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Age, tenure, and attribution : key concepts of the psychological contract

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AGE, TENURE, AND ATTRIBUTION: KEY CONCEPTS OF THE
PSYCHOLOGICAL CONTRACT

A Thesis

Presented to

the Faculty of the Department of Psychology
San Jose State University

In Partial Fulfillment

of the Requirements for the Degree

Master of Science

by

Alicia Motta

May 2006

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APPROVED FOR THE DEPARTMENT OF PSYCHOLOGY

A handwritten signature in cursive script, appearing to read "Nancy Da Silva".

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APPROVED FOR THE UNIVERSITY

A handwritten signature in cursive script, appearing to read "Debra L. Williamson".

ABSTRACT

AGE, TENURE, AND ATTRIBUTION: KEY CONCEPTS OF THE PSYCHOLOGICAL CONTRACT

by Alicia Motta

This thesis examines the concept of perceived violation of the psychological contract between an employee and his or her organization. Also examined is who employees tend to hold responsible for fulfilling the organization's "end of the agreement." Data from a total of 1,010 employed people who consented to the study were obtained. Of these 1,010 participants, 940 were determined to have complete data sets; it was these 940 that were used in the analyses. Findings indicated that age and tenure had significant relationships with the tendency for an employee to perceive a psychological contract violation. Frequency and chi-square analyses indicated that employees hold their organization responsible for fulfilling its end of the psychological contract more often than their manager. Implications of the findings, as they pertain to future research, are discussed.

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Introduction

A psychological contract is at the base of every employee-employer relationship. A psychological contract is an employee's beliefs about what is owed to and will be received from his or her employer, whether or not the employer has explicitly agreed to its terms (Morrison & Robinson, 1997; Rousseau, 1990). There is a consensus among researchers that, as a whole, the psychological contract entails an observed or implied reciprocal relationship of binding expectations and/or obligations between an employee and employer (Morrison & Robinson, 1997; McLean Parks, Kidder, & Gallagher, 1998; Rousseau, 1998b; Rousseau & Tijoriwala, 1998) which is expected to last into the future (Rousseau, 1990). The psychological contract is the employee's perception of the exchange agreement between the employee and employer (Rousseau, 1998b; Thomas Au, & Ravlin, 2003), and is created in conjunction with any written or verbal contract (Rousseau & Tijoriwala, 1998). Employees create, and then continuously modify, their own psychological contract as a natural process that occurs during recruitment and employment. It would be extremely difficult for written and oral contracts to detail every aspect of the relationship between an employer and employee, so the psychological contract is a necessary tool that both parties use to fill in the gaps that are left (Thomas, Au, & Ravlin, 2003). Although an organization and its agents also tend to create their own psychological contract with employees, research typically focuses on employees' perceptions of their own psychological contract and its effects on issues such as job satisfaction, productivity, and deviant behavior. Written and verbal contracts tend to involve current, concrete factors such as compensation and benefits, and may or may not

delineate future opportunities or changes in the contract (Rousseau, 1990). The psychological contract provides the employee with a perceptual schema of the relationship with the organization (Rousseau & Tijoriwala, 1998; Thomas et al., 2003) and what they owe to and are owed by the organization itself (McLean Parks et al., 1998), in addition to the agreed upon written and/or verbal contracts (Rousseau, 1990).

The purpose of this research is to expand on the growing body of research in the area of psychological contract content, violation, and breach. Although previous research has tended to control for individual, demographic variables such as age and tenure (Bunderson, 2001; Cavanaugh & Noe, 1999; Johnson & O'Leary-Kelly, 2003; Korsgaard, Sapienza, & Schweiger, 2002; Lester, Turnley, Bloodgood, & Bolino, 2002; Pugh, Skarlicki, & Passell, 2003; Robinson, 1996; Turnley & Feldman, 2000; Turnley, Bolino, Lester & Bloodgood, 2003), the current study intends to evaluate such differences in relation to psychological contract content, violation, and breach. Bunderson (2001) noted the importance of evaluating individual differences such as these in perceived psychological contract breaches, in order to explain differences in expectations of employees based on such factors as age, education, work history, and tenure.

Maintaining an employee's trust in the psychological contract and its fulfillment is of high importance to organizations, which must constantly manage and renegotiate employment agreements due to constantly changing work environments (Robinson, 1996), and learning the aspects of the employee's side of the psychological contract provides a better understanding of his or her work behavior (Parks, Kidder, & Gallagher,

1998). The results of this study will assist managers in their understanding and handling of psychological contracts and subsequent violations or breaches. The variables that were measured and analyzed here were age, tenure, and violation/breach attribution, which are described in detail.

The perception of mutual agreement of the promises made is the basis of the psychological contract and is what “binds” the parties together (Rousseau & Tijoriwala, 1998). The fact that two individuals can interpret a promise in two different ways demonstrates the uniqueness of the psychological contract (Rousseau & Tijoriwala, 1998). The employee and the agent of the organization involved in creating the psychological contract will most likely have completely different ideas about the promises made (Morrison & Robinson, 1997), but this does not matter; the only thing that matters is the employee’s perception of the agreement (Thomas et al., 2003). Overall, the psychological contract makes the complex employment relationship understandable to the employee (Thomas et al., 2003).

As stated, perception is the key when studying the psychological contract. Humans construct their own reality, which very seldom is congruent with actual reality (Rousseau, 1990). The perceptual nature of the psychological contract is what makes it such a unique concept. Both parties involved will most likely hold completely different opinions of what the obligations are, yet this contract is at the base of the employment relationship (Rousseau, 1990). The perception of the details in the psychological contract shape expectations, attitudes, and behaviors for both the employee and the organization (McLean Parks et al., 1998). In order to understand the concept of the psychological

contract better, a brief introduction to the Equity Theory is in order.

