Antecedents and consequences of relational components of the new psychological contract

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Summary

The literature regarding the new psychological contract suggests that the traditional paternalistic employer–employee relationship in U.S. companies has eroded. We investigated the relationship between relational components of the new psychological contract (personal responsibility for career development, commitment to type of work, and expectations of job insecurity), work experiences (involuntary job loss, organizational change, voluntary job change, and violation of obligations), and work outcomes (job satisfaction, participation in development activities, and intention to remain with the employer). We hypothesized that managerial and professional employees’ level of agreement with relational components of the new psychological contract would mediate the relationship between their work experiences and work outcomes. In partial support of the model, we found that level of agreement with relational components of the new psychological contract mediated the relationship between work experiences and intention to remain with the employer and job satisfaction. Contrary to the model, no relationship was found among work experiences, level of agreement with relational components of the new psychological contract, and participation in development activities. Copyright © 1999 John Wiley & Sons, Ltd.

Introduction

The psychological contract represents the employee’s and employer’s beliefs or perceptions regarding the terms of the employment relationship (Robinson and Rousseau, 1994). The psychological contract may include beliefs or perceptions regarding performance requirements, job security, training, compensation, and career management issues. These beliefs or perceptions need not agree for employees and employers to believe a contract exists (Robinson and Rousseau, 1994).

Psychological contracts differ on the basis of the degree to which they are transactional versus relational in nature (see Morrison and Robinson, 1997). The transactional component is...
composed of specific, short-term, monetary obligations that require limited involvement by the organization and employee (e.g. organization paying for services provided by the employee). The relational component involves broad, long-term obligations, and may be also based on the exchange of socioemotional elements (e.g. commitment, trust). Robinson, Kraatz and Rousseau (1994) found evidence that the psychological contracts involving the employment relationship include both transactional and relational obligations.

Recently, both the academic and practitioner literature has suggested that the psychological contract in United States businesses has changed. In particular, the literature has emphasized that the relational aspects of the psychological contract have changed. According to the old psychological contract, the employer was seen as a caretaker for the employee (Csoka, 1995; Ehrlich, 1994; Kissler, 1994; O'Reilly, 1994; Robinson and Rousseau, 1994). Employees who were good performers were virtually guaranteed a job by their employer until retirement, the employer helped employees plan their careers and provided promotions to ensure career development, and employees were loyal and committed to the job and the organization. In the new psychological contract, both employees and employers have lower expectations for long-term employment, employees are responsible for their own career development, and commitment to the work performed has replaced commitment to the job and organization (Stroh, Brett and Reilly, 1994; Kissler, 1994; O'Reilly, 1994; Parks and Kidder, 1990).

Although both the popular business press and academic literature discuss the components of the new psychological contract, few studies have attempted to investigate the relationship between the work experiences of employees and their adoption of beliefs or perceptions congruent with the relational components of the new psychological contract. Furthermore, few studies have investigated the influence that employees' level of agreement with components of the new psychological contract may have on work outcomes. The purpose of this study was to examine whether employees' work experiences such as downsizing, restructuring, job loss, and job change, as well as perception of obligation violation, are related to level of agreement with the relational components of the new psychological contract (personal responsibility for career development, expectations of job insecurity, and commitment to type of work). In addition, we examined the relationship among employees' work experiences, level of agreement with the relational components of the new psychological contract, and work outcomes including job satisfaction, participation in development activities, and intention to remain with the current employer. We hypothesize that level of agreement with relational components of the new psychological contract will mediate the relationship between work experiences and work outcomes.

Conceptual Model of the Influences on Satisfaction, Development, and Intention to Remain with the Employer

Job satisfaction, intention to remain with the employer, and participation in development activity were chosen as outcomes in this study for several reasons. Understanding how the relational components of the new psychological contract are related to job satisfaction, intentions to remain with the employer, and participation in development activities, is important given the fundamental changes occurring in the employee–employer relationship in the U.S. (Csoka, 1995;
Howard, 1995). Job satisfaction and intention to remain with the employer have previously been found to be related to relational aspects of the psychological contract (Guzzo, Noonan and Elron, 1994; Portwood and Miller, 1976; Robinson and Rousseau, 1994). Participation in development activities is an important outcome given the increasing emphasis organizations are placing on continuous improvement. Continuous improvement requires employees to devote more time and energy to attempting to improve work processes as well as to develop new skills necessary to improve product quality and customer service. This emphasis on continuous improvement is occurring at the same time that many employees are experiencing erosion of the relational aspects of their psychological contract (e.g. threats to job security).

