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Dynamics of psychological contracts with work engagement and turnover intention: The influence of organizational tenure

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This study investigated the interrelations of the psychological contract with work engagement and turnover intention, which has hitherto been a largely overlooked topic in psychological contract research. Although previous research has mainly focused on how psychological contracts influence job attitudes and behaviours, it is proposed here that attitudes and behaviours also affect the psychological contract that the employee has with the organization. Moreover, it is proposed that because reciprocity norms are more important among shortly tenured employees, mutual relationships between psychological contracts and work engagement and turnover intention were stronger for employees with lower organizational tenure. Longitudinal data were collected among 240 employees and proposed models were evaluated with structural equation modelling. The results show that indeed psychological contract fulfilment was longitudinally related to higher work engagement and lower turnover intentions, but only for employees with low tenure. Moreover, stability in work engagement, turnover intention, and psychological contract over time was higher for those with high tenure, whereas the relations between turnover intention and the psychological contract were stronger for those with low organizational tenure. These findings demonstrate that psychological contracts are reciprocally interrelated with work outcomes, and that such relations are stronger for those with low tenure.

Keywords: Obligations; Organizational tenure; Psychological contract; Turnover intentions; Work engagement.

The study of psychological contracts forms a useful avenue for improving the understanding of job attitudes and work behaviours (see Zhao, Wayne, Glibkowski, & Bravo, 2007, for a meta-analysis). Earlier studies found that favourable psychological contract evaluations cause employees to become more engaged in their work and more highly motivated to contribute to organizational effectiveness (Bal, de Lange, Jansen, & van der Velde, 2008; Zhao et al., 2007). In other words, employees who perceive that their employer fulfils its obligations are more likely to become more engaged and are less likely to leave the organization (Rousseau, 1995).

However, although it is generally accepted that psychological contract evaluations (including fulfilment) are important determinants of work behaviours and attitudes, little is known as to whether

work experiences also act as antecedents of the psychological contract. In the current article, based on Conservation of Resource Theory (Hobfoll, 1989) and Social Exchange Theory (Blau, 1964), we broaden this view by entertaining such a reversed process. We argue that it is likely that people who perform well at work will have higher expectations of their organization (Bakker & Bal, 2010; De Vos, Buyens, & Schalk, 2003). More specifically, engaged and attached employees negotiate a better psychological contract with their organization, through their increased contributions to the organization.

So far, to the best of our knowledge, no study has explicitly focused on these dynamic relations between psychological contracts and work engagement and turnover intention. Theoretically, this is important to assess, since people are constantly looking for

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acquisition and accumulation of resources (Hobfoll, 1989, 2002). Consequently, engaged and attached employees put more effort in their jobs, and are likely to perceive higher obligations of their employers than employees low in engagement and organizational attachment. Therefore, work attitudes and behaviours are posited here to be nontrivial determinants of how employees perceive their psychological contract.

Furthermore, we propose that these relationships are particularly salient in the early years of employment in an organization. Previous research has shown that exchange norms guide the behaviour of new employees in particular, whereas longer tenured employees have more stable relationships with their organizations, which are more likely to be driven by the long-term commitments of both parties (Rousseau, 1995; Wright & Bonett, 2002). Therefore, the reciprocal interrelationships between psychological contracts and work engagement and turnover intention are proposed to be stronger for those employees with short tenure. It is important to investigate this, since the majority of psychological contract research has used exchange norms to explain the relations between psychological contract and work outcomes (Rousseau, 1995; Zhao et al., 2007). However, these norms may be more salient for newcomers, and thus behaviour of veterans in organizations may be driven by other factors than exchange norms, due to their intrafirm experience (Dokko, Wilk, & Rothbard, 2009; Hunter & Thatcher, 2007; Rollag, 2004).

This article investigates the interrelationships between the psychological contract and work engagement and turnover intention, and the moderating role of organizational tenure. The current study makes several distinct contributions. First, it gives insight into the dynamics between psychological contracts on the one hand and work attitudes and behaviours on the other, by examining reciprocal relationships. Second, the article contributes to existing research through the investigation of such dynamics among short tenure and long tenure employees, based on the idea that exchange norms are particularly relevant for non-veteran employees (de Vos et al., 2003; Lee, Liu, Rousseau, Hui, & Chen, 2011). Most of the research on the development of the psychological contract has focused on the early stages of employment within the firm, whilst ignoring the comparison with the dynamics in psychological contracts for veteran employees. As such, the current article elucidates the way in which organizations may need to differentially manage the psychological contracts of short-tenure employees and veterans.

Finally, the article studies the proposed relationships through investigation of intra-individual changes in the psychological contract and work outcomes *over*

time, and thus contributes to the increasing number of longitudinal studies on psychological contracts (e.g., Bunderson, 2001; Conway & Briner, 2002; de Vos et al., 2003; de Vos, Buyens, & Schalk, 2005; Freese, 2007; Lambert, Edwards, & Cable, 2003; Robinson, 1996; Robinson & Morrison, 2000; Sutton & Griffin, 2004; Tekleab, Takeuchi, & Taylor, 2005).

THE PSYCHOLOGICAL CONTRACT

According to Rousseau (1995, p. 9), “the psychological contract consists of individual beliefs regarding terms of an exchange agreement between individuals and their organization.” An employee’s psychological contract includes that person’s understanding of his or her own as well as the employer’s obligations (Dabos & Rousseau, 2004; Rousseau, 1995). Psychological contracts emerge when employees believe that their employer has promised to provide certain rewards in return for their contributions (Turnley & Feldman, 2000). Thus, employee expectations within the psychological contract are thought to be primarily shaped by the organization (Conway & Briner, 2005). In other words, organizations make promises and offer inducements to their employees in order to motivate the employee to put effort in the job and the organization (Bal, Jansen, van der Velde, de Lange, & Rousseau, 2010; Rousseau, 1995). Contrary to legal, formal contracts, psychological contracts are subjective in nature, and exist in the eye of the beholder, that is, the employee (Suazo, Martínez, & Sandoval, 2009).

According to Rousseau (1995; Dabos & Rousseau, 2004), psychological contracts contain various aspects of the exchange relationship between the employee and the organization. On the one hand, psychological contract consists of certain demands. Employees form perceptions of that what their employer is obligated towards them (i.e., employer obligations) and employees have perceptions of their own obligations about what they should contribute towards their organization (i.e., employee contributions; Coyle-Shapiro & Kessler, 2002). On the other hand, psychological contract research has shown that it is through perceptions of fulfilment of these demands (i.e., employer fulfilment) that employees become more engaged and less likely to leave (Rousseau, 1995; Zhao et al., 2007). Therefore, in researching the psychological contract, it is necessary to include both perceptions of demands and fulfilment. Consequently, in this study, we extend previous research by investigating the consequences of employer fulfilment, employer obligations, and employee contributions. The research model is shown in Figure 1. In the next sections, we explain the pathways that are depicted in the model.

