

PSYCHOLOGICAL CONTRACT AND ORGANIZATIONAL CITIZENSHIP BEHAVIOR: A NEW DEAL FOR NEW GENERATIONS?

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ABSTRACT

This research aims to shed light on organizational citizenship behaviors (OCBs) of different generations of hospitality workers in relation to their psychological contract. The psychological contract, which describes employees' implicit expectations of their employer, is related to a range of work-related outcomes such as commitment, turnover intention and OCB. Yet, virtually no studies have explored the psychological contract or OCB in a hospitality setting. These topics were approached from a generational context as a new generation of employees is entering the workplace with a reportedly different approach to work. Data were collected through face-to-face surveys on site from a sample (N=111) in 7 hotels of an international hotel chain. Findings provide evidence of generational differences in the content of the psychological contract, as well as the process through which the psychological contract impacts OCB. In particular, findings indicate that hospitality managers will increasingly have to consider motivating their staff through satisfaction of intrinsic needs for development, job content, and a pleasant working atmosphere.

Advances in Hospitality and Leisure, Volume 7, 109–130
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ISSN: 1745-3542/doi:10.1108/S1745-3542(2011)0000007010

This was found to be particularly true for Generation Y, the youngest generation of workers.

Keywords: Psychological contract; generation; generational differences; hospitality industry; organizational citizenship behavior

INTRODUCTION

A key aspect of hospitality work is its reliance on people to fulfill basic functions in the industry. The service interaction between employee and customer which simultaneously forms the production and consumption forms the essence of what is offered by hospitality companies (Sundaram & Webster, 2003; Winsted, 1999). Therefore, maintaining the quality of this interaction is what will give companies a competitive edge over its competition. In fact, it is the employees who give companies a competitive edge in this industry (Hughes, 2008). This means that retention and development of talented employees is core business for any hospitality organization (e.g., Blomme, Tromp & van Rheede, 2010; Walsh & Taylor, 2007). However, the hospitality industry has a poor reputation as a source for permanent employment, offering low pay, antisocial working hours, menial work and limited career opportunities (Barron, 2008; Walsh & Taylor, 2007). As a result, turnover levels are on the rise (Blomme, 2006; Blomme et al., 2010; Reijnders, 2003; Van Spronsen, Verschoor, Rietveld, Timmermans, & Termote, 2006; Walsh & Taylor, 2007) and hospitality staff are increasingly leaving the industry for jobs in industries with better working conditions (Blomme, Tromp, & van Rheede, 2008; Lub, Jes, Kehr, Kurze, & Neumann, 2001). In particular, the youngest generation of workers (Generation Y), traditionally a large segment in the hospitality labor pool (Magd, 2003) is reporting dissatisfaction with job conditions as they enter (Blomme, 2006; Lub, Blomme, & Van Muijen, 2009). With more Generation Y employees entering, we may see a shift in our way of working as they reach a critical mass in the workplace (Tulgan, 2003). Although this Generation Y has been widely commented on in the news and media, surprisingly little academic research has been done into generational differences in the workplace and even fewer studies focus specifically on the hospitality industry (Solnet & Hood, 2008). The industry would benefit from a review of this issue: The hospitality industry will have to do their utmost to retain and recruit this young talent (Barron, 2008).

This warrants research that helps understand expectations of a new generation of workers entering the industry better. What are their expectations? In what way are they different from previous generations of workers?

One way to understand generational differences is by looking at the expectations that generations may have of their employers. These can be explored using psychological contract theory, which suggests “employees hold beliefs about the reciprocal obligations between him/her and his or her organization” (Morrison & Robinson, 1997, p. 229). Although some studies in the hospitality field have looked at generational differences in work values (see, e.g. Chen & Choi, 2008) or expectations (Walsh & Taylor, 2007), very few studies have explored the psychological contract as a way of understanding different generations’ expectations in a hospitality context (Blomme et al., 2010).

Also, the nature of hospitality work requires employees often “to go the extra mile,” or to go beyond their task description to ensure customer satisfaction. These behaviors are often referred to as organizational citizenship behaviors (OCB) (Turnipseed, 2003). Since the youngest generation is often claimed to be more self-centered and less prepared to put in the effort (see, e.g., Spangenberg & Lampert, 2009), this chapter also aims to explore generational differences in these OCB.

