



Employee Relations

Exit, voice, loyalty, and neglect reactions to frequency of change, and impact of change: A sensemaking perspective through the lens of psychological contract

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Article information:

To cite this document:

Muhammad Naseer Akhtar Matthijs Bal Lirong Long , (2016), "Exit, voice, loyalty, and neglect reactions to frequency of change, and impact of change", Employee Relations, Vol. 38 Iss 4 pp. 536 - 562

Permanent link to this document:

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Exit, voice, loyalty, and neglect reactions to frequency of change, and impact of change

A sensemaking perspective through the lens of psychological contract

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Abstract

Purpose – The purpose of this paper is to examine how frequency of change (FC) in organizations and impact of change (IC) influence the employee behaviors, i.e. exit, voice, loyalty, and neglect (EVLN) through psychological contract fulfillment (PCF) as a mediator. The moderating role of successful past changes (SPC) is also assessed with direct and indirect relations of FC, and IC alongside employees' behaviors.

Design/methodology/approach – Hypotheses were tested among a sample of 398 financial services-oriented non-managerial-level employees in Pakistan. Bootstrapped moderated mediation analyses (using PROCESS macro) were conducted to test the main and moderated mediation effects. The authors ran series of confirmatory factor analyses to validate the distinctiveness of variables and their items in this study.

Findings – The results largely supported the hypotheses. Findings showed that FC is negatively related to loyalty but positively related to exit, voice, and neglect behaviors via contract fulfillment. IC is also found to have negatively related to loyalty but positively related to exit, voice, and neglect via PCF. SPC was found to moderate the relation between FC, IC, and contract fulfillment, as well as the indirect relationship with exit, voice, and neglect through contract fulfillment and negatively between FC, IC, and loyalty through contract fulfillment. The authors found direct interaction effects of FC via SPC in relation to exit and loyalty and also found direct interaction effects of IC via SPC to exit, voice, and loyalty.

Research limitations/implications – The use of cross-sectional research design does not allow conclusions with respect to causality. The most important implication of the study is that employee behaviors following organizational change can best be understood via a psychological contract framework. A future suggestion is to include more organizations based on longitudinal research design with focus on both employee and employer perspective.

Practical implications – This study highlights the importance of employees' behavioral responses and their sensemaking of PCF in a post-organizational change period.

Originality/value – This study empirically investigated the effects of FC, and IC on fulfillment of psychological contract and behavioral responses of employees using a sample of non-managerial employees, and provides new insights into employee behaviors following organizational changes.

Keywords Sensemaking, Psychological contract, Organizational change, Employee behaviours, Frequency of change, Impact of change, Successful past changes

Paper type Research paper



The rapidly changing nature of the workplace environment has become an inevitable part of contemporary organizations in this era of disruption and change. The implementation of major changes as a strategic driver in organizations has rarely claimed the success it aims to have (Beer *et al.*, 1990; Taylor-Bianco and Schermerhorn, 2006). According to Sonenshein (2010) successful implementation of strategic change can reinvigorate a business, but failure can lead to catastrophic consequences, including the decline of firms. Organizations today therefore face many multiple challenges, such as increased market competition, globalization, change in governmental regulations, rapid growth, new advancements in information system and technology, organizational competitiveness, and industrial revolution (Schalk and Freese, 2002). To cope with these challenges, organizations have to consider their internal processes (by restructuring, downsizing, layoffs, new processes, continuous adjustments in work and jobs, advancements in information technology), as well as reconfiguring their external processes (enhancing flexibility toward economic and social variations, mergers, and acquisitions) to be able to adjust rapid changes in their environment (Burke, 2013; Schalk and Freese, 2002; Bellou, 2006; Tomprou *et al.*, 2012). As a result, these changes appear to have drastic consequences for those who lose their jobs but at the same time also have negative impact on surviving employees due to frequent changes in organization (Latack and Dozier, 1986; Sverke and Hellgren, 2001). Most of these organizational changes are highly impactful so that employees become more concerned about the occurrence or frequency of these changes and try to establish their judgment toward fulfillment of psychological contracts (Smollan *et al.*, 2010, Rafferty and Griffin, 2006).

Several authors have focussed on different aspects of organizational changes, such as coping with change (Judge *et al.*, 1999; Cunningham, 2006; Amiot *et al.*, 2006), participation in change (Shapiro and Kirkman, 1999; Cunningham *et al.*, 2002), commitment to change (Bernerth *et al.*, 2007; Cunningham, 2006; Fedor *et al.*, 2006; Herold *et al.*, 2007; Hornung and Rousseau, 2007), resistance to change (Bovey and Hede, 2001; Stanley *et al.*, 2005; Shapiro and Kirkman, 1999), openness toward change (Miller *et al.*, 1994; Susskind *et al.*, 1998; Wanberg and Banas, 2000; Axtell *et al.*, 2002), attitude toward change (Iverson, 1996; Lau and Woodman, 1995; Oreg, 2006; Van den Heuvel and Schalk, 2009; Van der Smissen *et al.*, 2013), readiness for change (Cunningham *et al.*, 2002; Eby *et al.*, 2000; Madsen *et al.*, 2005; Holt *et al.*, 2007; Armenakis *et al.*, 2007), and reactions to organizational change (Oreg *et al.*, 2011).

These earlier studies show that particular changes in employment relationships occur due to major organizational changes (e.g. restructuring, downsizing, outsourcing, introduction of new technologies at workplace). Organizational change may be causing changes in employees' perceptions of non-fulfillment of the organizational obligations and promises toward them, or changes in the psychological contract (Freese *et al.*, 2011; Bartlett and Ghoshal, 2000; Beaumont and Harris, 2002; Turnley and Feldman, 1999). However, some other authors also highlighted positive changes to psychological contracts of employees. For example, positive response of employees to outsourcing (Kessler *et al.*, 1999), and to organizational change programs (Wanberg and Banas, 2000). Moreover, other research found no relationship between downsizing and changes in psychological contract (Beaumont and Harris, 2002), and no changes after merger and acquisition except decrease in commitment (Schalk *et al.*, 2001).

According to Shore *et al.* (2004), it is the context that matters in predicting whether organizational change indicates a disruption of the psychological contract. In this paper, we introduce two key concepts that will determine how organizational change

affects the psychological contract and subsequent behaviors. First, the frequency of change (FC) and impact of change (IC) are potentially related to psychological contract fulfillment (PCF); as the more frequent and impactful changes occur, the more likely it will affect the psychological contract negatively. For instance, the decision of an organization to merge into another or acquire another firm may dismay the employees of an organization which has never confronted such changes in the history of organization. Contrastingly, the employees of an organization which has confronted such changes may consider it as a routine. Temporary and uncertain situations due to some multiple change events may result negatively on individual employees (Lazarus and Folkman, 1984). From the employees' perspective, organizational changes are perceived unpredictable, uncertain, and result in anxiety due to frequent and impactful changes (Rafferty and Griffin, 2006). According to Freese (2007) even a single change in organization influences the psychological contract of individuals, the more frequent employees are faced with organizational changes the more it affects the behavioral responses of employees and influences their psychological contracts.

Second, another important antecedent of organizational change concerns the personal IC in a post-organizational change period (Oreg *et al.*, 2011). Several researchers have considered the negative outcomes of post-organizational change phase, for example, downsizing/layoffs, increased workloads, and complexity in work; in such conditions employees consider organizational changes as harmful, more stressful, and causing decline in PCF (Ashford, 1988; Fried *et al.*, 1996; Axtell, *et al.*, 2002; Caldwell *et al.*, 2004; Freese, 2007). Furthermore, employees have lower acceptance or readiness for change (Cunningham *et al.*, 2002), lower job satisfaction, commitment, and involvement in a post-organizational change period (Hall *et al.*, 1978; Caldwell *et al.*, 2002; Susskind *et al.*, 1998). Conversely, some researchers anticipated positive outcomes such as more challenging and rewarding work, more training and personal development with increased employability, pay rise, improved workplace environment (Bartunek *et al.*, 2006). According to Van Dam (2005) the positive impact of organizational change leads to more acceptance and readiness toward change with increased participation and higher commitment. Moreover, some studies explored positive outcome of impactful changes is positively related to commitment and job satisfaction, and negatively related to exit (Wanberg and Banas, 2000; Fedor *et al.*, 2006; Rafferty and Griffin, 2006; Herold *et al.*, 2007). However, the relations of frequency and IC are likely to be dependent upon the extent to which changes in the past were successful or not (Guest, 1998; Hendry and Jenkins, 1997; Anderson and Schalk, 1998; Turnley *et al.*, 2003). We therefore, introduce successfulness of past changes as a key moderator that determines the relations of frequency and IC on contract fulfillment and subsequent behaviors, where we include a wide range of work behaviors following changes, i.e. exit, voice, loyalty, and neglect (EVLN) (Hirschman, 1970).