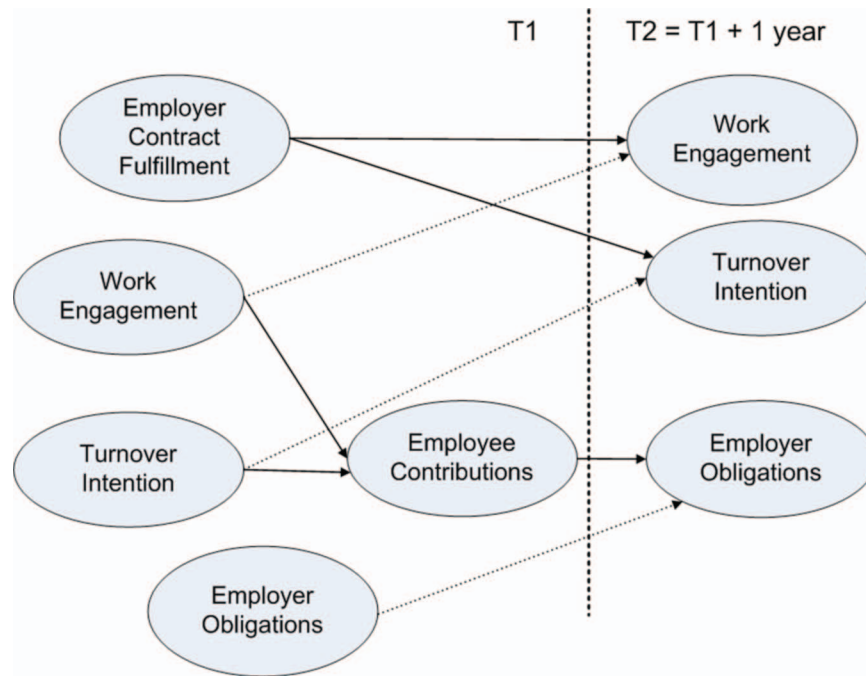


Figure 1. Hypothesized model. Discontinuous lines indicate stability of the variables over time.

RELATIONSHIPS BETWEEN EMPLOYER CONTRACT FULFILMENT AND WORK ENGAGEMENT AND TURNOVER INTENTION

Traditionally, it is proposed that psychological contracts may influence a range of work outcomes (Zhao et al., 2007). In line with previous research, we argue that when an employee perceives that the employer fulfils its obligations (i.e., employer fulfilment), the employee responds with higher work engagement and lower turnover intentions. Typically, the fact that employer contract fulfilment is positively related to work outcomes is explained on the basis of Social Exchange Theory (Blau, 1964), and in particular the norm of reciprocity (Gouldner, 1960). According to Social Exchange Theory, people engage in interactions with other people because they are motivated by the expectations of receiving inducements in return from the other party (Blau, 1964; Gouldner, 1960). With each party iteratively reciprocating the acts of the other party, mutual obligations are established. This implies that, when employees perceive that the employer fulfils the psychological contract, they will act accordingly by reciprocating this fulfilment, which will become manifest in more positive job attitudes and work behaviour. Thus, in line with the norm of reciprocity, higher contract fulfilment is expected to lead to higher work engagement and lower turnover intention (Turnley, Bolino, Lester, & Bloodgood, 2003). Although previous research has shown evidence for these

relations (e.g., Zhao et al., 2007), we extend these findings by longitudinally testing the effects of employer contract fulfilment, and thus investigating changes in work engagement and turnover intention over time. Specifically, in controlling for the stability over time, we answer Conway and Briner's (2002) call for employing within-person as opposed to between-person designs in psychological contract research. Our expectations are formulated in the first hypotheses.

- H1a:* Employer contract fulfilment is positively related to work engagement T2.
H1b: Employer contract fulfilment is negatively related to turnover intention T2.

RELATIONSHIPS BETWEEN WORK ENGAGEMENT AND TURNOVER INTENTION AND PSYCHOLOGICAL CONTRACT OBLIGATIONS

In addition to employer fulfilment being related to work engagement and turnover intention, we propose that the latter also influence the psychological contract, through their effects on employee contributions. Hence, we expect work engagement and turnover intention to be indirectly related to employer obligations, through employee contributions. Although work engagement and employee contributions may share similar characteristics (e.g., the motivation to perform), the constructs are theoretically and empirically distinct. While work

engagement can be described as a positive, fulfilling, work-related state of mind that is characterized by vigour, dedication, and absorption (Schaufeli & Bakker, 2004), employee contributions are defined by the employees' perceptions of what they are obligated to contribute to their organization (Bal et al., 2010). Thus, while engagement is characterized by energy and pride in the job and is directed towards the job and/or tasks, employee contributions refer to perceived obligations rather than feeling energetic and they target both the job and the organization, rather than only targeting the job or the tasks, as engagement does.

Following Clegg and Spencer (2007), we predict that engaged workers and those who are attached to their organization, put more effort in their jobs, and consequently perceive higher employer obligations compared to those low in engagement and high in turnover intentions. People who are engaged in their work and not inclined to leave their organization, are more focused on positive experiences at work, and are therefore constantly looking for resources to do their jobs well. As explained by the Conservation of Resources Theory (Hobfoll, 1989, 2002), people are motivated to protect, replenish, and invest in resources. They experience distress and anxiety when facing the potential or actual loss of resources and seek actively to gain further resources by investing current resources. Engaged and attached employees are thus intrinsically motivated to acquire and create new resources (e.g., increased personal competences), by establishing higher employer obligations, which is achieved in turn by a higher level of contributions to the organization, such as expending more effort in the job. Therefore, strong positive attitudes towards work and the organization trigger people to invest in their work and their relationship with the organization. Thus, we expect employee contributions to mediate the relationship of work engagement and turnover intention with employer obligations, as formulated in Hypothesis 2.

Theoretically, there are two reasons why work engagement and turnover intention are related to employee contributions. First, engaged and attached employees experience *positive emotions* in their work, which broadens their action repertoire, in line with the Broaden-and-Build Theory of Frederickson (2001). Consequently, through a broader action repertoire, engaged employees contribute more to their work than nonengaged employees (Bakker, 2009; Bakker & Bal, 2010). Second, engaged and attached employees are high in arousal and activation, and therefore expend more energy in their work (Bakker, 2009). These emotions of arousal and activation spark engaged employees into action, and therefore, employee contributions can be expected to

increase as a consequence of high engagement and low turnover intention (Bakker & Bal, 2010). Similarly, Halbesleben and Wheeler (2008) argued and empirically demonstrated that engaged and embedded (i.e., low on turnover intention) employees are more highly motivated to invest in their work, and hence to contribute to the organization to a higher degree. Thus, engaged employees and those who do not think about leaving the organization will contribute more to their employer. Conversely, employees who have a high intention to leave the organization are unlikely to continue to contribute to their organization.

In line with Social Exchange Theory (Blau, 1964), we further expect that employee contributions enhance employer obligations. Employees who feel highly obligated to contribute to the organization put a lot of effort into their jobs (Coyle-Shapiro & Kessler, 2002). Consequently, employers will reciprocate these increased contributions from the employee by offering him or her for instance higher monetary rewards (for example, through retention bonuses) and developmental opportunities. As a consequence, employees who exert a lot of effort in their job, as opposed to those who do not, will perceive their employer to be more obligated so as to reciprocate their input in the organization (Blau, 1964). Therefore, we expect employee contributions to positively affect employer obligations over time. Empirical support for this notion stems from the study of Coyle-Shapiro and Kessler (2002), who found that employee contributions were positively related to employee perceptions of obligations on the part of the employer. Moreover in a university setting, the study of Dabos and Rousseau (2004) showed that researchers' beliefs regarding their obligations towards their directors were positively related to directors' beliefs regarding their obligations towards the researchers. The mediation effect that these relationships give rise to is formulated in Hypothesis 2.