In short, this study aims to answer the following questions:

- *Do different generations hold different psychological contracts with their organization?*
- *Do the processes through which these contracts shape differ between generations?*
- *How can findings be used to better motivate (different generations of) hospitality workers?*

LITERATURE

Generational Differences

A generation can be defined as “a group of people or cohorts who share birth years and experiences as they move through time together, influencing and being influenced by a variety of critical factors” (Strauss & Howe, 1991, 2007; Kupperschmidt, 2000). Mannheim (1972) states that specifically experiences in one’s formative phase (age 17–25) determine one’s values and behavior. Mannheim (1972) also suggests that the more critical life

events take place, or the more dynamic the environment in which a generation grows up, the greater the differences will be between generations. In dynamic environments older generations are suggested to have more difficulty adapting to these changes, whereas new generations, in their formative phase would adapt to changes much easier.

The existence of the phenomenon of generations has been a topic of hot debate in social sciences. Core issues for opponents lie with the interdependence between age or life-stage effects and generational effects, as well as tenure or experience that could offer an alternative explanation for generational effects (De Meuse, Bergmann, & Lester, 2001; Giancola 2006; Macky, Gardner & Forsyth, 2008). Strauss and Howe (1991) and Howe and Strauss (2007) argued that although people's values and expectations change as they move into a new stage in life, each generation does so in their very own way, which supports Mannheim's hypothesis that values of a generation are set during the formative phase. Kupperschmidt (2000) also claims that generations have "relatively enduring values" and that they develop generational characteristics within their cohort, even though individual generations obviously exist.

In today's workplace a distinction is often made between four generations, generally known as Traditionalists (born <1945), Baby Boomers (born 1945–1964), Generation X (born 1965–1980), and Generation Y (born after 1980) (Eisner, 2005). Although some variation exists on the exact naming of these generations and the classified start and end dates of each of these generations, there is a general descriptive consensus among academics and practitioners regarding these generations (Eisner, 2005; Martin & Tulgan, 2001; Raines, 2003). For the purpose of this chapter the focus will be on the last two generations, Generation X and Generation Y as these form the vast majority of the present workforce in the hospitality industry (Solnet & Hood, 2008; Table 1).

Generational Cohorts, Age, and Psychological Contract

Although popular publications on generational differences in the workplace never seem to refer to the concept of psychological contract, many authors use terminology similar to dimensions of the psychological contract to clarify differences between generations. In particular, the Life Value and Work Value literature have uncovered a range of differences among generations (Chen & Choi, 2008; Lyons, Duxbury, & Higgins, 2005; Smola & Sutton,

Table 1. Descriptions of Generations.

Generation (Years after Eisner, 2005)	Formative Experience	General Values/ Qualities	Work Values
Generation X 1965–1980	Globalization, economic crisis, latchkey kids, divorces, and downsizing	Skeptical, individualistic, less loyal, entrepreneurial, and flexible	Materialism, balance, self-supporting, work-life balance, want constant feedback, and rewards
Generation Y Later than 1980	Prosperity, uncertainty, terrorism, structured life/live at home, internet, and strong social pressure	Balance, collectivism, confidence, civic mindedness, learning, and shared norms	Passion, demand respect, work to live, work together, structure, challenge, look to have an impact, want instant feedback, and rewards

Sources: Eisner (2005) and Dries, Pepermans, and de Kerpel (2008).

2002). Similarly, sociologists have been studying generations, or cohorts for a long time (Adriaansen, 2006; Bontekoning, 2007; Mannheim, 1972).

Morrison and Robinson (1997, p. 229) define the psychological contract as “an employee’s beliefs about the reciprocal obligation between that employee and his or her organization, where these obligations are based on perceived promises and not necessarily recognized by agents of the organization.”

Many authors have described a change in the content of the psychological contract over the past few decades, mainly relating it to changes in society and industries (De Meuse & Tornow, 1990; Ten Brink, 2004). Others also suggest differences in psychological contract between younger and older workers (Anderson & Schalk, 1998; Bal, De Lange, Jansen, & Van der Velde, 2008; Guest, 2004; Schalk, 2004). Age can however be a proxy for many age-related types of changes that people go through such as biological, psychological, social, and societal changes (De Lange, Taris, Kompier, Houtman, & Bongers, 2005). Bal et al. (2008) further suggest that, since most psychological contract studies have been performed over the past 20 years, we cannot determine if age-effects are a consequence of aging or of cohort change. Smola and Sutton (2002) did however find in a longitudinal study that work values are more influenced by generational experiences than by age.