In sum, this study contributes to previous research on organizational changes and the relations with employee behaviors through introducing FC, IC, and successfulness of past changes as key concepts that determine the impact on psychological contract and subsequent behaviors in a post-organizational change period. There is no research that investigated how frequent and impactful organizational changes cause change in perceived fulfillment of psychological contract, and what happens to the behavioral responses of employees (EVLN). We use sensemaking perspective, as organizational changes will elicit a sensemaking process among employees that further leads to perceptions whether their psychological contract has been fulfilled or not. According to Weick (1995) sensemaking theory helps understanding and explaining workplace

environment from employee perspective. This implies that organizational change determinants (i.e. frequency and impact) will lead to employee behaviors through adapting the psychological contract perceptions of employees (Tomprou, Rousseau, and Hansen, 2015). More frequent and impactful changes will lead to lower PCFs, which then lead to changes in employee behavior. Figure 1 shows the conceptual model guiding the research.

Theoretical background

EVLN framework

The EVLN, framework conceptualized by Hirschman (1970) and further elaborated by Farrell (1983), Rusbult *et al.* (1988) is highly considered as a useful framework to understanding employees' responses toward changes in labor market conditions and psychological contracts (Rousseau, 1995; Turnley and Feldman, 1999; Taylor and Tekleab, 2004; Zhao *et al.*, 2007). EVLN are theorized as four different responses to dissatisfying employment conditions. The seminal work of Hirschman (1970) focussed on the concerns of how employees responded to declining economic conditions. Furthermore, this focus got important attention in studies on employment relationships (e.g. Rusbult *et al.*, 1988), organizational behavior responses (e.g. Farrell, 1983; Lemire and Rouillard, 2005; Rusbult *et al.*, 1988; Sverke and Hellgren, 2001; Withey and Cooper, 1989; Chaudhry *et al.*, 2009), psychological contract (e.g. Turnley and Feldman, 1999; Hamel, 2009), and HR practices and commitment (e.g. Mellahi *et al.*, 2010; Si and Li, 2012). According to Turnley and Feldman (1999), the EVLN framework suggests that in case of low fulfillment of organizational obligations the employees will respond with higher exit behavior (referred to as quitting the organization, or actively looking for another job), more voice behavior (referred to as taking reasonable initiative in a belief that conditions can be improved, offering open discussions, providing solutions), decreased loyalty (referred to as decreasing the involvement in extra role and organizational citizenship behavior (OCB)), and more neglect behavior (employees perform half heartedly, reducing their active involvement, ignoring their responsibility, lateness, absenteeism).

Farrell (1983) further argued that these employee-level responses can be separated into two distinctive dimensions: constructive (voice, loyalty)/destructive (exit, neglect) response; active/passive response. Active responses include those where employees want to improve employment conditions by providing solutions to problems or issues, and raise their voices actively in a hope that employment relations will be favorable for

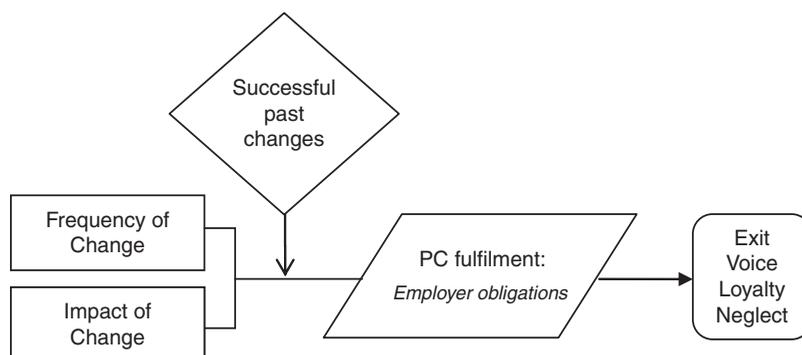


Figure 1.
Hypothesized model

them after implementation of major changes. In contrast, employees are referred to as passive who are not willing to continue working or who are fed up with frequent changes and do not feel or intend to remain in organization. Exit and neglect are considered as passive and destructive responses to change. Empirical studies suggest that perceived lower fulfillment of organizational obligations result in negative relationship to loyalty, and positive relationship with exit, voice, and neglect behaviors of employees (Chaudhry *et al.*, 2009).

FC, IC, and EVLN

More frequent changes in organizations are likely to result in perceived inequity because employees start thinking about leaving (exit) the organization by reassessment of their attachment with current employer in a belief that staying in this organization will be no more beneficial for them (Lee and Mitchell, 1994; Morrison and Robinson, 1997), perceived benefit/harm (Oreg *et al.*, 2011), IC (Van der Smissen *et al.*, 2013). More impactful changes, and frequent changes in the organization may create uncertainty whether jobs will continue to exist, and as a consequence higher stress among employees. Van der Smissen *et al.* (2013) argued that whether employees like or dislike the organizational changes, they may still perceive frequent changes as overwhelming. Many other authors (e.g. Smollan *et al.*, 2010; Rafferty and Griffin, 2006) have argued that employees are especially responsive to how frequently or infrequently change is happening in their organization, and establish their judgments toward their fulfillment of psychological contracts based on the timing of change. Consequently, employees consider organizational change as their own personal experience at work (Rousseau, 1995) with further focus on perceived benefit/harm and quality of their work and life patterns (Bartunek and Moch, 1987; Bartunek *et al.*, 2006; Weber and Manning, 2001). Employees often perceive frequent changes as a threat, which leads to feelings of vulnerability, and higher job insecurity (Saunders and Thornhill, 2003).

Panchal and Catwright (2001) argued that organizational change is a difficult process for employees to accept and adjust accordingly to the new structure. Similarly, the impact of current routine work and future-related responsibilities at the workplace environment is influenced by the impact of organizational change (Lau and Woodman, 1995). The more organizational change is frequent and impactful, the more it requires adjustments for employees and the more they are affected by such changes (Caldwell *et al.*, 2004), with increased exit, voice, neglect, and lower level of loyalty (Turnley and Feldman, 1999). Bartunek *et al.* (2006) argued that successful implementation of organizational changes will lead to positive outcomes, i.e. positive behavior of employees. However, most of the studies explored negative outcomes due to organizational changes, such as less acceptance and readiness to change (Cunningham *et al.*, 2002), increased job stress, fatigue, and change anxiety (Paterson and Cary, 2002; Pierce and Dunham, 1992), intention to quit (Bovey and Hede, 2001), lower fulfillment of psychological contract (Axtell, 2002) and higher neglect (Turnley and Feldman, 1999). Vakola and Nikolaou (2005), found that organizational changes result in increased stress, decreased commitment, and increased reluctance for individuals to accept such interventions. Guzzo *et al.* (1994) found that changes are positively related to turnover. In sum, when employees experience more frequent changes in their organization, and more impactful at a personal level, they will be more likely to respond negatively, as frequent and impactful changes create anxiety and job insecurity. Hence, employee will be more likely to reduce loyalty and voice behaviors, while being more inclined to neglect their

work and think about exiting the organization. Therefore, we hypothesize that more impactful and frequent changes will be negatively related to loyalty and positively related to exit, voice, and neglect behaviors:

- H1. More frequent and impactful changes will be positively related to exit behavior.
- H2. More frequent and impactful changes will be positively related to employee's voice behavior.
- H3. More frequent and impactful changes will be negatively related to loyalty.
- H4. More frequent and impactful changes will be positively related to neglect behavior.