Literature Review

Equity Theory

De Meuse, Bergmann, and Lester (2001) used a part of the concept of Equity Theory to help to explain the way that employees are emotionally tied to the psychological contract that they hold with their employer. When an employee enters into this reciprocal agreement with an organization, expectations are set that the employee will provide the organization with contributions such as good attendance and a job well done, and in return, the organization will reciprocate the employees with things such as job security, organizational support, and opportunities for advancement (De Meuse et al., 2001). During the course of the relationship, the employee constantly compares their contributions with their returns. When there is a difference between them, the relationship is analyzed by the employee in order to determine if a change in the contract is necessary (De Meuse et al., 2001). This will happen constantly, and balance is not always found. One aspect of Equity Theory not addressed by De Meuse is that employees will also compare their contributions and consequences with that of other employees (Landy & Trumbo, 1980); however, research in psychological contract is generally limited to an employee's perception of contract fulfillment or violation. The concept of psychological contract is very similar to that of Equity Theory; understanding Equity Theory is important to understand psychological contracts.

History of the Psychological Contract

The term “psychological contract” was provided by Levinson, Price, Munden, Mandl, and Solley (1962). It was defined as an unwritten set of expectations between the

two employment parties about what each party is expected to give and can expect to receive, in exchange for similarly valued contributions from the other party (Levinson et al., 1962). At the time this phrase was coined, psychological contracts were much different than they are today. Until the 1980s, psychological contracts were comprised of the understanding that an employee would work hard for and be loyal to the work and the organization for his or her entire working life, and, in return, the organization would provide adequate pay, job security, career development, and opportunities for advancement until retirement age (Cavanaugh & Noe, 1999; De Meuse et al., 2001).

The 1980s and 1990s brought about massive changes in the workplace and in employment relationships, when organizations were forced to reorganize/restructure and downsize, breaking many psychological contracts along the way (De Meuse et al., 2001). Even organizations that had implemented employee empowerment programs were impacted when downsizing occurred, because employees felt that their value to the organization's success was being ignored (De Meuse et al., 2001). As a result, many employees were forced to lower their expectations from organizations in the areas of job security and career development (Cavanaugh & Noe, 1999). Employees today have begun to take responsibility for their own career development, and have become more obligated to their actual work than to an organization, which makes them more transient within the working world (Cavanaugh & Noe, 1999). Employee uncertainty in the workplace today is fueled by the fact that jobs cannot be viewed as long-term, are comprised of a large workload and major amounts of stress, and receive less job security and organizational support than ever before (De Meuse et al., 2001).

As a result of these transformations, organizations have had to change the way business is conducted with their employees. Employee-employer relationships are being perceived more and more as temporary because the employment contract is so dependent on external factors (De Meuse et al., 2001). For example, a survey of 68 college students with one of their parents and one of their grandparents ($N = 204$) supported changes in the perceived psychological contract across generations (De Meuse et al., 2001). Mean scores for perceptions of the relational component (which is made up of trust, loyalty and respect) of the psychological contract showed a significant decrease across generations, and the new psychological contracts seemed to suggest that current employees have lower levels of trust, loyalty, and commitment with their employer than did previous generations (De Meuse et al., 2001). This study shows the important effects of age on the psychological contract. Age was one of two predictor variables examined in the current study.

Organizational Effects on Psychological Contracts

Organizations are also often in a position to affect the creation of psychological contracts (Thomas et al., 2003). An organization can choose to use only the societal resources that they absolutely need, such as only recruiting and selecting employees who are seen as worthy of working for the company. Once an employee has been selected, the organization is in a position to determine whether or not further training can or will be provided (employers will only agree to train employees who will stay long enough to make the expense worthwhile). Also, the psychological contract, once formed, can assist the organization in teaching employees about the values and skills expected from all

personnel (Thomas et al., 2003). It has been found in research that when an employee is treated with respect, the employee's organizational commitment increases (De Meuse et al., 2001). Organizations cognizant of these types of findings can use them to create a stronger, more productive workforce than was originally hired, by learning about the needs and motives of employees and then using these findings to determine applicable incentives and rewards to offer (Schein, 1980).

In another study, 80 women in management positions who were offered flexible work schedules by their organization were surveyed, and it was found that the women had higher levels of organizational commitment and job satisfaction due to the perception that the organization held the same work-family values that these employees did (De Meuse et al., 2001). It was theorized that this effect may also be due to the perception that the organization is concerned about its employees' well being, which may also increase their loyalty to the organization. Utilization of the offer was not necessary, as the perception of whether or not flexible work hours were offered (and their subsequent perception of increased job control) was much more important to the employees (Scandura & Lankau, 1997). Giving employees this type of control over their work tends to increase employees' satisfaction with their jobs. It seems that understanding psychological contracts is essential to understanding employees, implementing effective reward programs, and increasing employee organizational commitment and loyalty.

Formation of the Psychological Contract

The psychological contract consists of the perception of obligations such as job performance, job security, behavior at work, training, compensation, and perks

(Cavanaugh & Noe, 1999). It must be emphasized that expectations are different from obligations. For example, if a new employee expects a large workload but soon learns that the workload is average instead of large, the employee may be disappointed but will not feel that an obligation was not met. However, if the same employee feels that one of the employer's important obligations is to provide breaks throughout the day and learns that breaks are not encouraged, the employee may feel that a part of the psychological contract was breached (Rousseau, 1990; Rousseau & Tijoriwala, 1998).

Rousseau (1989) looked at the psychological contract perceptions of MBAs who had been recruited by and had accepted an offer with an organization for employment upon graduation, and found that newly formed psychological contracts about obligations of both the employee and employer were positively linked with their career motivations and expected intentions to stay with the organization. It was also found that organizations strongly impacted their employees' psychological contracts by the way they rewarded employees and by their policies and procedures regarding employees (Rousseau, 1989).

Psychological Contract Violation and Breach

The topic of psychological contract violation and breach is very important to the field of Industrial/Organizational (I/O) Psychology, as well as employers and managers who are in a position to handle contend with psychological contracts every day. As addressed on the Society for Industrial and Organizational Psychology Inc. (SIOP) website, one of the issues that I/O psychologists are often responsible for is “to generally make the workplace better for the men and women who work there”

(<http://www.siop.org/media/what.htm>). There is a growing body of research that indicates that detrimental strain is experienced by employees whose perceived psychological contracts have been breached, and that this effect can and should be minimized and avoided (Robinson & Morrison, 2000). Employers and supervisors must be trained to understand the impact of the psychological contracts of their employees, and subsequently avoid the negative organizational consequences of perceived psychological contract breaches (Robinson & Morrison, 2000).

