

Psychological contracts and organizational commitment profiles: Effects of contract  
fulfillment and violation on employee outcomes.

by

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## ABSTRACT

Psychological contracts are the beliefs an individual holds concerning terms of an agreement—which are implicit in nature—between the individual and the organization (Rousseau, 2000). The current study examined the effects of violation of the psychological contract on employee outcomes, and specifically how this effect may differ depending on the employee's organizational commitment profile, level of trust, and type of psychological contract. Violation of the psychological contract has been linked to negative workplace behaviours (Sturges, Conway, Guest & Liefoghe, 2005); however, limited research has investigated the role of moderators. Results indicated that trust and transactional contract type moderate the relationship between contract violation and employee outcomes and relational contract type moderates the relationship between contract fulfillment and employee outcomes. Further results indicated that the existence of moderators is dependent on the type of employee outcomes examined. Implications of these findings for employers and employees in the workplace are discussed.

## TABLE OF CONTENTS

TABLE OF CONTENTS	ii
LIST OF TABLES	iv
LIST OF FIGURES	v
CHAPTER I	1
Introduction	1
<i>Three Component Model of Commitment</i>	13
<i>Psychological Contracts and Organizational Commitment Research</i>	20
<i>The Present Study</i>	25
CHAPTER II	36
Method	36
<i>Participants</i>	36
<i>Measures</i>	37
<i>Procedure</i>	42
<i>Data Analysis</i>	44
CHAPTER III	46
Results	46
<i>Data Cleaning and Diagnostics</i>	47
<i>Hypothesis 1</i>	49
<i>Psychological Contract Violation</i>	49
<i>Psychological Contract Fulfillment</i>	68

CHAPTER IV	78
Discussion	78
<i>The Effect of Violation and Fulfillment on Employee Outcomes</i>	78
<i>The Effect of Moderators</i>	80
<i>Limitations</i>	90
<i>Implications and Future Directions</i>	91
<i>Conclusion</i>	93
REFERENCES	94

## LIST OF TABLES

Table 1: Mean and Standard Deviations for all Variables	50
Table 2: Bivariate Correlations among all Independent and Dependent Variables	51
Table 3: Pearson`s Correlations	52
Table 4: Hierarchical Regression Analysis for Variables Predicting Intention to Stay	54
Table 5: Hierarchical Regression Analysis for Variables Predicting Job Satisfaction	58
Table 6: Hierarchical Regression Analysis for Variables Predicting OCB	61
Table 7: Hierarchical Regression Analysis for Variables Predicting Psychological Strain	63
Table 8: Hierarchical Regression Analysis for Variables Predicting Intention to Stay	69
Table 9: Hierarchical Regression Analysis for Variables Predicting Job Satisfaction	71
Table 10: Hierarchical Regression Analysis for Variables Predicting OCB	74
Table 11: Hierarchical Regression Analysis for Variables Predicting Psychological Strain	756

## LIST OF FIGURES

Figure 1: Transactional contract as a moderator between violation and intention to stay	56
Figure 2: Trust as a moderator between violation and job satisfaction	60
Figure 3: Trust as a moderator between violation and psychological strain	64
Figure 4: Transactional contract as a moderator between violation and psycholgoical strain	66
Figure 5: Relational contract as a moderator between fulfillment and job satisfaction	73

## CHAPTER I

### Introduction

With the growing need to keep and retain quality staff, it is essential to understand the relationships employees develop with their employers. Through this understanding employers can develop strategies to encourage positive workplace outcomes which may lead to increased productivity and retention. Productivity and retention are essential for employers to operate successful organizations. One framework that has been used to examine perceptions of the relationship between the employee and employer is psychological contracts. Psychological contracts are the beliefs an individual holds concerning the implicit terms of an agreement between the individual and the organization (Rousseau, 2000). When this agreement between employee and employer is fulfilled, increased job performance results; however, when the contract is violated by the employer, the employee may engage in negative workplace behaviours (Sturges, Conway, Guest & Liefoghe, 2005). Furthermore, the effect of violation and fulfillment may differ across employees due to individual differences. One such important difference is organizational commitment. An individual's commitment to the organization has a large influence on how that employee conducts himself or herself in the workplace (Wasti, 2005). Through the examination of psychological contracts within the context of organizational commitment, researchers can obtain a more in depth understanding of how violation and fulfillment of the psychological contract can impact workplace outcomes.

#### *Psychological Contracts*

It is important to examine psychological contracts within the workplace to further understand the relationship between employee and employer and to appreciate the effects

of violation and fulfillment on workplace behaviours and attitudes. Rousseau (2000) introduced several different types of contracts, and these include: relational, balanced, transactional and transitional. Relational contracts relate to stability (i.e., long-term based) and are based upon mutual trust and loyalty, whereas rewards focus on membership and participation (i.e., focus on social exchange), and thus loosely on performance. Balanced contracts are dynamic and open-ended and conditioned on opportunities to develop career advancement within and outside the organization. Rousseau continued to discuss how rewards within a balanced contract are focused on performance and the need to contribute to the achievement of business goals. Transactional contracts are short-term—focusing on monetary exchange—and consist of work with a narrow set of duties, with no training or skill development provided for the employee (e.g., temporary work; Rousseau). Finally, Rousseau discussed transitional contracts, which take place during periods of organizational change (more of a state of mind, which constitutes feelings of mistrust, uncertainty and erosion of quality of work).

*Assessment of psychological contracts.* There is limited research dedicated to examining the assessment of the different types of psychological contracts that may exist (Rousseau, 2000; Sels, Janssens, & Van Den Brande, 2004). Further, Rousseau and Tijoriwala (1998) examined the process of assessing psychological contracts from a content, feature, and evaluation oriented framework. Content includes the terms and the interplay between terms of the contract (i.e., contingencies; Rousseau & Tijoriwala). Features involve the comparison of the contract to a dimension or attribute (i.e., stable or unstable across time), while evaluation includes the degree of violation, fulfilment or change concerning the contract (Rousseau & Tijoriwala). Most psychological contract



research has focused on an evaluation-oriented framework (Deery, Iverson & Walsh, 2006; Robinson & Rousseau, 1994; Rousseau & Tijoriwala) with limited research examining psychological contracts from both a content and feature-oriented framework (Rousseau; Rousseau & Tijoriwala; Sels et al.). Concerning content-oriented assessment of the psychological contracts, research strongly supports including measurement of obligations made by both the employer and the employee (Rousseau & Tijoriwala; Sels et al.). Furthermore, the assessment of the features of the psychological contract should include a determination of which types of contracts are more endorsed by the employee (i.e., relational, balanced, transactional, transitional; those previously described by Rousseau).

Sels and colleagues (2004) assessed both employee and employer measurements as a means to further develop both a content-oriented (i.e., terms of the contract) and feature-oriented approach (i.e., the comparison of the contract to a dimension or attribute) to psychological contracts. Six dimensions of psychological contracts were identified in this study: tangibility, scope, stability, time frame, exchange symmetry, and contract level. Tangibility (i.e., intangible, tangible) involves the explicitness of the contract through the extent to which the terms of the contract can be observed by third parties (Sels et al.). Although the psychological contract implies an implicit agreement, the terms and conditions of this contract may also be demonstrated within formal rules and written agreements. The degree to which this overlap occurs demonstrates the tangibility of the contract. The scope of the contract (i.e., narrow, broad) includes the degree to which the interplay of the employment relationship and all other parts of an employee's life are susceptible to change (e.g., concerning work and personal life; narrow scope involves a

strict separation of the two while broad scope includes an interplay and concern for employees family on behalf of the employer). Sels and colleagues further discuss stability (i.e., stable, flexible) involving the ability for the contract to change and evolve, and time frame (i.e., short-term, long-term) examining the length of the employment affiliation. Exchange symmetry (i.e., equal, unequal) involves the perception of how acceptable the equality of the relationship is, while contract level (i.e., individual, collective) includes the perception of regulation of the employee's contract (Sels et al.).

This feature-oriented approach by Sels and colleagues (2004) describes dimensions that are very similar to the previously mentioned types developed by Rousseau (2000). More specifically, each of the contract types described by Rousseau has several subscales describing these dimensions (e.g., transactional contracts assess both duration and scope of contract). Sels and colleagues used a representative sample of private and public organizations across a diverse group of industries, and also included several outcome variables (i.e., affective commitment, perceived personal control) to examine and validate these dimensions, as well as to test several hypotheses. Results confirmed a relationship between the dimensions of time frame, exchange symmetry and contract level and affective commitment (Sels et al.). Furthermore, Sels and colleagues also emphasized the importance of examining both employee and employer obligations and deem this dual examination necessary to characterize the specific nature of the contact. Concerning the reliability of the dimensions, two dimensions examined by Sels and colleagues failed to meet the criteria established for reliability. Authors suggested that future research should investigate operationalizations that are reliable. As well, cross-validation of the scale in different countries was further recommended (Sels et al.). More

research in terms of content and feature-oriented framework is needed to further understand the influence psychological contracts have on employee outcomes. Research examining all forms of measurement (i.e., content, feature and evaluation) can help researchers further understand all of the complex issues that are associated with psychological contracts (Rousseau & Tijoriwala, 1998).

Concerning assessment of the psychological contract, after Rousseau and Tijoriwala (1998) discussed content and feature-oriented framework they then moved to examine evaluation-oriented measures. The evaluation-oriented measures of psychological contracts involve measures of violation, fulfillment and the emotional consequences resulting from these events (Rousseau & Tijoriwala). Research has demonstrated that these constructs (i.e., violation and fulfillment), although related, represent separate dimensions (Rousseau & Tijoriwala). Specifically, violation focuses on a discrete event, while fulfillment acknowledges an employer keeping most of the contract terms (Rousseau & Tijoriwala). Furthermore, research has found that employees may indicate that a violation has occurred and yet still report a degree of fulfillment (Rousseau & Tijoriwala). This supports the idea that violation and fulfillment are not interchangeable and as such need to be measured as separate constructs. The majority of psychological contract research has focused on the important constructs of contract violation (i.e., breach of promised obligations) and fulfillment (i.e., keeping promised obligations). Concerning the assessment of violations and fulfillment, measurement should include both a quantitative (i.e., frequency of violation, assessment of severity) and qualitative (i.e., description of violation) component (Rousseau & Tijoriwala). For example, it is important to understand how often a violation occurs; however, some

violations may be perceived to be worse than others, and as such, a qualitative component can aid in the explanation of the specific details of the violation. Research examining the emotional consequences resulting from violations and fulfillment has examined several different outcome variables (i.e., trust, satisfaction, intention to stay, commitment; Deery, Iverson & Walsh, 2006; Robinson & Rousseau, 1994) and a review of this research is presented next.

*Outcomes of psychological contract violation and fulfillment.* Research has demonstrated that violation is associated with several outcome variables found within samples of Master of Business Administration (MBA) graduates, management samples and customer service organizations. Deery, Iverson and Walsh (2006) used a sample of customer service employees. These authors investigated the effect of contract violation on trust, as well as the potential effects on absenteeism. Results indicated that contract violation was associated with increased absenteeism and decreased trust towards the organization (Deery et al.). Violations may also affect how customer service employees deal with their customers and result in weakened performance. In Deery et al.'s study, several important findings regarding violation were substantiated with written comments. For example, inconsistencies between the stated intent of the company and actual practices were highlighted with written statements (Deery et al.). In addition, the effect of these violations were also demonstrated through written comments as employees indicated feelings of no respect and not being involved in the decision making process (Deery et al.). Finally, the consequences of violations were confirmed through written comments regarding trust, the negative work environment, and the overall division between employee and employers (Deery et al.).

Robinson and Rousseau (1994) examined the frequency of contract violation and the relationships that exist between violation and workplace outcomes. Perceptions of mutual obligations between employer and employee were assessed during recruitment and after employees were on the job for two years. Robinson and Rousseau measured careerism, trust, satisfaction and intention to stay, in addition to contract violation and fulfillment. Measures of fulfillment were assessed using a continuous measure (e.g., 1 signifies 'very poorly fulfilled' and 5 signifies 'very well fulfilled'), while violation was assessed through both a dichotomous measure (i.e., yes or no) in addition to qualitative responses (i.e., 'Please explain...') to address the ways in which employees experience violations (Robinson & Rousseau). Results showed that violation is a very common occurrence in organizations, where 54.8% of respondents reported experiencing violation (Robinson & Rousseau). Results also indicated a negative association between violations and trust, satisfaction and intention to remain, with a positive association between violations and actual turnover (Robinson & Rousseau).

Of specific interest was the strength of the relationship with trust. Robinson and Rousseau (1994) discussed the "spiral reinforcement" (p. 255) pattern of trust, where an initial decline in trust may lead to a further decline. This research confirmed previous important findings by Deery and colleagues (2006; i.e., violation resulted in decreased trust). Furthermore, employees whom the organization should value the most (those planning on building a career with their employer) were most affected by the violation. This is in accordance with a phenomenon labelled 'the higher they are, the harder they fall' (Robinson & Rousseau). This experience illustrates the trend that the more invested an individual is in something, the more severe their reaction would be to a violation or an

occurrence opposite to these expectations. For example, individuals who have a high degree of faith with the judicial system experience more negative reactions when faced with a defeat in court, as compared to individuals with lower expectations (Brockner et al., 1992, as cited in Robinson & Rousseau). This occurrence is important when considering how violations affect employees, as the employees who are most valuable (i.e., those who have high levels of trust or commitment) to the company may be the individuals who are most affected by the violation. These employees can be considered to be greatly tied to the organization, as from the employees standpoint, they are invested in the organization, and from the employers standpoint, they carry a great value to the company.

Robinson and Rousseau's (1994) research demonstrated the significance of understanding contract violations; however, there were several limitations to this study. Of utmost importance, Robinson and Rousseau indicated that improved measurement of contract violation would have been a great advantage. Furthermore, these researchers did not assess the psychological contract itself (i.e., the different types of contract previously discussed). Efforts should be made to examine the feature-oriented assessment of the psychological contract, and as such, an inclusion of the different types of contract (i.e., relational, balanced, transactional and transitional) is necessary to fully understand any issues related to the contract (Rousseau & Tijoriwala, 1998). Furthermore, Robinson and Rousseau failed to recognize the importance of examining both employee and employer obligations. In order to fully understand the content of the psychological contract, research strongly suggests that psychological contracts should be assessed from both employee and employer obligations (Rousseau & Tijoriwala; Sels et al., 2004); the

previously discussed study only examined employee obligations and did not consider those obligations on behalf of the employer.

Robinson and Rousseau (1994) examined trust as an important outcome variable regarding psychological contracts. Robinson (1996) defined trust as “one’s expectations, assumptions, or beliefs about the likelihood that another’s future actions would be beneficial, favourable, or at least not detrimental to one’s interest” (p. 576). Previous research has shown that trust in an organization is essential for successful socialization teamwork and cooperation (Lämäs & Pučėtaitė, 2006; Robinson, Dirks & Ozcelik, 2006). Trust also assists in the development of organizational citizenship behaviour (OCB; Organ and Ryan (1995) describe OCB as an “individual contributions in the workplace that go beyond role requirements and contractually rewarded job achievements” p. 775), and improves communication (Robinson et al.). Furthermore, research has found positive relationships between trust and both satisfaction and performance (Farrelly & Quester, 2003).

Concerning psychological contracts, Robinson and Rousseau (1994) discuss the possibility of trust as a moderator between violation and outcomes; however they do not directly test this assertion. Several other researchers, however, have examined trust as a moderator. Chrobot-Mason (2003) sought to examine the moderating role of trust between breach of contract and organizational cynicism and found that, when individuals high on trust experienced a contract violation, they were more likely to indicate feelings of cynicism as compared to individuals low on trust. These results confirm findings from Robinson and Rousseau that individuals who are greatly tied to the organization (i.e., a valuable employee who is invested in the company, for example, due to a high level of

trust) may experience greater feelings of disappointment when experiencing unmet expectations (i.e., contract violation). Individuals who are greatly tied to the organization may be invested within the organization due to their level of trust. However, research has also found support contrary to these predictions, such that employees with a high degree of trust, who experience a violation, believe they have been treated fairly and are less likely to respond with negative attitudes (Morrison & Robinson, 1997).