FC, IC, and PCF

Many authors have identified the importance of psychological contract theory as the most useful framework to understand employment relationships during workplace transitions and its impact on organizational outcomes (Anderson and Schalk, 1998; Shore *et al.*, 2004; Tomprou *et al.*, 2015). The psychological contract is defined as terms and conditions of a mutual exchange relationship developed between employee and employer (Rousseau 1995, p. 9), is widely used in the literature to explain the relations with organizational outcomes. The perception of employees about whether their organization has fulfilled its promises and obligations is referred to as fulfillment of psychological contract (PCF); is related to different outcomes such as performance of in-role and OCBs (e.g. Turnley *et al.*, 2003), job satisfaction (e.g. Lambert *et al.*, 2003; Turnley and Feldman, 2000). On the other hand, the perception of employees regarding organizational obligations if not fulfilled is referred to as breach of psychological contract. Breach has been found to be negatively related to commitment (e.g. Bunderson, 2001; Coyle-Shapiro and Kessler, 2000; Lester *et al.*, 2002; Raja *et al.*, 2004), job satisfaction (e.g. Robinson and Rousseau, 1994; Turnley and Feldman, 1998; Tekleab *et al.*, 2005), in-role performance (e.g. Robinson, 1996; Turnley and Feldman, 1999; Suazo, 2009), and intention to quit (e.g. Raja *et al.*, 2004; Suazo *et al.*, 2005; Turnley and Feldman, 1999; Zhao *et al.*, 2007). Several researchers have argued that organizational change is considered as a possible reason for lower fulfillment of psychological contract; in such circumstances because implementation of major changes alters the already existing expectations and obligations based on perceived promises, specifically with respect to job content, career development, social atmosphere, HR policies, communication, and rewards (Rousseau, 1995; Turnley and Feldman, 1998, 1999; Pate *et al.*, 2000; Freese, 2007; Van der Smissen *et al.*, 2013). Some authors (Smollan *et al.*, 2010; Rafferty and Griffin, 2006) pointed out that individual employees have more concerns about the IC and occurrence of change, e.g. how impactful or how frequent changes are occurring in organization. Van der Smissen *et al.* (2013) found that FC has a significant negative impact on the fulfillment of psychological contract. According to Rafferty and Griffin (2006) in the event of major and more frequent organizational changes, employees experience more anxiety and consider such changes as unpredictable. This may result in lower fulfillment of organizational obligations, psychological contract violation or breach and possibly introduction of new obligations (Sims, 1994; Freese, 2007). Similarly, for employees more impactful and frequent changes result in individual's more increased negative behaviors toward perceived fulfillment of organizational obligations. Therefore, the more often employees face impactful and frequent changes, the more likely

they are to perceive lower fulfillment of obligations. Therefore, we come up with the following hypothesis:

H5a. More frequent changes will result in lower fulfillment of psychological contract.

H5b. More impactful changes will result in lower fulfillment of psychological contract.

The mediating role of perceived fulfillment of psychological contract

Freese *et al.* (2011) found that organizational changes negatively affect the fulfillment of perceived organizational obligations. Recently, Van der Smissen *et al.* (2013) found that antecedents of organizational change have significant impact on attitudes toward change. In retrospect, transformational changes like downsizing, outsourcing, and use of contingent work result in failure of organization to keep its promises and meet obligations as perceived by its employees (Beaumont and Harris, 2002; Ghoshal and Bartlet, 2000). Furthermore, the fulfillment of psychological contract has become the most important indicator to best manage the quality relationships between employee and employer. Empirical studies have demonstrated its importance in relation to outcomes such as OCB (Hui *et al.*, 2004, p. 311), employee performance (Conway and Coyle-Shapiro, 2012), in-role performance (Dabos and Rousseau, 2004, p. 52) attitude toward change (Van der Smissen *et al.*, 2013). More often, the introduction of organizational change brings state of uncertainty and are unpredictable for individuals. According to Hind *et al.* (1996) due to organizational change events, there is a greater risk of psychological contract violations which in turn impacts organizational effectiveness.

Individuals may feel and develop negative or positive attitudes and behavior due to change in what promises they perceive and what has been actually delivered by their employer (Turnley and Feldman, 1999). These discrepancies result in psychological contract imbalances in reciprocal exchange relationship between employees and employers (Adams, 1965). Literature suggests that when organizations fail to fulfill psychological contracts of individuals, a situation of mistrust is created having a negative impact on employees' attitude and behaviors, e.g. lower level of job satisfaction or dissatisfaction, commitment (Rousseau, 1995; Turnley and Feldman, 1999; Robinson and Morrison, 1995, Robinson, 1996). The effects of frequency and IC on behavioral responses of employees (EVLN) depend on their perception of lower fulfillment of organizational obligations due to organizational change events that result in further uncertain and unpredictable workplace environment (Turnley and Feldman, 1999; Rafferty and Griffin, 2006; Oreg, 2006; Van den Heuvel and Schalk, 2009). If the perceived organizational obligations are met by an employer, this results in more positive employees' outcomes (voice, loyalty). According to Tomprou *et al.* (2012) the non-fulfillment of perceived organizational obligation indeed is the indication of negative outcomes (exit, neglect) for individuals. The relationship between FC, IC, and employee behavior (EVLN) is therefore expected to be mediated by perceived fulfillment of psychological contract.

More frequent changes lead to more distrust, and state of uncertainty among individuals with negative (exit, neglect) and positive (voice, loyalty) behavioral responses. In such situations, employees perceive that their psychological contract is unfulfilled or perceive lower fulfillment, and following norms of reciprocity individuals change their behavior toward employer due to the high impactful changes. Both theory and empirical research show that perceived lower fulfillment of psychological contract results in decreased loyalty, and more exit, voice, and neglect behaviors (Chaudhry *et al.*, 2009). Conversely, higher fulfillment of psychological contract results positively to loyalty and negatively to exit, voice, neglect behaviors (Withey and

Cooper, 1989; Turnley and Feldman, 1998, 1999, 2000; Rousseau, 1995). Therefore, it is imperative to investigate the mediating role of perceived fulfillment of organizational obligations:

- H6. Perceived fulfillment of psychological contract will mediate the relation between frequency of change, IC, and exit.
- H7. Perceived fulfillment of psychological contract will mediate the relation between frequency of change, IC, and voice.
- H8. Perceived fulfillment of psychological contract will mediate the relation between frequency of change, IC, and loyalty.
- H9. Perceived fulfillment of psychological contract will mediate the relation between frequency of change, IC, and neglect.

Successful past changes (SPC)

Finally, we expect success of past changes as a key moderator in the model. Oreg *et al.* (2011) pointed out that one of the most important determinants of organizational change was whether the organization had in the past successfully managed changes or not. For instance, if employees have experienced past changes as unsuccessful, then there will be less motivation and more negative behavior toward changes in future (Reichers *et al.*, 1997; Wanous *et al.*, 2000) and if employees experience the change history in the organization as positive, there will be increased motivation and positive behavior toward change (Schneider *et al.*, 1996; Bouckennooghe and Devos, 2007). On the other hand, if employees have confronted more impactful, and frequent changes but the past changes were successful, it may be likely to have a positive impact on their psychological contract. As they are aware that even though changes occur in the organization, it does not affect their psychological contract negatively, and subsequently not affecting their behaviors negatively. However, if the FC resulted in unsuccessful changes and IC is also higher then it will further lower the fulfillment of psychological contract and have negative impact on behavioral responses of employees. Therefore, it is proposed that successfulness of past changes will moderate the relations of FC, IC with employees' behavioral responses, i.e. exit, voice, loyalty, neglect, via its mediated effect of perceived fulfillment of psychological contract. This is in line with the post-violation model of Tomprou *et al.* (2015), which postulates that the reactions toward contract breach are dependent upon organizational responsiveness toward breaches and change. When the organization is able to help employee coping with organizational change, it will be more likely that past changes will be perceived as more successful, and therefore, there will be more trust in current changes. We expect that the relations of FC and IC will be more prominent under conditions of unsuccessful past changes. Therefore, we come up with the following hypotheses:

- H10. Successful changes in the past moderates the relations of FC, IC have with EVLN via perceived fulfillment of psychological contract. The relations will be accentuated when SPC are low rather than high.