A psychological contract violation is the perception that an organization has failed to meet a promise set forth in the psychological contract, and is likely to occur when an employee believes that most of his or her own obligations have been fulfilled (Morrison & Robinson, 1997). A violation is “the emotional and affective state that may, under certain conditions, follow from the belief that one’s organization has failed to adequately maintain the psychological contract,” which creates a situation in which the employee is ready for action from either side in order to balance the relationship (Morrison & Robinson, 1997, p. 230). An example of a psychological contract violation would be when an employee who values every work break is forced to miss a lunch hour in order to catch up on work. The employee will either expect the organization to find a way to “make it up” to him or her, or the employee will find a way to balance the relationship, such as leaving early from work to make up for the lost lunch break. A perceived contract breach, on the other hand, is when an employee feels “not only that a promise has not been met, but also that he or she has made important contributions in exchange for that promise that have not been adequately reciprocated,” creating an unfair

imbalance between the two parties (Morrison & Robinson, 1997, p. 231). An obvious example of a psychological contract breach would be an employee who has done everything possible to fulfill his or her part of the “contract” in order to gain future opportunities with the organization, and is passed up for an expected promotion. In this case, the employee feels that only the organization can repair the major imbalance, such as by offering an equivalent raise in pay until another promotion can be considered.

The perception of psychological contract breach seems to be quite prevalent among employees (Robinson & Morrison, 2000; Rousseau, 1995). Turnley and Feldman (2000) surveyed 804 managerial-level employees and found that 52% of the sample had perceived a violation of their psychological contract by their employer and 81% had perceived a breach of their contract. These issues are likely to remain this way as long as organizations are forced to engage in behaviors such as globalization, restructuring, reorganization, and downsizing in order to stay competitive within their industries (Robinson, 1996). This instability results in organizations being unable to fulfill the psychological contracts of their employees, causing perceived violations and breaches (Morrison & Robinson, 1997). For example, Rousseau (1990) found that, among 224 students from a Business Management Master’s program, the breach of a psychological contract evoked negative feelings such as disappointment or anger. These feelings, in turn, often caused an employee to find ways to retaliate against the organization (Morrison & Robinson, 1997; Robinson & Morrison, 2000). An important note about the violation or breach of a psychological contract is that, although the perception of a breach is subjective, it is real to the employee, and that is all that matters when attempting to

eliminate the effects of individual strain (Robinson & Morrison, 2000). This subjectivity makes it common for an employee to feel that a breach has occurred, yet objectivity of the psychological contract is nearly impossible.

Organizations will also feel the effects of psychological contract violation and breach. Quick, Quick, Nelson, and Hurrell (1997) described an individual's stress responses (an effect of psychological contract violation and/or breach) that affect his or her organization as being divided into two categories: direct costs and indirect costs. Turnover is a type of direct cost, in which the organization may end up paying as much as five times the ex-employee's monthly salary just to replace him or her once the relationship is terminated. Decreased job performance is another direct cost of strain. Poor performance affects the company in obvious and immediate ways – it is one of the most common forms of retaliation by employees. Indirect costs of strain are typically more difficult to trace, and include poor communication and decision-making, low morale, and violence (Quick et al., 1997).

Violations and breaches of psychological contracts can be quite detrimental to both employees and organizations in the form of stress responses from employees who have perceived the violation and/or breach. It is crucial that managers in organizations be aware of the negative effects of perceived violations and/or breaches in order to efficiently manage these situations when they cannot be avoided, and avoid these situations when possible. Success of an organization not only depends on “the bottom line,” but also depends on its reputation as an effective employer.

When Do Feelings of Perceived Contract Breach Arise?

According to Shore and Tetrick (1994), and Rousseau (1995), an unmet promise (violation) becomes a perceived contract breach upon evaluation of three points: the type of violation, the size of the discrepancy, and the attribution that the employee applies to the situation in which the violation occurred. Whether the employment relationship is relational or transactional will have an immense impact on a violation being perceived as a breach (Shore & Tetrick, 1994). Transactional contracts are a quid pro quo type of contract, with the give and take obligations being expected immediately and exactly (Shore & Tetrick, 1994). Compensation is a major part of a transactional contract. Transactional contracts are professional, not emotional, in nature, while relational contracts are characterized by loyalty and commitment (Shore & Tetrick, 1994). A relational contract typically consists of many reciprocal obligations, and future expectancies are often included. For example, an employee who believes that working hard to fulfill all of the obligations owed to the organization will result in a promotion is engaged in a relational contract. The size of the obligation discrepancy will also impact the perception of a contract breach, as an employee can balance the effects of strain caused by a small discrepancy by withholding small obligations on his or her part, such as taking a few minutes extra on a break. The strain suffered by a large discrepancy will be difficult to balance, because these effects are typically emotional in nature and not easily resolved. Large discrepancies tend to be perceived as breaches, and a number of these occurrences may cause an employee to terminate the relationship with the organization (turnover). The third thing that employees will attempt to determine in the

case of a violation or breach is the reason why the breach occurred. If an employee believes that the breach was intentional on the part of the organization, he or she will experience much more strain than if it is believed that the breach was unavoidable and outside of the organization's control (Shore & Tetrick, 1994).

Organizational changes such as downsizing or restructuring can cause employees to change their psychological contract to fit the new environment (Cavanaugh & Noe, 1999). In addition, employees who have been terminated or laid off for either reason may adopt an entirely new set of beliefs to use when negotiating their psychological contracts with a new employer (Cavanaugh & Noe, 1999). Cavanaugh and Noe (1999) found that employees in such a situation tended to doubt job security with future organizations, and others have seen it as an indication that they should take responsibility for their own career development, instead of leaving it up to their employer.