Farr and Ringseis (2002), using an age-centered approach found that older workers believe they should receive more from their employers as a result of their seniority (higher obligations). Also, as a result, they suggested that older workers experience a stronger psychological contract breach compared to younger workers when these obligations are not met. Though this seems logical, it is quite contrasting with suggestions by authors from the field of generation research. Their comments about self-centeredness and self-interest of the youngest generation would suggest quite the opposite; it is younger workers have greater expectations of their employer's obligations (Lancaster & Stillman, 2005; Lub, Godfried, Radstake, & Blomme, 2010; Martin & Tulgan, 2001). We therefore hypothesize that:

H1. Generation Y perceive higher employer obligations than Generation X.

More specifically, Solnet and Hood (2008) propose that for Generation Y, extrinsic benefits such as salary and job security become less important, whereas intrinsic benefits leading to a self-actualization and personal development will become more important. This proposition seems to be supported by qualitative studies by Terjesen, Vinnicombe, and Freeman (2007) and Gursoy, Maier, and Chi (2008) that found for instance salary ranking very low on Generation Y's priority list. In terms of the psychological contract, these intrinsic benefits are referred to as relational employer obligations and extrinsic benefits are referred to as transactional obligations (McFarlane, Shore, & Tetrick, 1994).

In every exchange, both parties have resources to exchange, and implicit expectations about what resources are exchanged. The content of a psychological contract refers to the promises employees believe they have made to their organization and what they believe the organization has promised in return (Conway & Briner, 2005). Different researchers have defined a wide range of content dimensions, including topics like job content, development opportunities, pay, job security, work-life balance, and social atmosphere (Conway & Briner, 2005; Freese, Schalk, & Croon, 2008; Herriot, Manning, & Kidd, 1997). In this chapter, a basic distinction is made between transactional contracts and relational contracts in line with the most common distinction in psychological contract theory (Rousseau, 1989; Zhao, Wayne, Glibkowski, & Bravo, 2007). Transactional contracts focus on formal aspects such as pay and job security. Relational contracts refer more to softer aspects such as job content or social atmosphere on the job, which are usually not clearly

agreed by parties to the exchange (McFarlane et al., 1994). We therefore hypothesize that:

H2a. Generation Y perceives higher relational obligations than Generation X.

H2b. Generation X perceives higher transactional obligations than Generation Y.

H3. Generation Y ranks relational obligations higher than transactional obligations.

Psychological Contract

As mentioned under the previous heading, the psychological contract is defined as “an employee’s beliefs about the reciprocal obligation between that employee and his or her organization, where these obligations are based on perceived promises and not necessarily recognized by agents of the organization” (Morrison & Robinson, 1997, p. 229). The exchange is a basic principle for the psychological contract and stems back to social exchange theory (SET), which posits that individuals will exchange contributions for inducements that the organization provides (March & Simon, 1958). Blau (1964) further elaborated on this premise by distinguishing between social and economic exchange; economic exchange emphasizes the financial and more tangible aspects of the exchange while social exchange emphasizes the socio-emotional aspects of the exchange. Also, where terms of economic exchange are usually clearly stated beforehand, social exchange is a less clear agreement. In social exchange, there may be some general expectation of a future return, but details are not specified in advance. The other party may be obligated to return, but the nature and extent of this future obligation cannot be bargained and is left to the discretion of the obligated party (Blau, 1964). Central to this theory is the norm of reciprocity (Gouldner, 1960) that obliges individuals to respond positively to favorable treatment by the organization (Blau, 1964). The social exchange theory is however limited in the sense that its primary focus is on inducements offered, whereas in reality the parties to the exchange have expectations that come into play when evaluating the equity of the exchange (Gould, 1979). However, social exchange, reciprocity, and equity are important principles that play a central role in both the psychological contract literature and the OCB literature (Robinson & Morrison, 1995; Rousseau & McLean, 1993). Rousseau (1989)