The conceptual model tested in this study is presented in Figure 1. The model suggests that personal responsibility for career development, commitment to type of work, and expectations of job insecurity mediate the relationship between work experiences and work outcomes. The model is based on previous research which suggests that violation of obligations are related to employees’ perceptions of the relational components of psychological contracts and recognizes the need for research to investigate how organizational policies or changes in an employee’s position may alter perceptions of the relational aspects of the psychological contract (e.g. Robinson et al., 1994). Demographic variables that may be related to the psychological contract and to the antecedents and outcomes of interest were used as control variables. The following sections discuss the theoretical and empirical rationale for the variables included in the model.

**Mediators: relational components of the new psychological contract**

Although there is widespread agreement that the psychological contract is changing; there is currently no consensus on what components the new psychological contract encompasses. However, there is consensus among academics and practitioners that relational components of
the new psychological contract should include particular beliefs regarding career development, commitment, and job security that reflect the movement of organizations from a paternalistic to a partnership relationship. These are the components we focused on in the current study.

Responsibility for career development

Discussions of the new psychological contract emphasize that it is the employee’s responsibility to manage and develop his or her own career and no longer the responsibility of the employer (Jaffee and Scott, 1991; Waterman, Waterman and Collard, 1994). In return, the organization is responsible for providing employees with the tools and opportunities for assessing and developing their skills. Taking responsibility for one’s career may translate into greater involvement in development activities. Participation in development activities such as training courses, informational interviewing, or identifying and interacting with a mentor, can help employees meet their career goals. An implicit assumption is that employees who are able to manage and develop their own career will have more employment options than employees who do not manage their careers and therefore, may be less likely to intend to remain with the current employer. Also, because career management gives employees a greater sense of control over their work lives, we would expect employees who have taken responsibility for their careers to have higher levels of work and job satisfaction. We hypothesize:

Hypothesis 1: Responsibility for career development will be positively related to job satisfaction and participation in developmental activities and negatively related to intention to remain with the employer.

Commitment to type of work

Traditionally, U.S. organizations built a high quality, committed workforce by developing reward policies and practices designed to reward good performers and discourage them from leaving the organization (e.g. nonportable pension plans, firm specific training, and health care). As a result, employees developed a paternalistic view of the employer and were more committed to the organization and their current job than the work they performed (Csoka, 1995). Today, with massive layoffs and restructurings, organizations are unable to provide job security. Thus, employees should be more committed to the type of work they do than to their employer (Kissler, 1994; Noer, 1993; Rousseau and Wade-Benzoni, 1995). Recent research suggests this is the case for managers. Stroh et al. (1994) found that managers’ loyalty to their employer declined over a 5-year period. A reduction in loyalty may translate into a lower intention to remain with the employer. Furthermore, commitment to type of work likely helps employees avoid obsolescence by motivating them to update their skills in formal courses or seek out work experiences to develop new skills. In addition, employees who are committed to the type of work they perform rather than a specific job are more likely to be satisfied in new organizational designs that have fewer levels and more interdependence across individuals, groups, and subunits. These characteristics offer opportunities for lateral movement and cross-training which are likely attractive to employees who identify more with a type of work (e.g. investigative, realistic) rather than a job with its discrete task demands (Ancona, Kochan, Scully, Van Maanen and Westney, 1996). As a result, we would expect employees who are committed to the type of work they perform to have higher levels of work and job satisfaction. We hypothesize:

Hypothesis 2: Commitment to the type of work will be positively related to job satisfaction and participation in developmental activities and negatively related to intentions to remain with the employer.
**Expectations of job insecurity**
Numerous authors who have investigated the new psychological contract acknowledge that job security is no longer a likely condition of employment (e.g. Kissler, 1994; Noer, 1993; Parks and Kidder, 1990). Rather, employability replaces employment security in the new psychological contract. That is, employees should not expect their employers to guarantee a job, but to provide them with work experiences and training and development opportunities that will allow them to find alternative employment.

Expectations of job insecurity have important implications for intentions to remain with the employer and participation in development activities. Employees with expectations of job insecurity are likely more motivated to participate in development activities in order to ensure employability. Ashford, Lee and Bobko (1989) found that feelings of job insecurity were negatively related to organizational commitment. If employees are not committed to the organization, they are more likely to turnover (see Tett and Meyer (1993) for a recent meta-analysis). Therefore, we would expect that employees who expect job insecurity would be less likely to intend to remain with the current employer. We hypothesize:

*Hypothesis 3:* Expectations of job insecurity will be positively related to participation in developmental activities and negatively related to intention to remain with the employer.

