

LINKING PSYCHOLOGICAL CONTRACT TYPE AND POWER DISTANCE ORIENTATION TO EXIT, VOICE, LOYALTY AND NEGLECT BEHAVIOURS

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2009 British Academy of Management Conference: Track – Organizational psychology

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ABSTRACT

This study responds to the call for more research into the role of cultural values in the psychological contract by considering the links between relational and transactional psychological contract types, the cultural value of power distance orientation measured at the individual level, and the behavioural responses of Exit, Voice, Loyalty and Neglect. A theoretical model is developed and four hypotheses are examined using data collected by the administration of a survey questionnaire to a sample of 223 university student. The results indicate that psychological contract type and power distance orientation interact as hypothesised to shape an individual's behavioural response to perception of psychological contract breach. Implications and suggestions for future research are discussed.

Keywords: *psychological contract, power distance, exit, voice, loyalty, neglect, employment relationship, cultural values*

INTRODUCTION

Over the last two decades, the concept of the psychological contract (PsyCon) has developed as a theoretical construct for conceptualising the employment relationship and examining its dynamics (Anderson & Schalk 1998; Conway & Briner 2005; Millward & Brewerton 2000; Rousseau 1989 1995; Shore & Coyle-Shapiro 2003). The PsyCon concept draws heavily on social exchange theory which recognises that culture is a major factor in shaping the choices people make as to how social exchange should occur (Coyle-Shapiro & Conway 2004; Rousseau & Schalk 2000). While the importance of culture as an influence was acknowledged in the early development of the PsyCon concept, its influence has been largely neglected in contemporary PsyCon research (Rousseau, & Schalk 2000; Sparrow 1996 1998; Thomas et al. 2003; Wang et al. 2003).

With the inevitable social and business impacts of globalisation and highly competitive labour markets, organizations are increasingly likely to comprise of employees from a diverse range of cultural backgrounds and values (Hitt 1998; Warner 2008). Hence, a better understanding of the role that cultural values play in an employee's PsyCon is essential if the organization and the employee are to access the mutual benefits that can flow from its effective management. Without such an informed understanding, the likelihood of breach of the PsyCon, with its potentially negative consequences for productivity and the ongoing health of the employment relationship, is increased. As Rousseau and Schalk (2000: 11) state: 'In the modern economy that is characterised by workplace diversity and globalisation, there can be no productive employment or successful organizations without psychological contracts that have society and context-specific meanings.' Recognising this imperative, scholars have called for more consideration of the impact of culture on the PsyCon (Rousseau & Schalk 2000; Sparrow 1996 1998; Thomas et al. 2003; Wang et al. 2003).

WHAT IS THE PSYCHOLOGICAL CONTRACT?

The PsyCon comprises the individual employee's beliefs about the employment relationship, or more specifically the mutual obligations entered into by the employee and the organization

which are not explicitly stated in the formal employment contract (Conway & Briner 2005; Coyle-Shapiro et al. 2004). Thus, from the employee's perspective, the employee-organization relationship is predicated on the employee's perceptions that promises have been made, and considerations offered in exchange, which bind the employee and the organization to a set of reciprocal obligations (Rousseau 1995; Rousseau & Tijoriwala 1998).

Although several typologies of contract types have been proposed (see Tsui et al. 1997; Shore & Barksdale 1988; Thompson & Bunderson 2003), it is the two-dimensional (relational and transactional) interpretive framework that to date has dominated PsyCon research (De Cuyper et al. 2008; McLean Parks & Smith 1998; Millward & Hopkins 1998; Rousseau 1995; Rousseau & McLean Parks 1993). The relational PsyCon is complex, with its currency comprising open-ended terms that are socio-emotional in nature. Such contracts involve investments that are inter-related and difficult from which to withdraw. They evolve over time, and create a commitment to the other party that promotes interdependence and lessens the weight of self-interest (McLean Parks & Smith 1998; Rousseau 1995). The transactional PsyCon, on the other hand, is less complex, with content terms that are explicit, short-term, economic and material in nature. Such contracts, which assume rational and self-interested parties, remain relatively stable over time and do not result in an ongoing interdependence of the parties. While initially juxtaposed as opposites, research has shown that the relational and transactional types are conceptually distinct dimensions (Taylor & Tekleab 2004). Hence, an employee's PsyCon may be simultaneously high or low on both dimensions (Conway & Briner 2005; De Cuyper et al. 2008; Millward & Brewerton 2000). In other words, an employee's PsyCon is likely to be predominantly, rather than wholly, relational or transactional in type.

