the fact that this facet of contracts refers to elements of a contract and thus represents a content-oriented assessment. Reflecting on our purpose of approaching psychological contracts in a more comprehensive way, we acknowledge that 'focus' addresses a very important aspect of any employment relationship. Employees can engage in an employment relationship for both economic and socio-emotional reasons. The challenge for future research on psychological contract dimensions is to operationalize this aspect not in specific or discrete terms but as an underlying feature.

Other reflections for future research refer to the inclusion of the employer's perspective in measuring psychological contract dimensions and to cross-validate the different psychological dimensions in different cultural contexts. While this study addresses the reciprocal aspect of psychological contracts through differentiating dimensions into entitlements and obligations, it measures the two sides of the employment relationships only from the

perspective of the employee. Future research including the employers' perspective concerning their obligations and entitlements vis-à-vis their employees may lead to stimulating questions of how the two parties' expected obligations and entitlements in the exchange relationship covary or differ from each other. Finally, future research may benefit from assessing the different psychological contract dimensions in different cultural contexts. Such research may lead to insights which dimensions seem to be truly etic concepts as well as how different or emic practices concretize the etic dimensions of psychological contracts.

Assessing the nature of psychological contracts by examining its underlying dimensions offers the potential to study employment relationships across persons and settings. This study has theoretically identified 6 different psychological contract dimensions resulting in 10 reliable measures - 5 different dimensions of employees' expected entitlements and 5 different features of expected obligations - which can be used in future research across different contexts.

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