**Antecedents: work experiences**

**Involuntary job loss, organizational change including downsizing, restructurings, and mergers, and voluntary job change**
Research has suggested that job loss, organizational downsizing, and restructuring may lead employees to adopt new beliefs or perceptions regarding their job and career (Csoka, 1995; Rousseau, 1996; Rousseau and Parks, 1992; Shore and Tetrick, 1994; Wilhelm, 1994). The negative impact of job loss on employee’s feelings regarding their job and employer has been well documented (e.g. Leanna and Feldman, 1994). Individuals who experience job loss have been shown to believe that subsequent employment opportunities are less secure. Therefore, they may be more likely to have expectations of job insecurity. The experience of being a ‘survivor’ of large scale changes such as mergers, acquisitions, downsizings, or layoffs may also result in expectations of job insecurity (Rousseau and Wade-Benzoni, 1995). In addition, job loss and organizational change may result in employees taking personal responsibility for their career development to prepare themselves for potential future employment changes and committing to work rather than to the organization or the job (Rousseau and Wade-Benzoni, 1995). Although these relationships have been suggested, they have not been empirically examined. Therefore, we hypothesize:

*Hypothesis 4:* Involuntary job loss and organizational change will be positively related to personal responsibility for career development, commitment to type of work, and expectations of job insecurity.

Employees who have voluntarily changed jobs may have already revised their psychological contract to be congruent with the new psychological contract or may have originally adopted the new psychological contract when they entered the job market. Employees who have initiated many job changes might be considered to be ‘careerists’, individuals who value the more...
immediate reward of the work rather than security of the organization (Rousseau, 1990). In addition, employees who have voluntarily changed jobs, are likely to be more proactive in their career development and are more likely to have expectations for job insecurity than employees who have not changed jobs. We hypothesize:

**Hypothesis 5:** Voluntary job change will be positively related to personal responsibility for career development, commitment to type of work, and expectations of job insecurity.

**Violations of obligations**

Mutual obligations are a key aspect of the psychological contract (Rousseau, 1989). Obligations are employer and employee beliefs that each party is bound by promise or debt to an action in relations with the other party. If employees believe that the employer has failed to meet promised obligations, employees will perceive the employment relationship to be unfavorable. Employee’s perceptions of unfulfilled obligations have been found to be related to greater felt job insecurity and reduced commitment to the organization (Robinson et al., 1994; Robinson and Rousseau, 1994; Rousseau, 1990). Violation of obligations also likely results in the revision of the psychological contract (Csoka, 1995; Rousseau, 1996; Rousseau and Parks, 1992; Shore and Tetrick, 1994). Employees who have experienced greater amounts of unfulfilled obligations are more likely to distrust the organization and have lower expectations regarding the organization’s role in the employment relationship.

Although research has shown that violation of obligations may be directly related to reduced satisfaction and participation in development activities, and lower likelihood to remain with the employer (e.g. Robinson and Rousseau, 1994), the mechanism by which violations of obligations relates to job satisfaction, participation in development activities, or intentions to stay has not been examined. We hypothesize that this relationship is mediated by components of the new psychological contract. That is, violation of obligations influences job satisfaction, participation in development activities, and intentions to stay by affecting the employees’ level of agreement with components of the new psychological contract. We hypothesize:

**Hypothesis 6:** Perceived violation of obligations by employers will be positively related to personal responsibility for career development, commitment to type of work, and expectations of job insecurity.

**Control variables**

Because we were primarily interested in the relationships between work experiences, relational aspects of the new psychological contract, and job satisfaction, intentions to remain, and participation in development activities, we controlled for the possible effects of gender, age, and organizational level.

**Method**

**Sample and procedure**

The sample included 500 individuals who had previously attended one or more informal breakfast seminars conducted by the Employer Education Service of the University of Minnesota.
during the past 10 years. A 47-item survey accompanied by a cover letter explaining the purpose of the study and a postage paid envelope for returning the survey were mailed to the sample.