These conflicting findings can be explained through the reconciliation of these results. Robinson and colleagues (2004) discuss both views of the moderating role of trust and conclude by examining the two segments of the process of the violation. The first segment involves the evaluation of the breach itself; such that individuals high on trust may not interpret that a breach has taken place or assume they have been treated fairly, where individuals low on trust evaluate the breach as unfulfilled obligations and result in negative reactions (Robinson et al.). This is consistent with the findings from Morrison and Robinson (1997). The second segment involves the impact of trust on the relationship between the evaluation of the breach and the response (i.e., emotional, attitudinal, behavioural), such that individuals high on trust who perceive the occurrence or existence of a violation, the response will be substantially greater as compared to individuals low on trust (Robinson et al.). This is consistent with the findings from Chrobot-Mason (2003) and Robinson and Rousseau (1994). Thus the determining factor of the moderating role of trust rests with the way in which the violation is assessed. When employees are asked to give their perception of violations, only those violations that the individual perceives as a violation will be reported. However, once these self-reported violations are reported, the second segment examining the impact of trust on the



relationship between the violation and outcome can be examined. This second segment relationship has been demonstrated to result in greater effects concerning high trust individuals as compared to low trust individuals.

Thus, research has supported the idea that trust is an important individual difference variable to consider within the organization and more research is needed to understand how trust may moderate the relationship between violation and outcomes (Chrobot-Mason, 2003). Consequently, trust has been examined with respect to psychological contracts in several studies (Robinson & Rousseau, 1994; Chrobot-Mason; Deery, Iverson & Walsh, 2006); however, more research needs to be conducted in the area of psychological contracts. The examination of trust is an important first step; however it is also valuable to investigate other individual difference variables that may be related to psychological contracts.

*Influence of individual differences.* Individual differences in employees can greatly affect several workplace attitudes and behaviours. One such individual difference that has been extensively researched is that of trust. Yet, there remain several other pertinent differences to be examined, such as social factors, cultural differences and organizational commitment. Research has shown that social influence is relevant when evaluating psychological contracts, such that friends may hold parallel beliefs regarding the fulfillment of the psychological contract (Ho & Levesque, 2005). Specifically, this research suggests that managers may be able to concentrate on key informant employees in order to understand contract fulfillment of larger groups of employees, since these beliefs will be similar across cliques and large groups of employees (Ho & Levesque). Similarly, Ho and Levesque suggest that managers may be able to create more accurate

perceptions of fulfillment by focusing on these key informants. Further research on social networks has shown employees that cultivate a strong sense of cohesion (i.e., connections between people or groups of people) expect more obligations from their employer (Ho, Rousseau, & Levesque, 2006). Ho and colleagues discuss how this can be very valuable, especially when the social networks are associated with increased levels of cooperation and trust. In addition, employees with social networks that develop structural holes (i.e., isolation between people or groups of people) also tend to expect more obligations from their employer (Ho et al.). This research shows that the perception an employee has regarding what their employer owes them, is directly related to social networks (Ho et al.). Concerning cultural values, differences in motivation and cognition influence how the employee understands the terms of the psychological contract (Tomas, Au, & Ravlin, 2003). For example, collectivists are more likely to respond with loyalty and have a higher threshold of contract violation perceptions as compared to individualists (Tomas et al.). Finally, concerning organizational commitment, research has demonstrated a close link between psychological contracts and organizational commitment, where the fulfillment of the psychological contract may lead to more committed employees (Sturges, Conway, Guest, & Liefoghe, 2005; Lemire & Rouillard, 2005).

The inclusion of organizational commitment as part of the examination of psychological contracts is beneficial for several reasons. First, commitment to the organization may change and fluctuate throughout an individual's career (Meyer & Allen, 1997) and as such it is important to understand how this construct relates to other important issues (i.e., psychological contracts). Second, although employers are able to increase different types of commitment (Meyer & Allen), it may be difficult to change or

adapt social networks or cultural values. Due to the malleability of organizational commitment, further research can determine how best to influence employees, and which type of commitment is most advantageous for employers concerning psychological contracts. Commitment can change throughout the career of an individual and through a more in depth understanding of how contract violation and fulfillment and commitment may influence employees' outcomes, employers can develop specific strategies aimed at increasing the type of commitment that will lead to the most positive outcomes. It is therefore necessary to further investigate the relationship between psychological contracts and organizational commitment. Organizational commitment is next defined and discussed, followed by an examination of research examining both constructs of psychological contracts and organizational commitment.

### *Three Component Model of Commitment*

Meyer and Allen (1997) developed the three component model of organizational commitment, which includes affective, continuance and normative commitment. Affective commitment (AC) focuses on emotional attachment and organizational involvement and deals with desires or wants ('I want my job'), continuance commitment (CC) involves the perceived cost associated with leaving ('I need my job') and normative commitment (NC) implies a sense of obligation to remain with the organization ('I ought to keep my job'; Meyer & Allen). Normative commitment is the least understood component of commitment, and several researchers have suggested that this component may be multifaceted (Meyer & Allen). More specifically, normative commitment develops as a means of socialization from both culture and the organization (Meyer & Allen). Meyer and Allen discussed the differences that may exist in the way an employee

experiences normative commitment due to these individual differences (i.e., culture). For example, normative commitment may have a greater influence on employee outcomes and well being within a collectivist culture as compared to an individualist culture due to the implied obligations inherent within collectivist cultures (Clugston, Howell & Dorfman, 2000). Furthermore research has demonstrated the uniqueness of normative commitment when paired with the other components. Specifically, researchers have found that normative commitment paired with affective commitment may lead to positive employee outcomes and behaviours (Gellatly, Meyer & Luchak, 2006). However, normative commitment paired with continuance commitment may lead to negative employee attitudes and behaviours (Gellatly, Meyer & Luchak).

A plethora of research has examined the specific correlates associated with each component of organizational commitment (e.g., Meyer & Allen, 1997; Meyer, Stanley, Herscovitch, & Topolnysky, 2002). Meyer and colleagues conducted a meta-analysis to examine the antecedents, correlates and consequences of affective, continuance and normative commitment. Results indicated that the affective and normative commitment scales correlate positively with job satisfaction and organizational citizenship behaviour (Meyer et al.). Furthermore, affective and normative commitment were negatively associated with turnover intention, actual turnover, and absenteeism (although normative commitment correlates to a less degree than affective commitment; Meyer et al.). Continuance commitment, on the other hand, was found not to correlate with actual turnover and to correlate negatively with organizational citizenship behaviour (Meyer et al.). Research examining organizational commitment initially focused on each component in isolation. However, affective, continuance and normative commitment represent

different components of commitment as opposed to different types of commitments (i.e., industry commitment, union commitment). As such, research has progressed to consider how individuals can experience all three components of commitment at the same time and in conjunction with each other. This advancement within the research has turned to examine commitment profiles. Specifically, commitment profiles reflect the relative levels of the three components (i.e., affective, continuance, normative). The combining of these components provides an overall view of commitment. For example, an individual may demonstrate high affective and normative commitment, but low continuance commitment. Furthermore, an individual may demonstrate low commitment on all three components. The comparative strength of each component together forms an individual's commitment profile, which has large behavioral implications within the workplace (Wasti, 2005). It is noteworthy that scant research has examined the specific correlates associated with each profile of the three component model (Gellatly, Meyer, & Luchak, 2006; Sinclair, Tucker, Cullen & Wright, 2005; Wasti).

*Organizational commitment profile research.* Sinclair and colleagues (2005) focused on affective and continuance commitment and intended to determine if combining levels of affective and continuance commitment formed distinct profiles within two separate samples (energy industry employees and working college students). Three studies were employed and cluster analysis was used to determine four distinct profiles. Respondents with moderate affective and continuance commitment were labeled 'allied', those with low affective and moderate continuance commitment were labeled 'free agents', those with high affect and continuance were labeled 'devoted' and finally those with moderate affective and low continuance commitment were labeled

'complacent' (Sinclair et al.). Further examination of the employed student sample revealed several important differences between the profiles and workplace behaviour. Specifically, it was found that free agents were given significantly lower ratings of performance, organizational citizenship behaviours and antisocial behaviour as compared to all other groups (Sinclair et al.). These results suggest the significance of examining commitment profiles and how different levels of each component of commitment can combine to result in different effects on workplace behaviour. While this study did not examine profiles that include normative commitment, two other studies have examined all profiles within the three component model (Gellatly, Meyer, & Luchak, 2006; Wasti, 2005).

Wasti (2005) sought to examine and determine the implications of commitment profiles through investigating both focal (i.e., outcomes of interest such as retention) and discretionary (i.e., OCB, job performance, stress) behaviours through an examination of commitment profiles in two studies. Through cluster analysis, Wasti found six profiles, including: highly committed (high all), non-committed (low all), affective dominant (high AC), continuance dominant (high CC), affective-normative dominant (high AC-NC) and normative-continuance dominance (high CC-NC). Results showed that affective commitment is the principal driver of positive outcomes (e.g., retention, OCB, job performance and reduced stress), especially when combined with low levels of continuance commitment (Wasti). Results also indicated that highly committed (high all) individuals lead to the best outcomes (e.g., high job satisfaction, high intention to stay) followed by pure AC profiles and high AC-NC profiles. Conversely, the worst outcomes were found in non-committed (low all) profiles, followed by high CC and high CC-NC.

Although all potential combinations of commitment profiles are possible, they may not all exist in every organization. Previous research by Meyer and Herscovitch (2001) found eight profiles, while Wasti concluded with six profiles. Furthermore, Wasti found that when utilizing different strategies (i.e., through cluster analysis), for determining the number of profiles, the same profiles did not appear across two replication studies. Thus, it was evident that not all profiles are common. In addition, it is possible for affective profiles to occur without normative commitment, however, the opposite (normative profiles without affective commitment) is less expected to exist (Wasti). Normative commitment is a distinct component, but it is very closely related to affective commitment (both affective and normative commitment are positively related to positive workplace measures like job satisfaction and OCB). This study explicitly demonstrates the relationship between affective and normative commitment, such that these two components of commitment are highly related, yet still represent distinct constructs (Allen & Meyer, 1996). Wasti describes how previous research has demonstrated that positive experiences lead to increased affective commitment, which then may contribute to increased normative commitment (though feelings of increased obligation). However, results showed an affective dominant profile, where high normative commitment was not present, and she concluded that “while affect without obligation appears to be possible, the reverse may be less likely to emerge” (Wasti, p.304). Wasti concluded by describing the importance of understanding commitment profiles and deemed it essential for the prediction of workplace behaviours.

Gellatly, Meyer and Luchak (2006) further extended the research on commitment profiles with regard to both focal and discretionary behaviours. Gellatly and colleagues

investigated the interactive effects of affective, continuance and normative commitment on staying intentions and OCB. Employees with profiles including high continuance commitment may have different views about their intention to stay when accompanied by high or low affective commitment (positive work experience as compared to a purely financial gain; Gellatly et al.). Specifically, higher levels of OCB were found for individuals with high continuance-affective commitment as compared to those with a purely affective profile (Gellatly et al.). It appears that employees with high continuance paired with high affective commitment relate the positive work experience as a potential cost associated with leaving, where employees with high continuance with low affective commitment are only concerned with purely financial costs associated with leaving (Gellatly et al.).

In addition, the duality of normative commitment appeared, such that differences were found when normative commitment is paired with affective commitment, (i.e., presence of a moral imperative) as compared to when paired with continuance commitment (i.e., feelings of indebted obligation; Gellatly et al., 2006). More specifically, Gellatly and colleagues found that employees with combined high normative and affective commitment has a positive relationships with OCB and intention to stay, while employees with a combined high normative and continuance commitment perceived their obligation in a negative way, and were found to have a negative relationship with OCB and had a weak positive association with intentions to stay. Gellatly and colleagues discuss this difference in terms of knowing what the right action is, and wanting to do it (i.e., moral imperative with high NC-AC) as compared to something an employee feels they have to do (i.e., indebted obligation with high NC-CC).



It is necessary to understand how the components combine to form profiles and how these profiles may relate to workplace behaviours (Gellatly et al., 2006). Examining only the individual components of commitment neglects the influence that the combination of these components may have on employee outcomes. For example, the effects of a high level of normative commitment can be somewhat ambiguous because, when paired with other components, it may result in positive or a negative workplace outcomes (e.g., normative paired with affective would result in a moral imperative and positive outcomes, however, paired with continuance would result in feelings of indebted obligation and negative outcomes; Gellatly et al.). The inclusion of investigating profiles can aid in the interpretation of these ambiguous results. Commitment is a complex construct and examination of the combined commitment profiles provides greater insight into the relationship between all components and employee outcomes. Commitment within the organization, and its influence on employee outcomes, can be better understood through examining the combined effects of the three component model through profile research.

The previous studies demonstrate the importance of examining and understanding commitment profiles and the behavioural implications within the workplace. Employees, who display higher levels of commitment, as demonstrated by the type of profiles, exhibit more positive workplace behaviours and attitudes. Employees who experience higher job satisfaction may be more productive, and employees who plan to stay with the organization decrease the cost of turnover. Through the understanding of commitment and its influence on workplace behaviours, employers can benefit from a more productive workplace. Examination of commitment profiles is a new and cutting edge

conceptualization within organizational commitment literature. Although some studies have begun to utilize this approach, continued investigation into commitment profiles is necessary to fully understand the complexity of organizational commitment. Furthermore, it is useful to include an examination of organizational commitment profiles within the context of other related constructs, such as psychological contracts. Organizational commitment is a fundamental concept within the workplace and it is therefore necessary to further understand its relationship with psychological contracts. Several studies, which are reviewed next, have investigated the link between psychological contracts and organizational commitment (Lemire & Rouillard, 2005; Sturges et al., 2005).

#### *Psychological Contracts and Organizational Commitment Research*

Lemire and Rouillard (2005) investigated the influence of contract violation within the context of organizational commitment (i.e., affective commitment) through an examination of intention to stay and counterproductive behaviours among a sample of Canadian federal organization civil servants. Lemire and Rouillard discussed the negative relationship between contract violation and affective organizational commitment. Results confirmed that violations decreased the organizational commitment of the civil servants (Lemire & Rouillard). Furthermore, results indicated a positive relationship between contract violation and intention to leave, such that an experience of violation strengthened participants' desire to leave the organization (Lemire & Rouillard). Finally, Lemire & Rouillard also indicate results which show that employees who experience a violation were engaged in less productive behaviours.

Sturges and colleagues (2005) sought to examine fulfillment of the psychological contract with regards to career management behaviour and help and examined the link

between fulfillment and organizational commitment and other workplace behaviours, including absenteeism, turnover and job performance. Sturges and colleagues discuss how fulfillment of the psychological contract results in reciprocation in the form of job performance and OCB, where violation of the psychological contract has been linked to intention to quit and negative workplace behaviours. Employees were asked to assess the promises made to them by the organizations as a measure of contract fulfillment.

Important results include that contract fulfillment was positively related to affective commitment and job performance (Sturges et al.). Furthermore, continuance commitment was found to have a strong negative relationship with voluntary turnover, indicating a high perceived cost associated with leaving. These results are consistent with previous findings (e.g., Meyer & Allen, 1997), however, assessment from both employee and employer obligations was not included in this study. Furthermore, the measure of commitment contained only two dimensions of organizational commitment (i.e., affective, continuance), thus neglecting normative commitment and the combined commitment profiles.

*Limitations to extant literature.* Research has examined both constructs of psychological contracts and organizational commitment in a variety of different contexts. These contexts include customer service employees, business administration graduates, energy industry, civil servants, and college students (Deery et al., 2006; Lemire & Rouillard, 2005; Robinson & Rousseau, 1994; Sinclair et al., 2005). It is valuable to examine these relationships within different contexts in order to understand the influence of context on these relationships. The literature has examined these constructs across different jobs and industries and has found similar results. However, there are several

limitations to the extant literature. First, the assessment of psychological contracts should include content, feature and evaluation-orientated measures (Rousseau, & Tijoriwala, 1998). Specifically with regards to both the content and evaluation orientated assessment, measures of psychological contracts should include an assessment of both the employee and employer obligations in addition to a measure of both violation and fulfillment (in line with the evaluation-orientated measurement). Second, concerning organizational commitment, an examination of the commitment profiles is necessary to more fully understand how the combination of the three-components is related to both psychological contracts and employee outcomes. The link between psychological contracts and organizational commitment has focused on affective or continuance commitment (Lemire & Rouillard; Sturges et al.), thus neglecting the possible interactive affects of these commitment components.