Method

Participants and procedure

Four criteria were used to select the organizations in the current sample. First, to exclude the potential impact of country differences, we focussed on one country being Pakistan. Most of the previous studies have considered developed countries (e.g. Van der Smissen *et al.*, 2013, Tomprou *et al.*, 2012), and the context of developing countries such as Pakistan

provides an opportunity to offer more insight knowledge into the cross-cultural understanding of change in organizations. Second, we focussed on medium- to large-sized organizations (500+ employees) to exclude the differences in dynamics related to the size of the organization (especially with respect to smaller organizations). Third, only organizations that have confronted with organizational changes are eligible, e.g. organizations having gone through mergers and acquisitions, downsizing/layoffs, corporate restructuring. Fourth, to exclude potential differences between sectors; the most prominent and relatively large industry, i.e. the banking sector was chosen for this study with three organizations being selected based on above criteria. Due to financial crises across the globe in the last decade, mergers and acquisitions are more likely to be a tool to manage organizations on a sound scale (Bellou, 2006). In Pakistan, central bank "State Bank of Pakistan" reformed the commercial banking sector and it enjoys the sole jurisdiction of these reforms, e.g. mergers and acquisitions (Khawaja and Din, 2007). In the past few years, many mergers and acquisitions alongside other major organizational changes such as cost cutting, downsizing, change in structure, change in organizational culture, and change in strategy and or mission of the organization have been noticed throughout financial sector in the country. The employees in these organizations faced new co-workers, new HR policies and guidelines, new supervisors, new methods of operations and working style of organizations. These characteristics of organizations make this study not only interesting but also very important to examine employment relationships during economically difficult times.

Researchers informed branch managers of selected organizations located in different provinces around Pakistan (Punjab, Sind, Khyber Pakhtoon Khaw, Blauchistan) about the scope of the study and requested permission to conduct the study among their employees. After getting approval, the researchers informed employees about the scope of the study, and ensured anonymity and confidentiality of responses. Potential participants were given a cover letter with more information on the study and guidance to complete the online questionnaire. Out of a total of 525 questionnaires that were distributed to non-managerial-level employees, 404 questionnaires were returned with 398 responses being usable (77 percent response rate). The sample included individuals coming from all Pakistani provinces, with approximately 62 percent male employees, mean age 25 years, and average working experience of 3.5 years.

Measures. Despite the fact that Urdu is the national language in Pakistan, the English language is the official working language. Therefore, no translation of items was needed. Five-point Likert-type scale was utilized ranging between 1 (strongly disagree) and 5 (strongly agree).

FC. FC was measured with two items adopted from Rafferty and Griffin (2006): "Change frequently occurs in my organization" and "It feels like change is always happening." Cronbach's α ($\alpha = 0.83$).

IC. IC was adopted from Lau and Woodman (1995) and measured with three items based on a five-point Likert-type scale ranging from "1" (totally disagree) to "5" (totally agree). A sample question is: "The changes have important consequences for my future in this organization." Cronbach's α ($\alpha = 0.99$).

Successfulness of changes in the past. Successfulness of past changes was measured by using a single item developed by Metselaar (1997), i.e. "Past changes were successful" on a five-point Likert-type scale ranging from 1 (totally disagree) to 5 (totally agree). According to Van der Smissen *et al.* (2013) this item literally best represents the history of change as a measure.

EVLN. A total of 22 items (6 for exit, 5 for voice, 5 for loyalty and 6 for neglect) developed by Rusbult *et al.* (1988) were used. Sample items are "I am actively looking for

another job" (exit), "I have talked to my boss to try to change policies or practices that were negatively affecting me" (voice), "I am willing to go out of my way to defend my organization to outsiders" (loyalty), and "I try to keep out of sight of my supervisor so I can talk to co-workers, take breaks, or take care of my personal business" (neglect). Cronbach's α for the scales are: exit ($\alpha = 0.93$), voice ($\alpha = 0.89$), loyalty ($\alpha = 0.84$), and neglect ($\alpha = 0.84$).

Perceived PCF. The Tilburg Psychological Contract Questionnaire, developed by Freese *et al.* (2008), was used to measure contract fulfillment. This instrument comprises of six items (job content, career development, social atmosphere, organizational policies, work life balance, and rewards). Respondents rated first the extent to which they considered that their organization had the obligation to provide each one of the items aforementioned, with a five-point Likert-type scale, ranging between 1 (no obligation) and 5 (very strong obligation). Then they were asked to rate the extent to which they believed their organization actually offered each one of the six items, with a five-point, Likert-type scale, ranging between 1 (not at all) and 5 (absolutely). Perceived fulfillment emerged by subtracting provision from obligation scores. Cronbach's α for the scale $\alpha = 0.85$.

Control variables

Age (1 = 25 or less than 25 years; 7 = greater than 50 years), gender (1 = male; 2 = female), and level of education (1 = bachelors, 2 = Masters, 3 = MPhil, 4 = PhD/ Doctorate) were used as control variables. Previous studies have suggested that they are important when examining the impact of PCF and employee attitudinal and behavioral responses (Bal *et al.*, 2008; Raja *et al.*, 2004; Robinson, 1996; Suazo, 2009; Freese *et al.*, 2008, 2011; Van der Smissen *et al.*, 2013). Gender was included in the regression analyses as a nominal variable, age, and education as an ordinal variable in this study.

Analytical strategy

To investigate the distinctiveness of the variables, we ran series of confirmatory factor analyses (CFA) using AMOS v. 20. We tested the hypothesized model with seven multi-item factors of the present study, and compared the measurement model fit to different alternative models with a view to investigate threats from the common method variance (CMV; Podsakoff *et al.*, 2003). To test our hypotheses, moderated mediated analyses were carried out using PROCESS macro in SPSS v. 21 (Preacher *et al.*, 2007; Hayes *et al.*, 2012). In order to avoid multicollinearity, predictors (the independent variable) were mean centered (Cohen *et al.*, 2003). Hypotheses under study could simultaneously be tested using moderated mediation analyses, allowing the complete model to be tested for each outcome, including main direct effect of FC and IC on EVLN behaviors (*H1-H4*). Second, the effect of FC and IC on perceived fulfillment of psychological contract was estimated (*H5*). Third, the mediation effect of perceived fulfillment of psychological contract in the relations between FC, IC, and EVLN behaviors were estimated (*H6-H9*). In fourth step, we tested the moderated mediation model (*H10*) with SPCs as moderator between FC, IC in relation to perceived fulfillment of psychological contract and behavioral responses of employees, i.e. EVLN (Tables III and IV). Furthermore, we also tested the indirect effects of SPCs on EVLN the outcome variables through perceived fulfillment of psychological contract were examined with the suggested bias-corrected and accelerated bootstrapped confidence intervals (Preacher *et al.*, 2007). In all analyze age, gender and education were controlled.

Results

CFAs

Table I presents the results of CFAs. We conducted series of CFAs to validate the distinctiveness of variables and their items in this study, including FC, IC, SPCs, perceived fulfillment of psychological contract, EVLN. We also tested a five-factor model where exit and neglect were merged into one factor, and voice and loyalty into one factor. The CFA results showed that the eight-factor model obtained the best fit, and all other alternative models estimated obtained significantly worse fit as compared to the measurement model (Hu and Bentler, 1999). For example, the eight-factor model was a good fit to the data (goodness fit index (GFI) = 0.90, comparative fit index (CFI) = 0.97, nonnormed fit index (NNFI) = 0.93, root mean square error of approximation (RMSEA) = 0.04) resulting a better model fit; as compared to the one-factor model in which items of dependent variables all included into one factor (RMSEA = 0.15, CFI = 0.52, NNFI = 0.50, GFI = 0.47). The results reveal the distinctive validity of measures and it does not contain any significant CMV threat related to validity concerns in the study. Therefore, we accepted the hypothesized model as a reasonable representation of the variances and covariances among the measures.