In general, all contracts operate according to a number of general principles, one of the most fundamental being that the purpose of a contract is the production of mutual benefits for the contracting parties (Rousseau 1995). In today's changing business environment, however, the possibility of producing mutual benefits as a continuing outcome of the exchange of contributions under the PsyCon has been weakened. Indeed, research suggests that a majority of employees are likely to experience instances of PsyCon breach resulting from a perceived failure by the organization to meet one or more of its obligations in a way that is commensurate with the employee's own contribution (Morrison & Robinson 1997; Robinson & Rousseau 1994; Rousseau 1995).

Across the span of PsyCon research, while there have been studies focussed on employees' behavioural responses to PsyCon breach, there have been few studies examining the relationship between response to breach and the type of PsyCon (Conway & Briner 2005; Taylor & Tekleab 2004). There is some evidence that the relational PsyCon is negatively related to intentions to quit (Raja et al. 2004) and careerism (Rousseau 1995), and positively related to commitment (Grimmer & Oddy 2007; Raja et al. 2004), trust (Grimmer & Oddy 2007; Rousseau 1995), acceptance of change (Rousseau 1995), and organizational justice (O'Donohue et al. 2007). In addition, there is some empirical evidence that the transactional PsyCon is negatively related to job satisfaction and commitment (Grimmer & Oddy 2007; Raja et al. 2004), and distributive justice (O'Donohue et al. 2007). It has also been shown to be positively related to procedural justice (O'Donohue et al. 2007), intentions to quit (Raja et al. 2004), careerism (Rousseau 1990), and lack of trust in the employer (Rousseau 1995).

Underpinning this research has been a consensus in the literature that either 'reneging' or 'incongruence' may lead to breach of the PsyCon. Reneging occurs when the organization, either due to inability or unwillingness, knowingly breaches the PsyCon. Incongruence occurs when an employee and the organization unknowingly have different perceptions about what each is to contribute (Morrison & Robinson 1997; Robinson et al. 1994; Robinson & Rousseau 1994; Rousseau 1995). Research suggests that the employee's response to PsyCon breach by the organization will depend in part on several factors. These include: the size of the perceived discrepancy and its importance to the employee, the perceived likelihood of future breach by the organization, the history and current health of the employment relationship, and the nature of the PsyCon itself (Grimmer & Oddy 2007; Morrison & Robinson 1997; Rousseau & Grellar 1994; Rousseau 1995; Shore & Tetrick 1994). In addition, of particular interest to this study is research showing that an individual's cultural values (Blancero et al. 2007; Kickul et al. 2004; Restubog et al. 2007; Rousseau & Schalk 2000; Sparrow 1996 1998; Thomas & Au 2002) can also be factors of influence.

WHAT IS POWER DISTANCE ORIENTATION?

Hofstede's cultural framework (1980) is widely used in empirical research for categorising and comparing individuals on the basis of their system of values, attitudes, beliefs and behavioural meanings shared by members of a social group (society) and learned from previous generations (Thomas et al. 2003). The framework enables the measurement of culture on five dimensions: power distance (PD) orientation, individualism versus collectivism, masculinity versus femininity, uncertainty avoidance, and long-term versus short-term orientation. While some scholars argue that studies of cultural values are meaningful and applicable only at the societal level (Bollinger 1994; Triandis 2004), others have found considerable variability at the individual level on a within-country basis (Au 1999; Bochner & Hesketh 1994; Cross & Madson 1997; Kirkman & Shapiro 2001; Markus & Kitayama 1991). In other words, cultural values have been operationalised at the individual level within a workplace frame of reference (Brockner 2005; Farh et al. 2007; Kirkman et al. 2006; Maznevski et al. 2002).