One hundred thirty-six surveys were returned (a 27 per cent response rate). The majority of respondents were female (66 per cent, \(N = 90\)). Forty-seven per cent \((N = 64)\) were 40 years of age or younger and 42 per cent \((N = 55)\) had a graduate degree. Ninety-one per cent held managerial (66 per cent, \(N = 90\)) or professional (25 per cent, \(N = 33\)) positions. Respondents were primarily employed in service (37 per cent, \(N = 48\)), manufacturing (12 per cent, \(N = 16\)), and finance, insurance and real estate (12 per cent, \(N = 16\)) industries. The size of the company that participants were employed in varied from less than 20 employees (10 per cent, \(N = 13\)) to more than 5000 employees (22 per cent, \(N = 29\)). Demographic data obtained from previous breakfast seminar attendees suggest that the demographic characteristics of the respondents did not differ significantly from the non-respondents.

**Measures**

**Control variables: gender, age, and organizational level**

Gender was assessed with a single item (‘What is your gender?’). Males were coded as 0 and females were coded as 1. Age was assessed with a single item: ‘What was your age on your last birthday?’ (1 = 25 or less, 2 = 26–30, 3 = 31–35, 4 = 36–40, 5 = 41–45, 6 = 46–50, 7 = 51–55, 8 = 56–60, 9 = 61–65, 10 = more than 65). Organizational level was determined by asking respondents to indicate which of seven categories described them (1 = upper management, 2 = middle level management, 3 = first-line management, 4 = professional, 5 = supervisor or lead person, 6 = secretarial/clerical, 7 = individual contributor). Levels 1–3 were coded as 0 (management) and levels 4–7 were coded as 1 (professional and other). From previous experience with this group of individuals, it was determined that to facilitate reporting of demographic information, questions regarding age and organizational level needed to be asked in the manner done in this study.

**Mediators: development of scales related to the new psychological contract**

The survey included items designed to assess the degree to which respondent’s agreement with three different components of the employment relationship matched the ‘reality’ of the new psychological contract as discussed in the business and academic literature. Three components of the new psychological contract were examined: responsibility for career development (two items), commitment to type of work (two items), and expectations of job insecurity (five items). The survey items are presented in Table 1. Respondents were asked to read each item and indicate the extent to which they agreed using a 5-point Likert-type scale (5 = strongly agree to 1 = strongly disagree).

Both subjective and empirical analyses of the survey items were conducted to establish the validity and reliability of the items. To evaluate whether the items represented the new employment relationship and to determine content validity, the items were independently reviewed by a human resource consultant and the Director of the Employer Education Service who were both familiar with the literature on the changing psychological contract. To empirically determine whether the items represented the categories they were written to measure, a confirmatory factor
analysis (CFA) was conducted using LISREL 8.03 (Joreskog and Sorbom, 1993). Hinkin (1995) recommended that a confirmatory approach be used to examine the stability of the factor structure in scale construction. The CFA model is shown in Figure 2. The numbers shown for the indicators in Figure 2 correspond to the items presented in Table 1. Results indicated support for the proposed three factor model ($\chi^2 (24, N = 131) = 66.72, p < 0.01$ (largest standardized residual $= 3.65$, $CFI = 0.81$, $GFI = 0.90$). In addition, a single-factor model was used to evaluate construct independence. The model ($\chi^2 (27, N = 131) = 94.93, p < 0.01$ (largest standardized residual $= 3.90$, $CFI = 0.69$, $GFI = 0.87$) suggested significant construct independence. Based on these analyses, scales were formed representing three components of the new psychological contract. Scales were computed by calculating the mean of the responses to each item in the scale.

Antecedents: work experiences

Single items were used to measure involuntary job loss, organizational change, and voluntary change. Involuntary job loss was assessed using one item: ‘How many times have you lost your job due to downsizing, restructuring, mergers, acquisitions, or bankruptcy?’ (1 = never, 2 = once, 3 = twice, 4 = three or more times). Organizational change was measured by one item designed to determine if respondents were working in a company that had experienced downsizing, job loss, or job change (‘How many times have the companies you have been working for experienced downsizing, restructuring, mergers, acquisitions, or bankruptcy?’ (1 = never, 2 = once, 3 = twice, 4 = three or more times)). Voluntary change was assessed with one item: ‘How many times have you voluntarily changed employers in your career?’ (1 = never, 2 = once, 3 = twice, 4 = three or more times). Obligation fulfillment was measured using a single item developed by Robinson et al. (1994) (‘How well has your employer fulfilled the obligations that you believe they owe you?’ (5 = very well fulfilled to 1 = very poorly fulfilled)). This variable was reverse coded to provide a measure of violation of obligations. Single items were believed to be appropriate measures because the involuntary job loss, organizational change, and voluntary change items examined past behavior, and the obligation fulfillment item was previously used in published studies. Also, the use of single item measures was necessary to meet the Employer Education Service’s concerns that a longer survey would be detrimental to the response rate.
Figure 2. Confirmatory factor analysis model. The numbers shown for the indicators correspond to the items presented in Table 1.
**Work outcomes: satisfaction, participation in development activities, and intention to remain with the employer**

