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## Promises to employees matter, self-identity too: Effects of psychological contract breach and older worker identity on violation and turnover intentions

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### ABSTRACT

This paper examines the employment relationship of older workers by studying the effects of psychological contract breach on psychological contract violation and turnover intentions. Despite an accumulating body of research calling for a multidimensional conceptualization of the psychological contract, the majority of studies adopt a unidimensional approach. Furthermore the literature on older worker psychological contracts is often limited to comparisons between age groups or different generations. This research addresses these gaps by using a multidimensional approach of breach and expands research by including older worker identity in the examination of older worker psychological contracts. This research contributes to the literature by identifying specific areas of the psychological contract that exert a direct effect on violation and an indirect effect on turnover intentions. A second contribution lies in the finding that older worker identity moderates the relationship between breach and violation for those areas. Implications for research and practice are discussed.

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### 1. Introduction

The extent to which organizations fulfill psychological contracts is an important success factor for the employment relationship (Conway, Kiefer, Hartley, & Briner, 2014; Restubog, Bordia, & Bordia, 2011; Restubog, Zagencyk, Bordia, Bordia, & Chapman, 2015). These contracts regroup employee perceptions of promises that the organization makes in exchange for their efforts (Rousseau, 1995). Relevant literature accounts that psychological contract breach (i.e., when psychological contracts are not fulfilled; Morrison & Robinson, 1997) has negative effects, such as increased turnover intentions (Restubog et al., 2011; Zhao, Wayne, Glibkowski, & Bravo, 2007). Furthermore, these negative effects are influenced by psychological contract violation (Dulac, Coyle-Shapiro, Henderson, & Wayne, 2008; Restubog et al., 2015), which refers to the “affective and emotional experience of disappointment, frustration, and anger” that employees potentially exhibit in response to breach (Morrison & Robinson, 1997: 228).

In spite of this knowledge, a gap exists in the psychological contract literature due to the widespread appraisal of breach as a global (e.g. Bordia, Restubog, & Tang, 2008; Conway et al., 2014; Robinson, 1996) or two-dimensional construct (Raja, Johns, & Ntalianis, 2004;

Robinson, Kraatz, & Rousseau, 1994) while other academics point out that the psychological contract is a multidimensional construct (e.g. Freese, Schalk, & Croon, 2008b). The adoption of such a multidimensional conceptualization would yield a better understanding of the exact areas of the psychological contract that influence outcome variables, and thus more specific information that allows more precise and relevant managerial recommendations (Lub, Bal, Blomme, & Schalk, 2016). The multidimensional conceptualization of breach would also help to identify the role of violation in the effect of breach for specific psychological contract dimensions, in a context where several studies using breach as a global construct report a mediating role for violation between breach and outcome variables (e.g. Dulac et al., 2008).

In addition, the relationship between psychological contract breach, violation and outcomes may be examined through the lens of self-identification as an older worker. The worldwide context of aging populations is prompting many governments like those of Belgium, Germany or the United Kingdom to look for options to reduce the financial impact of this considerable demographic change. For instance, the Dutch government decided in 2010 on a gradual raise of the legal age for state retirement benefits from 65 to 67 (Delsen, 2010). These changes have major consequences for many people currently over 45 who will have to work longer than previously planned. Thus employees will likely have to keep on going in their careers, which might include job turnover (e.g. Hall & Mirvis, 1995; Warr & Birdi, 1998), instead of moving into a disengagement stage during which they start preparing

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their retirement (Sterns & Subich, 2002). Changes in the legal retirement age therefore add to the already existing demand for research on possible triggers for turnover intentions for older workers (Mignonac, 2008).

The question then arises if these older workers, who are not yet disengaging from their careers, will want to change employers when their psychological contract is breached and/or violated or if they want to stay put. Unfortunately, the extant research on this issue is scarce. Psychological contract literature mostly includes studies on chronological age and tenure (e.g. Bal, De Lange, Jansen, & Van der Velde, 2008b; Freese & Schalk, 1995) or generational differences (Hess & Jepsen, 2009; Lub, Bal, & Blomme, 2011; Lub, Nije Bijvank, Bal, Blomme, & Schalk, 2012). Compared to different (younger) groups, older workers will likely have lower turnover intentions as age is negatively related to these kinds of flexible attitudes (e.g. Van den Berg & Van der Velde, 2005) and because older workers will be less likely to obtain a comparable or improved psychological contract elsewhere (Ng & Feldman, 2009). However, as far as the authors are aware, no studies focus on this group of employees that will have to adjust to the new retirement reality on a reasonably short term.

Even though comparing different groups contributes to a better understanding of employment relationships across the lifespan, focusing exclusively on older workers allows taking group-related characteristics such as self-identification into account. To date, no psychological contract study incorporates self-identification as an older worker. This is unfortunate as older workers - those who are aged 45 and up (De Lange et al., 2010; Gallo, Bradley, Siegel, & Kasl, 2000) - are confronted with a range of beliefs and stereotypical views that influence perceptions and reactions (Noe, Wilk, Mülle, & Wanek, 1997). Hence, the following study addresses these gaps by adopting a multidimensional approach in examining breach perceptions of employees who still have 10 to 20 years of their career ahead of them, placing the age-range of the sample between 45 and 55. Additionally, violation is tested as a mediator between the different areas of breach and turnover intentions. Furthermore, this study examines the moderating role of older worker identity on the effects of six dimensions of perceived psychological contract breach on violation.