argues that in the exchange relationship, there is a belief “that contributions will be reciprocated and that ... the actions of one party are bound to those of another” (p. 128). If they rate their psychological contracts as favorable, employees are more likely to become engaged in their work and more highly motivated to contribute to organizational effectiveness (Bal et al., 2008; Zhao et al., 2007). However, although psychological contract evaluations are well-known determinants of work outcomes, little is known if work outcomes can act as antecedents of the psychological contract (Bal, De Cooman, & Mol, 2010). For instance, it would be likely that employees who perform well at work and demonstrate positive behaviors beyond their task-descriptions will have greater expectations of their organization than those who perform less well. Coyle-Shapiro and Kessler (2002) also found in their study of managers and employees that both parties to the exchange would balance their obligations, suggesting a bi-directionality in the exchange process. Clegg and Spencer (2007), in their study of job design, also stress the circular and dynamic nature of the exchange process. So, an employee may arrive in a new job with certain expectations of what the organization will offer in return for his efforts. Based on the fulfillment of these expectations, he will then adjust his efforts and expectations, which in the interaction with the organization will lead to new levels to work-related outcomes. Although this interaction continues throughout the career, the evaluation of reciprocity is particularly salient in new employees, whereas longer tenured employees have more stable relations with their organizations (Rousseau, 1995). We therefore hypothesize that not only do higher perceived employee obligations lead to increased OCBs, but also that employees demonstrating OCBs are more likely to have higher expectations of their employer’s obligations.

Organizational Citizenship Behavior

OCB is defined as employee behavior that is extra-role, not explicitly recognized by an organization’s reward system and which promotes organizational effectiveness (Organ, 1988). The origin of the concept has been contributed to Barnard (1938) who suggested a “willingness to cooperate in a group of workers.” This idea was then expanded by Katz (1964) and Katz and Kahn (1978) to include a differentiation between formal or in-role behaviors versus extra-role behavior. The concept of OCB has gained a lot of attention and many behaviors have been identified as relevant to (Organ’s (1988) definition. In fact, Podsakoff, MacKenzie,

Paine, and Bachrach (2000), in their meta-analysis, identified close to 30 potentially different forms of citizenship behavior in their meta-analysis of the literature up to that point. Although these citizenship behaviors take on many different forms, Podsakoff et al (2000) argue that all can be traced back to Katz's (1964) original dimensions which included cooperating with peers, defending the organization, providing constructive ideas, self-improvement and having a positive attitude toward the organization.

Turnipseed (2003, p. 250) suggests a comprehensive working definition appropriate for the hospitality industry (and other industries for that matter):

Spontaneous and discretionary individual behavior resulting from one's innate characteristics or characteristics of the job and the organization and/or coworkers, with the result of enhanced organizational effectiveness whether by direct influence on the job or by an indirect social route based on improving interpersonal relations. Citizenship behaviors do not appear in formal job descriptions, nor are they contractually rewarded.

This definition demonstrates that OCBs are the result of previously existing conditions that lead the person to demonstrate these citizenship behaviors. In fact, OCB has been related to wide range of antecedents such as job satisfaction, leadership, fairness, perceived organizational support, psychological contract, and commitment (Podsakoff et al., 2000; Ravichandran, Gilmore, & Strohbehn, 2007; Robinson & Morrison, 1995). In line with SET, OCB is engaged in by employees to reciprocate their organization for equitable treatment, and withheld when their employer does not provide adequate inducements (Organ, 1988).

Although over 200 articles have been published on OCB over the past decades, very few studies have focused on OCB in the hospitality industry (Ravichandran et al., 2007). Exhibition of OCBs has been linked to improved organizational performance. This is remarkable, as the hospitality industry typically offers the type of work that invites employees to demonstrate OCBs on a daily basis. Dealing with guests often requires employees to go beyond their formal job description and offer solutions to guests to increase the satisfaction level or solve problems of the customer. Similarly, due to the dynamic nature of hospitality work, employees are also often required to extend extra-role behaviors (i.e., helping out colleagues, keeping abreast with developments within the organization, working extra hours) to colleagues and the organization at large. The results of these citizenship behaviors are essential to hospitality organizations because they reduce missed service opportunities and increase the overall effectiveness of

the organization (Turnipseed, 2003). In an industry that is people-intensive, lacking in career options and high employee turnover this can be considered an issue of particularly salient nature (Solnet & Hood, 2008), worthy of more detailed study. One group in particular is important here, Generation Y. Hospitality companies have always relied on a large pool of young labor to fill positions (Magd, 2003), in particular in those positions that involve service interactions with the guest. Therefore, ensuring the preparedness to demonstrate OCBs in this group is key to an organization's success.