Organizational changes may also cause employees to choose to commit to their work and the tasks that they are responsible for, rather than committing to a particular company. This is likely to make them more versatile, and decisions to move to other organizations will be much easier (Cavanaugh & Noe, 1999). Such results were found in a study on the relational contract that used 136 employees who had been dismissed due to reorganization or downsizing; a commitment to the type of work done instead of a particular organization was negatively correlated with job satisfaction and intent to stay with the company. Moreover, low job security was significantly and positively correlated with intent to stay, showing that younger employees in today's workforce are aware that they will need to change positions often in order to stay employed in the new working

world (Cavanaugh & Noe, 1999). Full-time employees who were dismissed as a result of downsizing probably viewed the result as a serious breach, whereas the part-time employees were probably concerned but not highly upset (Cavanaugh & Noe, 1999). This is because full-time employees tend to have a more emotional connection with the organization through their psychological contracts than do part-time employees (De Meuse et al., 2001).

The purpose of the current research was to expand the knowledge of the psychological contract into areas not yet examined. Various studies have suggested the need for examination of psychological contracts and violations/breaches across age groups, ethnic backgrounds, industries, job levels and career stages. Using a randomly selected nationwide internet panel, the researchers in this study were able to access employees in all of these areas. Another focus of this study was to improve our understanding of who exactly the “organization” is in the psychological contract. Managers typically represent the organization during the selection and hiring process, yet it cannot be assumed that an employee who has perceived a breach in his or her contract will blame the manager rather than the organization; it may be that the organization as a whole is responsible for fulfilling the psychological contract initiated by interaction with the hiring manager.

For the purpose of this study, psychological contract violations and breaches were viewed as violations only, due to the fact that the difference between a violation and breach is based on the perception of the employee and the part of the psychological contract that is affected. There is no distinct line between perceived obligations in the

psychological contract that result in violation when not fulfilled and obligations that result in breach when not fulfilled. In essence, as psychological contract breach is always a psychological contract violation, however, a psychological contract violation is not always a psychological contract breach. For clarity's sake, this research focused on any perception of an unfulfilled obligation as being a violation of the employee's psychological contract.

Age and Psychological Contract Violation

No research has been found which examines the relationship between age and the psychological contract content and violation, instead, age is often used as a control variable in order to eliminate differences between individual employees, and is not analyzed specifically in terms of its effect on psychological contract. Age is often one of many covariates, not a variable which is studied independently. Lawrence (1998) noted that "the 'unexplored territory' connecting age distributions, age norms, and employee behavior [in the work setting] is fertile ground, not only for elaborating an explanation of age effects, but also for understanding career systems within organizations" (p. 332). Cleveland and McFarlane Shore (1992) did not study psychological contract explicitly, but did show significant differences between age and work outcomes such as attitudes towards work and prediction of performance ratings. They also found that older employees in relatively younger work groups had high organizational commitment, while younger employees in relatively older work groups had low organizational commitment, showing that age does have an impact in the work setting in general (Cleveland & McFarlane Shore, 1992). This study expected to find a significant negative relationship

between age and the frequency of perceived psychological contract violation because younger employees tend to be new to the workforce and naïve in the reciprocal relationship between employer and employee.

Hypothesis 1. Age will be negatively related to perceived psychological contract violation.

Tenure and Psychological Contract Violation

A relationship was also expected between tenure and the psychological contract violation. Turnley and Feldman (2000) noted that almost all psychological contract research used a limited cohort of MBA graduate students. As a result of limited findings, Robinson and Morrison (2000) felt that there was a need to research employees with longer tenure. Although it has been found that new employees often feel that their psychological contracts have been violated, the researchers noted that such findings could not be generalized to employees with longer tenure, and that more senior employees should be studied as an individual group (Robinson & Morrison, 2000). Tenure was viewed as the length of time a person had been employed with his or her current organization.

Hypothesis 2. Tenure will be negatively related to perceived psychological contract violation.

Attributing Psychological Contract Violation to Managers or the Organization

It was also anticipated that there would be a difference in attributions of fulfillment of the psychological contract, with violations more likely to be attributed to a specific manager (which the survey defined as the person responsible for the employee's

performance reviews). The researchers attempted to determine who an employee feels was responsible for fulfilling the organization's side of the psychological contract, whether it was a direct manager or the organization itself (the survey defined the "organization" as the person or team responsible for determining organizational policies).

Some research has shown that employees who perceive a psychological contract violation tend to attribute it to their supervisors, whether or not they were present when the promise was made (Rousseau & Tijoriwala, 1998). Other research has shown that employees vary between supervisors, top management, and the organization itself in their perceptions of the party responsible for fulfillment of the organization's side of the psychological contract (Rousseau, 1998b). There is a high potential for employees to confuse promises made by a manager (with or without the organization's knowledge) as promises made by the organization itself (Rousseau, 1998b).

Rousseau and Tijoriwala (1998) noted that although very little investigation has been done in the area of attributions, it is important for research to determine who the employee believes is responsible for fulfillment of the organization's side of a psychological contract. Knowing who an employee feels is responsible for different types of obligations can help managers understand and anticipate reactions that employees will have to perceived psychological contract violations. An employee who feels that their manager, not their organization, is to blame for a perceived violation may hold it against the manager in a personal way. Managers must realize that employees can feel hurt, angered, or disappointed by perceived psychological contract violations, which may tarnish good working rapport between a manager and an employee. An explanation

of the situation surrounding the violation may be all that is needed to take the blame off of the manager and put it on to circumstances out of everyone's control, which can alleviate some of the negative feelings on the part of the employee.

Hypothesis 3. Employees will expect their managers, rather than their organizations, to be responsible for fulfillment of their psychological contract.

The practical implications of these findings were intended to help organizations determine training needs for managers in order to make employees' psychological contracts less likely to result in violations or breach. Being aware of the factors that influence the perception of violations and breaches might decrease their likelihood. This awareness might also help managers handle the behavioral effects that result from the perception of a psychological contract violation or breach. In addition, although a violation or breach in the psychological contract is sometimes unavoidable, the negative behaviors that employees feel necessary to engage in as a result may be avoidable (Morrison & Robinson, 1997).

Method

Participants

Of 1,010 participants surveyed, 940 were used in the analyses. This group of 940 was chosen because they had no missing data in any of the key questions (those pertaining to the hypotheses) of the study. Of these 940 respondents, 50.9% were male, and the mean age was 40.7 years ($SD = 12.49$ years). The majority of respondents were white (73.9%) and 57% were married. The median household income was between \$40,000 and \$49,999 per year. See Table 1 for a complete detail of the demographics for the sample studied.