Satisfaction was measured with three items: ‘How satisfied are you with your job?, How satisfied are you with your company?, and How satisfied are you with the recognition you receive for doing a good job?’ (5 = very satisfied to 1 = very dissatisfied) (α = 0.74).

Frequency of participation in development activities was measured with two items: ‘How frequently do you participate in activities specifically intended to keep your skills up-to-date? and How frequently do you participate in activities to increase your employability in case you should lose your current job?’ (5 = almost always to 1 = almost never) (α = 0.72).

Intention to remain with the employer was measured with one item: ‘How long do you think you will continue to work for your current employer?’ (1 = 0–2 years, 2 = 2–5 years, 3 = 5–10 years, 4 = 10–15 years, and 5 = more than 15 years).

**Data analysis strategy**

The data analysis strategy used required the examination of hypotheses 4–6 prior to the examination of hypotheses 1–3. That is, to determine the relationships among work experiences and the components of the new psychological contract (hypotheses 4–6), each of the components was separately regressed on the work experiences. To determine whether the components of the new psychological contract mediate the relationship between work experiences and work outcomes (hypotheses 1–3), an hierarchical regression analysis was conducted. The hierarchical regression analysis consisted of contrasting the total and unique variance accounted for by the predictor sets. According to Cohen and Cohen (1983), this type of analysis determines the independent proportion of variance accounted for by each predictor set (total effects) and the proportion of variance accounted for by each predictor set with the other variables controlled (unique effects). Significant total effects and unique effects for the mediators and significant total effects but nonsignificant unique effects for the antecedents support the model.

Determination of the total and unique effects of the predictor sets was done by examining $R^2$ values. Beta weights were examined to determine the contribution of single variables within the predictor sets. A similar analysis was used by Kozlowski and Farr (1988) and Noe and Wilk (1993). We were interested in the amount of variance accounted for by the predictor sets independent of the influence of the demographics. Therefore, demographics were always entered first in the regression models.

**Results**

**Descriptive statistics**

In Table 2, the means, standard deviations, and intercorrelations of the variables are presented. Thirty-two per cent of the sample had experienced involuntary job loss once or twice. 82 per cent had experienced organizational change (downsizing, restructuring, mergers, acquisitions), 61 per cent voluntarily changed employers one to three times, and 17 per cent believed that their employer had not fulfilled the obligations owed to them. The percentage of employees who
Table 2. Means, standard deviations, and intercorrelations

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<td>1. Gender</td>
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<td>2. Age</td>
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<td>4. Involuntary loss</td>
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<td>5. Organizational change</td>
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<td>0.18†</td>
<td>−0.03</td>
<td>0.26*</td>
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<td>6. Voluntary job change</td>
<td>3.65</td>
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<td>0.12</td>
<td>0.16</td>
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<td>7. Violation of obligations</td>
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<td>0.96</td>
<td>0.07</td>
<td>0.10</td>
<td>0.19†</td>
<td>0.12</td>
<td>0.21†</td>
<td>0.16‡</td>
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<td>8. Responsibility for career development</td>
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<td>0.00</td>
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<td>9. Commitment to type of work</td>
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<td>10. Expectations of job insecurity</td>
<td>3.37</td>
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<td>0.14</td>
<td>−0.11</td>
<td>−0.02</td>
<td>0.02</td>
<td>0.15</td>
<td>−0.07</td>
<td>−0.14</td>
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<td>0.09</td>
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<td>11. Job satisfaction</td>
<td>3.64</td>
<td>0.80</td>
<td>−0.08</td>
<td>−0.10</td>
<td>−0.15</td>
<td>−0.19†</td>
<td>−0.28*</td>
<td>−0.12</td>
<td>−0.72*</td>
<td>−0.01</td>
<td>−0.45*</td>
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<td>12. Participation in development activities</td>
<td>3.59</td>
<td>0.87</td>
<td>0.13</td>
<td>−0.06</td>
<td>0.03</td>
<td>−0.05</td>
<td>0.03</td>
<td>0.04</td>
<td>−0.06</td>
<td>0.00</td>
<td>0.18†</td>
<td>0.05</td>
<td>0.06</td>
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<td>13. Intentions to remain with employer</td>
<td>2.38</td>
<td>1.16</td>
<td>−0.07</td>
<td>0.16</td>
<td>−0.15</td>
<td>−0.03</td>
<td>−0.10</td>
<td>−0.08</td>
<td>−0.25*</td>
<td>−0.07</td>
<td>−0.57*</td>
<td>−0.25*</td>
<td>0.39*</td>
<td>−0.19†</td>
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*p < 0.01; †p < 0.05; ‡p < 0.10.
believed that their employer had not fulfilled obligations is considerably lower than what has been found in previous studies. For example, Robinson and Rousseau (1994) found that 54.8 per cent of MBA alumni indicated that their employer had not fulfilled the obligations owed to them.