Correlation coefficients

Table II contains the summary of means, SD, and correlations of all variables under investigation. Cronbach's α scores were all acceptable, ranging between 0.84 and 0.99. IC was negatively related to Loyalty ($r = -0.17, p < 0.01$), and positively related to exit ($r = 0.23, p < 0.01$), voice ($r = 0.29, p < 0.01$), neglect ($r = -0.28, p < 0.01$). FC was

Table I.
Results of
scale analyses

Model	χ^2	df	GFI	RMSEA	CFI	NNFI	$\Delta\chi^2$	Δdf
One-factor model	4,151.33***	434	0.47	0.15	0.52	0.50	3,376.17***	61
Five-factor model	2,766.95***	425	0.61	0.12	0.70	0.67	1,991.79***	70
Eight-factor model	775.16***	495	0.90	0.04	0.97	0.93	Baseline model	

Notes: $n = 398$. GFI, goodness of fit index; RMSEA, root mean square error of approximation; CFI, comparative fit index; NNFI, nonnormed fit index. Eight factors model refers to the proposed eight factors in this study. In the five-factor model the negative outcome variables exit and neglect into one factor, and similarly, the positive outcome variables voice, and loyalty are used as one factor. In one factor model all items were included in one latent variable. *** $p < 0.001$

Table II.
Means, standard
deviations,
correlation scores,
and Cronbach's α
for all variables
under examination

	Mean	SD	1	2	3	4	5	6	7	8
1. IC	3.26	1.54	<i>(0.99)</i>							
2. FC	3.81	1.13	0.19**	<i>(0.84)</i>						
3. PCF	2.06	0.92	-0.25**	-0.12*	<i>(0.86)</i>					
4. SPC	2.97	1.56	0.03	-0.19**	-0.05	-				
5. Exit	2.65	1.34	0.23**	0.16**	-0.20**	0.23**	<i>(0.94)</i>			
6. Voice	2.69	1.28	0.29**	0.20**	-0.25**	0.22**	0.23	<i>(0.92)</i>		
7. Loyalty	1.67	0.58	-0.17**	-0.29**	0.19**	0.17**	-0.11*	-0.14**	<i>(0.84)</i>	
8. Neglect	2.55	1.20	0.28**	0.22**	-0.59**	0.09	0.21**	0.26**	-0.17**	<i>(0.85)</i>

Notes: $n = 398$. IC, impact of change; PCF, psychological contract fulfillment; FC, frequency of change; SPC, successful past changes. Cronbach's α scores of each variable are in diagonal places (italic). * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

negatively related to loyalty ($r = -0.29, p < 0.01$) and positively related to exit ($r = 0.16, p < 0.01$), voice ($r = 0.20, p < 0.01$), and neglect ($r = 0.23, p < 0.01$). PCF has a significant negative relationship with neglect ($r = -0.59, p < 0.01$), exit ($r = -0.20, p < 0.01$), voice ($r = -0.25, p < 0.01$) and a positive significant relationship with loyalty ($r = 0.19, p < 0.01$). Finally, these correlations results were in line as expected.

Hypothesis testing

In order to test hypotheses, moderated mediation analyses using 1,000 bootstraps were conducted. The results are shown in Tables III and IV. *H1-H4* predicted that FC and IC would be related to exit, voice, loyalty and neglect. Tables III and IV shows that FC was significantly related to exit ($\beta = 0.1474, p < 0.05$), voice ($\beta = 0.1849, p < 0.01$), loyalty ($\beta = -0.1080, p < 0.001$), and neglect behaviors ($\beta = 0.1556, p < 0.001$). Similarly, IC was also significantly related to exit ($\beta = 0.1653, p < 0.01$), voice ($\beta = 0.2005, p < 0.001$), loyalty ($\beta = -0.0445, p < 0.05$), and neglect behaviors ($\beta = 0.1867, p < 0.001$). The negative coefficient of loyalty indicates that in the event of more impactful changes and frequent changes are related to lower loyalty with the organization. Furthermore, employees who are faced with impactful changes, and frequent changes in organization are tend to be less loyal to their employer. Conversely, the positive

	PCF	Exit	β (SE) Voice	Loyalty	Neglect
Age	-0.0259 (0.1498)	-0.7051 (0.1954)***	-0.7276 (0.1924)***	0.0451 (0.0963)	-0.4796 (0.1549)**
Gender	0.1637 (0.0966)	0.1473 (0.1394)	0.0229 (0.1283)	-0.0777 (0.0583)	0.0237 (0.1138)
Education	-0.2862 (0.0683)***	-0.0372 (0.1175)	0.0082 (0.1079)	0.0011 (0.0468)	-0.0643 (0.0768)
Frequency of change	-0.0413 (0.0399)	0.1474 (0.0621)*	0.1849 (0.0614)**	-0.1080 (0.0304)***	0.1556 (0.0409)***
Successful past change	-0.0392 (0.0331)	0.1812 (0.0482)***	0.1519 (0.0463)**	0.0442 (0.0212)*	0.0311 (0.0358)
Frequency of change \times successful past change	-0.1496 (0.0234)***	0.0923 (0.0373)*	0.0496 (0.0371)	-0.0491 (0.0185)**	-0.0204 (0.0282)
Psychological contract fulfillment		-0.2272 (0.0793)**	-0.2918 (0.0749)***	0.0779 (0.0381)*	-0.7829 (0.0562)***
<i>F</i>	14.33***	11.32***	13.41***	14.33***	37.00***
<i>R</i> ²	0.16	0.17	0.19	0.16	0.41

Notes: FC, frequency of change, PCF, psychological contract fulfillment. Bootstrap sample size 1,000. * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Table III.
Results of bootstrapped moderated mediation analyses examining the relations of frequency of change and fulfillment of psychological contract on exit, voice, loyalty, neglect

	PCF	Exit	β (SE) Voice	Loyalty	Neglect
Age	-0.0391 (0.1519)	-0.7633 (0.1696)***	-0.8412 (0.1568)***	0.1021 (0.0909)	-0.6155 (0.1387)***
Gender	0.0830 (0.0849)	0.0642 (0.1424)	0.0369 (0.1316)	-0.0501 (0.0637)	0.0260 (0.1224)
Education	-0.2541 (0.0628)***	-0.0146 (0.1198)	0.0459 (0.1108)	0.0240 (0.0465)	-0.0206 (0.0768)
IC	-0.3151 (0.0276)***	0.1653 (0.0509)**	0.2005 (0.0475)***	-0.0445 (0.0205)*	0.1867 (0.0416)***
SPC	-0.0188 (0.0267)	0.1460 (0.0454)**	0.1131 (0.0420)**	0.0689 (0.0229)**	0.0036 (0.0339)
IC \times SPC	-0.0250 (0.0191)	0.0931 (0.0269)***	0.0827 (0.0253)**	-0.0331 (0.0134)*	0.0340 (0.0218)
PCF		-0.1386 (0.0899)	-0.1503 (0.0843)*	0.0784 (0.0468)*	-0.6138 (0.0655)***
<i>F</i>	33.54***	14.31***	19.60***	3.67***	44.28***
<i>R</i> ²	0.34	0.19	0.22	0.11	0.43

Notes: IC, impact of change; PCF, psychological contract fulfillment; SPC, successful past changes. Bootstrap sample size 1,000. * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Table IV.
Results of bootstrapped moderated mediation analyses examining the relations of impact of change and fulfillment of psychological contract on exit, voice, loyalty, and neglect

coefficients of exit, voice, and neglect behaviors indicate more impactful changes and frequent changes result in more increased exit, voice, and neglect behaviors. These results suggest that employees who face more impactful changes, and frequent changes have more job search behavior, i.e. exit or more likely to leave their current organization. *H2* suggests that employees facing more impactful changes, and frequent changes have increased voice behavior, shows their anger and displeasure to the top management with more neglected job performance at work. Hence, *H1-H4* are fully supported.