Finally, it is necessary to examine how organizational commitment may moderate the relationship between contract fulfillment/violation and employee outcomes. It is important to examine how different commitment profiles may affect the relationship between violation and fulfillment of the psychological contract and employee outcomes. Research has shown that psychological contract violation and fulfillment influences employee attitudes and behaviours (Deery et al., 2006; Lemire & Rouillard, 2005; Robinson & Rousseau, 1994; Sturges et al., 2005). Further, organizational commitment also can affect employee attitudes and behaviours as evidenced by research on the individual components of commitment (Meyer & Allen, 1997) and through the examination of commitment profiles (Gellatly et al., 2006; Wasti, 2005). Research has also examined the interplay between the psychological contracts and organizational

commitment (Lemire & Rouillard; Sturges et al.) however more research is needed to determine how these constructs together may influence workplace attitudes and behaviour. For example, contract violation is positively related to intention to leave and less productive behaviours (Lemire & Rouillard) and individuals who are highly committed according to their commitment profile (e.g., high all, high AC, high AC and NC) are more likely to experience lower levels of intention to stay and more productive workplace behaviours. Combining these research findings, begs the question: how will an employee who is highly committed to the organization react to a contract violation, and how will this differ when compared to an individual who is not committed to the organization? As such it is important to not only examine these constructs in isolation, but the interrelation of both constructs can help more fully understand the influence of these constructs on employee outcomes and the resulting effects on the organization's productivity and retention (which has large financial implications).

In addition, further research would help employers more clearly understand the significance of contract violation and fulfillment, and more specifically the idea that employees whom the organization should value most (i.e., those who are greatly tied to the organization) may be largely affected by these violations. In particular, it is of interest to determine if organizational commitment, a variable closely related to trust, would follow the same trend as trust. Research has shown that trust and organizational commitment are antecedents to the same variables (i.e., OCB, job satisfaction, intention to quit; Clugston, 2000; Farrelly & Quester, 2003; Gellatly et al., 2005; Organ & Ryan, 1995). Further, trust has been positively linked to organizational commitment (Neves & Caetano, 2006), and as such, these variables are closely related and may exhibit similar

trends when concerning psychological contract violation and fulfillment. Trust has been examined in the context of a moderation role, but more research directly testing this assertion is needed (Chrobot-Mason, 2003; Robinson et al., 2004). Furthermore, organizational commitment has not been examined in this context. It is important to determine if organizational commitment serves as a moderator between contract violation and employee outcomes. This research would help further understand the specific influence commitment has within the workplace. If organizational commitment follows the same trend (i.e., ‘the higher they are the greater they fall’), violations would affect employees who are highly committed to a greater extent than those who have low commitment or no commitment to the organization. Additionally, it is also important to further understand how differences in contract type are related to differences in organizational commitment (as evidenced by Sels et al., 2004). Through an increased understanding of the relationship between psychological contract type and organizational commitment, employers can further be able to make assumptions regarding each construct based on information from the other (e.g., if presented with an employee who displays tendencies towards relational contracts, and it is found that relational contracts are associated with affective commitment, it can be expected that this individual may also be high in affective commitment).

The understanding of psychological contracts, organizational commitment and the interrelation of these constructs, including the influence of employee outcomes, is relevant to managers. Examining moderators can aid in the understanding of the complex relationship between violation and fulfillment and employee outcomes. Through this research, managers can more fully understand how contract violation may influence the

employees who are most tied to the organization to a greater extent as compared to those not tied to the organization. This is important for managers in today's workforce, as understanding the important implications of violations can encourage organizations to recognize and incorporate the inclusion of psychological contracts into their management strategies. Specifically, the addition of psychological contract research can help organizations protect relationships with valued employees and focus on the contribution towards positive outcomes made by these employees. The resulting employee outcomes will not only help to increase productivity, but they also may help increase retention, both which will contribute to the organizations overall profit.

### *The Present Study*

The present study extends the research on psychological contract violation to include the examination of organizational commitment profiles. Specifically, the present study investigated if there are individual differences in the effect of violation on employee outcomes due to an employee's commitment profile. This study addressed the following research questions: (1) How does contract violation and fulfillment affect employee outcomes?; (2) How do individual differences in trust and commitment to the organization influence the effect of violation and fulfillment on employee outcomes?; and (3) How do individual differences in psychological contract type influence the effect of violation and fulfillment on employee outcomes?

Organizational commitment has been examined in the literature as both an antecedent (e.g., contributing to job satisfaction, intention to stay; Clugston, 2000) and as an outcome variable (e.g., contract violation leads to a decrease in organizational commitment; Lemire & Rouillard, 2005). For the present study, organizational

commitment was examined as a moderator. In this way, the effect of organizational commitment of the employee on the influence of psychological contracts violation and fulfillment with can be further understood.

Concerning outcome measures, the present study examined intention to stay, job satisfaction, OCB and job stress. Intention to stay is an important workplace measure that has been linked closely to organizational commitment in previous research (Clugston, 2000; Gellatly et al., 2005; Glazer & Beehr, 2005; Irving, Coleman & Cooper, 1997; Jaros, 1997; Meyer et al., 2002; Wasti, 2005; Wasti, 2003a). Results have shown that higher levels of each affective, normative and continuance commitment are related to lower turnover intentions (i.e., intentions to leave); however, affective commitment has shown the strongest relationship (Jaros; Glazer & Beehr; Meyer et al., 2002; Wasti, 2003a). Concerning commitment profiles, employees who are high on all three forms of commitment together and pure AC profiles have been found to exhibit to lower turnover intentions, while those low on all forms of commitment have exhibited higher turnover intentions (Gellatly et al., 2005; Wasti, 2005). Furthermore, intention to stay has also been examined within the construct of psychological contracts (Barnett, Gordon, Gareis, & Morgan, 2004; Lemire & Rouillard, 2005; Robinson & Rousseau, 1994). Results have shown that violation of the psychological contract increases employees' intention to leave (Barnett et al.; Lemire & Rouillard; Robinson & Rousseau). Furthermore, Robinson and Rousseau found that contract violations were positively related to actual turnover.

Job satisfaction is another important workplace measure that has been linked closely to organizational commitment in previous research (Clugston, 2000; Irving, Coleman & Cooper, 1997; Meyer et al., 2002; Wasti, 2003b; Yousef, 2002). Results



indicate that affective and normative commitment are positively related to job satisfaction, while there is little or no relationship with continuance commitment (Irving, Coleman & Cooper; Meyer et al.). Job satisfaction has also been examined within the construct of psychological contracts such that results have shown that violation of the psychological contract was positively related to job dissatisfaction, while fulfillment of the contract was related to job satisfaction (Chrobot-Mason, 2003; Gakovic & Tetrick, 2003; Robinson & Rousseau, 1994; Sutton, & Griffin, 2004).

Employees high on OCB go out of their way to help other co-workers and, due to these extra-role contributions (e.g., help new employees settle into the job; change work schedule to help others in their appeal for time off), employers benefit by encouraging OCBs in their employees. Several researchers have examined this construct with both organizational commitment (Chen & Fancesco, 2003; Gellatly et al., 2005; Meyer et al., 2002, Wasti, 2005) and psychological contracts (Coyle-Shaprio, 2002; Turnley, Bolino, Lester, & Bloodgood, 2003). Results have shown that both affective and normative commitment are positively related to OCB, however, there is little (negative) or no relationship with continuance commitment (Chen & Fancesco; Meyer et al.). Concerning commitment profiles, high all, high AC and high AC and NC are positively related to OCB, while high CC, high CC and NC and low all are negatively related to OCB (Gellatly et al.; Wasti). Regarding psychological contracts, fulfillment of the contract has been found to be positively related to OCB (Turnely et al.; Coyle-Shapiro).

Job stress is a significant factor affecting workplace well-being, and research has examined this construct with respect to organizational commitment (Glazer & Beehr, 2005; Meyer et al., 2002; Yousef, 2002; Wasti, 2005) and psychological contracts

(Bocchino, Hartman, & Foley, 2003; Gakovic & Tetrick, 2003). Results indicated that stress had a negative relationship with affective commitment, and a positive relationship with continuance commitment (Meyer et al.; Yousef). Pure AC and high AC-NC organizational commitment profiles were associated with lower levels of stress as compared to pure CC profile. In addition, the high AC-NC also was related to lower levels of stress as compared to the non-committed (low all) profile. Violation of the psychological contract was related with increased job stress (Gakovic & Tetrick, 2003).

The previously stated research has recognized the relationship between several workplace outcome variables (i.e., intention to stay, job satisfaction, OCB and job stress) and both constructs of organizational commitment and psychological contracts. These outcome variables are also important to generate productive employees (i.e., employees who plan to stay with the organization, are satisfied with their work, contribute to workplace above what is asked of them, and are more healthy with lower levels of stress), As such, these outcome variables are important for employers and research should be dedicated to determining the antecedents of these variables. The relationship between psychological contract violation and organizational commitment will be better understood through the continued examination of these outcome variables. Constructs within the workplace do not occur in isolation and, as such, it is necessary to understand the combined effects that psychological contracts and organizational commitment have on these important outcome variables.

*Research hypotheses.* Research has found that fulfillment of the psychological contract results in positive workplace behaviours (e.g., increased intention to stay, job satisfaction, and OCB and decreased job stress), while violation of the contract results in

negative employee outcomes (e.g., decreased intention to stay, job satisfaction, and OCB and increased job stress; Coyle-Shapiro, 2002; Deery et al., 2006; Gakovic & Tetrick, 2003; Lemire & Rouillard, 2005; Robinson & Rousseau, 1994). Hypothesis 1 represents an attempt to replicate findings from previous research in order to determine how contract violation and fulfillment affect employee outcomes. This serves as a beginning from where the present study continued to explore a larger set of variables based on these initial premises. Hypotheses 1a-d involve contract violation while, 1e-h pertain to contract fulfillment.

*Hypothesis 1a:* Psychological contract violation will be negatively correlated to intention to stay.

*Hypothesis 1b:* Psychological contract violation will be negatively correlated to job satisfaction.

*Hypothesis 1c:* Psychological contract violation will be negatively correlated to OCB.

*Hypothesis 1d:* Psychological contract violation will be positively correlated to psychological strain.

*Hypothesis 1e:* Psychological contract fulfillment will be positively correlated to intention to stay.

*Hypothesis 1f:* Psychological contract fulfillment will be positively correlated to job satisfaction.

*Hypothesis 1g:* Psychological contract fulfillment will be positively correlated to OCB.

*Hypothesis 1h:* Psychological contract fulfillment will be negatively correlated to psychological strain.

Although psychological contracts and employee outcomes have been examined in isolation, the inclusion of specific moderators has not yet been examined. The hypotheses within the current study examined the moderating effect of trust, organizational commitment profiles and psychological contract type on the effect of contract violation and contract fulfillment on employee outcomes (e.g., intention to stay, job satisfaction, OCB and psychological strain).

Furthermore within each hypothesis are predictions that discuss the way in which the moderation would occur across all four workplace attitude variables. The following predictions within the current study are consistent with psychological contract violation research that reveals that contract violation can greatly affect those who are strongly tied to the organization (Robinson & Rousseau, 1994). Conversely, for employees who are less strongly tied to the organization, a contract violation would affect them to a lesser degree. Research has also demonstrated this relationship with trust (Robinson & Rousseau), such that individuals with higher levels of trust were most affected by contract violation and encountered increased feelings of disappointment (Robinson & Rousseau). Hypothesis 2 involves contract violation while, hypothesis 3 is regarding contract fulfillment.

*Hypothesis 2:* Trust will moderate the relationship between contract violation and intention to stay (2a), job satisfaction (2b), OCB (2c), and psychological strain (2d). Specifically, the relationship between contract violation and intention to stay, job

atisfaction, OCB and psychological strain will be stronger for employees with high trust scores than for employees with low trust scores

*Hypothesis 3:* Trust will moderate the relationship between contract fulfillment and intention to stay (3a), job satisfaction (3b), OCB (3c), and psychological strain (3d). Specifically, the relationship between contract fulfillment and intention to stay, job satisfaction, OCB and psychological strain will be stronger for employees with high trust scores than for employees with low trust scores

Furthermore, it can be argued that the stronger the tie to the organization (i.e., as demonstrated by high levels of organizational commitment), the more detrimental a violation in the psychological contract will have on employee outcomes. Conversely, for employees who are less committed or not at all committed to the organization, a contract violation may not have as a strong an effect on employee outcomes, as these employees may not have expected as much from, or be as invested in the organization. Not all profiles are common or realistic; using cluster analysis, Wasti (2005) identified six profiles (i.e., high all, low all, high AC, high CC, high AC-NC and high CC-NC), while Gellatly and colleagues (2006) examined all possible combinations. Results from Gellatly et al. provide additional support for Wasti's six profiles. For example, Gellatly and colleagues confirmed the implications of NC, such that employees with NC and AC related positively to positive employee outcomes, while employees with high NC and CC were found to be negatively related to positive employee outcomes. The comparison of differential outcomes when NC is paired with AC versus CC confirms the existence, as demonstrated by Wasti, for both high AC-NC and CC-NC profiles. From this research on the duality of NC, Gellatly and colleagues state that "the nature of NC is context

dependent” (p.343) and changes depending on if it is associated with high AC or CC (thus no presence of a high NC profile, consistent with findings from Wasti).

In line with these studies, the most common profiles found in previous research were examined in the present study. These include: high all, high AC, high AC-NC (i.e., those associated with positive employee outcomes) and low all, high CC, and high CC-NC (i.e., those associated with negative employee outcomes; Wasti, 2005). Hypothesis 4 involves contract violation while, hypothesis 5 is regarding contract fulfillment.

*Hypothesis 4:* Commitment Profile will moderate the relationship between contract violation and intention to stay (4a), job satisfaction (4b), OCB (4c), and psychological strain (4d). Specifically, the relationship between contract violation and intention to stay, job satisfaction, OCB and psychological strain will be stronger for employees with high commitment scores than for employees with low commitment scores.

*Hypothesis 5:* Commitment Profile will moderate the relationship between contract fulfillment and intention to stay (5a), job satisfaction (5b), OCB (5c), and psychological strain (5d). Specifically, the relationship between contract fulfillment and intention to stay, job satisfaction, OCB and psychological strain will be stronger for employees with high commitment scores than for employees with low commitment scores.

The assessment of the content of the psychological contract should include a determination of which types of contracts are more endorsed by the employee (i.e., relational, balanced, transactional, transitional; those previously described by Rousseau, 2000). Relational and transactional contracts were examined in order to determine how

the contract type may influence this relationship. O'Donohue, Sheehan, Hecker and Holland (2007) discuss how a bipolar framework is used to operationalize the psychological contract (i.e., transactional and relational). Although Rousseau (2000) has distinguished between four contract types (e.g., relational, transactional, balanced and transitional) the relational and transactional contract have been referred to as "the foundation classifications in Rousseau's framework" (O'Donohue et al., p. 74).

Therefore, in order to fully understand psychological contract types, this study focused on relational and transactional contracts.

Relational contracts are associated with stability and based on mutual trust and loyalty, where rewards are focused on membership and loosely on performance (Rousseau, 2000). AC has been related to long-term relationships (Sels, et al., 2004) and has been linked positively to trust (Neves & Caetano, 2006). It can be assumed that employees with relational contracts are more tied and invested to the organization, and as such encounter more detrimental outcomes through experiences of violation. Hypothesis 6 involves contract violation while, hypothesis 7 is regarding contract fulfillment.

*Hypothesis 6:* Relational Contract type will moderate the relationship between contract violation and intention to stay (6a), job satisfaction (6b), OCB (6c), and psychological strain (6d). Specifically, the relationship between contract violation and intention to stay, job satisfaction, OCB and psychological strain will be stronger for employees with high relational contract type scores than for employees with low relational contract type scores.

*Hypothesis 7:* Relational Contract type will moderate the relationship between contract fulfillment and intention to stay (7a), job satisfaction (7b), OCB (7c), and

psychological strain (7d). Specifically, the relationship between contract fulfillment and intention to stay, job satisfaction, OCB and psychological strain will be stronger for employees with high relational contract type scores than for employees with low relational contract type scores.