H2a: Employee contributions mediate the relationship of work engagement T1 with employer obligations T2.

H2a: Employee contributions mediate the relationship of turnover intention T1 with employer obligations T2.

THE MODERATING EFFECTS OF ORGANIZATIONAL TENURE

Finally, we propose that organizational tenure moderates the reciprocal relationships between psychological contracts and work engagement and turnover intention. More specifically, we expect that organizational tenure will dampen the strength of

these reciprocal relationships while at the same time “freezing” psychological contract perceptions, work engagement, and turnover intentions over time. Based on the literature on the influence of firm experience on employment relationships and job attitudes (Dokko et al., 2009; Ng & Feldman, 2010), we expect that the reciprocal relations between employer contract fulfilment and the proposed outcomes are stronger for employees with short tenure. Moreover, in line with Human Capital Theory (Becker, 1962), we expect that the temporal stability of psychological contract perceptions, work engagement, and turnover intention is stronger for employees with higher tenure within an organization.

According to de Vos and colleagues (2003), psychological contracts are evolving in content and meaning during the early years of an employees’ socialization period within the organization. Due to preemployment expectations that employees have when they enter an organization (Conway & Briner, 2005), the psychological contract is renegotiated frequently and adapted to reality during the first years of employment within an organization. Therefore, psychological contracts, job attitudes, and behaviours are at this initial stage in the employment relationship in constant flux and interaction with one another. Along similar lines, Wright and Bonett (2002) argued that the behaviour of employees with short tenure is driven primarily by reciprocity norms, whereas long-tenured employees’ behaviour is primarily driven by loyalty (Rousseau & Parks, 1993). Hence, when employees enter an organization, their investment in work is primarily based on the inducements (e.g., challenging tasks, training, and attractive reimbursement) they receive from their employer. They derive meaning in their relationship with the employer primarily from these inducement signals, since they lack the firm-specific knowledge and skills to accurately make sense of what is expected from them and what they can expect from their employer (Dokko et al., 2009). Hence, in the first years of employment, employees follow specific exchange norms in building their relationship with the organization. Moreover, when they are engaged in their work, and have decided to stay with their organization, they are more likely to contribute to organizational effectiveness, and, consequently, perceive higher obligations from their organization, in line with exchange norms (Blau, 1964) than older employees, who are much more likely to steer a steadier course

There are two theoretical reasons why the relations under study may be expected to be less strong for highly tenured employees. First, Human Capital Theory (Becker, 1962; Ng & Feldman, 2010) argues that with increasing tenure, employees accumulate more firm-specific task-related knowledge and skills,

and therefore they have learnt better what the organization expects of them, causing behaviour to be less dependent on exchange relationships and more on habits and routines (cf. Hunter & Thatcher, 2007). Tenured employees base their effort not primarily on the inducements they receive from their organization, but on the organization’s commitment to continued employment of the employee. For instance, a highly tenured employee will be more likely to perceive to be entitled by the employer based on the veteran position and long-term commitment to the organization (Rousseau & Parks, 1993). Hence, work attitudes and behaviour, as well as perceptions of employer obligations are at this stage in the employment relationship less dependent upon their recent exchanges with the organization, but more on the long-term commitment relationship between the two parties, being the employee and the organization. Consequently, highly tenured employees’ attitudes and behaviours will be more stable than shortly tenured employees, and less contingent upon employer contract fulfilments. From a more negative perspective, Wright and Bonett (2002) argued that employees with high firm tenure, who for whatever reason do not leave their job, may respond by withdrawal from work and psychological retirement at work. Hence, although the organization might provide these employees with inducements, their behaviour is not guided anymore by exchange norms (Bal et al., 2008, 2010).

Second, according to Attraction-Selection-Attrition Theory (Schneider, Goldstein, & Smith, 1995), highly tenured employees are through self-selection those employees with better person-organization (P-O) fit, since those who have a poor P-O fit are more likely to leave the organization in the early years of tenure. Consequently, employees with high tenure are those with higher P-O fit and will, in absences of employer contract fulfilment, not immediately become less engaged and more inclined to leave the organization (Ng & Feldman, 2010). More tenured employees who aim for a traditional career of lifelong employment within one firm, also are more likely to become a central part of the organization. Therefore, they are more likely to be engaged and not intent to turnover because they feel committed to the long-term organizational goals. In other words, highly tenured employees will have less intense reactions to contract fulfilments and have more stable employment relationships with the organization.

In sum, the relationships between employer contract fulfilment and work engagement and turnover intention are predicted to be stronger for shortly tenured employees, and so are the reversed relationships. Finally, stability of the variables over time is predicted to be stronger for highly tenured

employees. In other words, the autocorrelations of the variables (i.e., work engagement, turnover intention, and employer obligations) will be higher over time for more highly tenured employees. Support for these predictions can be found in the meta-analysis of Wright and Bonett (2002), who found that the relation between commitment and performance sharply decreased with tenure. While performance was highly dependent upon organizational commitment among new employees, this was much less the case for highly tenured employees. Similarly, Bradley (2007) found that for teachers with high organizational tenure, job control was less important in buffering the negative effects of stressors on strain than it was for less experienced teachers. These studies point towards the increased firm-specific experience of highly tenured employees that mitigates the reactions towards inducements, and thereby serves to stabilize employment relationships such that work engagement, turnover intention, and perceptions of employer obligations are constant over time. We expect organizational tenure to moderate these relationships, rather than for instance age or previous experiences outside of the organization. As documented elsewhere (e.g., Bal et al., 2008; Ng & Feldman, 2009), age primarily influences the reactions to psychological contract *breach*, rather than influencing how people respond to fulfilments, because older workers, due to their maturity, have a decreased emotional responsiveness towards negative events. Moreover, the influence of previous work experiences will primarily manifest themselves in the early months of tenure within an organization (see, e.g., the work of de Vos et al., 2003; Lee et al., 2011). However, organizational tenure influences how people respond to the psychological contract and job attitudes in the long run (Dokko et al., 2009). In sum, we postulate the following hypotheses:

- H3a:* Organizational tenure will moderate the relations between employer contract fulfilment and work engagement and turnover intention, with stronger relations for those with shorter tenure as opposed to those with longer tenure.
- H3b:* Organizational tenure will moderate the relations between work engagement and turnover intention and employer obligations, with stronger relations for those with shorter tenure as opposed to those with longer tenure.
- H3c:* Organizational tenure will influence the stability of employer obligations, work engagement, and turnover intention, with higher autocorrelations of the variables over time among those with longer tenure as opposed to those with shorter tenure.