Given the intrinsic nature of OCB and its relation to the psychological contract, we hypothesize that in particular relational employer obligations will lead to reciprocation through OCB. Also, as stated in the previous section, we hypothesize that not only do higher perceived employee obligations lead to increased OCBs, but also that employees demonstrating OCBs are more likely to have higher expectations of their employer's obligations:

H4a. Higher employer obligations will lead to higher OCB.

H4b. Higher OCB will also lead to higher employer obligations.

H5. Relational employer obligations lead to OCB more than transactional obligations do.

METHOD

Sample and Procedure

Data for this study were collected among employees of an international hotel chain. All hotels in our sample were three to four star properties. A total of 220 staff members were invited on-site by researchers to participate in the study and given the opportunity to fill in the questionnaire in a private setting during working hours. In total, 125 questionnaires were returned. Of these 125, 14 questionnaires were removed due to missing relevant data. Then, data of the 9 Baby Boomer respondents were removed, as normal distribution of the data in this group could not be assumed when comparing to other generational groups, resulting in a sample of 102 completed surveys (response rate 46.3%).

The respondents' age, after removing the Baby Boomers from the sample, ranged from 16 to 44 years with a mean age of 27.7 years ($SD = 7.1$). Forty percent were male, 60% female. Thirty-six percent of the sample was Generation X and 64% belonged to Generation Y. Twenty-four percent had

received some form of high school education, 54% held an associate degree or lower or had received some form of basic professional education, 20% had a bachelor degree and/or a master degree. Sixty-four percent held an operational position and 36% of our sample held some sort of managerial position (supervisors and departmental managers). Respondents had been working for the company for an average of 2.7 years ($SD = 3.4$), ranging from 1 month to 18.5 years.

Measures

The different constructs in the survey were measured with items representing statements, using a 5-point Likert scale, ranging from 1 (totally disagree) to 5 (totally agree). *Employer obligations (psychological contract)* were measured using a shortened version of the psychological contract questionnaire by Ten Brink (2004). The two scales measure dimensions of transactional obligations (4 items, e.g., “competitive salary” or “opportunities for promotion”) and relational obligations (9 items, e.g., “work that makes me feel involved” and “work that gives me the opportunity to learn”).

OCB was measured with three items based on an instrument of Ten Brink (2004) and contains items like “I do more than is expected of me.”

Age, gender, tenure, education, and position were used as control variables. Tenure was measured as “how long have you been working in this hotel.” Education was measured using the standard breakdown for Dutch education and was then collapsed into three levels for purpose of analysis: lower, middle, and higher education. Similarly, we asked respondents for their position in the company (operational, supervisor, HOD, and GM) and then collapsed to a binomial distinction between operational positions and management positions. Furthermore, age was categorized following the definition of Eisner (2005) in two categories of Generation X (born 1965–1980) and Generation Y (1980–1995).

Procedures

Statistics (PASW Statistics 18.0) was used to analyze the data. We separately assessed the psychological contract measures for transactional and relational obligations which we condensed from the 10 dimensions used in the original instrument. A principal component analysis with Varimax rotation set on two fixed factors (transactional and relational) was performed. The correlation matrix was first examined, followed by the Kaiser–Meyer–Olkin

measuring of sample adequacy (0.820 for obligations and 0.823 for breach) and Bartlett’s test for sphericity (sig. <0.01 in both cases). Our two dimensions were supported in this factor analysis. A Cronbach’s alpha reliability test was run for the measures of employer obligations (psychological contract) and organization citizenship behavior. The reliability of all the scales (variables) was acceptable to good, ranging from 0.68 to 0.87 (for more details see Table 2). Subsequently, mean scores and correlations were calculated for all scales. Independent samples *t*-tests were run to test for generational differences and paired samples *t*-tests were run to compare scores on transactional and relational obligations. Linear regression analysis was performed to test the relationship between employer obligations and OCB. The independent variables were centered before interactions were calculated (Aiken & West, 1991). The control variables (age, gender, tenure, education, and position) were entered first, followed by employer obligations (transactional and relational) in the second step.