Transactional contracts are short-term focused on monetary exchange with not training or skill development (Rousseau, 2000). Transactional contracts, having a narrow scope and limited involvement of the employee in the organization would expect to be negatively related to OCB within the workplace. Employees with transactional contracts are not as involved or invested with the organization and may not encounter severe outcomes through experiences of violation. Hypothesis 8 involves contract violation while, hypothesis 9 is regarding contract fulfillment.

*Hypothesis 8:* Transactional Contract type will moderate the relationship between contract violation and intention to stay (8a), job satisfaction (8b), OCB (8c), and psychological strain (8d). Specifically, the relationship between contract violation and intention to stay, job satisfaction, OCB and psychological strain will be stronger for employees with low transactional contract type scores than for employees with high transactional contract type scores.

*Hypothesis 9:* Transactional Contract type will moderate the relationship between contract fulfillment and intention to stay (9a), job satisfaction (9b), OCB (9c), and psychological strain (9d). Specifically, the relationship between contract fulfillment and intention to stay, job satisfaction, OCB and psychological strain will be stronger for employees with low transactional contract type scores than for employees with high transactional contract type scores.



Researchers have encouraged the examination of the psychological contract from a content, feature and evaluation oriented framework (Rousseau & Tijoriwala, 1998). Limited research has been dedicated to examining the different types of contracts that may exist (Rousseau, 2000; Sels et al., 2004). This study extends the research on psychological contracts through measurement assessing content, feature and evaluation-oriented measures. By employing this thorough assessment, this study helped to attain a higher level of comprehension of the psychological contract. Finally, this study has several implications for employers, including the need to consider how violation affects their employees and how a violation may affect more committed employees to a greater extent.

## CHAPTER II

### Method

#### *Participants*

One hundred and thirteen full-time and part-time employees were surveyed using a web-based and paper copy questionnaire. A diverse selection of organizations were recruited in order to obtain a sample that varied concerning context. Research which examine employees within a variety of contexts help increase the generalizability of the study. Organizations were recruited through both personal contacts and a random sample from online searches and cold calls. Each potential organization was approached with a brief description of the study, the process as it related to fulfill requirements of a Masters thesis, and the option of receiving feedback specific to each organization as a end deliverable. Three organizations agreed to participate in the study and include retail, tourism and accounting industries.

More specifically, the retail organization was responsible for providing services including grocery, pharmacy, retail, clothing, petroleum, hardware, and a home centre. Employees included a wide range of both white-collar managerial positions (i.e., logistics, finances, and human resources) and blue-collar service positions (i.e., cashier, and pump attendant). The tourism agency was a provincial organization responsible for developing tourism within the province including visitor services, education and training, marketing, and product and industry development. Employees included mostly white-collar managerial and director positions. Both the retail and tourism agency are unionized. Finally, the accounting firm consisted of certified general accountants who offer a wide range of services. These services included tax services, accounting services, payroll

services, financial forecasts and projections, consulting services, retirement planning, and mergers and acquisitions.

### *Measures*

*Demographic and job-context characteristics.* In order to describe the sample, the following general demographics were included in the survey: gender, age, ethnicity/culture group, tenure with organization, employee status (e.g., part-time or full-time) and organization for which they are employed. The sample included 36% female, 64% male with a range of ages (13%, 18 – 24; 11%, 25 – 34; 26%, 35 – 44; 28% 45 – 54; 22%, 55 – 64; and 1%, 65+). The majority of respondents identified with an English Canadian culture (88%). Approximately 68% of respondents were full-time, while 19% were part-time (13% refused to answer). The sample varied across organizations including retail/grocery stores (N = 44), tourism agencies (N = 42) and an accountant firm (N = 20) and seven respondents who refused to indicate their organization.

*Psychological contract inventory (PCI).* Psychological contracts were measured with Rousseau's (2000) scale measuring type of contract and degree of fulfillment from both employee and employer frameworks. The fulfillment scale included 5 items. The following are examples of some of these items: 'Overall, how well does your employer fulfill its commitment to you' and 'In general, how well do you live up to your promises to your employer'. The employer scale measured obligations made by the employer and contains 4 items per subscale (40 items in total). The employee scale measured obligations the employee has made to their employer and contained 4 items per subscale (28 items in total). Both scales were converted to use a 7-point Likert-type scale (1 = not at all, 7 = to a great extent). The PCI has met all standards for convergence and reliability

(either met or exceeded Cronbach's alpha of .70; Rousseau). The PCI measure demonstrated sufficient reliability for all subscales for the current study (Cronbach's alpha .892, PCI Employer; .730, PCI Employee; .942, PCI Employer Relationship; .840, PCI Fulfillment).

Rousseau (2000) developed the 'Psychological Contract Inventory' (PCI), which assess the previous stated types of contracts (i.e., relational, balanced, transactional and transitional) through several items from both the employer and employee obligations. Previous research has examined the PCI and found that 11 of the 14 obligation scales and all six of the transition scales met criteria for reliability and validity; suggestions for revisions were included to alleviate any reliability problems (Rousseau). Furthermore, Rousseau examined cross-validation in a non-American sample (i.e., Singapore), where results suggested the generalization of dimensions across countries. Further validation of the measurement of the different types of psychological contracts is necessary to expand the understanding of these constructs and how they relate to employee outcomes and behaviour. The PCI would benefit from further validation, as it is a valuable tool to assess contract type and degree of contract fulfillment.

*Psychological contract violation.* Based on previous research, several questions were developed for the purpose of this study to assess contract violation. These questions included both a dichotomous and continuous measure of violation. Respondents were first asked to indicate yes or no to the question 'Has your employer ever failed to meet the obligation(s) that were promised to you?' (Robinson & Rousseau). Next, respondents were asked to indicate the degree to which they have experienced the violation with the following questions: 'Overall, to what extent have you experienced this failure to meet

obligations?'. This question provides a continuous measure of overall violation and be asked of all employees with the use of a 7-point Likert-type scale (1 = not at all, 7 = to a great extent).

Rousseau and Tijoriwala (1998) examined the process of assessing psychological contracts and deemed it important to assess psychological contracts from a content, feature and evaluation oriented framework in order to more fully understand all aspects of this construct. For the present study, the assessment of the content of the contract was through Rousseau's Psychological Contract Inventory (PCI), which assesses contract content through a standardized measure that assesses both employee and employer perspectives and has the ability to classify into types of contract. The feature-oriented measures are partially imbedded within the types of contracts through the subscales of the PCI. Specifically, within each type of contract, a subscale exists that further defines the contract type with its features. Regarding evaluation-oriented measures (i.e., degree of violation, fulfilment or change concerning the contract), included in the present study is a measure of fulfillment within the PCI, and additional measures of violation and several outcome employee measures.

*Organizational commitment.* Organizational commitment was measured with Allen and Meyer's (1990) scale measuring affective, normative and continuance commitment to the organization. Example items included "This organization has a great deal of personal meaning for me" (affective commitment), "I feel that I have too few options to consider leaving this organization" (continuance commitment), and "I think that people these days move from company to company too often" (normative commitment). This scale contained 8 items per subscale (24 items in total) and uses a 7-

point Likert-type scale (strongly disagree, disagree, somewhat disagree, neither agree nor disagree, somewhat agree, agree, strongly agree). This organizational commitment scale has demonstrated internal consistency with alpha coefficients ranging from .73 to .85 (Allen & Meyer). The organizational commitment measure demonstrated sufficient reliability for all subscales for the current study (Cronbach's alpha .723, affective; .726, continuance; and .729 normative) Item 24 of the normative commitment subscale was removed to improve reliability from .597 to .729.

*Trust.* A seven item scale based on the trust dimensions identified by Gabbarra and Athos (1976) was used to examine trust. For the present study, this scale was converted from a 5-point scale to a 7-point Likert-type scale (strongly disagree, disagree, somewhat disagree, neither agree nor disagree, somewhat agree, agree, strongly agree). Higher scores indicated greater trust. This scale has demonstrated high internal consistency and a factor structure that is uni-dimensional (Banks, Clegg, Jackson, Kemp, Stafford and Wall, 1980, as cited in Beehr, Glasser, Canali & Wallwey, 2001). This scale has demonstrated sufficient reliability alpha coefficients in previous research (.83 for Time 1 & .87 for Time 3; Robinson, 1996; .93; Robinson & Rousseau, 1994). The trust measure demonstrated sufficient reliability for the current study (Cronbach's alpha .848).

#### *Employee Outcomes*

*Intention to stay.* The Intention to Stay (Colarelli, 1984) scale consisted of three items examining employees' intention to stay with the organizations. Items included: (1) If I have my own way, I will be working for this organization one year from now; (2) I am not planning to search for a new job in another organization during the next 12 months; and (3) I rarely think of quitting my job. For the present study, this scale was

converted to a 7-point Likert-type scale (strongly disagree, disagree, somewhat disagree, neither agree nor disagree, somewhat agree, agree, strongly agree). Higher scores indicated greater levels of intention to stay. This scale has demonstrated sufficient reliability alpha coefficients in previous research (.79; Cheng & Stockdale; .73; Gellatly et al., 2006). The intention to stay measure demonstrated sufficient reliability for the current study (Cronbach's alpha of .736).

*Organizational citizenship behaviour.* The Organizational Citizenship Behaviour (OCB; Moorman & Blakely, 1995) scale measures four dimensions (interpersonal helping, individual initiative, personal industry, and loyal boosterism) of organizational citizenship behaviour. This scale contained 19 items and uses a 7-point Likert-type scale (strongly disagree, disagree, somewhat disagree, neither agree nor disagree, somewhat agree, agree, strongly agree). Higher scores indicated greater OCB behaviour. This scale has demonstrated internal consistency with alpha coefficients ranging from .61 to .86 (Moorman & Blakely, 1995). The OCB has been established as the central scale for assessing OCB and has demonstrated sufficient reliability in several other studies examining psychological contracts and organizational commitment (Cheng, 2004; Kwantes, 2003; Wasti, 2002; Wasti, 2005). The OCB measure demonstrated sufficient reliability for the current study (Cronbach's alpha of .894).

*Job satisfaction.* The Minnesota Satisfaction Questionnaire (Weiss, Dawis, England, & Lofquist, 1967) examined both intrinsic and extrinsic job satisfaction. The short-form scale contains 20 items and was converted to a 7-point Likert-type scale (very dissatisfied, dissatisfied, somewhat dissatisfied, neither satisfied nor dissatisfied, somewhat satisfied, satisfied, very satisfied). Higher scores indicated greater job

satisfaction. This scale has demonstrated sufficient reliability coefficients in previous research (0.92; Irving, Coleman & Cooper, 1997). This scale has been used in psychological contract and organizational commitment research (Irving et al., 1997; Sutton & Griffin, 2004) and has the ability to measure both intrinsic and extrinsic job satisfaction and as such is an appropriate measure for the study. The job satisfaction measure demonstrated sufficient reliability for the current study (Cronbach's alpha of .931).

*Psychological strain.* The General Health Questionnaire (GHQ-12; Goldberg, 1972) was used to examine job stress. The short-form scale consisted of 12 items. Participants are asked to indicate 'how often during the last 4 to 6 weeks have you experienced the following symptoms'. Example items include: 'been able to concentrate on what you are doing (reverse)' and 'felt constantly under strain'. For the present study, this scale was converted to use a 7-point Likert-type scale (1 = not at all, 3 = sometimes, 5 = often, 7 = very often). Higher scores indicated greater psychological strain. This scale has demonstrated high internal consistency and a factor structure that is uni-dimensional (Banks, Clegg, Jackson, Kemp, Stafford and Wall, 1980, as cited in Beehr, Glasser, Canali & Wallwey, 2001). This scale has demonstrated sufficient reliability alpha coefficients (.83) and has been used successfully in previous research (Beehr et al.). The psychological strain measure demonstrated sufficient reliability for the current study (Cronbach's alpha of .880).

### *Procedure*

*Electronic Survey.* Employees first received a recruitment letter via email (see Appendix A) inviting them to participate in the study. This letter informed them of who



the researcher was and a brief overview of the goals and purpose of the study. This letter also included instructions on how to access the online survey (i.e., user ID and password) and details regarding confidentiality. Once employees accessed the survey they were first taken to the letter of information (see Appendix B) of which they indicated their consent by clicking an 'I agree to participate' button. Participants were then taken to the survey (see Appendix C), which each scale was presented in a random order to control for any order effects. Employees completed the psychological contract inventory, measures of contract violation and fulfillment, the trust scale, the organizational commitment scale, and several employee outcomes scales (intention to stay, citizenship behaviour, job satisfaction, and psychological strain). Finally, employees were given the demographics questions, which always came at the end of the survey. Employees were then taken to a debriefing page which included an overview of the purpose and goals of the study (including where to access the results of the study) and thanked for their time.

*Paper Survey.* Contacts at each organization were sent survey packages that included all survey materials. Employees first read a recruitment letter (see Appendix A) inviting them to participate in the study. This letter informed them of who the researcher was and a brief overview of the goals and purpose of the study. This letter also included instructions on how to complete the paper survey and details regarding confidentiality. Employees then read the letter of information (see Appendix B) of which they indicated their consent by mailing the completed survey back in a separate postage paid envelope. Participants then filled out the survey (see Appendix C), which each scale was presented in a random order to control for any order effects (the complete survey was randomized to produce 10 different sets of surveys). Employees completed the psychological contract

inventory, measures of contract violation and fulfillment, the trust scale, the organizational commitment scale, and several employee outcomes scales (intention to say, citizenship behaviour, job satisfaction, and psychological strain). Finally, employees were given the demographics questions, which always came at the end of the survey. Employees were then thanked for their time (all debriefing information, including access to survey results were found in the letter of information).

### *Data Analysis*

Moderated multiple regression (MMR) was used to test hypotheses 2 through 6. MMR is a technique that allows researchers to identify the presence of a moderating effect (Aguinis, 2004). More specifically, MMR determines if the regression of variable X on variable Y varies across variable Z, through assessing whether the regression product term (XZ) is significantly different from zero (Aguinis, 2004). Variables were first centered prior to calculation of product term. Hierarchical regression is used for MMR, where, for the present study, all component variables (violation/fulfillment, commitment, trust, relational and transactional contract type) were entered at the first step and all interaction terms were entered at the second step. Evidence for moderation exists when the second model adds a significant amount of variance explained above and beyond what has been explained by the first model (Aguinis, 2004). The current study aimed to determine which moderators significantly added variance to model above and beyond what was entered at step 1. In order to examine all moderating effects, in addition to make comparisons across dependent variables, eight multiple regressions were performed (four dependent variables, performed in two sets: one for violation and one for fulfillment).

MMR does encounter a low power problem due to the variable distributions, sample size, operationalization of variables, and interactive effects (Aquinis, 2004). For example, the reliability of the variable is reduced when the interaction product term (X multiplied by Z) is created. In addition, these interaction variables have additive in addition to interactive effects on power (Aquinis, 2004). Further, field studies contribute to this problem, as it is difficult to control for sources of error outside an experimental lab study. However, researchers have recognized MMR as an appropriate technique for the examination of moderators and the use of MMR in order to calculate moderating effects has been endorsed by a variety of professional organizations (e.g., APA and SIOP; Aquinis, 2004). In order to accommodate for the low power problem of MMR, researchers deem it imperative to compute a moderating effect size in order to understand the results practical significance, in addition to any statistical significance (Aquinis, 2004). For the present study, moderating effect sizes were examined and reported for all MMRs conducted.

Next, all significant interaction coefficients were graphed in order to aid in the interpretation of the interaction effect. Graphing included computing a series of simple regression equations at different levels of both components of the interaction. Researchers suggest that these levels include medium, high and low points corresponding to the mean and one standard deviation above and below the mean (Aiken & West, 1991). Simple slope analysis was then performed as a follow-up to determine if the slope of the simple regression line was significantly different from zero (Aiken & West, 1991). Simple slope analysis involves a *t*-test for the significance of the slope (which takes into consideration the standard error of the simple slope; Aiken & West, 1991).