On average, respondents tended to agree that they were responsible for their own career development ($M = 3.04, S.D. = 0.82$), were committed to the type of work ($M = 3.15, S.D. = 0.90$), and had expectations of job insecurity ($M = 3.37, S.D. = 0.65$). Examination of the means and standard deviations suggests that these employees, on average, had beliefs or perceptions congruent with the new psychological contract.

Respondents reported that they were satisfied with their job, company, and recognition received ($M = 3.64, S.D. = 0.80$), and participated in development activities ($M = 3.59, S.D. = 0.87$). Over half of the respondents intended to stay with their current employer 5 years or less ($M = 2.38, S.D. = 1.16$).

Regression results

The regression results for hypotheses 4–6 are presented in Table 3. The results indicate that work experiences explained significant or marginally significant variance in the three components of the new psychological contract ($R^2 = 0.06, p < 0.10$ for responsibility for career development, $R^2 = 0.17, p < 0.01$ for commitment to type of work, and $R^2 = 0.07, p < 0.10$ for expectations of job insecurity). Hypothesis 4 was partially supported. Examination of the individual predictors suggests that involuntary job loss was significantly positively related to responsibility for career development ($\beta = 0.20, p < 0.05$) and organizational change was significantly positively related to expectations of job insecurity ($\beta = 0.21, p < 0.05$). The nonsignificant predictors were in the hypothesized directions.

Both hypothesis 5 and hypothesis 6 were partially supported. Results indicate that voluntary job change was marginally significantly positively related to commitment to type of work

Table 3. Regression of the components of the new psychological contract on work experiences

<table>
<thead>
<tr>
<th></th>
<th>Responsibility for career development</th>
<th>Commitment to type of work</th>
<th>Expectations of job insecurity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Demographics</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>$0.10$</td>
<td>$-0.06$</td>
<td>$0.18^*$</td>
</tr>
<tr>
<td>Age</td>
<td>$-0.11$</td>
<td>$-0.09$</td>
<td>$-0.10$</td>
</tr>
<tr>
<td>Organizational level</td>
<td>$-0.29^+$</td>
<td>$0.07$</td>
<td>$-0.05$</td>
</tr>
<tr>
<td>$R^2$</td>
<td>$0.07^+$</td>
<td>$0.02$</td>
<td>$0.03$</td>
</tr>
<tr>
<td><strong>Work experiences</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Involuntary loss</td>
<td>$0.20^+$</td>
<td>$0.06$</td>
<td>$0.05$</td>
</tr>
<tr>
<td>Organizational change</td>
<td>$0.04$</td>
<td>$0.13$</td>
<td>$0.21^+$</td>
</tr>
<tr>
<td>Voluntary job change</td>
<td>$0.13$</td>
<td>$0.16^*$</td>
<td>$-0.05$</td>
</tr>
<tr>
<td>Violation of obligations</td>
<td>$-0.10$</td>
<td>$0.31^+$</td>
<td>$-0.17^*$</td>
</tr>
<tr>
<td>$R^2$</td>
<td>$0.12^*$</td>
<td>$0.19^+$</td>
<td>$0.10^*$</td>
</tr>
<tr>
<td>$\Delta R^2$</td>
<td>$0.06^*$</td>
<td>$0.17^+$</td>
<td>$0.07^*$</td>
</tr>
</tbody>
</table>

Standardized regression coefficients with all variables entered in the model are presented.