Procedure

The respondents in this study belonged to a national, web-enabled panel of participants, recruited and managed by a private company in Menlo Park, California. Participants are continuously recruited to the panel using traditional probability and random digit dialing methods, and panel members agree to complete Internet-based surveys an average of four times per month. At the time this survey was fielded, there were approximately 48,000 active panel members. Participants in the panel receive a free Internet connection and, if necessary, a WebTV Internet appliance so as not to exclude households without computers. Surveys are randomly assigned to households, and panel members who have been assigned a particular survey receive an email notification to let them know that a new survey is available to them (via a password-protected website) for completion. Surveys are self-administered and can be accessed 24 hours a day until

“closed” by the company. Participants may only complete a survey one time, and also have the option of not completing the survey at all.

In October 2005, an online questionnaire concerning psychological contracts was fielded to a randomly selected sample of 1,519 panel members. The only screening criterion for this study was that the panel members be employed at the time of completing the questionnaire. Employment status could be part-time or full-time, temporary or permanent. Once the survey was assigned, panel members received the notification email. A total of 1,010 panel members completed the survey (66.5% cooperation rate).

The first screen in the survey was the consent form, detailing the research and the fact that there were no foreseeable risks or benefits, that participation was completely voluntary, and that by clicking on the “Accept” button at the bottom of the screen, the participant was offering his or her consent to participate in the study. This message also guaranteed anonymity and confidentiality for participants in the study.

The survey consisted of approximately 35 items. Participants were able to skip any question by clicking the “Next” button at the bottom of the screen.

Measures

Age. The information for age was provided in years, and analyzed as a continuous item.

Tenure. “How long have you worked for your current organization?” was used to obtain the number of years and months a person had worked for his or her particular employer at the time of taking the survey. This question created two variables (one for years and one for months) which were later combined to determine a number which

included decimal points, to represent years that a person has worked for an organization. For example, for a person who had been with an organization for 4 years and 6 months, the combined variable reflected this tenure to be 4.5 years.

Psychological Contract Violation. Violation was determined by two sets of eight items, based on Robinson's (1996) study. In the first set of questions, the instructions read, "Employers make promises to give employees certain things in exchange for their contribution to the organization. Please indicate the extent to which you believe your employer is obligated to each of the following, based on an implicit or explicit promise or understanding." These instructions were followed by a list of items in a grid with a five-point Likert scale. The response options for this set of items was 1 = "Not at all Obligated," 2 = "Slightly Obligated," 3 = "Somewhat Obligated," 4 = "Moderately Obligated," and 5 = "Very Obligated." The items displayed in the grid were the following seven obligations: promotion and advancement, high pay, pay based on current level of performance, training, long-term job security, career development, and sufficient power and responsibility. Each item had its own five point scale, which was used to indicate the degree of obligation. The next screen contained the following instructions: "Employers make implicit and explicit promises during recruitment which obligate them to give certain things to their employees in exchange for their employees' contributions to the organization. Employers vary in the degree to which they fulfill those promises and obligations to their employees. Read over the following items and think about the extent to which your employer made implicit or explicit promises to provide you with these items. Then think about how well your employer has fulfilled these promises." On the

third screen, participants were instructed to indicate the extent to which his or her employer had fulfilled each of the same obligations shown in the first set of questions. Next to each item in this grid was a five-point Likert scale, with the following response options: 1 = “Not at all Fulfilled,” 2 = “Slightly Fulfilled,” 3 = “Somewhat Fulfilled,” 4 = “Moderately Fulfilled,” and 5 = “Very Fulfilled.”

Also in keeping with Robinson’s (1996) instrument, psychological contract violation was measured by subtracting the response option number obtained in the fulfillment question in the second section from the matching obligation question in the first section. These scores were then subtracted from each other to determine psychological contract fulfillment or violation. The aggregate score ranged from -4 to +4, with -4 representing high psychological contract fulfillment and +4 representing a strong feeling or perception of psychological contract violation. For example, if a person responded that his or her organization is “Very obligated” (a score of 5) to provide high pay, and then responded that his or her organization has only “Slightly fulfilled” (a score of 2) this obligation, the score for “high pay” was a 3, which showed a tendency towards the perception of psychological contract violation. The mean of the seven scores was calculated and used to reflect a person’s tendency to feel psychological contract fulfillment or violation. The coefficient alpha for the scale when it was used by Robinson was .78. The reliability coefficient for the scale in this study was .87.

Attribution of Psychological Contract Fulfillment. The same set of seven obligations was also used to determine attribution of psychological contract fulfillment. Participants were asked who they felt was responsible for fulfilling each obligation, the

person's manager or the organization itself. The instructions on the screen explained that they were to refer to their manager as the person responsible for preparing their performance review, and their organization as the person or team responsible for determining organizational policies for the company.

Demographic Information. Demographic information was collected as part of the panel household profile at the time of acceptance to the panel. Demographic data included the most current information on gender, race/ethnicity, marital status, household income, and state and region of residence.

Results

Descriptive Statistics

Means and standard deviations for key variables are presented in Table 2.

Participants had been employed by their current organizations for an average of 7.47 years, but the standard deviation of 8.23 years showed that the distribution of length of employment by the current organization was quite varied. Participants had been in their current job for an average of 7.19 years ($SD = 7.42$). There was not a strong tendency towards psychological contract violation (the aggregated item), which showed a mean of 0.35 ($SD = 1.11$). Distribution graphs for this variable showed that most employees felt little to no discrepancy between obligation and fulfillment of the seven items, although feeling psychological contract fulfillment was more likely than perceiving psychological contract violation.

Test of Hypotheses

A bivariate correlation analysis was used to test Hypothesis 1, which predicted that age would have a significant negative relationship with psychological contract violation. The results showed that age did have a significant negative correlation with violation ($r = -0.09, p < .01$); Hypothesis 1 was supported.

Hypothesis 2 predicted that tenure would be negatively related to perceived psychological contract violation. This prediction was also tested using bivariate correlation. Hypothesis 2 was supported by the result that the correlation between tenure and violation was significant and negative ($r = -0.11, p < .01$).