## CHAPTER III

### Results

Prior to analysis, several one-way ANOVAs were performed in order to compare the results from organizational groups. The independent variable (organization) had three levels (retail, tourism and accountant firm) and group differences were examined across all dependent variables (intention to stay, job satisfaction, OCB, and psychological strain). Results indicated that no significant group differences existed for intention to stay,  $F(2, 94) = .735, p > .05$ ; job satisfaction,  $F(2,96) = .998, p > .05$ ; OCB,  $F(2, 97) = .421, p > .05$ ; or psychological strain,  $F(2, 96) = .880, p > .05$ . Since no significant differences were observed these samples were collapsed across organization for data analysis. In order to examine Hypothesis 1, bivariate correlations were examined between contract violation and fulfillment and all dependent employee outcome measures (e.g., intention to stay, job satisfaction, OCB and psychological strain). Hypotheses 2 through 6 were examined using eight hierarchical multiple regressions, four regarding psychological contract violation and four regarding psychological contract fulfillment with simple slope analysis follow-up. Concerning psychological contract violation (hypotheses 2a-d, 4a-d, 6a-d, 8a-d), regressions were performed between psychological contract violation, trust, organizational commitment profile, relational contract type, transactional contract type (entered in the first step) and four interaction terms (violation x trust, violation x organizational commitment profile, violation x relational and violation x transactional; entered in the second step) as predictors for each of the four outcomes (e.g., intention to stay, OCB, job satisfaction, and psychological strain). Concerning psychological contract fulfillment (hypotheses 3a-d, 5a-d, 7a-d and 9a-d), regressions were performed between

psychological contract violation, trust, organizational commitment profile, relational contract type, transactional contract type (entered in the first step) and four interaction terms (fulfillment x trust, fulfillment x organizational commitment profile, fulfillment x relational and fulfillment x transactional; entered in the second step) as predictors for each of the four outcomes (e.g., intention to stay, OCB, job satisfaction, and psychological strain). Interaction terms were used to determine the moderator effect of key independent variables (i.e., trust, organizational commitment profile and contract type). More specifically, the hypothesis was supported if the interaction term produced a significant beta coefficient. Further, the simple slope analysis would support the hypothesis if employees greatly tied to the organization (i.e., high on trust, commitment, relational contract type and low on transactional contract type) have a slope significantly different from zero, while those not tied to the organization (i.e., low on trust, commitment, relational contract type and high on transactional contract type) have a slope that is not significantly different from zero. The analyses were performed using SPSS Regression.

#### *Data Cleaning and Diagnostics*

SPSS Missing Value Analysis (MVA) was conducted and determined that missing data was missing completely at random. Missing data accounted for less than 5% of the sample for all of the variables with the exception of the contract violation measure (21.4% missing) and the severity of contract violation measures (37.9%, 55.3%, 52.4%). Scale totals were computed using mean replacement. Nine cases had less than four of the seven scales within the survey completed and as such were removed from the analysis. Pairwise deletion was used in the analysis in order to retain the most data for the analysis.

All assumptions of multiple regression were tested prior to analysis. First, concerning sample size, Field (2005) suggests that a sample size ratio of 10 observations per predictor is typical. The current study almost meets this assumption for the psychological contract violation with the smallest  $N = 82$  and largest  $N = 104$  with 9 predictors (an  $N = 90$  would be ideal) and meets this assumption for the psychological contact fulfillment regressions with an  $N > 101$  (101, 103 and 104) for all predictors but 2 ( $N = 86$ ,  $N = 86$ ). Concerning outliers, three univariate outliers were found (cutoff of  $z = \pm 3.00$ ; Stevens, 2002). Tabachnick and Fidell (2002) suggest a cut-off of an absolute value of 2.5 standard deviations for standardized residuals. Using this cut-off for standardized residuals, no outliers on Y were found. Additionally, one outlier on X was identified with the use of  $p < .001$  criterion for Mahalanobis Distance, a test of multivariate outliers. No influential observations were found. Analyses were run with and without outliers removed; no significant differences existed. Further, multivariate outliers have a greater influence as compared to univariate outliers (Stevens, 2003) and influential observations are a larger concern than outliers on either X or Y. Thus, due to the low number of outliers and their limited influence on the results, all four cases with outliers were kept within the analysis.

The third assumption of multiple regression is the absence of multicollinearity and singularity. Correlations between all variables did not exceed .90, and tolerance and VIF scores were in the desired range indicating the absence of multicollinearity. Concerning normality, scatter plots demonstrated a normal curve and all variables reported skewness and kurtosis scores within the normal range. Evaluation of the residual scatter plot provides evidence for the assumption of linearity and homoscedasticity of errors. The

only exception was the intention to stay (dependent variable) which demonstrated a ceiling effect within the residuals scatterplot. The assumption of independence of errors was not violated as the Durbin-Watson statistic for all analyses was in the desired range (1.5 to 2.5, Stevens, 2002). Descriptive statistics (means, standard deviations) for all variables can be found in Table 1. Table 2 includes the bivariate correlations between all variables.

### *Hypothesis 1*

Bivariate correlations were conducted between psychological contract violation and all dependent variables and between psychological contract fulfillment and all dependent variables (e.g., intention to stay, job satisfaction, OCB and psychological strain). Table 3 includes the Pearson's Correlations for all variables. Specifically of interest, psychological contract violation was significantly negatively related to intention to stay ( $r = -.486, p < .01$ ), job satisfaction ( $r = -.602, p < .01$ ), and positively related to psychological strain ( $r = .574, p < .01$ ). Psychological contract violation was not related to OCB ( $r = .017, p > .05$ ). This provides support for Hypothesis 1a, 1b, and 1d. Concerning Hypothesis 1e-h, psychological contract fulfillment was significantly positively related to intention to stay ( $r = .425, p < .01$ ), job satisfaction ( $r = .742, p < .01$ ), OCB ( $r = .342, p < .01$ ), and negatively related to psychological strain ( $r = -.577, p < .01$ ). This provides support for Hypothesis 1e, 1f, 1g and 1h.

Results for Hypothesis 2-6 are presented in terms of violation and fulfillment categories and then further by the four dependent variables.

### *Psychological Contract Violation*

Four hierarchical multiple regression were conducted, for each dependent

Table 1

*Mean and Standard Deviations for all Variables*

	Possible Range	<i>N</i>	<i>M</i>	<i>SD</i>
Contract Violation	1 – 7	82	2.23	1.73
Contract Fulfillment	1 – 7	101	5.21	1.46
Trust Total	1 – 7	105	5.14	1.36
Organizational Commitment	0 – 1	88	0.48	0.50
Relational Contract	1 – 7	103	4.78	1.28
Transactional Contract	1 – 7	103	2.67	1.06
Intention to Stay	1 – 7	102	5.02	1.68
Job Satisfaction	1 – 7	103	5.28	1.02
OCB	1 – 7	104	5.58	0.75
Psychological Strain	1 – 7	104	2.84	1.13



Table 2

*Bivariate Correlations among all Independent and Dependent Variables*

	1	2	3	4	5	6	7	8	9	10
1. Violation	-	-.73**	-.66**	-.34**	-.14	.08	-.49**	-.60**	.02**	.58*
2. Fulfillment		-	.75**	.42**	.44**	-.26**	.43**	.74**	.34**	-.58**
3. Trust			-	.55**	.32**	-.32**	.35**	.66**	.24*	-.53**
4. Commitment				-	.53**	-.44**	.36**	.50**	.39**	-.30**
5. Relational					-	-.44**	.52**	.53**	.54**	-.26**
6. Transactional						-	-.23*	-.28**	-.32**	.159
7. Intention to Stay							-	.50**	.15	-.47**
8. Job Satisfaction								-	.46**	-.69**
9. OCB									-	-.30**
10. Psychological Strain										-

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table 3

*Pearson Correlations*

	Contract Violation	Contract Fulfillment
Intention to Stay	-.486**	.425**
Job Satisfaction	-.602**	.742**
OCB	.017	.342**
Psychological Strain	.574**	-.577**

\*\* . Correlation is significant at the 0.01 level (2-tailed).

variable: intention to stay, OCB, job satisfaction, and psychological strain. Prior to analysis, all independent continuous variables were centered and interaction terms were computed. This resulted in 9 predictors entered into the regression equation: violation, trust, profile group (0 = low commitment, 1 = high commitment), relational and transactional contract type entered at step one for Model 1. The following interaction terms were entered at step two for Model 2: violation x trust, violation x profile group, violation x relational and violation x transactional.

*Intention to Stay (ITS).* Table 4 provides the Model summary and coefficients for the violation intention to stay regression. The results indicate that the full regression Model 1 is significant and predicts 45.3% (41.1% adjusted) of the variance in ITS,  $R = .673$ ,  $F(5,65) = 10.782$ ,  $p < .001$ . The results also indicate that the full regression Model 2 is significant and predicts 52.7% (45.8% adjusted) of the variance in ITS,  $R = .726$ ,  $F(9,61) = 7.561$ ,  $p < .001$ . The addition of the interaction terms in Model 2 resulted in an  $R^2$  change of .074,  $F(4, 61) = 2.386$ ,  $p = .061$ . This is approaching significance and provides preliminary support for the presence of a moderating effect in accordance with Hypothesis 2a, 4a, 6a, and 8a. More specifically, the moderating effect of trust, commitment, and contract type explain 7.4% of the variance in intention to stay above and beyond the variance explained by violation, trust, commitment and contract type. Moderated multiple regression does encounter a problem of small power and as such it is important to examine effect size (Aguinis, 2004). Aguinis suggests that an  $R^2$  change of .01 is small and .03 is medium effect size. Although the  $R^2$  change is only approaching statistical significance, evidence of a large effect size indicates that this change is practically significant.

Table 4

*Hierarchical Regression Analysis for Variables Predicting Intention to Stay*

Variable	B	SE B	$\beta$	R <sup>2</sup>	$\Delta R^2$
Step 1				.453***	
Violation	-1.536	.362	-.525***		
Trust	-.093	.074	-.175		
Commitment Profile	.200	1.265	.020		
Relational	.475	.112	.479***		
Transactional	-.019	.128	-.016		
Step 2				.527***	.074
Violation	-.936	.514	-.320		
Trust	-.044	.073	.082		
Commitment Profile	-.345	1.237	-.034		
Relational	.450	.110	.454***		
Transactional	.034	.127	.029		
Violation X Trust	.030	.032	.122		
Violation X Profile	-.963	.665	-.176		
Violation X Relational	-.034	.065	-.054		
Violation X Transactional	.165	.081	.224*		

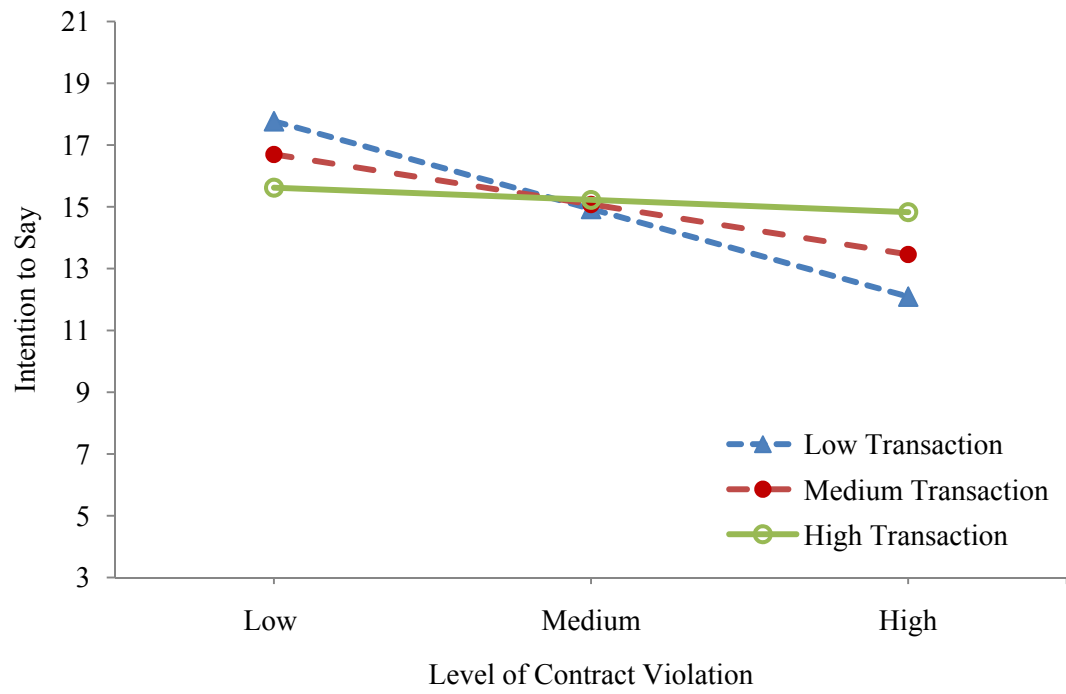
\*p &lt; .05. \*\*p &lt; .01. \*\*\*p &lt; .001.

Further examination of standardized Beta weights within Model 2 indicate several significant coefficients including relational contract type ( $\beta = .454$ ,  $t(9,61) = 4.085$ ,  $p < .001$ ), and violation x transactional contract type interaction ( $\beta = .224$ ,  $t(9,61) = 2.032$ ,  $p < .05$ ). This indicates that for every one standard deviation change in relational contract type, ITS increases .454 standard deviations. In order to interpret the violation x transactional contract type interaction, unstandardized Beta values were used to determine the individual regression lines for the relationship between intention to stay and violation as a function transactional contract type (using procedures as described by Aiken & West, 1991). Figure 1 represents the violation x transactional interaction.

In order to further interpret the interaction, a simple slope analysis was performed, as recommended by Aiken & West, 1991. Tests of simple slope indicate that contract violation has a significant ( $p < .05$ ) negative influence on intention to stay for employees with low transactional contract type scores. Further, contract violation has a negative influence on intention to stay for employees, as can be seen by the medium transactional contract type scores which are approaching significance ( $p = .07$ ). The test of simple slope for employees with high transactional contract type scores was not significant, indicating that contract violation had no influence on intention to stay for employees with high transactional contract type scores.

Upon inspection of the graph, the interaction results indicated that the influence of violation on intention to stay was moderated by the level of transactional contract type. When transactional contract is high, the degree of violation did not impact intention to stay, but as transactional contract score decreased, the effect of violation on intention to stay becomes more pronounced (i.e., as violation increases intention to stay decreases,

Figure 1. Transactional contract as a moderator between violation and intention to stay.



especially for individuals low on transactional contract type). This provides support for hypothesis 8a.

*Job Satisfaction (JS)*. Table 5 provides the Model summary and coefficients for the violation job satisfaction regression. The results indicate that the full regression Model 1 is significant and predicts 60.9% (57.9% adjusted) of the variance in JS,  $R = .780$ ,  $F(5,65) = 20.262$ ,  $p < .001$ . The results also indicate that the full regression Model 2 is significant and predicts 66.1% (61.1% adjusted) of the variance in JS,  $R = .813$ ,  $F(9,61) = 13.204$ ,  $p < .001$ . The addition of the interaction terms in Model 2 resulted in an  $R^2$  change of .052,  $F(4, 61) = 2.322$ ,  $p = .067$ . This is approaching significance and provides support for the presence of a moderating effect in accordance with Hypothesis 2b, 4b, 6b, and 8b. More specifically, the moderating effect of trust, commitment, and contract type explain 5.2% of the variance in job satisfaction above and beyond the variance explained by violation, trust, commitment and contract type. Although the  $R^2$  change is only approaching statistical significance, evidence of a large effect size ( $> .05$ ) indicates that this change is practically significant (Aquino, 2004).

Further examination of standardized Beta weights indicates several significant coefficients including trust ( $\beta = .360$ ,  $t(9,61) = 3.094$ ,  $p < .05$ ), relational contract type ( $\beta = .393$ ,  $t(9,61) = 4.180$ ,  $p < .05$ ) and violation x trust interaction ( $\beta = .280$ ,  $t(9,61) = 2.514$ ,  $p < .05$ ). This indicates that for every one standard deviation change in trust, JS increases .360 standard deviations and for every one standard deviation change in relational contract type, JS increases .393 standard deviations. In order to interpret the violation x trust and violation x relational interaction, unstandardized Beta values were

Table 5

*Hierarchical Regression Analysis for Variables Predicting Job Satisfaction*

Variable	B	SE B	$\beta$	R <sup>2</sup>	$\Delta R^2$
Step 1				.609***	
Violation	-3.813	1.188	-.336**		
Trust	.647	.243	.315**		
Commitment Profile	.888	4.146	.023		
Relational	1.403	.366	.365***		
Transactional	.048	.420	.011		
Step 2				.661***	.052
Violation	-1.404	1.687	-.124		
Trust	.741	.240	.360**		
Commitment Profile	.116	4.064	.003		
Relational	1.511	.362	.393***		
Transactional	.303	.418	.066		
Violation X Trust	.267	.106	.280*		
Violation X Profile	-.548	2.185	-.026		
Violation X Relational	-.172	.213	-.071		
Violation X Transactional	.317	.267	.111		

\*p &lt; .05. \*\*p &lt; .01. \*\*\*p &lt; .001.



used to determine the individual regression lines for the relationship between job satisfaction and violation as a function trust. Figure 2 represents the violation x trust interaction. Tests of simple slope indicate that contract violation has a significant ( $p < .05$ ) negative influence on job satisfaction for employees with low trust. The test of simple slope for employees with medium and high trust was not significant, indicating that contract violation has no influence on job satisfaction for employees with medium or high trust.