METHOD

Participants and procedures

The study was conducted in a Dutch division of a multinational risk management organization. The Dutch division included 12 offices in the Netherlands. At Time 1 (henceforth T1), 1300 employees were invited to participate in the study. A year later (T2), all participants who responded to the first questionnaire were emailed and asked to participate in a follow-up study. By means of online survey software, which could be accessed through a personalized hyperlink, employees were asked to fill out the questionnaire, resulting in a total response of $N=727$ (response rate 56%) at T1. All of the analyses were conducted using the intra-individual scores, since the responses of each individual at T1 were linked to the response of the same individuals at T2. All measurement scales were obtained from the extant literature and were translated to Dutch using a translation and back-translation procedures (Brislin, 1970). Of the 727 participants at T1, 240 responded to the second questionnaire (response rate 33%). On the basis of data obtained from the HR department, analyses showed that the final sample did not differ significantly from the company's total employee population in terms of age, gender, organizational tenure, contract, or educational level. Further analyses showed that the sample at T2 did not differ significantly on the variables under study from the sample at T1. Of the 240 participants, 40% were female, and at T1 the average age was 42 years ($SD=9.27$; range 19–63 years), and average job tenure was 6 years ($SD=5.37$). Of the employees, 96% had a permanent contract, 76% worked full-time, and 17% of the respondents had obtained a university degree (bachelor or master). Organizational tenure was measured objectively by the years the employee had worked for the organization which was obtained from personnel records and indicated by the date the employees started to work for the company (Dokko et al., 2009; Hunter & Thatcher, 2007; Quinones, Ford, & Teachout, 1995). The average organizational tenure was 11 years ($SD=10.39$).

Measures

Employer obligations. In line with previous psychological contract research (Robinson, 1996), employer obligations were measured with the 12-item scale from Coyle-Shapiro and Conway (2005). Respondents indicated the extent to which their

employer was obligated to provide each of 12 items. Answers could be provided on a 5-point Likert scale, ranging from 1 (“not at all”) to 5 (“a very great extent”). These employer obligations included: long-term job security, interesting work, participation in decision making, support to learn new skills, pay increases to maintain standards of living, fair salary compared to other employees doing similar work in other organizations, fair salary compared to own responsibilities, fringe benefits, freedom to do my job well, good career prospects, necessary training to do my job well, and up to date training and development. Cronbach’s alpha of this scale was .84 at T1 and .85 at T2.

Employer fulfilment. We measured employer fulfilment at T1 with the same 12-item scale from Coyle-Shapiro and Conway (2005). Respondents rated the extent to which their employer in reality had provided them with the 12 obligations mentioned earlier. Answers could be provided on a 5-point Likert scale ranging from 1 (“not at all”) to 5 (“to a very great extent”). The reliability of this scale was .86.

Employee contributions. These were measured at T1 with a nine-item scale from Coyle-Shapiro and Kessler (2002). Respondents rated the extent to which they felt they were obligated towards their employer to provide a range of items, with the same answer categories as those that were used for the received inducements scale. Example items are: “work extra hours if necessary”, and “look for better ways of doing the job”. Cronbach’s alpha of this scale was .83.

Both work engagement and turnover intention items were administered at T1 and T2. *Work engagement* was measured by the Utrecht Work Engagement Scale (UWES; Schaufeli & Bakker, 2003, 2004). This scale consists of the three subscales: vigour, dedication, and absorption. The scale consisted of eight items, which could be answered on a 7-point scale, ranging from 1 (“never”) to 7 (“daily”). An example item is: “At my work, I feel bursting with energy”. The measure has been found to be reliable and valid (Schaufeli & Bakker, 2004). The reliability at T1 was .93 and at T2 .94. *Turnover intentions* were measured using a three-item scale by Cammann, Fichman, Jenkins, and Klesh (1983), which could be answered on a 7-point scale, ranging from 1 (“totally disagree”) to 7 (“totally agree”). The reliability at T1 was .79 and at T2 .76. An example item is: “I often think of leaving the organization”.

Analysis

The hypotheses were tested with structural equation modelling using LISREL 8.72 (SEM; Jöreskog & Sörbom, 2005). Covariance analyses were selected

over hierarchical regression analyses because the first allow for correction of measurement error. Partial disaggregation models are recommended because latent factors need more than one indicator for a model to be identified (Bagozzi & Edwards, 1998; Yuan, Bentler, & Kano, 1997). This means that for the latent variables item parcels were used as indicators instead of the scale scores. We conducted preliminary factor analyses to assess which items exhibit a similar factor structure. Yuan and colleagues (1997) recommend combining items with similar relative errors in parcels. Item parcelling was conducted based on the decision that the separate parcels had acceptable reliabilities (Cronbach’s alpha > .70). Because turnover intention consisted of three items, item parcels could not be constructed and therefore a total disaggregation model was used for turnover intention (i.e., the three items were all used as indicators of the latent variable turnover intention). Standardized coefficients were reported in the analyses. In line with research on work experience (Tesluk & Jacobs, 1998), for the third hypothesis (moderation of organizational tenure), the sample was divided into two groups (low tenure: those with less than 5 years of organizational tenure, $n=114$; high tenure: those with 6 years or more of organizational tenure, $n=126$). We followed the research on the effects of job change on attitudes, which has shown that in the first 5 years of employment within an organization, many changes occur in both job attitudes and behaviour (Boswell, Boudreau, & Tichy, 2005). After 5 years of firm experience, employees become veterans in the organization (Dokko et al., 2009), and employment relationships become more stable. Dokko et al. (2009) also showed that prior experience may be relevant only shortly after an employee has been hired, because the longer an employee spends within an organization, the more relevant firm-specific knowledge becomes, and the less relevant previous and current experiences become for the establishment of attitudes and behaviours. Multi-group analyses with SEM were used to test differences in relations for the two tenure groups (Byrne, 1998; Vandenberg, 2002).

A number of procedures were followed to minimize and to control for the possible influence of common method variance (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003; Siemsen, Roth, & Oliveira, 2010). First, longitudinal data were collected to minimize the threat of common method bias. Through separating responses to the exogenous and endogenous variables in time, responses are less likely to be affected by anchoring (e.g., the tendency to agree on statements because one has agreed on previous statements in the questionnaire). Furthermore, using a time lag of 1 year, employees are less

likely to recall their responses to the previous questionnaire. Second, we conducted the Harman's single factor test in our confirmatory factor analysis, by loading all of the items of multiitem scales on an unmeasured latent factor and testing whether this model fit the data better than a model without this latent factor (Podsakoff et al., 2003). Finally, and as stated earlier, one aim of the current investigation is to examine the potential moderating effect of tenure. According to Siemsen and colleagues (2010), interaction terms shrink in light of common method variance (CMV). Specifically, they state that "finding significant interaction effects despite the influence of CMV in the data set should be taken as strong evidence that an interaction effect exists" (p. 15).