In addition to the bivariate correlation analyses (shown in Table 3), a multiple

regression analysis was conducted in order to explore the effect of age and tenure on the tendency to perceive a psychological contract violation. Age and tenure significantly accounted for 1.3% of the variance on the tendency to perceive a psychological contract violation [$R = .12$, $R^2 = .01$, $F(2,937) = 6.40$, $p < .01$]. The regression analysis showed that tenure was uniquely related to the tendency to perceive a psychological contract violation ($\beta = -.09$, $p < .05$).

Analyses for Hypothesis 3 were conducted using two tests. Hypothesis 3 stated that employees would attribute psychological contract fulfillment responsibility to their manager rather than their organization. First, a frequency table was created in order to determine which entity, the manager or the organization, employees tended to hold responsible for each type of psychological contract obligation (see Table 4). The same seven obligations that were used to determine psychological contract violations were also used in this set of questions. A chi-square goodness of fit test was then run on each question to test for significance.

Two areas in which employees tended to feel that their manager was more responsible for fulfilling obligations than their organization were in providing sufficient power and responsibility [60.6%, $\chi^2(1, n = 926) = 38.99$, $p < .01$] and providing promotion and advancement [55.4%, $\chi^2(1, n = 926) = 9.95$, $p < .01$]. The areas in which employees tended to feel that their organization was more responsible for fulfilling obligations than their manager were in providing high pay [72.3%, $\chi^2(1, n = 926) = 192.32$, $p < .01$], providing long term job security [79%, $\chi^2(1, n = 926) = 331.44$, $p < .01$], and providing career development [62.6%, $\chi^2(1, n = 926) = 62.2$, $p < .01$]. For

the last two obligations, providing training and providing pay based on the level of performance, employees tended to split the fulfillment responsibility almost equally between their manager and their organization. Hypothesis 3 was not supported.

Discussion

Study of the psychological contract formation and violation has neglected to examine relationships between age and tenure and the psychological contract. The results of this study show that these are important factors when analyzing the tendency to perceive a psychological contract violation. As hypothesized, there was a significant relationship between age and perception of psychological contract violation as well as tenure and perception of psychological contract violation. Younger employees seem more likely than older employees to believe that their psychological contracts have been violated, so it seems that as an employee ages, he or she is less likely to perceive such a violation.

These results provide some support for the findings of Cleveland and McFarlane Shore (1992), which showed that younger employees tended to have lower organizational commitment than older employees. A person with a lower level of organizational commitment may be more sensitive to the details of his or her psychological contract, and therefore may perceive a violation more quickly than one with a higher level of organizational commitment. Another possibility is that older employees may have a lot of experience in the work force and have learned that psychological contracts must be flexible and adapt to changing times and situations, which would make these employees less likely to perceive a violation. Still yet another factor could be that younger employees are more focused on tangible things such as pay, whereas older employees are looking for more intrinsically rewarding or long-term benefits of the job. With salary data readily available and close at hand on the Internet, younger employees are better

able to track their perceived “worth,” among other things, which may make their situation more volatile and subject to the perception of psychological contract violations.

The findings for tenure were similar to those for age. Employees who had been with their organization longer tended to be less likely to perceive a violation made to their psychological contract. This may be because the time spent working in an organization is also a time spent building trust for that company. Employees with longer tenure may feel more personally attached to their organization than those who have not worked there as long, and may be less likely to perceive a violation to their contract, whereas newer employees may continue to “weigh their options” until they have built up enough trust in the company. Being aware of other options could cause an employee to be more critical of the organization he or she is working for, which might create a situation in which violations to the psychological contract are perceived more frequently. This finding also supports those of Cleveland and McFarlane Shore (1992), because an employee who is newer to the organization is more likely to feel that his or her psychological contract has been violated because their commitment to the organization is not as strong as another employee who has been employed there for a while.

A note must be made about the findings for age and tenure. Although age and tenure correlated significantly with the tendency to perceive psychological contract violation, the results might not be practically significant. Age and tenure accounted for less than 5% of the variance, so the fact that the findings were significant may simply be due to the large sample size. However, the findings of this study remain important because until now research has not examined these variables in relation to psychological

contract violation.

The findings for attribution of responsibility of psychological contract fulfillment were significant varied as a function of areas: the areas in which employees hold their manager responsible were in providing sufficient power and responsibility, and providing promotion and advancement. Managers typically have a certain degree of control over their subordinates, and they also have a say in an employee's future in the organization. A manager can delegate tasks, making those with more tasks feel more powerful and more responsible for things that happen within the department. In addition, a manager has the ability to recommend or contest an employee who is up for a promotion or eligible for an open position elsewhere in the company. On the other hand, managers typically do not have control over things such as pay scales, long-term job security, or career development as a whole. The participants in this study attributed the responsibility of the fulfillment of these concepts to the organization, not specifically to their manager. It seems that people currently working have a good idea of the control that each entity has; they do not seem to expect managers to offer career long job security, nor do they expect the organization to know exactly which employee is a good fit for a promotion or advancement.

The last item in the survey was an open-ended question that asked respondents to discuss any other aspects of their employment that they felt had not been fulfilled by their employer. Two hundred and fifty eight people chose to respond to this question; as expected, most of the replies reiterated the seven obligations that had been discussed in the survey, especially that of promotion and advancement, training, and pay (both high

pay and pay based on current level of performance). Aside from these seven, the obligation brought up by many of the respondents was that of benefits. Complaints focused on the cost of medical benefits and the lack of insurance offered by their employers. Another problem that was discussed quite a few times was lack of professionalism and/or leadership by immediate supervisors, and another was the fact that many companies these days seem to be short-staffed; it seems that organizations in this situation are forcing employees to take on more work with no increase in pay. The topics that these employees discussed show possible areas in which further research could be beneficial.

Strengths of the Study

The main strength in this study was the sample size. Approximately 1,500 panel members were invited to participate in the study, and over 1,000 completed surveys were collected. Another important strength of this study was that the participants were employed in a variety of industries and organizations; until now, most research had been done on university-level students or employees of a particular organization. Also, the participants in this study were part of a random selected sample from a nationally representative population of paid employees. In addition, the scale used to analyze the tendency to perceive a psychological violation had high internal consistency, which demonstrates reliability in the findings.