Upon inspection of the graph, the interaction results indicate that the influence of violation on job satisfaction is moderated by the level of trust, such that when trust level is high, the degree of violation has a small positive relationship with job satisfaction (as violation increases so does job satisfaction). However, for medium and low trust, a negative relationship exists between violation and job satisfaction and this relationship becomes more pronounced as trust level decreases (as violation increases, job satisfaction decreases, especially for individuals low on trust). This is contrary to predictions as stated in hypothesis 2b.

*Organizational Citizenship Behaviour (OCB)*. Table 6 provides the Model summary and coefficients for the violation OCB regression. The results indicate that the full regression Model 1 is significant and predicts 34.6% (29.6% adjusted) of the variance in OCB,  $R = .588$ ,  $F(5,65) = 6.885$ ,  $p < .001$ . The results also indicate that the full regression Model 2 is significant and predicts 35.1% (25.6% adjusted) of the variance in OCB,  $R = .593$ ,  $F(9,61) = 3.670$ ,  $p = .001$ . The addition of the interaction terms in Model 2 resulted in an  $R^2$  change of .005,  $F(4, 61) = .976$ ,  $p > .05$ . More specifically, the moderating effect of trust, commitment, and contract type explain 0.5% of the variance in

Figure 2. Trust as a moderator between violation and job satisfaction.

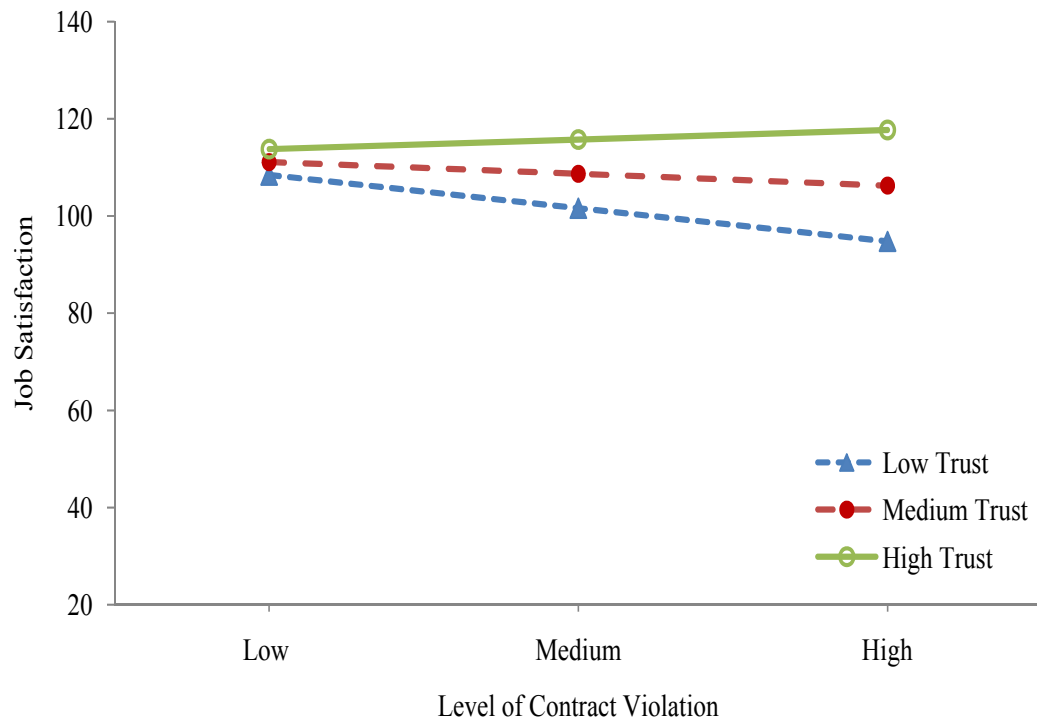


Table 6

*Hierarchical Regression Analysis for Variables Predicting OCB*

Variable	B	SE B	$\beta$	R <sup>2</sup>	$\Delta R^2$
Step 1				.346***	
Violation	2.054	1.120	.248		
Trust	.278	.229	.186		
Commitment Profile	3.681	3.907	.129		
Relational	1.224	.345	.437***		
Transactional	-.096	.396	-.029		
Step 2				.351***	.005
Violation	1.906	1.700	.231		
Trust	.300	.241	.200		
Commitment Profile	3.382	4.095	.119		
Relational	1.187	.364	.424**		
Transactional	-.114	.421	-.034		
Violation X Trust	-.022	.107	-.032		
Violation X Profile	-.146	2.201	-.009		
Violation X Relational	.026	.215	.015		
Violation X Transactional	.129	.269	.062		

\*p < .05. \*\*p < .01. \*\*\*p < .001.

OCB above and beyond the variance explained by violation, trust, commitment and contract type. However,  $F$  change is not significant and does not provide support for the presence of a moderating effect or for Hypothesis 2c, 4c, 6c, or 8c.

Further examination of standardized Beta weights indicate relational contract type ( $\beta = .424, t(9,61) = 3.257, p < .05$ ). This indicates that for every one standard deviation change in relational contract type, OCB increases .424 standard deviations. There were no significant interaction coefficients.

*Psychological Strain (PS)*. Table 7 provides the Model summary and coefficients for the violation psychological strain regression. The results indicate that the full regression Model 1 is significant and predicts 38.6% (33.8% adjusted) of the variance in PS,  $R = .621, F(5,65) = 8.163, p < .001$ . The results also indicate that the full regression Model 2 is significant and predicts 43.7% (35.4% adjusted) of the variance in PS,  $R = .661, F(9,61) = 5.259, p < .001$ . The addition of the interaction terms in Model 2 resulted in an  $R^2$  change of .051,  $F(4, 61) = 1.387, p > .05$ . More specifically, the moderating effect of trust, commitment, and contract type explain 5.2% of the variance in psychological strain above and beyond the variance explained by violation, trust, commitment and contract type. However,  $F$  change is not significant and does not provide support for the presence of a moderating effect. Although the  $R^2$  change is not statistically significant, evidence of a large effect size ( $> .05$ ) indicates that this change is practically significant (Aguinis, 2004) and provides partial support for Hypothesis 2d, 4d, 6d, and 8d.

Further examination of standardized Beta weights indicates no significant coefficients, however several coefficients are approaching significance, including trust ( $\beta = -.297, t(9,61) = -1.977, p = .053$ ), violation x trust interaction ( $\beta = -.273, t(9,61) =$

Table 7

*Hierarchical Regression Analysis for Variables Predicting Psychological Strain*

Variable	B	SE B	$\beta$	R <sup>2</sup>	$\Delta R^2$
Step 1				.386 ***	
Violation	3.201	1.004	.419**		
Trust	-.327	.205	-.236		
Commitment Profile	1.599	3.502	.061		
Relational	-.364	.309	-.141		
Transactional	.057	.355	.018		
Step 2				.437***	.051
Violation	1.340	1.464	.175		
Trust	-.411	.208	-.297		
Commitment Profile	1.975	3.527	.075		
Relational	-.330	.314	-.128		
Transactional	-.101	.362	-.033		
Violation X Trust	-.176	.092	-.283		
Violation X Profile	1.728	1.896	.121		
Violation X Relational	-.097	.185	-.059		
Violation X Transactional	-.428	.232	-.222		

\*p &lt; .05. \*\*p &lt; .01. \*\*\*p &lt; .001.

-1.906,  $p = .061$ ) and violation x transactional contract type ( $\beta = -.222$ ,  $t(9,61) = -1.847$ ,  $p = .070$ ). This indicates that for every one standard deviation change in trust, PS decreases .297 standard deviations. In order to interpret the violation x trust and violation x transactional contract type interaction, unstandardized Beta values were used to determine the individual regression lines for the relationship between job satisfaction and violation as a function of trust and transactional contract type. Figure 3 represents the violation x trust interaction.

Tests of simple slope indicate that contract violation has a significant positive influence on psychological strain for employees with low trust ( $p < .05$ ). The test of simple slope for employees with medium and high trust was not significant, indicating that contract violation has no influence on psychological strain for employees with medium or high trust.

Upon inspection of the graph, the interaction results indicate that the influence of violation on psychological strain is moderated by the level of trust, such that when trust level is high, the degree of violation has a small negative relationship with psychological strain (as violation increases psychological strain decreases). However, for medium and low trust, a positive relationship exists between violation and psychological strain and this relationship becomes more pronounced as trust level decreases (as violation increases, psychological strain increases, especially for individuals low on trust). This is contrary to predictions as stated in hypothesis 2d.

Figure 4 represents the violation x transactional contract type interaction. Tests of simple slope indicate that the positive influence of contract violation on psychological strain for employees with low transaction contract type scores is approaching significance

Figure 3. Trust as a moderator between violation and psychological strain.

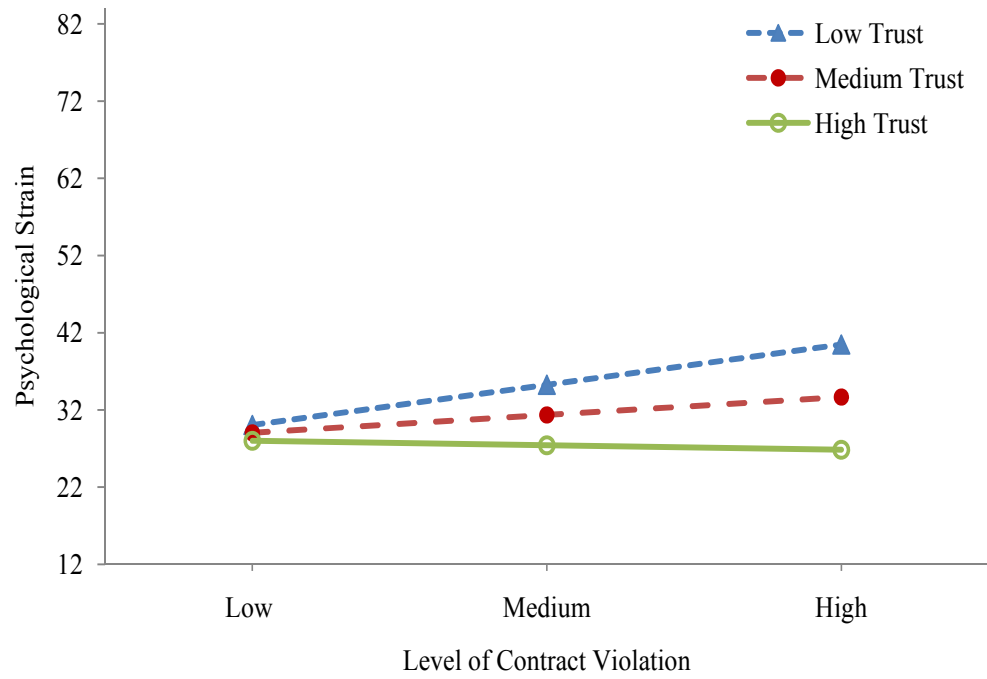
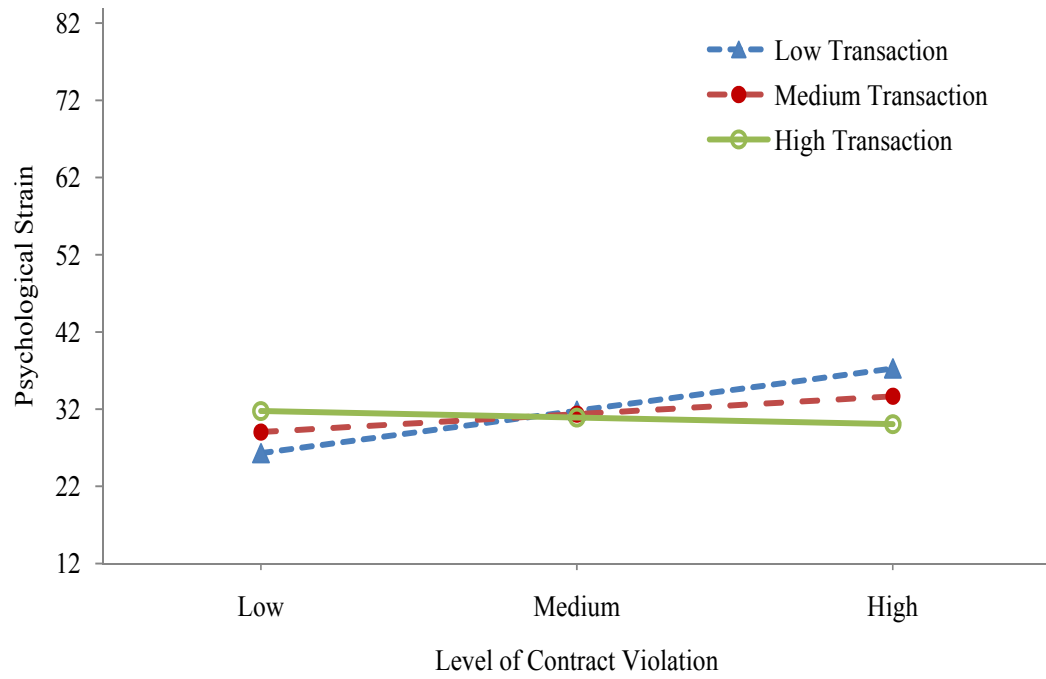


Figure 4. Transactional contract as a moderator between violation and psychological strain.





( $p = .06$ ). The test of simple slope for employees with medium and high transactional contract type was not significant, indicating that contract violation has no influence on psychological strain for employees with medium or high transactional contract type.

Upon inspection of the graph, the interaction results indicate that the influence of violation on intention to stay is moderated by the level of transactional contract type. When transactional contract is high, the degree of violation does not impact psychological strain, but as transactional contract score decreases, the effect of violation on psychological strain becomes more pronounced (i.e., as violation increases psychological strain increases, especially for individuals low on transactional contract type). This provides support for hypothesis 8d.

Concerning the unique variance added by violation interactions: preliminary support was found for hypothesis 2ab, 4ab, 6ab, and 8ab (intention to stay and job satisfaction) and partial support for hypothesis 2d, 4d, 6d, and 8d (psychological strain). Further, results show that trust moderated the relationship between violation and job satisfaction and psychological strain. However this moderation was contrary to the predicted direction as stated by hypothesis 2b and 2d (job satisfaction and psychological strain). Support for hypothesis 8a and 8d (intention to stay and psychological strain) was found, such that transactional contract type moderated the relationship between violation and intention to stay and psychological strain. No evidence was found to support commitment profiles or relational contract type as moderators between contract violation and any of the dependent variables.

### *Psychological Contract Fulfillment*

Four hierarchical multiple regression were conducted, for each dependent variable: intention to stay, OCB, job satisfaction, and psychological strain. Prior to analysis, all independent continuous variables were centered and interaction terms were computed. This resulted in 9 predictors entered into the regression equation: fulfillment, trust, profile group (0 = low commitment, 1 = high commitment), relation, and transactional contract type entered at step 1 for Model 1. The following interaction terms were entered at step 2 for Model 2: violation x trust, violation x profile group, violation x relational and violation x transactional.