H5a predicted that more frequent changes result in lower fulfillment of psychological contract. This hypothesis was rejected as the direct relation of FC was unrelated to PCF ($\beta = -0.0413$, ns). *H5b* predicted that more impactful changes result in lower fulfillment of psychological contract. This hypothesis was supported as the direct relation of IC is significantly related to PCF ($\beta = -0.3151$, $p < 0.001$).

Moderated mediation analyses

H6-H9 predicted that perceived fulfillment of psychological contract mediates the relationships between FC, IC, and all four outcome variables, i.e. EVLN. Since the direct, main effect of FC on PCF was non-significant, we found non-significant indirect effects of FC on exit ($\beta = 0.0094$, ns), voice ($\beta = 0.0121$, ns), loyalty ($\beta = -0.0032$, ns), and neglect ($\beta = 0.0323$, ns), via PCF. The direct main effect of IC on PCF was significant, but we also found non-significant indirect effects of IC on exit ($\beta = 0.044$, ns), voice ($\beta = 0.047$, ns), loyalty ($\beta = -0.025$, ns). We found a significant mediation on neglect ($\beta = 0.193$, $p < 0.01$), via PCF. Therefore, *H6-H8* were rejected and hypothesis *H9* was supported only for IC. *H10* stated that successful changes in the past moderates the relations between frequency and IC and EVLN behaviors via its effect on PCF. We found both direct and indirect moderated relationships of FC, IC, and SPC in relation to the outcomes. The interaction between FC and successful changes in the past was significantly related to exit ($\beta = 0.0923$, $p < 0.05$), and loyalty ($\beta = -0.0491$, $p < 0.01$) but non-significant for voice ($\beta = 0.0496$, ns), and neglect ($\beta = -0.0204$, ns). The relation between FC and exit ($\beta = 0.0034$, ns), loyalty ($\beta = -0.0314$, ns) was non-significant when SPC was low but positively significant when SPC was high on exit ($\beta = 0.2914$, $p < 0.001$) and negatively significant on loyalty ($\beta = -0.185$, ns). This also contradicts *H10*, as the relations were more prominent when past changes were successful. The interaction between IC and successful changes in the past was significantly related to exit ($\beta = 0.093$, $p < 0.001$), voice ($\beta = 0.083$, $p < 0.01$), loyalty ($\beta = -0.033$, $p < 0.05$), and non-significant to neglect ($\beta = 0.034$, ns). The relation between IC and exit ($\beta = 0.020$, ns), voice ($\beta = 0.072$, ns), and loyalty ($\beta = 0.007$, ns) was non-significant when SPC was low but positively significant when SPC was high on exit ($\beta = 0.311$, $p < 0.001$), voice ($\beta = 0.329$, $p < 0.001$) and negatively significant on loyalty ($\beta = -0.096$, $p < 0.001$). This also contradicts to *H10*, as the relations were more prominent when past changes were successful rather than unsuccessful (Figures 2-7).

To further test the moderated mediation effects underpinning *H10*, we investigated the interaction effects between FC, IC, and SPC in relation to PCF and subsequent employee behaviors. The interaction was significant in case of FC ($\beta = -0.1496$, $p < 0.001$) but not significant in case of IC ($\beta = -0.025$, ns) in relation to PCF. The relation of FC with contract fulfillment was non-significant for low SPC ($\beta = 0.11$, ns) while it was negative with high SPC ($\beta = -0.19$, $p < 0.05$). This shows that even though changes in the past have been successful, perceptions of contract fulfillment decrease as changes were more frequent.

The indirect effects on the employee behaviors are shown in Table V. FC was negatively and significantly related via PCF to neglect ($\beta = -0.044$), voice ($\beta = -0.056$),

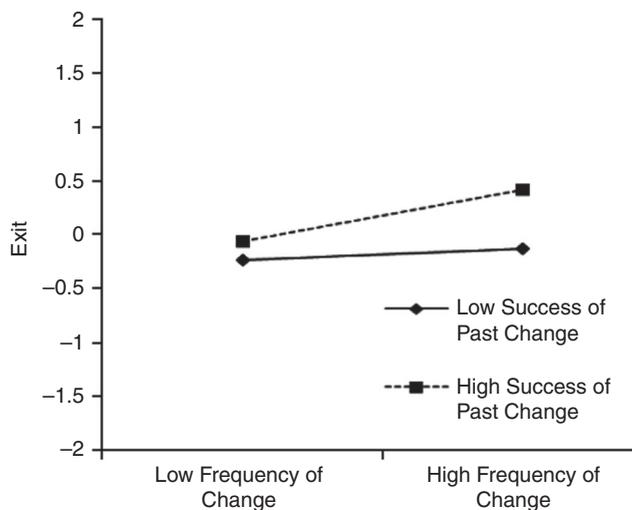


Figure 2.
Two-way interaction
plot (frequency of
change × SPC) – exit

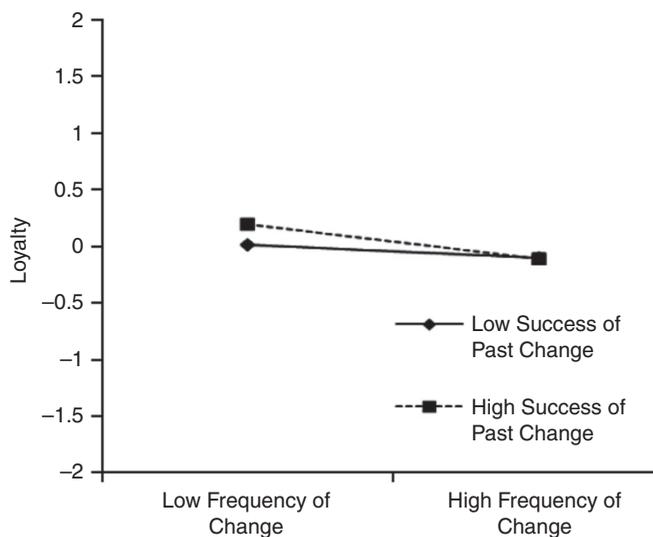


Figure 3.
Two-way interaction
plot (frequency of
change × SPC) –
loyalty

and neglect ($\beta = -0.150$) and positively and significantly related to loyalty ($\beta = 0.015$), when SPC was low. However, when SPC was high, FC was positively and significantly related to exit ($\beta = 0.062$), voice ($\beta = 0.080$), and neglect ($\beta = 0.215$) and significantly negative to loyalty ($\beta = -0.021$) via PCF. Table VI shows that IC was negatively significant via PCF to exit ($\beta = -0.038$), loyalty ($\beta = -0.022$), and positively significant to voice ($\beta = 0.042$), and neglect ($\beta = 0.170$) when past changes was low. However, when successful change was high, IC was positively significant to exit ($\beta = 0.049$), voice ($\beta = 0.053$), and neglect ($\beta = 0.217$), but negatively significant to loyalty ($\beta = -0.028$) via PCF. In sum, this largely contradicts our *H10* that SPC