FINDINGS

The mean scores and correlations between the measured constructs can be found in Table 2. As can be seen from the mean scores, both perceived

Table 2. Descriptive Statistics, Correlations, and Cronbach’s Alpha.

	Mean	Standard Deviation	1	2	3	4	5	6	7
1. Tenure	2.68	3.38	–						
2. Education	4.43	1.53	–.026	–					
3. Age	29.8	9.89	.510**	.100	–				
4. Position	1.38	.49	.096	.300*	.162	–			
5. Psychological contract – transactional obligations	4.02	.67	–.033	.097	.001-	.063	.68		
6. Psychological contract – relational obligations	4.38	.47	–.260**	.188	–.286**	.141	.250*	.87	
7. OCBs	3.97	.70	.052	.280**	.067	.280**	.235*	.363**	.86

Notes: *N* = 102. ***p* < .05 and ****p* < .01. Values in bold along the diagonal are Cronbach’s alphas for scaled variables. OCBs = organizational citizenship behaviors.

obligations as well as OCB scored rather high in this sample, suggesting a motivated and demanding workforce.

H1. Generation Y perceive higher employer obligations than Generation X.

H2a. Generation Y perceives higher relational obligations than Generation X.

H2b. Generation X perceives higher transactional obligations than Generation Y.

H3. Generation Y ranks relational obligations higher than transactional obligations.

Generation Y did not have significantly higher expectations of their overall employer's obligations, and H1 could not be supported ($t = -1.429$, $df = 100$, $p < .05$). The same could be said for H2b which was also not supported ($t = .390$, $df = 100$, $p < .05$): Generation X does not have higher expectations of their employers' obligations, rather the results are relatively similar to Generation Y. We did however find Generation Y holding higher expectations of employers' *relational* obligations ($t = -2.534$, $df = 100$, $p = 0.013$, supporting H2a).

We also tested for importance of relational versus transactional obligations and found that for Generation Y these were rated equally important, whereas for Generation X relational obligations were significantly more important than transactional obligations ($t = -2.121$, $df = 36$, $p = .037$). These results did not support H3.

As can be seen in Table 2, correlations between the study variables relational obligations, transactional obligations, and OCB were all moderate. Also, as mentioned in the previous paragraph, relational obligations showed moderate correlations with age and tenure. OCB also correlated with education and position in the company (management showing significantly higher levels of OCB than employees ($t = -2.903$, $df = 99$, $p = .005$).

H4a. Higher employer obligations will lead to higher OCB.

H5. Relational employer obligations lead to OCB more than transactional obligations do.

Table 3 displays the results of the first regression analysis. Relational obligations are a significant predictor of OCB, explaining an extra 23%

Table 3. Hierarchical Regression Analysis Predicting OCB.

	Dependent Variable: OCB					
	Total Group		Generation X		Generation Y	
	Step 1	Step 2	Step 1	Step 2	Step 1	Step 2
<i>Control variables</i>						
Age	.00	.11	-.19	-.03	-.06	-.04
Gender	-.05	-.06	.04	.07	-.03	-.07
Tenure	.04	.11	-.19	-.00	.35**	.36**
Education	.22*	.15	-.06	-.01	.34***	.25*
Position	.21	.14	.13	.01	.14	.12
<i>Independent variables</i>						
PC (transactional) obligations		.15		.27		.05
PC (relational) obligations		.37**		.45*		.28**
<i>Regression model</i>						
<i>F</i>	2.69*	4.72***	.79	2.08	4.96***	4.7**
ΔF		8.69**		4.80*		3.12*
R^2	.13	.27	.12	.35	.30	.37
ΔR^2		.14		.23		.07

Notes: Standardized regression coefficients are reported * $p < .05$, ** $p < .01$, and *** $p < .001$.

of the variance of OCB for the overall group after controlling for age, gender, tenure, education, and position in the company ($F = 4.72$, $R^2 = 0.27$, $p = .000$). Transactional obligations did not predict OCB. This only partly supports H4a, and fully supports H5. Interestingly, in Generation Y, tenure and education seem to be additional predictors for OCB ($F = 4.96$, $R^2 = .30$, $p = .000$). This effect is not present in Generation X.