To evaluate each model, established goodness-of-fit indices were used (Hu & Bentler, 1999). For the Root Mean Square Error of Approximation (RMSEA), a value of .05 or below is considered as good fit, and a value of .08 or below as acceptable (MacCallum, Browne, & Sugawara, 1996). Further, Standardized Root Mean Square Residual (SRMR) should be lower than .05. The Non-Normed Fit Index (NNFI), Comparative Fit Index (CFI), and Incremental Fit Index (IFI) should all be above .90. First, confirmatory factor analyses were conducted to test the factor structure underlying the data. The hypothesized model was tested with the proposed eight factors under study (employer obligations at T1 and T2, employer fulfilment at T1, employee contributions T1, and work engagement and turnover intentions at T1 and T2). This model was tested against a model where work engagement T1 and employee contribution were constrained to be one factor, in order to test whether these scales represented different constructs (seven-factor model). Moreover, the hypothesized model was also compared against a one-factor model, and a model with the eight factors under study including paths from all the items to an unmeasured latent factor (Podsakoff et al., 2003). The proposed eight-factor model reached good fit, $\chi^2 = 3734.80$, $df = 1735$, $p < .001$, RMSEA = .07, SRMR = .08, CFI = .95. All items loaded significantly on their latent factor with standardized factor loadings higher than .45. Moreover, the model fit significantly better than the seven-factor model, $\Delta\chi^2 = 795.08$, $\Delta df = 7$, $p < .001$, the one-factor model, $\Delta\chi^2 = 4070.55$, $\Delta df = 18$, $p < .001$, as well as the model with the common method factor, $\Delta\chi^2 = 387.34$, $\Delta df = 69$, $p < .001$. Therefore, it can be concluded that the proposed factor structure is valid, and on the basis of the results of the single factor test, there appeared to be no indication of common method threat to validity.

To test the hypotheses, a structural model was built with the proposed relationships. This model including full mediation of employee contributions

was compared to a partial mediation model, to ascertain the validity of the proposed relationships (see also MacKinnon, Lockwood, Hoffman, West, & Sheets, 2002). In the analyses, we controlled for the effects of age, since it may be confounded with the effects of organizational tenure in relation to the psychological contract (Bal et al., 2008). The chi-squares were compared for the different models. Finally, the indirect effects of the independent variables on the dependent variables were estimated, and Sobel tests were conducted (Sobel, 1982) to test for mediation of employee contributions in the relation between work engagement, turnover intention, and employer obligations. Table 1 shows the means, standard deviations, and correlations among the variables under study, and correlations for the two tenure groups separately are shown in Table 2. *T*-tests were performed to assess whether the means of the variables under study significantly differed between the two tenure groups. Organizational tenure, $t = -15.59$, $p < .001$, age, $t = -8.57$, $p < .001$, and gender, $t = -3.19$, $p < .01$, significantly differed between the two groups with the long tenure group consisting of older and more male workers than the short tenure group. The other variables did not differ significantly between the two tenure groups.

RESULTS

Model fit statistics

The fit statistics for all models are shown in Table 3. The proposed research model obtained good fit, M_1 , $\chi^2 = 291.51$, $df = 129$, $p < .001$, RMSEA = .07. The partial mediation model obtained a significantly worse fit than the more parsimonious full mediation model, M_2 , $\Delta\chi^2 = 14.44$, $\Delta df = 2$, $p < .001$. The explained variance in the endogenous variables was: 44% for work engagement T2 ($\Delta 0\%$ explained variance in comparison to a stability model including only paths from work engagement T1 to work engagement T2), 35% for turnover intention T2 ($\Delta 0\%$ explained variance in comparison to the stability model), and 15% for employer obligations T2 ($\Delta 3\%$ explained variance in comparison to the stability model).

Hypothesis testing

Figure 2 depicts the LISREL results for the model. Hypothesis 1 stated that employer fulfilment is positively related to work engagement and negatively related to turnover intentions. As can be seen in this figure, employer fulfilment was neither related to work engagement, $\gamma = .02$, *ns*, nor to turnover intentions, $\gamma = -.09$, *ns*, while controlling for

TABLE 1
Means, standard deviations, reliabilities and correlations of the study variables

Variable	M	SD	1	2	3	4	5	6	7	8	9	10	11	12
1. Gender	0.60	—	(—)											
2. Age	41.91	9.51	.27**	(—)										
3. Education	4.37	1.64	.14*	-.21**	(—)									
4. Organizational tenure	10.78	10.35	.18**	.61**	-.28**	(—)								
5. Employer obligations T1	3.22	0.60	.18**	-.02	.18**	-.03	(.84)							
6. Employer fulfilment T1	3.22	0.57	.12	.01	.13*	.03	.67**	(.86)						
7. Employee contributions T1	3.84	0.49	.10	.01	.18**	-.04	.35**	.36**	(.83)					
8. Work engagement T1	4.38	0.99	.14*	.13*	-.09	.07	.41**	.51**	.47**	(.93)				
9. Turnover intentions T1	2.46	1.44	.01	-.16*	.10	-.05	-.42**	-.47**	-.25**	-.52**	(.79)			
10. Employer obligations T2	4.02	0.49	.01	-.09	.09	-.03	.27**	.26**	.32**	.22**	-.17**	(.85)		
11. Work engagement T2	4.80	1.08	.12	.10	-.08	.06	.28**	.32**	.39**	.64**	-.32**	.22**	(.94)	
12. Turnover intentions T2	2.69	1.42	.05	-.24**	.18**	-.16**	-.30**	-.39**	-.17**	-.43**	.53**	-.12	-.49**	(.76)

Reliabilities are reported along the diagonal. *N* = 240. **p* < .05, ***p* < .01. Gender: 0 = female, 1 = male.

TABLE 2
Means, standard deviations, and correlations of the study variables for the two tenure groups

Variable	M (low/high)	SD (low/high)	1	2	3	4	5	6	7	8	9	10	11	12
1. Gender	0.49/0.69	—/—	—	.23*	.19*	.08	.21*	.16	.03	.18*	.08	.10	.19*	-.01
2. Age	37.06/46.29	8.33/8.33	.16	—	-.19*	.59**	-.02	-.01	-.11	.12	-.21*	-.08	.07	-.38**
3. Education	4.56/4.20	1.55/1.71	.15	-.17	—	-.36**	.19*	.12	.23**	-.06	.22*	.02	-.08	.25**
4. Organizational tenure	3.06/17.76	2.01/9.88	.02	.10	-.18	—	-.01	.06	-.17	.10	-.09	-.01	.07	-.20*
5. Employer obligations T1	3.25/3.22	0.58/0.54	.14	.04	.12	-.02	—	.78**	.29**	.36**	.34**	.32**	.20*	-.29**
6. Employer fulfilment T1	3.24/3.26	0.57/0.55	.05	.04	.11	-.04	.75**	—	.22*	.38**	-.34**	.16	.17*	-.33**
7. Employee contributions T1	3.79/3.85	0.54/0.45	.15	.06	.15	.02	.41**	.49**	—	.37**	-.12	.47**	.24**	-.04
8. Work engagement T1	4.35/4.41	1.08/0.90	.10	.15	-.12	.05	.49**	.63**	.55**	—	-.36**	.71**	.58**	-.38**
9. Turnover intentions T1	2.48/2.44	1.50/1.39	-.05	-.14	-.03	.00	-.52**	-.62**	-.36**	-.66**	—	-.06	-.20*	.53**
10. Employer obligations T2	3.94/3.99	0.51/0.41	-.03	.08	.14	-.10	.20	.35**	.07	.31**	-.27**	—	.03	.03
11. Work engagement T2	4.77/4.83	1.09/1.07	.03	.12	-.08	.02	.36**	.48**	.53**	.10	-.45**	.38**	—	-.43**
12. Turnover intentions T2	2.84/2.56	1.49/1.34	.15	-.04	.09	.08	-.34**	-.45**	-.27**	-.47**	.54**	-.26**	-.56**	—

Correlations for the low tenure group are reported below the diagonal, and correlations for the high tenure group are reported above the diagonal. *N* = 114 (low tenure) and 126 (high tenure). **p* < .05, ***p* < .01. Gender: 0 = female, 1 = male.