Figure 4.
Two-way interaction
(frequency of
change × SPC) – PCF

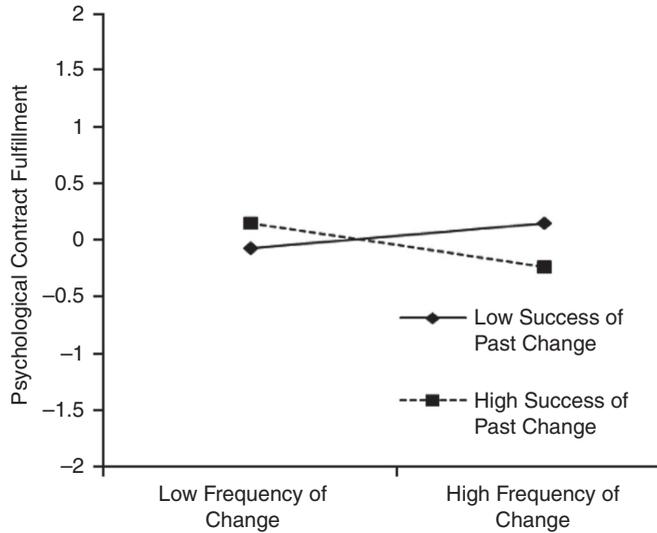
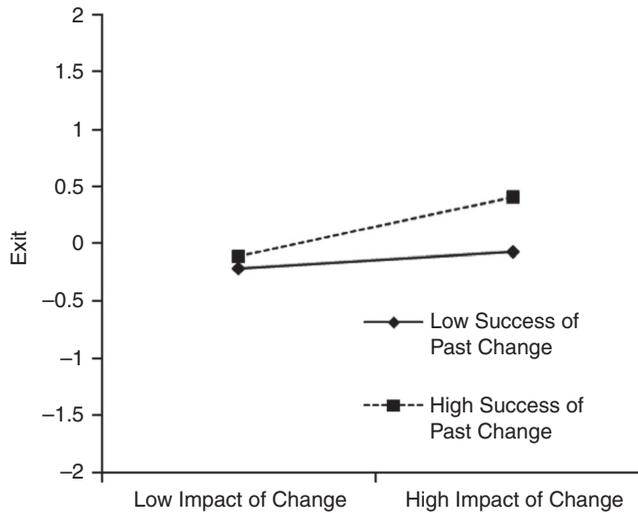


Figure 5.
Two-way interaction
plot (impact of
change × SPC) – exit



would buffer against the negative effect of FC on employee behaviors via PCF. Moreover, it shows that depending on the outcome involved, SPCs either acts as a buffer or as an intensifier.

Discussion

This study aimed at investigation of the relations between frequency of organizational change, and impact of organizational change with employee behaviors, the mediating role of PCF, and the moderating role of successfulness of past changes. We postulated a

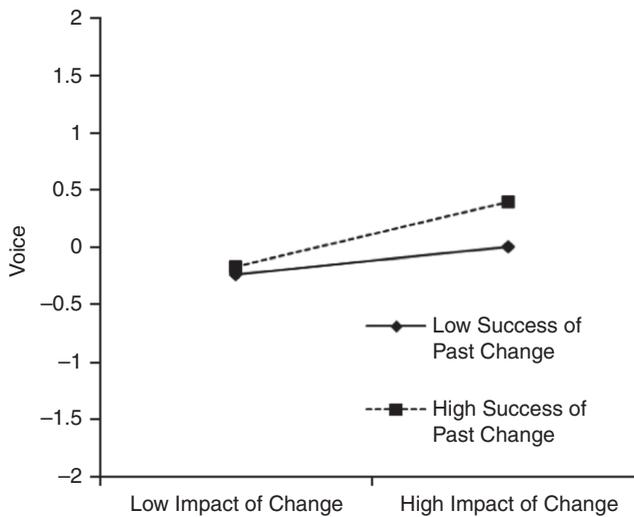


Figure 6.
Two-way interaction
plot (impact of
change \times SPC) – voice

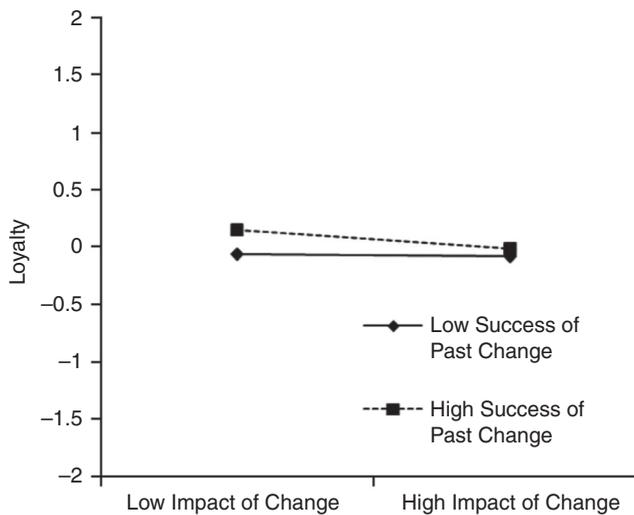


Figure 7.
Two-way interaction
plot (impact of
change \times SPC) –
loyalty

number of hypotheses aiming at the relationships of FC with employee behaviors via a mediating effect of PCF. The more frequent employees have experienced changes in the organization and the more impact it had on them, the less they were expected to feel their psychological contract as being fulfilled, which would be related to more exit, voice and neglect and less loyalty to the organization. Even though the results showed that there was a negative correlation between FC and contract fulfillment (the bootstrapped mediation analyses), there was no significant indirect effect of FC on the outcomes via contract fulfillment. We did find that FC was directly related to higher exit, voice, and neglect, and lower loyalty to the organization. Furthermore, as we expected more frequent changes were related to decreased loyalty, more increased job

Table V.
Indirect effects of
frequency of change
on exit, voice,
loyalty, and neglect

Indirect effect of frequency of change	Effect (SE)	95% CI	
		LL	UL
<i>Exit</i>			
Mediator: PCF			
-1 SD of successful past changes	-0.044 (0.020)	-0.091	-0.012
Mean successful past changes	0.009 (0.010)	-0.005	0.036
+1 SD of successful past changes	0.062 (0.024)	0.019	0.117
<i>Voice</i>			
Mediator: PCF			
-1 SD of successful past changes	-0.056 (0.022)	-0.110	-0.021
Mean successful past changes	0.012 (0.012)	-0.008	0.040
+1 SD of successful past changes	0.080 (0.024)	0.037	0.134
<i>Loyalty</i>			
Mediator: PCF			
-1 SD of successful past changes	0.015 (0.008)	0.002	0.036
Mean successful past changes	-0.003 (0.004)	-0.014	0.002
+1 SD of successful past changes	-0.021 (0.011)	-0.048	-0.003
<i>Neglect</i>			
Mediator: PCF			
-1 SD of successful past changes	-0.150 (0.046)	-0.241	-0.057
Mean successful past changes	0.032 (0.030)	-0.024	0.098
+1 SD of successful past changes	0.215 (0.039)	0.140	0.297

Notes: LL, lower limit; UL, upper limit; CI, confidence interval. Bootstrap sample size 1,000

search behavior or exit (employees leave the organization more frequently or look for further job opportunities elsewhere) more increased voice and neglect behavior. For personal IC, we found negative relation with contract fulfillment and significant mediation with neglect, such that contract fulfillment explained the positive relation between IC and neglect, not the positive relation between IC with exit, voice and loyalty. Hence, while the relationships were largely in line of expectations, there was only little direct evidence for the mediating effect of PCF in the relations of frequency and IC with employee behaviors. There may be two theoretical reasons for this (Van der Smissen *et al.*, 2013). First, there may be other theoretical mechanisms at work, as we found overall support for direct relationships of frequency and IC with employee behaviors. Therefore, other moderators might be at work here. Second, there is evidence for a conditional mediating effect of PCF, as we found moderated mediation effects of successfulness of past changes in the mediated relationships.