H4b. Higher OCB will also lead to higher employer obligations.

Table 4 displays the results of the second regression analysis. OCB was also found to be a significant predictor for relational obligations in the overall group, explaining an additional 11% of the explained variance of relational obligations ($F = 5.99$, $R^2 = 0.32$, $p = .001$). Age was also a significant negative predictor, whereas other control variables gave no significant results. This predictive value however disappeared when testing for Generation X and Generation Y separately. This supports H4b, suggesting that OCB will also lead to higher employer obligations.

Table 4. Hierarchical Regression Analysis Predicting Relational Employer Obligations.

	Dependent Variable: Relational Employer Obligations					
	Total Group		Generation X		Generation Y	
	Step 1	Step 2	Step 1	Step 2	Step 1	Step 2
<i>Control variables</i>						
Age	-.28*	-.28**	-.30	-.23	-.03	.00
Gender	.08	.10	-.03	-.05	.17	.19
Tenure	-.18	-.19	-.22	-.15	-.05	-.19
Education	.17	.09	-.03	-.02	.28*	.15
Position	.16	.09	-.17	.13	.06	.02
<i>Independent variables</i>						
PC (transactional) obligations		.04		.06		.09
OCB		.34***		.42*		.35*
<i>Regression model</i>						
<i>F</i>	4.82***	5.99**	1.95	2.51*	1.54	2.13
ΔF		7.26**		3.19		3.32*
R^2	.21	.32	.25	.39	.12	.21
ΔR^2		.11		.14		.10

Notes: Standardized regression coefficients are reported * $p < .05$, ** $p < .01$, and *** $p < .001$.

DISCUSSION

This chapter set out to explore generational differences in the psychological contract and OCB. To that purpose, the following research questions were examined:

- Do different generations hold different psychological contracts with their organization?
- Do the processes through which these contracts shape differ between generations?
- How can findings be used to better motivate (different generations of) hospitality workers?

Summarizing, we found the following: No significant differences between generations were found for the overall psychological contract. When specifying to relational and transactional contracts, we found that relational contract rated significantly higher for Generation Y than for Generation X.

For transactional contracts, we found no differences. Also, and only for Generation X, relational contracts were rated significantly higher than transactional contracts.

Relational contracts were a significant predictor for OCB. This result was found for both Generation X and Generation Y. In Generation Y, OCB was also partly predicted by level of education and position in the company. We also found OCB to be a significant predictor of relational obligations (and not of transactional obligations), suggesting a circular process nature of the relationship between relational obligations and OCB. Age, in this analysis was a negative predictor for OCB, providing preliminary evidence for generational differences. In fact, this effect disappeared when running separate analyses for Generation X and Generation Y.

We can conclude, albeit cautiously, that some differences may exist in the psychological contract between generations. The evidence points at increased expectations in the relational contract of Generation Y employees. This result contradicts suggestions by theories on aging and concurs with theories about generations. This would suggest that generational theory could provide an alternative explanation to differences between age groups. The results were also found to be in line with results from qualitative studies by Terjesen et al. (2007) and Gursoy et al. (2008) who suggested that intrinsic qualities of the job, such as job content or development opportunities or atmosphere were much more important than extrinsic motivators such as salary. We do however caution against overenthusiastic interpretation of these results; though transactional obligations were found to be significantly lower than relational obligations for Generation X, they were not significantly lower for Generation Y. Still, our respondents considered both transactional and relational contracts important. This result may be caused by uncertainties in the economic environment at the time of data-collection, but we should certainly not conclude that hygiene factors such as salary or job security can be dismissed. The results from the regression analysis suggest that none of the age-related variables (biological age, tenure, and generational cohorts) seems to predict explained variance for OCB, suggesting no age-related effects. However, when analyzing separately for Generation X and Generation Y, we do see some differences. Generation Y members with a higher education and higher positions in the company seem to demonstrate higher levels of OCB. Ng and Feldman (2009) also found the effect of education on OCB and job performance, but offer no explanation for the difference between Generation X, where this effect did not take place and Generation Y, where this effect did take place. The effect of position on OCB could be interpreted in the light of early career ambitions: Generation Y employees in management positions are