* $p < 0.10$; † $p < 0.01$; ‡ $p < 0.05$. 

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(\beta = 0.16, p < 0.10). Non-significant results were found for the relationship between voluntary job change and responsibility for career development and expectations of job insecurity.

Violation of obligations was significantly positively related only to commitment to type of work (\beta = 0.31, p < 0.05). Contrary to hypothesis 6, violation of obligations was marginally significantly negatively related to expectations of job insecurity (\beta = -0.17, p < 0.10).

The hierarchical regression results for the total and unique effects (hypotheses 1–3) are provided in Table 4.

**Variance accounted for by the model**

The combined predictor sets accounted for significant variance in satisfaction (R^2 = 0.58, p < 0.01) and intention to remain with the employer (R^2 = 0.41, p < 0.01). The regression model did not predict significant variance in participation in development activities (R^2 = 0.08, p = 0.47).

**Evaluation of the model**

Examination of the total and unique effects for the antecedents and mediators revealed that they had significant total effects on satisfaction and intention to remain with the employer. In partial support of the model (and hypothesis 1, 2 and 3), the mediators and not the antecedents had significant unique effects on intention to remain with the employer. Contrary to the model, both the antecedents and the mediators had significant unique effects on satisfaction.

**Evaluation of the predictor sets**

Although the model was only partially supported, the predictor sets explained significant variance in satisfaction and intention to remain with the employer. Examination of the restricted total effects models (i.e. the models that included only demographics) indicated that demographics accounted for only 4 per cent of the variance in satisfaction and intention to remain with the employer. Examination of the unrestricted total effects models (i.e. the models that included demographics, antecedents, and mediators) indicated that the antecedents and mediators explained more variance in satisfaction and intention to remain with the employer than demographics (R^2 = 0.54 and R^2 = 0.36, respectively, p < 0.01).

The unique effects models indicated that the antecedents (R^2 = 0.34, p < 0.01) and the mediators (R^2 = 0.04, p < 0.01) explained significant variance in satisfaction and the mediators explained significant variance in intention to remain with the employer (R^2 = 0.29, p < 0.01).

These results suggest that the set of work experiences and the set of the components of the new psychological contract explain a significant amount of variance in satisfaction and intention to remain with the employer. For intention to remain with the employer, the relationship between work experiences and intention to remain with the employer is completely mediated by components of the new psychological contract in support of the hypothesized model. In contrast, the results for satisfaction indicate that the components of the new psychological contract only partially mediate the relationship between work experiences and the components of the new psychological contract.

Examination of the beta weights for the predictor sets in the unique effects equations indicated which variables accounted for significant variance in the work outcomes (Table 5). The pattern of results was not consistent across work outcomes. Hypothesis 1 was not supported. Responsibility for career development was not significantly related to work outcomes. In partial support of
Table 4. Hierarchical regression of antecedents and mediators on work outcomes*

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Variance accounted for</th>
<th>$\Delta R^2$ total†</th>
<th>$\Delta R^2$ unique‡</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$R^2$</td>
<td>Demographics</td>
<td>Antecedents + mediators</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.58§</td>
<td>0.04</td>
<td>0.54§</td>
</tr>
<tr>
<td>Participation in development activities</td>
<td>0.08</td>
<td>0.02</td>
<td>0.06</td>
</tr>
<tr>
<td>Intention to remain with the employer</td>
<td>0.41§</td>
<td>0.04</td>
<td>0.36§</td>
</tr>
</tbody>
</table>

* Antecedents include involuntary job loss, organizational change, voluntary job change, and violation of obligations. Mediators include personal responsibility for career development, commitment to type of work, and expectations of job insecurity.
† Effect of other set uncontrolled.
‡ Effects of other sets controlled.
§ $p < 0.01$; ‖ $p < 0.05$
hypotheses 2 and 3, commitment to type of work and expectations of job insecurity were significantly negatively related to intention to remain with the employer ($\beta = -0.53$ and $\beta = -0.23$, respectively, $p < 0.01$). Contrary to hypothesis 2, commitment to type of work was significantly negatively related to satisfaction ($\beta = -0.21$, $p < 0.01$).

### Discussion

Findings that contribute to our current understanding of the new psychological contract resulted from this study. Although the model was only partially supported, we found that employees’ level of agreement with relational components of the new psychological contract mediate or partially mediate the relationship between work experiences and work outcomes such as satisfaction and intention to remain with the employer.