## 2. Theoretical background

### 2.1. Psychological contracts, breach and violation

The psychological contract is subjective, with parties not necessarily agreeing, and is therefore different from other constructs such as implied contracts, which consist of commonly understood or shared expectations within a society (Rousseau, 1989; Morrison & Robinson, 1997). Psychological contracts refer to individual beliefs, created by the organization, that relate to the terms of an exchange agreement between employees and their organization (Richard, McMillan-Capehart, Bhuian, & Taylor, 2009; Rousseau, 1995). These exchange terms place psychological contracts within Social Exchange Theory (Blau, 1964). A series of perceived promises, either verbal or derived from the observation of co-workers and organizational practices (Rousseau & Schalk, 2000) regarding a reciprocal exchange will produce obligations (Cropanzano & Mitchell, 2005; Robinson & Rousseau, 1994). Reciprocal means that one party will adapt their side of the exchange following the extent to which the other party has fulfilled their obligations. This is also referred to as the reciprocity norm (Gouldner, 1960). Psychological contracts are therefore typically examined through promised and/or delivered inducements in order to determine fulfillment, breach and/or violation. In line with the reciprocity principle, fulfillment generally leads to positive outcomes. For instance, employee commitment and organizational citizenship behavior increase when organizations fulfill their obligations (e.g. Coyle-Shapiro & Kessler, 2000).

Contrary to fulfillment, breach is likely to have a negative impact on employee behavior (e.g. Conway & Briner, 2002; Pail e & Raineri, 2015;

Zhao et al., 2007) and results in increased turnover intentions (Bellou, 2008; Robinson & Morrison, 2000; Robinson & Rousseau, 1994; Tekleab, Orvis, & Taylor, 2013). Perceived contract violation is also associated with a variety of negative outcomes such as increased turnover (e.g. Robinson & Morrison, 2000; Turnley & Feldman, 2000; Zhao et al., 2007). Violation is positively impacted by breach (Zhao et al., 2007), but is not an automatic consequence of breach (Rigotti, 2009) and employees may perceive breach without experiencing violation (Conway & Briner, 2002; Morrison & Robinson, 1997). The interpretation or sensemaking process that employees go through following breach determines if and how strongly they will perceive psychological contract violation (Robinson & Morrison, 2000). The outcomes of this process depend on the attribution of who is responsible for breach and the perceived reasons why breach has occurred (Morrison & Robinson, 1997; Parzefall & Coyle-Shapiro, 2011).

### 2.2. The multidimensional conceptualization of breach

But is every instance of breach the same? An increasing number of studies report that the psychological contract is a multidimensional concept. These studies (e.g. De Vos, Buyens, & Schalk, 2003; De Vos, De Stobbeleir, & Meganck, 2009; De Hauw & De Vos, 2010; Freese, 2007; Freese, Schalk, & Croon, 2008a, 2011; Freese et al., 2008b; Lub et al., 2012, 2016; Van der Smissen, Schalk, & Freese, 2013; Willem, de Vos, & Buelens, 2010) use some or all of the following six dimensions: (1) *job content* is all about the characteristics of the job itself; is the work varied, interesting and challenging? (2) *Career development* asks about development-related issues such as training and opportunities for career advancement. (3) *Social atmosphere* includes aspects of the interaction between the different parties in an organization like acknowledgement from the employer through appreciation and recognition or more practical aspects such as getting support from the manager. (4) *Organizational policies* represent a collection of issues that can be considered as conditions that regulate the interaction between the different parties. Are employees informed about organizational issues, does the company have clear norms and guidelines? (5) *Work-life balance* is a dimension that focuses on the possibilities to balance private and professional life by for instance looking at available opportunities to schedule holidays or being able to work from home. Finally (6) *rewards* regroups issues that are related to compensation and benefits, which vary from receiving an appropriate base salary to being paid performance related bonuses.

Studying breach under this multidimensional lens instead of at a global level provides information about the specific areas of the psychological contract where breach occurs (Freese et al., 2008a) and allows studying the effect of each of them on employee outcomes (De Vos & Meganck, 2009). For instance, Lub et al. (2016) studied the psychological contracts of different generations of workers with such a measure and show that distinct dimensions of breach can have different effects: precisely, participants belonging to Generation Y (born between 1981 and 1995; Smola & Sutton, 2002) are more motivated by job content and career development whereas Baby Boomers (born between 1945 and 1964; Smola & Sutton, 2002) are more motivated by social atmosphere. The current research does not compare the actual levels of perceived breach for different generations, but rather focuses on the relationships between different areas of breach, violation and one outcome of most importance for organizations, namely turnover intentions. As breach is positively related to violation (Zhao et al., 2007) this study adopts the view that breach will positively affect violation and that violation is positively related to turnover intentions (Restubog et al., 2011; Turnley & Feldman, 2000; Zhao et al., 2007). This suggests the following hypotheses:

**H1.** Psychological contract violation will be positively affected by breach on the dimensions job content (H1a), career development (H1b), social atmosphere (H1c), organizational policies (H1d), work-

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