The specific cultural value of interest in this study is PD orientation – defined here at the individual level as the extent to which an employee accepts the unequal distribution of power in the workplace. In essence, employees who have a high PD orientation accept as the norm large inequalities in the distribution of power, resources, and rewards between themselves and others within their workplaces. They are submissive to others they perceive as their superiors in the organization, do not openly question management prerogative in decision-making, and do not expect to be consulted or to participate in decision-making. In contrast, a low PD orientation signifies recognition by the employee of the importance of equality and opportunity, and that all should share in the decision-making and allocation of resources and rewards within an organization (Begley et al. 2002).

The empirical evidence in regard to the role of an individual's cultural values in relation to PsyCon type and PsyCon breach is limited, with a small but growing number of published studies (see for example Begley et al. 2002; Chen et al. 2001; Dorfman & Howell 1988; Early & Gibson 1998; Clugston et al. 2000). While values such as traditionality, individualism and

collectivism, and reciprocity norms have been studied (see for example: Chen et al. 2008; Ho et al. 2004; King & Bu 2005; Kickul et al. 2004; Thomas et al. 2003; Westwood et al. 2001), only one recent study (Zhao & Chen 2008) has specifically studied the relationship between PsyCon type and cultural values, in this case individualism and collectivism. Also, there has been no published research examining the cultural value of power distance (PD) orientation at the level of the individual employee and its possible impact on the PsyCon. It is this gap in the literature that this study addresses with the following broad research question: what is the relationship between an employee's PsyCon type, PD orientation, and behavioural responses to PsyCon breach?

RELATING PSYCHOLOGICAL CONTRACT TYPE AND POWER DISTANCE ORIENTATION TO BEHAVIOURAL RESPONSE

The Exit, Voice, Loyalty, Neglect (EVLN) model (Farrell 1983; Hagerdoorn et al. 1999; Hirschman 1970; Naus et al. 2007; Rusbult et al. 1988; Withey & Cooper 1989) provides a specific framework for understanding employees' responses to PsyCon breach (Rousseau 1995; Turnley & Feldman 1998 1999a 1999b). In this model, Voice and Loyalty are considered as constructive behavioural responses. Voice is an active response through which the employee attempts to help solve a problem and so have a positive impact on the employment relationship. It might include actions such as participating in problem solving groups and suggesting solutions. Loyalty is defined as the employee waiting patiently for the situation to improve and trusting in the organization to solve the problem. As such, Loyalty is a less active constructive response that aims at maintaining the employment relationship. In contrast, Exit and Neglect are considered to be destructive behavioural responses. Exit is defined to mean quitting the organization, thinking about leaving, or searching for a position in another organization. Thus, Exit is an active response which has a negative impact on the employment relationship. In contrast, Neglect is defined as the employee being lax, and reducing their work effort and contribution to the organization. It is a less active destructive response which, in contrast to Loyalty, does not aim at maintaining an employment relationship to which the employee accords reduced value.

Psychological Contract (PsyCon) type and Exit, Voice, Loyalty, Neglect

As noted earlier, a PsyCon that is predominantly relational centres on socio-emotional exchange in an open-ended relationship, which has a long-term focus involving investments by both parties and from which withdrawal is difficult (McLean Parks & Smith 1998; Rousseau 1995). A predominantly relational PsyCon favours the collective interest of the employee and employer. In addition, an employee with a predominantly relational PsyCon, so called relational-oriented employees, are more likely over time to internalise the organization's values, have a high level of organizational commitment, and place significance on maintaining the employment relationship in good health for the long term (McLean Parks & Smith 1998; Millward & Hopkins 1998; Rousseau 1995). Relational-oriented employees are also more likely to be affected by PsyCon breach (Grimmer & Oddy 2007). What this suggests is that when relational-oriented employees perceive PsyCon breach, they are more likely to engage in cooperative behaviour and be willing to negotiate in good faith in order to ensure the employment relationship survives (MacNeil 1983; Rousseau 1995; Speidel 2000).