*Intention to Stay (ITS)*. Table 8 provides the Model summary and coefficients for the fulfillment intention to stay regression. The results indicate that the full regression Model 1 is significant and predicts 32.0% (27.7% adjusted) of the variance in ITS,  $R = .565$ ,  $F(5,79) = 7.422$ ,  $p < .001$ . The results also indicate that the full regression Model 2 is significant and predicts 33.3% (25.3% adjusted) of the variance in ITS,  $R = .577$ ,  $F(9,75) = 4.161$ ,  $p < .001$ . The addition of the interaction terms in Model 2 resulted in an  $R^2$  change of .013,  $F(4, 75) = .377$ ,  $p > .05$ . More specifically, the moderating effect of trust, commitment, and contract type explain 1.3% of the variance in intention to stay above and beyond the variance explained by fulfillment, trust, commitment and contract type. However, F change is not significant and does not provide support for the presence of a moderating effect or for Hypothesis 3a, 5a, 7a, or 9a. Further examination of standardized Beta weights indicate relational contract type as a significant coefficient ( $\beta = .383$ ,  $t(9,75) = 2.924$ ,  $p < .05$ ). This indicates that for every one standard deviation change in relational contract type, ITS increases .383 standard deviations. There were no

Table 8

*Hierarchical Regression Analysis for Variables Predicting Intention to Stay*

Variable	B	SE B	$\beta$	R <sup>2</sup>	$\Delta R^2$
Step 1				.320***	
Fulfillment	.365	.257	.211		
Trust	.017	.083	.032		
Commitment Profile	.688	1.291	.068		
Relational	.394	.120	.398**		
Transactional	.055	.128	.047		
Step 2				.333***	.013
Fulfillment	.102	.351	.059		
Trust	.024	.085	.045		
Commitment Profile	.838	1.340	.083		
Relational	.379	.130	.383**		
Transactional	.074	.133	.062		
Fulfillment X Trust	-.014	.017	-.100		
Fulfillment X Profile	.399	.409	.146		
Fulfillment X Relational	-.014	.036	-.044		
Fulfillment X Transactional	-.012	.045	-.030		

\*p < .05. \*\*p < .01. \*\*\*p < .001.

significant interaction coefficients.

*Job Satisfaction (JS)*. Table 9 provides the Model summary and coefficients for the fulfillment job satisfaction regression. The results indicate that the full regression Model 1 is significant and predicts 63.1% (60.8% adjusted) of the variance in JS,  $R = .794$ ,  $F(5,79) = 27.004$ ,  $p < .001$ . The results also indicate that the full regression Model 2 is significant and predicts 65.5% (61.4% adjusted) of the variance in JS,  $R = .810$ ,  $F(9,75) = 15.853$ ,  $p < .001$ . The addition of the interaction terms in Model 2 resulted in an  $R^2$  change of .025,  $F(4, 75) = 1.337$ ,  $p > .05$ . More specifically, the moderating effect of trust, commitment, and contract type explain 2.5% of the variance in job satisfaction above and beyond the variance explained by fulfillment, trust, commitment and contract type. However,  $F$  change is not significant and does not provide support for the presence of a moderating effect. Although the  $R^2$  change is not statistically significant, evidence of a medium effect size (.03) indicates that this change is practically significant (Aguinis, 2004) providing partial support for Hypothesis 3b, 5b, 7b, and 8b.

Further examination of standardized Beta weights indicates several significant coefficients including fulfillment, ( $\beta = .517$ ,  $t(9,75) = 3.542$ ,  $p = .05$ ), trust ( $\beta = .233$ ,  $t(9,75) = 2.014$ ,  $p < .05$ ) and relational contract type ( $\beta = .270$ ,  $t(9,75) = 2.870$ ,  $p = .05$ ). The fulfillment x relational contract type interaction was approaching significance ( $\beta = .154$ ,  $t(9,75) = 1.916$ ,  $p = .059$ ). This indicates that for every one standard deviation change in fulfillment, JS increases .517 standard deviations; for every one standard deviation in trust, JS increases .233 standard deviations; and for every one standard deviation change in relational contract type, JS increases .270 standard deviations. In order to interpret the fulfillment x relational contract type interaction, unstandardized

Table 9

*Hierarchical Regression Analysis for Variables Predicting Job Satisfaction*

Variable	B	SE B	$\beta$	R <sup>2</sup>	$\Delta R^2$
Step 1				.631***	
Fulfillment	3.105	.734	.463***		
Trust	.423	.327	.206		
Commitment Profile	3.609	3.686	.092		
Relational	.845	.344	.220*		
Transactional	.157	.366	.034		
Step 2				.614***	.025
Fulfillment	3.468	.979	.517***		
Trust	.480	.238	.233		
Commitment Profile	1.959	3.734	.050		
Relational	1.037	.361	.270**		
Transactional	.270	.370	.059		
Fulfillment X Trust	-.024	.047	-.044		
Fulfillment X Profile	-.972	1.140	-.092		
Fulfillment X Relational	.194	.101	.154		
Fulfillment X Transactional	-.092	.126	-.060		

\*p < .05. \*\*p < .01. \*\*\*p < .001.

Beta values were used to determine the individual regression lines for the relationship between job satisfaction and fulfillment as a function relational contract type. Figure 5 represents the fulfillment x relational contract type interaction.

In order to further interpret the interaction, a simple slope analysis was performed (Aiken & West, 1991). Tests of simple slope indicate that contract fulfillment has a significant ( $p < .05$ ) positive influence on intention to stay for employees with low relational contract type scores. Further contract fulfillment has a significant ( $p < .001$ ) positive influence on intention to stay for employees with medium and high relational contract type scores.

Upon inspection of the graph, the interaction results indicate that the influence of fulfillment on job satisfaction is moderated by the level of relational contract type, such as relational contract type increases, the effect of fulfillment on job satisfaction becomes more pronounced. The influence of contract fulfillment was greatest for individuals with high relational contract scores (i.e., as fulfillment increases so does job satisfaction, especially for individuals high on relational contract type). This provides evidence for hypothesis 7b.

*Organizational Citizenship Behaviour (OCB)*. Table 10 provides the Model summary and coefficients for the fulfillment OCB regression. The results indicate that the full regression Model 1 is significant and predicts 32.5% (28.3% adjusted) of the variance in OCB,  $R = .570$ ,  $F(5,79) = 7.619$ ,  $p < .001$ . The results also indicate that the full regression Model 2 is significant and predicts 37.5% (30.0% adjusted) of the variance in OCB,  $R = .612$ ,  $F(9,75) = 5.000$ ,  $p < .001$ . The addition of the interaction terms in Model 2 resulted in an  $R^2$  change of .050,  $F(4, 75) = 1.490$ ,  $p > .05$ . More specifically, the

Figure 5. Relational contract as a moderator between fulfillment and job satisfaction.

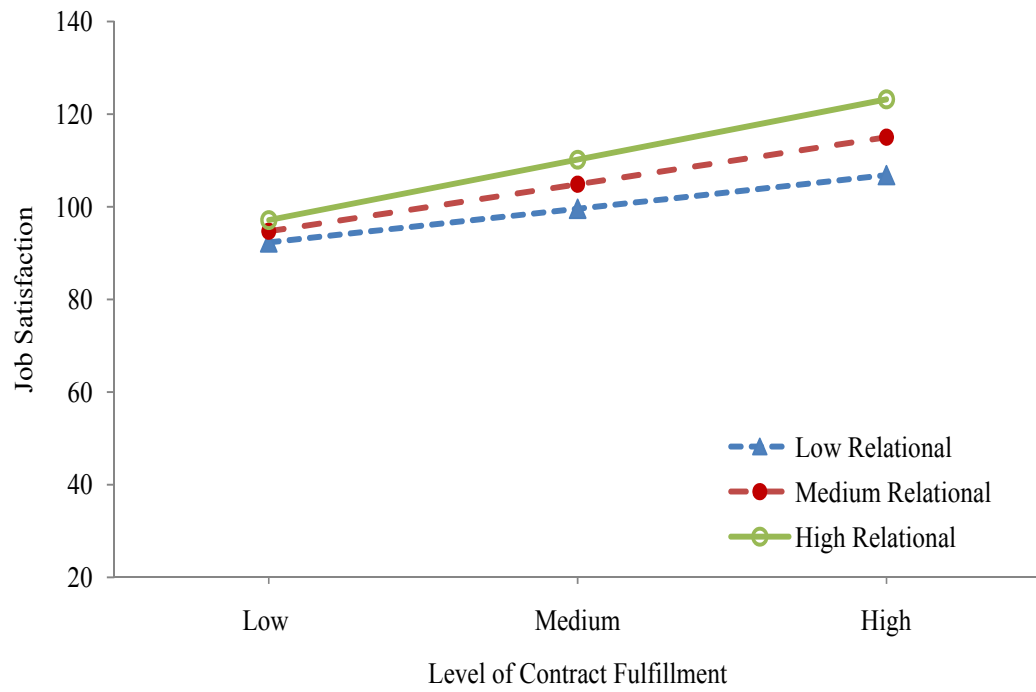


Table 10

*Hierarchical Regression Analysis for Variables Predicting OCB*

Variable	B	SE B	$\beta$	R <sup>2</sup>	$\Delta R^2$
Step 1				.283***	
Fulfillment	.889	.723	.182		
Trust	-.179	.234	-.119		
Commitment Profile	3.972	3.631	.140		
Relational	1.107	.339	.395**		
Transactional	-.243	.361	-.073		
Step 2				.300***	.050
Fulfillment	2.012	.961	.412*		
Trust	-.228	.234	-.152		
Commitment Profile	4/430	3.664	.156		
Relational	.940	.355	.336*		
Transactional	-.355	.363	-.106		
Fulfillment X Trust	.079	.046	.200		
Fulfillment X Profile	-1.130	1.119	-.146		
Fulfillment X Relational	-.121	.099	-.132		
Fulfillment X Transactional	-.107	.124	-.096		

\*p &lt; .05. \*\*p &lt; .01. \*\*\*p &lt; .001.



moderating effect of trust, commitment, and contract type explain 5.0% of the variance in OCB above and beyond the variance explained by fulfillment, trust, commitment and contract type. However,  $F$  change is not significant and does not provide support for the presence of a moderating effect. Although the  $R^2$  change is not statistically significant, evidence of a large effect size ( $> .05$ ) indicates that this change is practically significant (Aguinis, 2004) and provides partial support for Hypothesis 3c, 5c, 7c and 9c.

Further examination of standardized Beta weights indicate contract fulfillment ( $\beta = .412, t(9,75) = 2.094, p < .05$ ) and relational contract type ( $\beta = .336, t(9,75) = 2.651, p < .05$ ) as significant coefficients. This indicates that for every one standard deviation change in fulfillment, OCB increases .412 standard deviations and for every one standard deviation change in relational contract type, OCB increases .336 standard deviations. No significant interaction coefficients existed for violation on OCB.

*Psychological Strain (PS)*. Table 11 provides the Model summary and coefficients for the fulfillment psychological strain regression. The results indicate that the full regression Model 1 is significant and predicts 35.5% (31.4% adjusted) of the variance in PS,  $R = .595, F(5,79) = 8.679, p < .001$ . The results also indicate that the full regression Model 2 is significant and predicts 38.0% (30.6% adjusted) of the variance in PS,  $R = .617, F(9,75) = 5.117, p < .001$ . The addition of the interaction terms in Model 2 resulted in an  $R^2$  change of .026  $F(4, 75) = .784, p > .05$ . More specifically, the moderating effect of trust, commitment, and contract type explain 2.6% of the variance in psychological strain above and beyond the variance explained by fulfillment, trust, commitment and contract type. However,  $F$  change is not significant and does not provide support for the presence of a moderating effect. Although the  $R^2$  change is not statistically significant,

Table 11

*Hierarchical Regression Analysis for Variables Predicting Psychological Strain*

Variable	<i>B</i>	<i>SE B</i>	$\beta$	$R^2$	$\Delta R^2$
Step 1				.314 ***	
Fulfillment	-1.844	.654	-.409**		
Trust	-.311	.211	-.224		
Commitment Profile	-.161	3.283	-.006		
Relational	-.020	.306	-.008		
Transactional	-.061	.326	-.020		
Step 2				.206 ***	.026
Fulfillment	-1.304	.884	-.289		
Trust	-.357	.215	-.258		
Commitment Profile	-.145	3.373	-.006		
Relational	.054	.327	.021		
Transactional	-.109	.334	-.035		
Fulfillment X Trust	-.012	.043	-.033		
Fulfillment X Profile	-1.379	1.030	-.193		
Fulfillment X Relational	-.011	.091	-.013		
Fulfillment X Transactional	.015	.114	.015		

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

evidence of a medium effect size (.03) indicates that this change is practically significant (Aguinis, 2004) providing partial support for Hypothesis 3d, 5d, 7d and 9d. Further examination of standardized Beta weights indicates no significant coefficients. Further no significant interaction coefficients existed.

Concerning the unique variance added by fulfillment interactions: partial support was found for hypotheses 3bcd, 5bcd, 7bcd and 9bcd (job satisfaction, OCB and psychological strain). Support for hypothesis 7b (job satisfaction) was found, such that relational contract type moderated the relationship between fulfillment and job satisfaction. No evidence was found to support trust, commitment profiles or contract type as moderators between contract fulfillment and any of the dependent variables.

## CHAPTER IV

### Discussion

This study aimed to determine if the effect of contract violation and fulfillment on employee outcomes is moderated by trust, organizational commitment and relational and transactional contract types. In order to investigate these relationships, the influence of contract violations and fulfillment on employee outcomes was first examined.

#### *The Effect of Violation and Fulfillment on Employee Outcomes*

Results replicate previous studies that show that a violation can decrease the level of intention to stay and job satisfaction and increase psychological strain. Further, fulfillment of the psychological contract can lead to increased levels of intention to stay, job satisfaction, OCB and decrease psychological strain.

One noticeable result that was contrary to predictions was with contract violation and OCB, as no relationship existed between these two variables. It appears that the negative violation outcome of the psychological contract does not influence an employees' desire to go out of their way to help other colleagues. It is interesting; however, that contract fulfillment and OCB were positively related. OCB can be conceptualized through typology and this may provide some insight into these results.

Chang, Johnson, and Yang (2007) examined the relationship between OCB and emotional strain and examined two different types of OCB, depending on whether it was directed at either the organization (OCBO) or individuals (OCBI). The types of OCB are determined by coding the dimensions of the OCB measure (Williams & Anderson, 1991; e.g., OCBO would include the dimension of loyal boosterism, while OCBI would include the dimension of interpersonal helping). Their results showed that the type of OCB

moderated the influence of emotional strain (Chang et al.). For example, strain was related to OCBO to a greater extent as compared to OCBI (Chang et al.). They suggested that employees may attribute negative evaluations (e.g., events) within the workplace to the organization rather than other coworkers (Chang et al.). Further, Williams and Anderson place importance on examining the different types of OCB as each type may have different antecedents. Concerning the present study, it is possible that the violation of the contract is interpreted by the employee as a failure on the side of the organization, and not of fellow employees. In which case, the violation may influence their level of OCBO, but they may continue to provide the same level of OCBI despite the contract violation. This differential effect would not be reconciled when OCB is examined as an overall construct and may have resulted in the non-significant findings within the present study. This speculation would require further investigation into the way the violation is perceived and where the employee places blame for the violation. In addition, examination of the type of OCB would also be beneficial to further understand this relationship.

This finding also provides evidence for the distinction between psychological contract violation and fulfillment. Correlations for contract violation and fulfillment, for all of the dependent variables, were in the same range (with opposite signs), with OCB being the exception. It is noteworthy that contract violation and fulfillment may influence employee outcomes differently and as such may represent separate constructs. This also provides support for the assertion that violation is not the opposite of contract fulfillment and researchers should use separate measures for each of these distinct constructs (Rousseau & Tijoriwala, 1998).

### *The Effect of Moderators*

Once the relationship between contract violation and fulfillment on employee outcomes was established, the moderating roles of trust, commitment and psychological contract types were then examined. Results indicate that trust and transactional contract type moderate the relationship between contract violation and employee outcomes and relational contract type moderates the relationship between contract fulfillment and employee outcomes.