TABLE 3
Fit statistics for hypothesized models and alternative models

		Fit statistics								
		χ^2	df	χ^2/df	SRMR	RMSEA	CFI	NNFI	Δdf	$\Delta\chi^2$
Model										
M ₁	Full mediation model	291.51***	129	2.26	.08	.07	.97	.96		
M ₂	Partial mediation model	305.95***	127	2.41	.08	.08	.97	.95	2	14.44***
Hypothesized model for the two groups										
M ₃	Low tenure	257.01***	129	1.99	.09	.09	.94	.91	—	
M ₄	High tenure	49.63	129	0.38	.05	.01	.99	.99	—	

*** $p < .001$. None of the direct paths between the x-variables and the y-variables in the partial mediation models were significant. SRMR = Standardized Root Mean Square Residual; RMSEA = Root Mean Square Error of Approximation; CFI = Comparative Fit Index; NNFI = Non-Normed Fit Index.

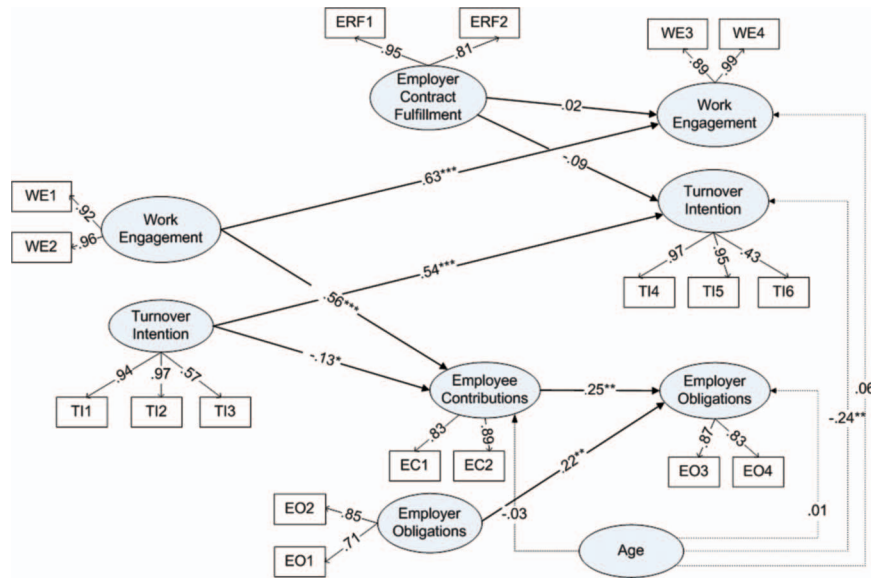


Figure 2. LISREL results for hypothesized model. * $p < .05$, ** $p < .01$, *** $p < .001$.

stability in work engagement over time, $\gamma = .63$, $p < .001$, as well as turnover intention, $\gamma = .54$, $p < .001$. Therefore, Hypotheses 1a and 1b are rejected. Hypothesis 2 proposed that employee contributions mediated the relations of work engagement and turnover intention with employer obligations T2. Both work engagement, $\gamma = .56$, $p < .001$, and turnover intention, $\gamma = -.13$, $p < .05$, were significantly related to employee contributions, and employee contributions were positively related to employer obligations T2, $\gamma = .25$, $p < .01$. Sobel tests showed that employee contributions was a significant mediator of the relationship between work engagement and employer obligations T2, $Z = 2.69$, $p < .001$, as well as a significant mediator of the relationship between turnover intention and employer obligations T2, $Z = -1.96$, $p < .05$. The indirect effect of work engagement T1 on employer obligations T2 was $.14$, $p < .01$, and the indirect effect of turnover intention T1 on employer obligations T2 was $.03$, $p < .05$. Therefore, Hypotheses 2a and 2b

were fully supported; employee contributions fully mediated the relationship between work engagement and turnover intention and employer obligations.

Hypothesis 3 postulated interaction effects of organizational tenure in the relations between employer contract fulfilment and work engagement and turnover intention. To test Hypothesis 3, multigroup structural equation modelling was used. We first examined model fit for the two groups. These results are shown in Table 3. Both the model for employees with low tenure, M₃, $\chi^2 = 257.01$, $df = 129$, $p < .001$, RMSEA = .09, as well as the model for employees with high tenure, M₄, $\chi^2 = 49.63$, $df = 129$, ns , RMSEA = .01, fitted well. To further assess differences in the relations between shortly tenured and highly tenured employees, a range of models were tested and compared statistically with a model where all paths were modelled as invariant between the two tenure groups (Model M₅). The results of these analyses are shown in Table 4. A model with all of the structural equations set free (M₆) fit significantly

better than the invariant model M₅, $\Delta\chi^2 = 392.23$, $\Delta df = 5$, $p < .001$. Furthermore, we compared a range of models (M₇–M₁₄) with the baseline model M₅ to assess which of the paths in the structural model significantly differed between the two tenure groups. These analyses revealed that all of the paths differed significantly between the two groups, except for the model with the path between work engagement T1 and employee contributions (Model M₁₁), which obtained significantly worse fit than the baseline model. Figure 3 presents the results with standardized regression coefficients for the final model of the moderator analyses (M₆: all parameters freely estimated). The paths between employer fulfilment and work engagement T2, low tenure, $\gamma = .28$, $p < .01$; high tenure, $\gamma = -.11$, *ns*, and between employer fulfilment and turnover intention T2, low tenure, $\gamma = -.40$, $p < .05$; high tenure, $\gamma = .01$, *ns*, were significantly stronger for employees with low tenure than for employees with high tenure. Therefore, Hypothesis 3a is supported.

Hypothesis 3b stated that the relations of work engagement and turnover intention with employer contract obligations are stronger for those with low tenure. As can be seen in Figure 3, the relation between work engagement T1 and employee contributions were not significantly different between the two tenure groups, low tenure, $\gamma = .51$, $p < .001$; high tenure, $\gamma = .51$, $p < .001$, whereas the relation between turnover intention T1 and employee

contribution was stronger for employees with low tenure, low tenure, $\gamma = -.29$, $p < .01$; high tenure, $\gamma = -.19$, $p < .05$. However, contrary to expectations, the relationship between employee contributions and employer obligations T2 was stronger for employees with high tenure, low tenure, $\gamma = .01$, *ns*; high tenure, $\gamma = .54$, $p < .001$. In sum, Hypothesis 3b is rejected; although turnover intentions were more strongly related to employee contributions among employees with low tenure, this was not the case for work engagement. Counterhypothetical results were found for the relation between employee contributions and employer obligations, which were stronger for employees with high tenure.

Finally, Hypothesis 3c predicted stronger stability in both obligations and outcomes among employees with high tenure. This hypothesis was fully supported by showing stronger relations for employees with high tenure in work engagement over time, low tenure, $\gamma = .17$, $p < .05$; high tenure, $\gamma = .66$, $p < .001$, turnover intentions over time, low tenure, $\gamma = .54$, $p < .001$; high tenure, $\gamma = .62$, $p < .001$, and employer obligations over time, low tenure, $\gamma = .02$, *ns*; high tenure, $\gamma = .35$, $p < .01$.