Moreover, as a predominantly relational PsyCon is characterised by a sharing of benefits and burdens between the employee and organization, relational-oriented employees are more likely to accept that reciprocity in exchange need not be immediate, and that future interactions may allow for satisfactory adjustments to be made in the event of a PsyCon breach (Chen et al. 2001; McLean Parks & Kidder 1994; McLean Parks & Smith 1998; Rousseau 1995). So, when relational-oriented employees perceive PsyCon breach, they are more likely to remain with the organization and go through the difficult times, as opposed to engaging in self-interested behaviours that are destructive to the employment relationship (McLean Parks & Smith 1998; Rousseau 1995; Rousseau & Wade-Benzoni 1994; Rusbult et al. 1988; Speidel 2000; Turnley & Feldman 1999b). Hence, for these reasons it is argued that the constructive behaviours of Voice and Loyalty are more likely responses to PsyCon breach for relational-oriented employees than the destructive behaviours of Exit and Neglect.

A predominantly transactional PsyCon, on the other hand, is primarily focused on short-term economic exchange which incorporates less trust, emotional investment, and interpersonal attachment or commitment to the relationship (McLean Parks & Smith 1998; Millward & Hopkins 1998; Rousseau 1995). The transactional PsyCon is based on employee self-interest, and minimal commitment and loyalty to the organization which is regarded as substitutable (Kim 2002; McLean Parks & Smith 1998; Rousseau 1995; Saunders & Thornhill 2006). As there is no long-term desire to preserve the relationship, employees with a predominantly transactional PsyCon, so called transactional-oriented employees, are unlikely to go beyond the perceived terms of the PsyCon and engage in organizational citizenship behaviours (McLean Parks & Smith 1998; Rousseau 1995). In the event of PsyCon breach, transactional-oriented employees have little to lose in terms of investment in the job and organization (McLean Parks & Smith 1998; Rusbult et al. 1988; Turnley & Feldman 1999b). Moreover, when PsyCon breach occurs there is little the transactional oriented-employee can do to address the imbalance in contributions other than reduce or cease contributing to the organization (Kickul et al. 2002; Kim 2002; McLean Parks & Smith 1998; Turnley et al. 2003; Turnley & Feldman 1999b). If transactional-oriented employees perceive that the employer has breached the PsyCon, they are likely to respond by reducing their contributions in terms of direct work effort and organizational citizenship behaviour, or by terminating the PsyCon by exiting the organization (Coyle-Shapiro 2002; Guzzo et al. 1994; Robinson 1996; Robinson & Rousseau 1994; Robinson & Morrison 1995; Rousseau 1995; Turnley & Feldman 1999b; Turnley et al. 2003). Hence, for these reasons, the destructive behaviours of Neglect and Exit are more likely responses to PsyCon breach for transactional-oriented employees than the constructive behaviours of Voice and Loyalty.

Power Distance (PD) orientation and Exit, Voice, Loyalty, Neglect

By definition, employees with low power distance (LPD) orientation believe there should be an equal distribution of power in the organization. They believe authority should be shared, and people should have equal rights and voice, and the opportunity to participate in the organization's decision-making processes (Begley et al. 2002; Lee et al. 2000; Markus & Kitayama 1991; Thomas & Au 2002; Triandis 2004; Yang et al. 2007). Moreover, the strong need for equality means LPD employees are also more likely to perceive inequality compared with their counterparts (Begley et al. 2002; Thomas & Au 2002). LPD employees have a strong internal locus of control, which is the internal belief that they are able to effect change and thereby control their own destiny (Kirkman & Shapiro 2001; Thomas et al. 2003). For all these

reasons, LPD employees are more likely to engage in active and non-conformist behaviours when they perceive the organization to have been responsible for PsyCon breach (Thomas et al. 2003; Whitey & Cooper 1989).