Limitations of the Study

One limitation in this study is that the data were collected at a single point in time, whereas a longitudinal study would show changes in the details of a psychological

contract as well as changes in perceived violations. Another limitation of this study was that the only criterion for sample selection in this study was that each person be a paid employee of some sort. Employees of different statuses (such as temporary vs. permanent) may have completely different views about psychological contract violation. Also, because this study was designed as an observational study, cause and effect relationships cannot be implied by these results.

Future Research Ideas

Because this study found that tenure has a significant relationship with the perception of psychological contract violations, future research should be directed at examining violations at the different stages of an employee's career. Bunderson (2001) found that the relationship between an employee and an organization is complex and multi-faceted, thus changes may occur between different stages of the employee's career that will have an impact on this relationship (which may, in turn, affect the employee's psychological contract). In addition, employees who are new to the work force itself expect different things from their job as well as their employers, and their experiences tend to modify these expectations. DeVos, Buyens, and Schalk (2003) found that newcomers to an organization tend to create the psychological contract as a result of "making sense" of promises made by the organization during recruitment. It would be interesting to determine the possible multitude of changes that new employees make to their psychological contracts within the first year of employment in their chosen careers, so future research should study the relationship between psychological contract violations and inexperienced employees.

A concept in the study of psychological contract formations and violations that does not receive much attention is that of cross-cultural differences. Due to the fact that many industries are becoming global, the study of cross-cultural differences in every aspect of the workplace, including psychological contracts, is extremely important. Thomas, Au, and Ravlin (2003) pointed out that as organizations become global, an employee from one culture may form a psychological contract based on interaction with a manager from another culture. This may affect the formation of the contract as well as violations to that contract, and interpretations of both may be completely different. Rousseau and Tijoriwala (1998) noted that different cultures may give different importance to certain areas of the psychological contract, and that new research will, hopefully, show some of these differences. Another current trend which involves cross-cultural differences is that of competencies. There are knowledge, skills, and abilities required in certain industries (such as high tech companies or telecommunications) in which other cultures tend to perform better than Americans. This results in jobs, departments, and divisions being outsourced overseas. In addition, American employees may feel that they perform better than they really do, and that their obligations have been fulfilled when in reality, they are lacking. It is very possible that cross-cultural impacts on the psychological contract will become very important in the near future, as more and more countries begin to work together.

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APPENDIX A

Survey Items

[CONSENT FORM, THE FIRST SCREEN SEEN BY RESPONDENTS:]
[THE SJSU LOGO WAS PLACED AT THE TOP OF THE SCREEN TO BE OBVIOUS
TO PARTICIPANTS]

You are invited to participate in a research study that is being conducted by Alicia Motta, a graduate student at San Jose State University. The purpose of this research is to better understand how employees feel about the companies that they work for.

Approximately 1,000 subjects between the ages of 18 and 80 years old will participate in this study. The online survey that you are being asked to complete is estimated to take less than 10 minutes of your time.

If you agree to take part in the study, you will be assigned a random code number that will be used on each questionnaire. Your name will appear only on a list of subjects, and will not be linked to the code number that is assigned to you. There will be no way to link your responses back to you. Therefore, data collection is completely anonymous. Although the results of this study may be published, no information that could identify you will be included.

There are no foreseeable risks or direct benefits for participation in this study, and no additional incentive or compensation will be provided.

Participation in this study is voluntary. You may choose not to participate, and you may withdraw at any time during the study procedures. In addition, you may choose not to answer any questions with which you are not comfortable. No service of any kind, to which you are otherwise entitled, will be lost or jeopardized if you choose to not participate in the study.

It is important to us that you understand your rights as a research subject. Please click on the 'Accept' button below if you understand your rights and wish to proceed with the survey.

[small font at bottom of screen]

If you have any questions about the study procedures, you may contact Dr. Nancy DaSilva, Professor at San Jose State University at (408) 924-5622. Complaints about the research may be presented to Dr. Sheila Bienenfeld, Department Chair, at (408) 924-5642. Questions about research subjects' rights, or research-related injury may be presented to Dr. Pamela Stacks, Associate Vice President, Graduate Studies and Research at (408) 924-7029. You will be given a copy of this consent form for your records, if requested.

[An "Accept" button, which, when chosen, continued onto the survey, as well as a "Do Not Accept" button, which, when chosen, terminated to a "Thank You" screen.]

Q1.

Overall, how well does your employer fulfill its commitments to you?

- Not at all
- Slightly
- Somewhat
- Moderately
- To a great extent

Q2.

Overall, how well have you fulfilled your commitments to your employer?

- Not at all
- Slightly
- Somewhat
- Moderately
- To a great extent

GRID ANSWER

Q3 – Q9.

Employers make promises to give employees certain things in exchange for their contribution to the organization. Please indicate the extent to which you believe your employer is obligated to provide each of the following, based on an implicit or explicit promise or understanding.

[Rating scale/top items]

- Not at all obligated
- Slightly obligated
- Somewhat obligated
- Moderately obligated
- Very obligated

[Side items]

[Q3] promotion and advancement?

[Q4] high pay?

[Q5] pay based on current level of performance?

[Q6] training?

[Q7] long term job security?

[Q8] career development?

[Q9] sufficient power and responsibility?

[Separate screen]

Employers make implicit and explicit promises during recruitment which obligate them to give certain things to their employees in exchange for their employees' contributions to the organization. Employers vary in the degree to which they fulfill those promises and obligations to their employees. Read over the following items and think about the

extent to which your employer made implicit or explicit promises to provide you with these items. Then think about how well your employer has fulfilled those promises.

[Next screen]

GRID ANSWER

Q11 – Q17.

Please indicate the extent to which your employer has fulfilled the following obligations.

[Rating scale/top items]

Not at all fulfilled

Slightly fulfilled

Somewhat fulfilled

Moderately fulfilled

Very well fulfilled

[Q11] Promotion and advancement?

[Q12] High pay?

[Q13] Pay based on current level of performance?

[Q14] Training?

[Q15] Long term job security? [Q16] Career development?

[Q17] Sufficient power and responsibility?