DISCUSSION

In the current study we investigated the dynamic relationships between the psychological contract and work engagement and turnover intention. More

TABLE 4
Fit statistics for moderator analysis of organizational tenure

		Fit statistics								
		χ^2	<i>df</i>	χ^2/df	<i>SRMR</i>	<i>RMSEA</i>	<i>CFI</i>	<i>NNFI</i>	Δdf	$\Delta\chi^2$
Model										
M ₅	Invariant	1426.12***	312	4.57	.11	.09	.65	.79		Baseline
M ₆	All parameters free	1033.89***	306	3.38	.08	.07	.96	.93	5	392.23***
Specific moderator analyses										
M ₇	Employer fulfilment – Work engagement T2 free	1041.28***	311	3.35	.09	.07	.95	.93	1	384.84***
M ₈	Employer fulfilment – Turnover intention T2 free	1041.58***	311	3.35	.08	.07	.95	.93	1	384.54***
M ₉	Work engagement T1 – Work Engagement T2 free	1046.19***	311	3.36	.08	.07	.95	.92	1	379.93***
M ₁₀	Turnover intention T1 – Turnover intention T2 free	1044.13***	311	3.36	.08	.07	.95	.92	1	381.99***
M ₁₁	Work engagement T1 – Employee contributions free	1906.43***	311	6.13	.21	.21	.71	.74	1	480.31
M ₁₂	Turnover intention T1 – Employee contributions free	1146.87***	311	3.68	.10	.09	.93	.90	1	279.25***
M ₁₃	Employee contributions – Employer obligations T2 free	1040.68***	311	3.35	.08	.07	.95	.92	1	385.44***
M ₁₄	Employer obligations – Employer obligations T2 free	1048.86***	311	3.37	.08	.07	.95	.92	1	377.26***

*** $p < .001$. None of the direct paths between the x-variables and the y-variables in the partial mediation models were significant. SRMR = Standardized Root Mean Square Residual; RMSEA = Root Mean Square Error of Approximation; CFI = Comparative Fit Index; NNFI = Non-Normed Fit Index.

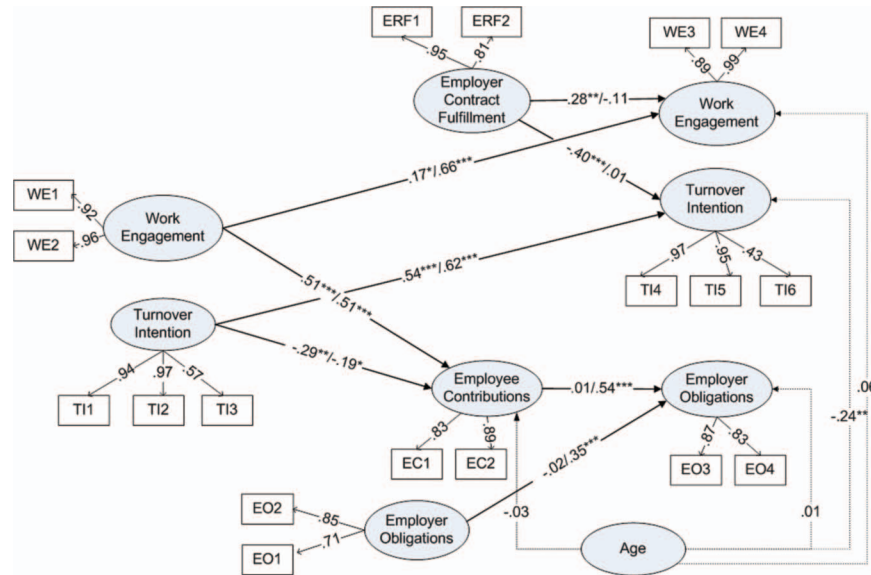


Figure 3. LISREL results for the moderation of organizational tenure in the proposed research model. * $p < .05$, ** $p < .01$, *** $p < .001$.

specifically, we argued that two processes occur simultaneously: On the one hand, through perceptions of employer fulfilment employees become more engaged and less likely to leave the organization; on the other hand, engaged and organization-attached employees put more effort into their work, and consequently perceive their employers to be more obligated towards them. Finally, we expected that these relationships would be moderated by organizational tenure, with the strongest relationships among those with short tenure. The results show that the effects of psychological contract fulfilments on work engagement and turnover intention are small, and contingent upon the organizational tenure of the employee. However, work engagement and turnover intentions are predictive of the perceived level of employer obligations, through their relationships with employee contributions. In line with Conservation of Resource Theory (Hobfoll, 1989, 2001), engaged and attached employees feel more highly obligated to contribute to the organization, and in return perceive higher obligations from their employer as a reward for their increased investments in the organization.

We found organizational tenure to moderate these previously mentioned relationships to a large extent. First, the relations between employer fulfilment and work engagement and turnover intention were only present among employees with low tenure, and were nonsignificant for highly tenured employees. Furthermore, although the negative relation between turnover intention and employee contributions was stronger for low tenure employees, the relation between employee contributions and employer obligations were stronger for high-tenure employees. Finally, in line with our

expectations, we found stability in work engagement, turnover intention, and employer obligations to be much stronger for high tenure employees than for their low tenure counterparts.

Theoretical contributions

First of all, we found the relations of work engagement and turnover intention with the content of the psychological contract (i.e., employer obligations) to be much stronger than the effect of employer fulfilment on work outcomes. Since there are very few studies that control for the stability of attitudes and behaviours over time (Conway & Briner, 2002; Zhao et al., 2007), it has often been assumed that work attitudes and behaviour are influenced by psychological contracts. We are among the first to show that this is just part of the process; work outcomes, to a larger extent, influence the perceptions employees have of their psychological contract, including their own contributions and what they perceive their employer to be obligated to them. The study supports Social Exchange Theory (Blau, 1964; Gouldner, 1960) so that psychological contracts between employees and their organizations function in a complex and dynamic way, in which employers offer resources to their employees to enhance their loyalty and productivity, and employees negotiate better psychological contracts through their loyalty and the effort they invest in their jobs. This also supports Conservation of Resources Theory (Hobfoll, 1989), such that engaged employees and those who are unlikely to exit the organization actively seek new resources in their work, such as higher monetary rewards, developmental opportunities, and support from their

employer, as indicated by their stronger expectations following their contributions to the organization.

We found no significant relations of employer fulfilment with work engagement and turnover intention after controlling for the stability of these work outcomes over time. Apparently, work engagement and turnover intentions become relatively stable states of mind (Quinones et al., 1995; Schaufeli & Bakker, 2004), which are not particularly strongly influenced by employer contract fulfilments. Evidence for this notion was further provided by our findings that organizational tenure moderated the relationships. One implication of this finding is that studies of employees with shorter tenure are more likely to find positive effects of employer contract fulfilments on work related attitudes and outcomes than studies which include samples with employees with higher organizational tenure.