The greater the extent to which employees had experienced involuntary job loss, downsizing, or restructuring, the more congruent their beliefs were with the new psychological contract. These results support the view that work experiences play a major role in shaping the degree to which employees’ beliefs are congruent with the relational components of the new psychological contract, particularly for commitment to type of work. Because this is one of the few empirical studies to test the relationship between work experiences and the relational components of the psychological contract, additional research is needed to confirm our findings.

Violation of obligations had both a direct and indirect effect on job satisfaction. The finding of the negative direct effect is congruent with previous research (Robinson and Rousseau, 1994). Researchers suggest that violation of obligations is related to perceptions of both procedural and distributive injustice (Parks and Kidder, 1990; Robinson and Rousseau, 1994; Shore and Tetrick, 1994). As a result, satisfaction may be influenced by perceptions of the fairness of the new psychological contract, as well as level of agreement with the new psychological contract.
Additional research is needed to determine the specific violations that may be related to either fairness or components of the new psychological contract.

We found that alignment of employees’ beliefs with the relational components of the new psychological contract, may translate into reduced organizational commitment or job satisfaction. As expected, commitment to type of work was negatively related to intentions to remain with the organization. Also, expectations of job insecurity had a significant negative relationship with intentions to remain with the employer. Contrary to our hypothesis, commitment to type of work was negatively related to job satisfaction. Why might this be the case? As employees become more committed to the type of work they perform, negative job characteristics may become more salient, resulting in greater levels of job dissatisfaction. Future research needs to investigate how employees’ perceptions of job characteristics and job satisfaction are influenced by the degree to which employees endorse various aspects of the new psychological contract.

None of the variables included in the model were significantly related to participation in development activities. Perhaps characteristics of organizational culture not measured in this study, such as a continuous learning environment (see Tracey, Tannenbaum and Kavanagh, 1995), have a greater influence on learning and development.

The results of this study reinforce the importance of identifying how U.S. organizations can change the relational components of the psychological contract while at the same time engendering organizational commitment (Rousseau, 1996). The building of organizational commitment may be unrealistic given that downsizing, restructuring, and continuous changes in the work environment may be necessary for U.S. organizations to remain competitive in the constantly changing global environment. Rather, it may be of more interest to employers to seek ways in which ‘conscious loyalty’ may be built (Hakim, 1996). According to Hakim (1996) the consciously loyal employee possesses the attitude that independence and interdependence go hand in hand. They know that it is natural to change and grow, and realize the importance of becoming self-aware and organization-aware to better contribute to the competitiveness of the organization. Conscious loyalty is congruent with the new psychological contract and may offer insights into how the contract may be changed without the effects of reduced commitment and job dissatisfaction. Future research on the interrelationship of the components of the new psychological contract, conscious loyalty, and work outcomes is needed.

This study has several limitations. First, the data was collected at a single point in time via a questionnaire. As a result, the study does not allow us to draw causal inferences (e.g. job loss causes employees to take more responsibility for career development). Second, our sample consisted of well-educated, exempt employees who have skills that are in demand. The low percentage of employees who believed that their employer had not fulfilled obligations may have resulted from the particular sample that was utilized. As previously noted, researchers in the past have obtained considerably higher estimates of obligation violation. In addition, the descriptive statistics indicate that these employees, on average, agree with the components of the new psychological contract that were examined in this study. It is unclear whether the model would be supported for employees who have not accepted the new psychological contract. Therefore, caution should be used in generalizing the results of this study to the larger workforce. Third, because of the lack of a measure of the components related to the new psychological contract, we developed and used items with unknown validity and reliability. We attempted to determine the validity of our instrument through the use of expert judgment and confirmatory factor analysis, but the construct validity of our measures may be questioned. Furthermore, we did not include all components that have been hypothesized to be a part of the new psychological contract. It was beyond the scope of this study to determine precisely what these components may be. Therefore, we selected those components for which there seemed to be agreement in both the business and
academic literature of their relationship between the old and the new contract. It is our intent that future researchers will develop and refine measures used in this study and determine whether additional components should be represented in the model.

This study is one of the first to investigate the relationship among work experience, work outcomes, and level of agreement with components of the new psychological contract. Given the massive transformation of where and how work is performed in the United States, we need to identify the antecedents of employees’ level of agreement with components of the new psychological contract and the consequences of this agreement on the employment relationship.

References