[Separate screen]

The next few questions ask about your manager and/or your organization. In these questions, please refer to your manager as the person responsible for preparing your performance review, and your organization as the person or team responsible for determining organizational policies for your company.

[Next screen]

GRID ANSWER

Q19 – Q24a.

Please indicate who you feel is responsible for fulfilling each of the following obligations, your manager or the organization itself?

[Rating scale/top items]

My manager

My organization

[Q19] Promotion and advancement?

[Q20] High pay?

[Q21] Pay based on current level of performance?

[Q22] Training?

[Q23] Long term job security?

[Q24] Career development?

[Q24a] Sufficient power and responsibility?

Q25.

In general, how well does your employer live up to its promises?

- Not at all
- Slightly
- Somewhat
- Moderately
- To a great extent

Q26.

In general, how well do you live up to your promises to your employer?

- Not at all
- Slightly
- Somewhat
- Moderately
- To a great extent

Q27.

Overall, how satisfied are you in your job?

- Not at all
- Slightly
- Somewhat
- Moderately
- To a great extent

Q28.

Overall, who do you believe is responsible for fulfilling the commitments that your employer has made to you?

- My manager
- My organization
- Other [SPECIFY]

Q29. Is overseas outsourcing prevalent in your profession?

- Yes
- No

Q30.

How long have you worked for pay?

_____ Years _____ Months

Q30a.

How long have you worked for your current organization?

_____ Years _____ Months

Q30b.

How long have you worked in your current job?

_____ Years _____ Months

Q30c.

How long have you worked with your current manager?

_____ Years _____ Months

Q30d.

Is your current manager the same person who originally hired you?

Yes

No

Q30e.

How long have you been in your current field of work?

_____ Years _____ Months

Q31.

Are you currently a supervisor?

Yes

No

Q31a. (If Q30 = yes)

How many people do you supervise?

Q32.

Finally, are there any other aspects of your employment that you feel have not been fulfilled by your employer?

APPENDIX B

Human Subjects-Institutional Review Board Approval Letter

San José State
UNIVERSITY

**Office of the Academic
Vice President**
Associate Vice President
Graduate Studies and Research

One Washington Square
San José, CA 95192-0025
Voice: 408-924-2480
Fax: 408-924-2477
E-mail: gstudies@wahoo.sjsu.edu
<http://www.sjsu.edu>

To: Alicia Motta-Stanke
7771 Church Street
Gilroy, CA 95020

From: Pam Stacks, AVP
Graduate Studies & Research

Date: September 30, 2005

The Human Subjects-Institutional Review Board has approved your request to use human subjects in the study entitled:

"A measure of psychological contract and breach."

This approval is contingent upon the subjects participating in your research project being appropriately protected from risk. This includes the protection of the anonymity of the subjects' identity when they participate in your research project, and with regard to all data that may be collected from the subjects. The approval includes continued monitoring of your research by the Board to assure that the subjects are being adequately and properly protected from such risks. If at any time a subject becomes injured or complains of injury, you must notify Pam Stacks, Ph.D. immediately. Injury includes but is not limited to bodily harm, psychological trauma, and release of potentially damaging personal information. This approval for the human subjects portion of your project is in effect for one year, and data collection beyond September 30, 2006 requires an extension request.

Please also be advised that all subjects need to be fully informed and aware that their participation in your research project is voluntary, and that he or she may withdraw from the project at any time. Further, a subject's participation, refusal to participate, or withdrawal will not affect any services that the subject is receiving or will receive at the institution in which the research is being conducted.

If you have any questions, please contact me at (408) 924-2480.

Cc: Dr. Nancy Da Silva

APPENDIX C

Tables

Table 1.

Demographic characteristics of the sample studied (N = 940).

Age		
Mean		40.7 years
Standard Deviation		12.49 years
Gender		
Male		50.9%
Female		49.1%
Race/Ethnicity		
White, Non-Hispanic		73.9%
Black, Non-Hispanic		9.7%
Other, Non-Hispanic		3.1%
Hispanic		9.9%
Two or more races, Non-Hispanic		3.4%
Marital Status		
Married		57%
Single (never married)		26%
Divorced		13.2%
Widowed/Separated		3.8%
Household Income		
Less than \$25,000		18.2%
\$25,000 thru \$49,999		31.9%

\$50,000 thru \$74,999	26.5%
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\$75,000 thru \$99,999	12.9%
------------------------	-------

\$100,000 or more	10.5%
-------------------	-------

Education Level

Less than high school	7.8%
-----------------------	------

High School	28.2%
-------------	-------

Some college	31.8%
--------------	-------

Bachelor's Degree or higher	32.2%
-----------------------------	-------

Table 2.

Descriptive statistics for the sample studied (N = 940).

Variables	Mean	SD
1. Age (years)	40.7	12.49
2. Organizational tenure (years)	7.47	8.23
3. Job tenure (years)	7.19	7.42
4. Aggregate: promotion and advancement	0.19	1.69
5. Aggregate: high pay	0.20	1.55
6. Aggregate: pay based on current level of performance	0.75	1.59
7. Aggregate: training	0.62	1.39
8. Aggregate: long term job security	0.13	1.42
9. Aggregate: career development	0.35	1.39
10. Aggregate: sufficient power and responsibility	0.19	1.30
11. Aggregate: overall tendency towards violation	0.35	1.11

Note. “Aggregate” is the aggregate score of [obligation – fulfillment], which represents the perception of psychological contract violation on a 5-point scale (-4 = strong perception of psychological contract fulfillment, +4 = strong perception of psychological contract violation) .

Table 3.

Correlation of age and tenure with the tendency to perceive psychological contract violations (N = 940).

	Tendency towards violation
Age	-0.09 *
Tenure	-0.11 *

* $p < .01$

Table 4.

Frequency of fulfillment obligation: manager vs. organization (N = 940).

Obligation	Manager	Organization
1. Promotion and advancement	55.4%	44.6%
2. High pay	27.7%	72.3%
3. Pay based on current level of performance	49.6%	50.4%
4. Training	50.9%	49.1%
5. Long term job security	21%	79%
6. Career development	37.4%	62.6%
7. Sufficient power and responsibility	60.6%	39.4%