The mediating effects of psychological contract were, more complex than expected, as the results clearly showed that the mediation effect depended upon the successfulness of past changes as well as the type of outcome involved. For exit we found a negative relation of FC via contract fulfillment when SPC was low, while it was positive in relation to exit when SPC was high. We found similar moderated indirect effects of FC on voice and neglect; with negative indirect relationships of FC when SPC was low, and positive relationships when SPC was high. For loyalty, we essentially found similar results; with positive indirect relationships when SPC was low, and negative indirect relationships when SPC was high. These results were further supported by two direct interaction effects of FC and SPCs on exit and loyalty, where we found that relationships were more prominent under conditions of high successfulness of past changes. For IC, we found

Indirect effect of impact of change	Effect (SE)	95% CI		EVLN reactions to FC, and IC
		LL	UL	
<i>Exit</i>				
Mediator: PCF				
-1 SD of successful past changes	-0.038 (0.026)	-0.006	0.10	553
Mean successful past changes	0.044 (0.030)	-0.011	0.11	
+1 SD of successful past changes	0.049 (0.033)	-0.015	0.12	
<i>Voice</i>				
Mediator: PCF				
-1 SD of successful past changes	0.042 (0.025)	-0.002	0.096	
Mean successful past changes	0.047 (0.026)	-0.004	0.108	
+1 SD of successful past changes	0.053 (0.031)	-0.007	0.119	
<i>Loyalty</i>				
Mediator: PCF				
-1 SD of successful past changes	-0.022 (0.014)	-0.054	0.002	
Mean successful past changes	-0.025 (0.015)	-0.055	0.004	
+1 SD of successful past changes	-0.028 (0.017)	-0.062	0.005	
<i>Neglect</i>				
Mediator: PCF				
-1 SD of successful past changes	0.170 (0.032)	0.110	0.238	Table VI. Indirect effects of impact of change on exit, voice, loyalty, and neglect
Mean successful past changes	0.193 (0.026)	0.148	0.250	
+1 SD of successful past changes	0.217 (0.031)	0.162	0.283	
Notes: LL, lower limit; UL, upper limit; CI, confidence interval. Bootstrap sample size 1,000				

moderated mediation relationships only with neglect, where the relationships were more strongly positive when past changes were successful.

Summarizing, the results show that in general, PCF did not mediate the relationships for FC and generally did for IC but only when past changes were unsuccessful (indicating that FCs were related to lower exit, voice, and neglect, and higher loyalty) and when past changes were successful (indicating that FCs were related to higher exit, voice, and neglect, and lower loyalty). These results supported our first set of hypotheses, but were in contrast to our hypotheses about moderated mediation effects.

According to Rafferty and Griffin (2006) employees generally have more concerns about how frequent changes are implemented in the organization and how impactful changes are on employees than how successful changes were in the past. The implementation of change process is unpredictable and creates a situation of uncertainty about future of the organization. Such situations add further anxiety and displeasure toward employer. Smollan *et al.* (2010) found in their qualitative research that employees may have negative responses toward change. More frequent changes create a negative impact toward fulfillment of psychological contract. Our findings are also consistent with Van der Smissen *et al.* (2013), in which they found a negative relationship between FC and fulfillment of psychological contract.

However, in the current study we found that these negative effects of frequent changes on psychological contract perceptions and subsequent behaviors including voice and neglect especially manifested in a situation where past changes were successful rather than unsuccessful. While we predicted that employees would be more trusting, securer about the state of their psychological contract (Van der Smissen *et al.*, 2013), and therefore contributing to the organization when they had perceptions that in the past

changes were dealt with in a successful way by the organization, this turned out to be the opposite. We found similar results for IC and when past changes were successful, employees were more likely to neglect their work following a high personal IC.

There may be two general explanations for our results. First, organizational changes are interpreted through a sensemaking perspective (Chaudhry *et al.*, 2009) and as organizational changes often are co-occurring with downsizing, redundancies and job insecurity, SPCs may actually signal to employees that the likelihood of the organization will re-engage in change initiatives is higher than in a situation where past changes were unsuccessful. Hence, employees may perceive that the organization is implementing change frequently, of high impact, and the ability to manage change successfully increases the chance of future organizational changes to occur, and with these future changes, job insecurity. Therefore, the combination of frequent change and success in past changes actually damages the state of the psychological contract (Guest, 2004) while an acknowledgment that past changes have been unsuccessful may be related to an organizational decision to implement new changes. Hence, following these decreased in psychological contract perceptions, employees withhold their contributions to the organization, through higher turnover intentions, neglect, voicing, and lower felt loyalty toward the organization.

Another explanation may be found in the context in which the study took place. The selected organizations for this research were implementing major organizational changes with higher frequency and of high impact, trying different strategies to cope with financial crises in the country. Such unavoidable circumstances for these organizations lead them to implement combination of different types of organizational changes, e.g. mergers and acquisitions, downsizing/layoffs, changes in HR policies, implementation of advanced operating systems of operation, etc. in the years before the study. In the context of the global financial crisis, employees in these Pakistani companies may have fears that especially in organizations that were successfully implementing change in the past will be likely to further implement changes in response to the crisis which typically is associated with cost reduction programs including layoffs. Moreover, according to Van der Smissen *et al.* (2013) employees may have had positive perceptions of organizational changes in the past but still do not like some part of negative results linked to major organizational changes. In sum, the study showed that theory and research on organizational change should take into account perceptions of employees regarding success of past changes, as they determine the extent to which employees make sense of these past changes. When employees have experienced many past changes and they were successful, it creates an interpretive framework that may cause expectations of future changes to occur, and therefore, distrust, stress, and less favorable psychological contract perceptions (Chaudhry *et al.*, 2009). Hence, research on organizational change should incorporate theory on counterintuitive reactions of employees in response to changes that have happened in the past.

Limitations of the study

Despite the novel findings, there are also limitations to our study. First, the paper was based on a cross-sectional study among employees in multiple Pakistani organizations. We did not longitudinally study the relationships, and therefore, we cannot ascertain how much time there is between organizational changes and employees' behavioral responses to these changes. Hence, even though our bootstrap analyses gave some indication, we cannot ascertain causality in our relationships. Hence, it might be that the relationships were different, and we therefore suggest that future research also

looks into the effects of organizational changes over time and how they affect employees over longer periods of time. Second, our study was based on self-reports only. Because it was not possible to collect objective outcomes in all of the participating organizations, we deemed it appropriate to investigate self-rated employee behaviors. However, it may be the case that CMV has affected our results, even though our analyses showed the discriminant validity of the measures. We do suggest however, that future researchers also investigate the impact on objective work outcomes, including performance, withdrawal, and turnover.

Recommendations for future research

A suggestion for future research is to have more in-depth information regarding implementation processes of major organizational changes and how employees make sense of these changes. One of the strengths of our research is the assessment of FC, IC towards positive (voice, loyalty) and negative (exit, neglect) employees' behavioral responses. We have shown that psychological contract perceptions play a pivotal role in the relations of frequent changes, and IC with employee behaviors but it is important to further investigate the underlying dimensions of these changes. Another recommendation for future research is to add more organizations with stable environment but less frequent changes and also those organizations where major organizational changes were regarded historically successful. This will provide further insights to have comparative assessment of employees' perception in organizations faced with successful and less successful changes in the past.

In sum, an area of future research is to include more predictors, i.e. organizational change determinants and more aspects of employee attitudes towards change in a view to cover additional outcome variables of employee attitudes and behaviors together. Furthermore, there is need to conduct longitudinal research and follow more additional quantitative analytical tools for more in-depth assessment research output. Different time studies may contribute some more interesting aspects of employee reactions in different times towards organizational changes. Additionally, mixed method research design may also provide some more interesting results about context of post major organizational changes period of time. It is also recommended that future research may adapt more different types of organizations in different industries and some more different types or levels of employees. We also recommend to include both employer and employee perspective for further research on this area with special emphasis on managerial-level employees because managerial-level employees have somehow an influence or involvement in change implementation process and which is distinctively different to non-managerial-level employees during implementation of organizational change process. This comparison may provide more interesting findings of different groups of employees working in the same organization.

Practical implications and conclusion

The study also has practical implications. First, organizations and managers who are implementing change should be aware that even when employees may have positive perceptions about the success of past changes, this may not necessarily be associated with more positive perceptions towards the organization and be related to stronger contributions to the company. As employees may have experienced multiple changes in the organizations over the years, they may have interpreted this as a continuing phenomenon which may be associated with redundancies and job insecurity. Therefore, the

more successful changes have been in the past, the more likely they will be implemented by the organization in the future. Consequently, organizations and managers should be communicating clearly about the expectations they have of employees, as well as what the employees may expect from the organization. Only via effective communication, managers will be able to uphold employee loyalty and performance, and avoid detrimental effects of previous organizational changes to spillover to employee's current performance

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