Organizational commitment was not found to moderate the relationship between violation or fulfillment and any of the employee outcomes. Several important considerations should be taken when interpreting these results. Moderated multiple regression (MMR) has a low power problem that can result from several factors including small sample size and reduced variance within the predictor variables (Aquino, Boik & Pierce, 2001). The current study had a small sample size, especially considering the type of analysis (i.e., regression) and the number of predictors in the equation. Further, the dichotomous coding of the commitment variables also reduced sample size and contributed to a loss of variance within the commitment variables, which may have been a factor in the non-significant findings. Within the current study, organizational commitment was operationalized using commitment profiles, and as such, the three component variables were dummy coded, through a median split, to a high and low dichotomous variable. Further, these codes were then used to determine the three profiles termed high committed (i.e., high all, high AC, high AC & NC) and the three profiles termed low commitment (i.e., low all, high CC, high CC & NC). These profiles (i.e., six of a possible eight) are consistent with previous research on commitment profiles

(Gellatly, Meyer and Luchak, 2006; Wasti, 2005). However, the process of categorizing respondents into only six commitment profiles, of a possible eight, also reduced the sample size of this variable (respondents falling into the uncommon profiles were not included in the analysis).

Further, this process of dichotomizing the variables with such a small sample may not have provided an adequate variable for testing within the regression model. Aguinis (2004) discusses how dichotomizing continuous variables can reduce the probability of detecting an effect and involves a quantifiable reduction of information. Specifically, dichotomizing a continuous variable, through a median split, reduces the variance of the predictor. This loss in variance equates to this loss of information and subsequently reduces the ability of the test to find an effect. Further, Aguinis describes how dichotomizing variables can result in power loss specifically for MMR making it more difficult to detect a moderating effect. The current study employed artificial dichotomization in order to be able to examine commitment profiles. Future research should examine organizational commitment as a moderator through both an examination of the commitment profiles within a larger sample or an alternative data analysis method and examination of the individual components of commitment.

*Violation vs. fulfillment.* Several differences regarding the trends of moderators are important to further interpret. First, variables that moderated the relationship between contract violation and employee outcomes did not moderate the relationship between contract fulfillment and employee outcomes. It is evident that moderation only exists for certain variables depending if the contract was violated or fulfilled. Trust and transactional contract type were found to moderate the relationship between contract

violation and employee outcomes, while relational contract type was a moderator for contract fulfillment. Trust is a very important construct within organizations and it seems that trust can affect the relationship between negative events and employee outcomes more so than positive ones. If nothing is going wrong, trust may not influence the effect of fulfillment on employee outcomes, however if an employee's expectations are violated, trust is an important avenue towards changes in employee outcomes.

Concerning psychological contract types, transactional contracts are short-term and are focused on monetary exchange with no training or skill development (Rousseau, 2000). Due to the fact that employees with high transactional contract scores are not as invested in the company, they may not place as much emphasis on contract fulfillment as compared to violation. Trust and transactional contract type moderated between violation and employee outcomes, but not for fulfillment. These results suggest that the impact of violation is greater than that of fulfillment. More specifically, it appears that with trust and transactional contract type, positive experiences are good, but negative experiences are worse, and result in more severe reactions.

This trend has also been found within customer service research. For example, Wangenheim, and Bayón (2007) found differential responses to positive and negative experiences within the airline industry. More specifically, customers responded strongly to negative experiences (i.e., overbooking; denied boarding) and had a small, if any, response to positive experiences (i.e., upgrades; Wangenheim & Bayón). Although this study examined customer reactions and not employee reactions, the results can be applied to psychological contracts within the organization. An organization not fulfilling the expectations of the customer may provide similar outcomes as to an organization not



fulfilling the expectations of the employee. It would be interesting to examine how positive and negative experiences are translated into outcomes and behaviour to a different extent or degree, especially within the context of psychological contracts.

Concerning moderators for fulfillment, relational contract types are associated with stability and loyalty, where rewards are focused on membership and loosely on performance (Rousseau, 2000). Due to the relational nature of this contract type, these individuals may place more importance on contract fulfillment as opposed to contract violation. Relational and transactional contract types are very different, and as such, it is not surprising that they are moderators for different contract outcomes. In addition, they also moderate for different employee outcomes. That is, transactional contracts moderate the relationship between violation and intention to stay and psychological strain, while relational contracts moderate the relationship between fulfillment and job satisfaction.

Several researchers have examined the differences between relational and transactional contract types; the applications of these frameworks may aid in the explanation of the current study's findings. Hermit and Pemberton (1996) argued that employees with transactional contracts are concerned with distributive equity (e.g., are the outcomes fair), while employees with relational contracts are concerned with procedural equity (e.g., is the process fair). Furthermore, Atkinson (2006) discusses psychological contract types and suggests that transactional obligations can be compared to hygiene factors (e.g., pay, working conditions; Herzberg, 1959), such that relational obligations cannot fully exist until the transactional foundation has been met. In addition, Atkinson also discusses how contracts may become more transactional after a violation has occurred. If transactional contracts can be viewed as precursors, they may moderate

for different contract and employee outcomes. It may be possible that employees still focusing on transactional obligations will influence the effect of violation and employee outcomes like retention, especially when the experience of the violation will also increase their transactional obligations. Further, employees who have moved to focus on relational obligations will influence the effect of fulfillment and employee outcomes such as job satisfaction. Further research should investigate these differences, with special focus on the development and maintenance of different contract types. Moreover research should continue to examine the moderating role of contract types across both psychological contract violation and fulfillment.

*Type of workplace attitude.* A second important trend regarding the differences within the moderators involves the type of employee outcomes. The results indicate that the existence of moderators is dependent on the type of employee outcome. More specifically, trust moderates the effect of violation on job satisfaction and psychological strain, while transactional contact type moderates the effect of violation on intention to stay and psychological strain. Furthermore, concerning fulfillment, relational contract type moderates the relationship between psychological contract fulfillment and job satisfaction. These findings are important for employers to understand that the moderating effect on contract violation and fulfillment may be determined by the type of employee outcomes they determine are important. The moderating results as they relate to specific employee outcomes are next discussed.

Trust was found to moderate the effect of violation on job satisfaction and psychological strain. These findings suggest that trust is important during times of unmet expectations in order to maintain job satisfaction and healthy levels of psychological

strain. Trust may be more important for an individual's attitude in the workplace not directly related to the specific aspects of the job, especially when a violation occurs. For example, the level of trust within the organization may influence how happy employees are or how stressful they are during times of violation, but this does not seem to affect their intention to stay at the organization. However, where trust comes into play is with the influence a violation has on their demeanour at work, including job satisfaction and psychological strain.

Atkinson (2006) also provides a theoretical framework that might help explain these findings. She discusses the different bases of trust including cognitive and affective trust. Cognitive trust is considered calculative and rationale focusing on an economic exchange including individual material gains, while affective trust is considered emotional and focuses on a social exchange including relational bonds, respect, and concern for the welfare of oneself (Atkinson). Applied to the current study's findings, these bases of trust may influence different employee outcomes. For example, cognitive trust would be concerned with intention to stay, while affective trust would be concerned with job satisfaction and psychological strain. Further research could include an examination of the different bases of trust and how they may differentially relate to employee outcomes.

Transactional contracts are focused on monetary exchange and are not invested in the organization (Rousseau, 2000). Employees with transactional contracts are only concerned with the monetary exchange and little investment is made from the employee into the organization, or the organization into the employee in terms of training and development (Rousseau, 2000). This somewhat mechanical relationship does not have an

influence on the effect of violation on job satisfaction or OCB. Further, the influence it does have on the effect of violation on intention to stay and psychological strain was only evident for employees low on transactional contract scores (i.e., violation decreases intention to stay and increases psychological strain only for employees low on transactional contact score). It appears that the workplace attitude of intention to stay and psychological strain are not influenced by violation for employees with a high transactional contract type score. These absent outcome results indicate that individuals with high transactional contract types have different values placed on their job and their organization, and unmet expectations will influence employee outcomes that are consistent with those values (e.g., not invested in organization or job so violation does not impact intention to stay or psychological strain).

Relational contract types moderated the relationship between contract fulfillment and job satisfaction. Relational contract types are associated with stability and loyalty (Rousseau, 2000) and seem to influence the satisfaction within that position and not intention to leave, OCB, or psychological strain during times of met expectations. Again, these results may be expanded by using a ‘positive is good, but negative is worse’ framework, where negative events results in more severe reactions as compared to positive events. When an organization meets the expectations of an employee, who places great importance on this relationship, this may only translate to improved job satisfaction and not an affect more negative employee outcomes like stress or leaving the organization. The positive event does not have as great of an impact as a negative event would. Further, contract fulfillment and OCB demonstrated a low correlation and this may contribute to the lack of moderating findings for this workplace attitude measure.

More research should be conducted to further explore the relationship between these variables (i.e., trust and contract type) and different employee outcomes.

*Direction of moderating effect.* Concerning the predicted direction of all moderating effects (i.e., ‘the higher they are the greater they fall’) several variables fit with this trend, while others produced an opposite effect. The trend of the higher they are the greater they fall fits with moderators for psychological contract violation and fulfillment concerning psychological contract type. It was predicted that the more invested within the organization (i.e., greatly tied to the organization), the greater the effect of violation or fulfillment. Employees who score high on relational contract type are invested in the organization and the effect of fulfillment on job satisfaction was most pronounced for individuals who had a high relational contract type score. Concerning transactional contract type, employees who score high on transactional contract type are not invested in the organization. Fitting with this trend, the effect of violation on intention to stay and psychological strain was greatest for individual with low transactional contract type scores. When transactional contract is high, the degree of violation does not impact intention to stay or psychological strain. This supports previous research that discusses how employees with a more transactional contract may respond to a violation with a less aversive reaction (Atkinson, 2006).

However, an opposite trend exists for trust as a moderator. The effect of violation on job satisfaction and psychological strain was most pronounced for employees with low trust with the organization. This is opposite to the phenomena ‘the higher they are, the greater they fall’. However, research has examined trust as a moderator and has found this pattern of results before (Morrison & Robinson, 1997). These conflicting results were

explained by understanding the two segments of the process of violation (i.e., the evaluation of the breach and the impact of trust on the relationship). Robinson, Dirks, and Ozelik (2004) discuss the first segment such that individuals high on trust will not interpret that a violation has taken place, while those low on trust will recognize the violation and consequently lead to negative reactions. The second segment occurs after the confirmation of the existence of a violation, where individuals high on trust will have a greater reaction as compared to those low on trust (Robinson et al.). The current study asked employees to indicate if their employer had failed to meet the obligations promised to them, which would fall in line with the second segment only asking for the violations that the employees perceive or recognize. However, the segments outlined by Robinson and colleagues fails to recognize the possibility that across levels of trust, these segments may not be all inclusive. For example, the existence of these different segments makes sense for individuals high on trust, as they must first recognize that a violation has occurred, and since they trust the organization this violation threshold will be greater than those low on trust. Then once they have perceived a violation, their reactions will be greater than those low on trust. It is more difficult to determine the effects of violation on low trust employees as they do not have a high violation threshold, and will react negatively to all perceived violations. The segment approach of Robinson and colleagues helps to explain discrepancies within the literature regarding employees high on trust; however, it is difficult to determine which segment is being examined through the variables within each study. Further, if the high trust group does not report enough recognized violations (due to high threshold), while the low trust group reports a lot more, it may be increasingly difficult to determine the relationship between violation and

employee outcomes and the moderating role trust plays. Employees low on trust do not follow the segment process that those high on trust would and as such, it may be more complicated to interpret these results.

The current study's findings do not fit with the theory 'the higher they are, the greater they fall', and instead those employees with low trust with the organization are most affected by the violation. For the current study these results may only represent the large number of violations reported by individuals low on trust, and few violations recognized by those high on trust. More specifically, 11% of employee high on trust reported a violation as compared to 22% medium on trust and 47% low on trust. This difference in number of violations per group would decrease the variance within groups with few recognized violations and result in significant differences for low trust employees (i.e., consistent with the first segment). It is possible that not enough employees high on trust reported enough violations to be able to compare their reactions to these events to individuals low on trust. This research supports the first segment since employees high on trust may not recognize as many violations, but those low on trust will experience negative reactions. Further, employees who are low on trust may be skeptical of the organization's intentions and as a results evaluate more events as violations. Future research should examine both of these segments (i.e., process of evaluating a violation and the outcome of the violation) of the violation process, in addition to differences based on an employee's initial trust level and how researchers can determine how best to create questions to gather information on both segments.

### *Limitations*

There are some limitations within the current study. First, a small sample size limits the power of the statistical tests and the ability to detect significant results. The small sample size also limits the generalizability of the study and therefore, caution should be taken when interpreting results. Further, the small sample size within each organization also limits the ability to generalize these results. More specifically, the organizations sampled within the current study include a variety of industries that comprise of both union and non-unionized environments. These sample characteristics will also influence the generalizability of the results, as the results may only be applicable to similar organizations.

Further, it would be valuable to examine all of these constructs using Structural Equation Modelling. This approach would allow the investigation of relationships between all variables and outcome employee outcomes. However, in order to use Structural Equation Modelling (SEM) a larger sample size than what was available would be needed. Another limitation to this study was the low power problem of MMR. Aguinis (2004) has shown that MMR has a small power problem, and therefore several other effect size tests were used to compensate for this issue. However, future studies should continue to investigate the moderating role of trust, commitment and contract types within a variety of data analysis techniques.

Finally, one other limitation of the present study was the operationalization of commitment. The current study aimed to examine commitment within the context of commitment profiles and this aim, coupled with the chosen data analysis techniques, resulted in a dichotomous variable and consequently the loss of variability. More



specially, each commitment component (i.e., affective, continuance, normative) was dichotomized utilizing a median split. These variables were then combined through being categorized into the corresponding commitment profile (i.e., dependent on whether employees scored high or low on each of the three components). This artificial dichotomization was performed in order to remain consistent with previous research and to be able to compare findings with previous commitment profile research. Future studies will want to examine all components of commitment in addition to the commitment profiles.

#### *Implications and Future Directions*

Results of the current study indicated that several constructs moderate the relationship between contract violation and fulfilments and employee outcomes, however these moderators demonstrated specific differences including whether the contract was violated or fulfilled and the type of workplace attitude being examined. This research provides evidence for the idea that ‘positive is good, but negative is worse’ such that employees may experience more extreme negative reactions to negative events as compared to their positive reactions to positive events. In addition, the moderating effect for contract type falls within ‘the higher they are the greater they fall’ assertion, while the opposite was true for trust, where ‘the lower they are the greater they fall’ held true. The current study also found differences in the number of violations reported by employees with low trust as compared to high trust and further research should examine the influence of the initial level of trust on the effect of violation.

These results have implications for employers within the workplace. Awareness of psychological contracts and the influence that violation and fulfillment may have on

employee outcomes can aid organizations in better understanding their employees. Efforts should also be made to determine what types of contracts employees endorse and what the employee has experienced as violation and fulfillment. These efforts can help employers ensure that psychological contracts are fulfilled in order maintain positive employee outcomes. Efforts towards fulfilling and not violating psychological contracts may lead to higher levels of retention, employees who are more satisfied, engage in OCB behaviours and are less stressed. These positive employee outcomes are valuable for organizations to strive towards and will also help contribute to increased productivity and retention, both which play an important role in the success of the organization through decreased costs and increased profits.

The effect of contract violation and fulfillment within the workplace is a complex issue and more research is needed to fully understand these complicated interrelationships. Psychological contracts may change and evolve over time, and a longitudinal study could provide greater insight to contract type and the effect of violation and fulfillment over time. Researchers should also continue to examine contract violation and fulfillment and all possible moderators. Of specific interest would be to further examine the way trust influences the effect of violation on employee outcomes. In addition, researchers should continue investigating organizational commitment and the role it plays within the workplace when an employee experiences a violation. Future studies should examine the role of each component of commitment as well as the combined commitment profiles.

## *Conclusion*

Findings yield several important implications for employers. First, employers should be aware of psychological contracts and how the violation and fulfillment of these contracts can influence employee outcomes. Further, the moderating role of contract type and trust provide employers with further information regarding how different contract types or levels of trust can play a role in effect of violations and fulfillment. In addition, it is important for employers to understand how reactions to negative events may differ from positive events along with the idea that ‘positive is good, but negative is worse’. Employers should be cognisant of the consequences of positive as compared to negative events within the workplace, as it may be more beneficial to focus on reducing negative events (which have a more severe consequence) instead of only creating positive events. Additional research will help employers understand these relationships and attempt to apply these theories to their selection, training, retention and management practices. Along with the influence of research on employers’ techniques, researchers will want to continue to test and apply theories within a workplace context to better aid employers in their efforts to ensure a healthy, happy, productive workplace.

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