The study shows that tenure plays various roles in the dynamic relationships between psychological contracts and work outcomes. First, the motivating potential of contract fulfilment in relation to engagement and turnover intention was shown for short tenure employees in the organization but not for highly tenured employees. In line with the literature on the effects of job change on worker attitudes and behaviours (Boswell et al., 2005; de Vos et al., 2003; Lee et al., 2011), when employees are relative newcomers in an organization, their behaviour is driven primarily by exchange norms. When an organization offers them valuable resources, and thus fulfils the psychological contract, these employees become more engaged and more likely to stay with the organization. However, over the course of one's career in an organization, behaviour becomes more driven by routines and habits (Hunter & Thatcher, 2007), and, therefore, highly tenured employees react less intensely to offered inducements than short-tenured employees do.

An alternative explanation is that those employees who strongly reacted to unfulfilment of their psychological contract might have left the organization, thus leaving behind the employees who show less intense reactions towards employer actions. Exchange norms about investment of effort by the employees for immediate reward by the employer (Rousseau, 1995) become less important when employees' tenure increases; instead, loyalty of both parties and commitment to a long-term relationship become the standard (Rousseau & Parks, 1993). In line with this, stability of work engagement, turnover intention, and employer obligations over time was much higher among tenured employees than among newcomers, indicating a more stable relationship between the employee and his or her organization. Among newly hired employees, regular exchanges with the employer influence the strength of the perceived obligations (Robinson, Kraatz, & Rousseau, 1994).

Low tenure employees with high turnover intentions were also likely to reduce their contributions to the organization substantially over time, whereas the routine-driven behaviour of high-tenured employees was not significantly affected by the level of their turnover intention. This could be further explained by the fact that longer tenured employees in the insurance company to a greater extent have their own relationships with customers, and, therefore, even when they are thinking of quitting their job, have the obligations to contribute to organizational performance, since it forms part of their own performance towards their customers. In line with Human Capital Theory (Becker, 1962), senior employees have accumulated their own capital, and thus performance is more easily achieved when an employee has many competences to fulfil the job, whereas for less tenured employees contributions are much more dependent on their state or prevailing job attitude.

Contrary to our expectations, we found the relations between employee contributions and employer obligations to be stronger for more highly tenured employees as opposed to employees who had been working at the organization for a shorter period of time. It may be the case that veteran employees have a more accurate indication of their contributions to the organization, and hence know better what they can expect in return. Therefore, there may be a strong positive correlation between employee contributions and employer obligations among the more highly tenured employees (Bal et al., 2010). Moreover, more highly tenured employees may be the ones who have moved towards the inner circle of the organization, and their contributions may be more easily noticed by higher level management, causing employer obligations to rise as well (Schein, 1978). Less tenured employees, however, may not have had the chances to contribute to organizational effectiveness as much as more experienced workers have. Therefore, for low tenure employees, the relation between their contributions and their expectations is ambiguous, because expectations are more future-focused than for veteran employees. Hence, the correlations of contributions with expectations are lower for less tenured employees.

In summary, we conclude that the current longitudinal study indicates a feedback loop with contract fulfilment relating to higher work engagement and lower turnover intention early in one's career in an organization. Moreover, high work engagement and low turnover intentions relate to higher employer obligations through invested effort in the organization. Finally, we found these relations to be more pronounced among lower tenured employees, whereas high tenure employees' employment relationship is more stable over time.

Limitations and future research

Some limitations of this study have to be mentioned. Although the study was based on a longitudinal design, the mediator was measured at the same time as the independent variables. Together with the self-report data in this study, there is the possibility of common method variance having affected the perceived relationships between variables. Nevertheless, extensive tests for the validity of the factor structure of the variables under study did not indicate the existence of common method bias in this study. However, future research should also focus on testing this model by using other sources of information, such as supervisor and colleague ratings, and also focus more on objective behavioural outcomes, such as job performance and actual turnover. Further, the study was conducted in one organization. It might be the case that because senior members of an organization adapt themselves more and more to the organizational culture, different results might be found in other organizations because of different prevailing cultures. Evidence for the generalizability of our findings should be provided in the future by supporting these results in other settings.

In our study, we did not control for prior work experience (Quinones et al., 1995). Although we have investigated the role of age, which is related to prior work experience, there might be stronger variation in the quality of prior work experience among employees with short tenure than among employees with longer tenure. Therefore, future research should further investigate the role of prior work experience in determining the dynamics of psychological contracts with work outcomes.

Further, this study focused on contract fulfilment as perceived by the employee, rather than on psychological contract breach or violation (Robinson & Morrison, 2000). Similar to the research of Roehling (2008), who found no empirical differences among the meaning of expectations, obligations, and promises within an employees' psychological contract, future research should also investigate the empirical distinction in the meaning of fulfilment, breach, and violation within a psychological contract perspective. For instance, many researchers have treated breach and fulfilment as two ends of one continuum, whereas it can be argued that contract breach is different from contract fulfilment. Whereas breach may refer to employer failure to deliver upon a specific promise, fulfilment may refer to more general perceptions of the extent to which the organization has fulfilled its promises. That is, although different instances of breach may affect different aspects of the psychological contract, fulfilment always has a bearing on the contract in its entirety. Therefore, contract breach and fulfilment

should be investigated as two separate constructs. As Kube, Maréchal, and Puppe (2008) conclude from a labour market field experiment, in contrast to a wage increase, cutting wages can have a stronger and more persistent impact on work morale and efforts than an increase of wages. In line with these findings, effort might be more strongly related to contract breach than to contract fulfilment.

This study did not specifically investigate the content of contract obligations involved (Bal et al., 2010). In addition to the elaborateness of the employer obligations, the relevance of particular types of employer obligations may change over time. For instance, a recent study of Bal and colleagues (Bal, de Lange, Ybema, Jansen, & van der Velde, 2011) showed that socioemotional obligations become more salient during the course of one's career, with a higher importance attached to them by older workers. Further, one could imagine that employees become more interested in monetary aspects when they contract a mortgage and have responsibilities towards the care of children. Therefore, a future study including the role of tenure in psychological contracts should incorporate multiple content types of obligations.

Finally, in future research it might be useful to link the iterative process to the employment recruitment phase. This process of adaptation as a function of the reciprocity norm may occur to a stronger extent for newcomers in an organization during the socialization phase, which is considered to be the most important stage in the formation of the psychological contract (Thomas & Anderson, 1998).

Practical implications

The current study has practical implications as well. First, positive attitudes towards the job and the organization (engagement and intention to remain with the company) are enhanced by employer fulfilment of the psychological contract among those early in their career with the organization. Furthermore, managers should be aware that engaged employees and those unlikely to leave the organization contribute to a higher level towards the organization. They feel urged, for instance, to work extra hours and be flexible in the execution of their tasks (Coyle-Shapiro & Kessler, 2002). Through the psychological contract, upward as well as downward spirals are created. Engaged employees feel highly obligated to contribute to their organization. As a result, they put more effort in their work and, therefore, they will have higher expectations from their employer. Employees with strong intentions to leave the organization exert less effort and end up with lower expectations. Organizations may benefit more from their employees when they take a

psychological contract perspective in maintaining the employment relationship. However, it is necessary to differentiate among the employees who have spent few years in the organization and veterans. For the first group, positive attitudes are enhanced through fulfillment of the psychological contract, whereas for veterans employment relationships are much more stable. Therefore, it is necessary for organizations to communicate regularly with veteran employees about how positive attitudes can be enhanced through resources that are salient for them (Bal et al., 2010).

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