probably ambitious and more eager to prove themselves than their nonmanagement counterparts, and therefore likely to demonstrate OCB. For Generation X, it could be argued that when they are in management positions, they already settled their career, leading to lower needs of proving themselves toward the organization, and hence engagement in OCB becomes less likely. We also found evidence that age was a negative predictor for relational employer obligations. In other words, as people grow older, their expectations from their employer are lower. This results contrasts findings by [Farr and Ringseis \(2002\)](#) who suggest that perceived obligations increase with age. When replacing age by the categorical variable generational cohorts in our regression analysis, results turned out similar, suggesting a generational effect taking place. These findings suggest that (a) employees' expectations could perhaps be viewed from a generational perspective rather than an age-perspective and (b) Generation Y has grown up with high expectations of their employers.

Our results also offer indications that the process of psychological contract may be circular in nature: perception of relational obligations influences OCB which, in turn, influences relational obligations. This proposition by [Coyle-Shapiro and Kessler \(2002\)](#) and [Bal et al. \(2010\)](#) could be helpful in better understanding how to shape the relationship between employee and employer in the hospitality industry. Employees do not just demonstrate OCBs in an effort to reciprocate for higher expectations from their employer as has been assumed by most psychological contract research (see, e.g., [Morrison & Robinson, 1997](#); [Rousseau, 1990](#)). Instead, they may, as a result of their demonstration of OCB (extra efforts), also have higher expectations for their employers to reciprocate the voluntary input. This could be particularly important for the hospitality industry, as OCB is an essential part of the service interaction. One could hypothesize that if employer obligations were consequently not reciprocated, a breach takes place on the employer side, and will result in either reduction of OCB or increased turnover on the employee side. These are both costly consequences.

There seems to be no relation between transactional employer obligations and OCBs. This would suggest that classical conditioning of personnel through pay increase and job security is not working any longer, and that staff is best motivated by softer aspects such as development opportunities, job content, and a pleasant atmosphere at work. As was stated before, this does not mean transactional obligations are no longer important, but simply that relational obligations are now more important to Generation Y than previous generations. Given their upbringing in nurturing and supportive environments they will probably be predisposed to perform best in similar work

environments (Solnet & Hood, 2008). This could prove quite a challenge in an industry with strong hierarchal structure beset with increasing demands on return on investment, where employees and managers are asked to do ever more work with fewer people (Tulgan, 2003).

This study has several limitations. First of all, a relatively modest sample collected within a single hotel chain limits the generalizability of the results. In particular, results for Baby Boomers could not be interpreted due to small sample size and were consequently excluded from the study. Second, although we assume causal effects, we cannot be entirely sure because of the cross-sectional design of the study. Lastly, the data for this study were collected during times of economic crisis. Many people in the hospitality industry lost their jobs, and it is not impossible that respondents have provided different answers than they would during noncrisis times with more job certainty, which could have slightly skewed the data.

Future studies should ensure to collect a large enough sample of this generation for a better understanding of all three generations' psychological contracts. Although Baby Boomers are a relatively small part of the hospitality industry these days (Solnet & Hood, 2008), they quite often hold key positions in hospitality firms and are therefore influential in setting strategy and policies.

Research in this field would benefit from the adoption of longitudinal study designs. This not only helps to better understand the dynamic and circular nature of the psychological contract, but may also provide insights that help disentangle the generational cohort approach from other age-based approaches.

CONCLUSION

This study aimed to explore generational differences in the psychological contract and OCB. Although many myths and stereotypes about generations do abound, we do conclude that there is some evidence for generational differences, and we suggest that this is a topic worthy of further research. The psychological contract offers an attractive avenue to advance our understanding of work-related needs. Understanding these needs is essential in an industry, which is increasingly more dependent on their human capital to deliver the service experience. More attention is particularly needed for management styles that satisfy intrinsic needs such as personal development, proper support, opportunity to take responsibility for tasks and pleasure at work in order to retain talent for the industry.

Further understanding of the reciprocal nature of the psychological contract can help managers understand how better performance can be achieved through communicating with employees.

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