If LPD employees believe the organization is willing and able to respond in good faith, these behaviours are likely to be directed towards restoring and improving the working relationship (LePine & Van Dyne 1998; Thomas & Au 2002; Van Dyne & LePine 1998; Yang et al. 2007). Hence, Voice will often be utilised by such LPD employees as the principal mechanism by which they try to stimulate positive and corrective change (Thomas & Au 2002; Thomas et al. 2003; Turnley & Feldman 1999b; Yang et al. 2007). On the other hand, where belief in the organization's good faith to rectify a PsyCon breach is absent, LPD employees are more likely to consider withdrawing their contribution to the organization. Because of their strong internal locus of control, LPD employees are less likely to see themselves as dependent on the organization, and therefore are more likely to consider alternative employment options (McLean Parks & Smith 1998; Rousseau 1995). In line with this reasoning, therefore, it is argued that the active behaviours of Voice and Exit are more likely responses to PsyCon breach for LPD employees than the passive behaviours of Loyalty and Neglect.

Turning now to high PD (HPD) orientation employees: for such employees the unequal distribution of power, status, and authority in organizations is accepted as the norm; inequality and injustice are taken for granted (Gudykunst & Ting-Toomey 1988; Lee et al. 2000; Markus & Kitayama 1991; Miller et al. 1996; Thomas & Au 2002). HPD employees are highly influenced by the norms of conflict avoidance and respect for authority, and believe that employers have the prerogative to make decisions without consulting employees (Begley et al. 2002; Farh et al. 2007; Yang et al. 2007). This means that HPD employees are indeed less likely than their LPD counterparts to perceive inequality and any related PsyCon breach by the organization. In relation to locus of control, this is more likely to be external in HPD employees, who believe that forces outside of their control determine what happens to them, and that they cannot effect major change without the approval of those with authority in the organization (Kirkman & Shapiro 2001; Thomas et al. 2003). For these reasons, HPD employees are less likely to take action to abandon the organization by voluntarily terminating their employment, and more likely to exhibit passive conformist behaviours if and when they do perceive a PsyCon breach by the organization (Leck & Saunders 1992; Farh et al. 2007; Thomas et al. 2003; Si et al. 2008; Thomas & Au 2002; Trubinsky et al. 1991).

If HPD employees believe that the organization is benevolent and trustworthy, the most likely passive response to PsyCon breach will be behaviours that show support for the organization and its decision-making authority. In line with the norms of acceptance and harmony maintenance, such HPD employees are more likely to respond to PsyCon breach with behaviours that demonstrate Loyalty. On the other hand, when HPD employees do not believe the organization to be reliable and trustworthy, they are more likely to reduce their contribution in ways that are not visible to the organization, such as avoiding extra-role obligations and/or simply being lax in the fulfilment of in-role obligations, in order to regain a sense of control and perceived equity in the employment relationship (Leung 1987; McLean Parks & Kidder 1994; McLean Parks & Smith 1998). On this basis, therefore, it is argued that the passive behaviours of Loyalty and

Neglect are more likely responses to PsyCon breach for HPD employees than the active behaviours of Exit and Voice.

Integrative model

Drawing on the theory and research reviewed above, it is possible to create a two-dimensional framework to model the relationships between PsyCon type, PD orientation, and each of the EVLN responses in the case of a breach of the PsyCon by the organization (see Figure 1 below). The vertical dimension is a continuum – ranging from 'constructive' to 'destructive' – reflecting the nature of the impact an individual's primary response to perceived breach (E, V, L or N) is likely to have upon the quality of the employment relationship. The horizontal dimension is the continuum – 'active' to 'passive' – reflecting the degree of observable effort that characterises an individual's primary response (E, V, L or N).

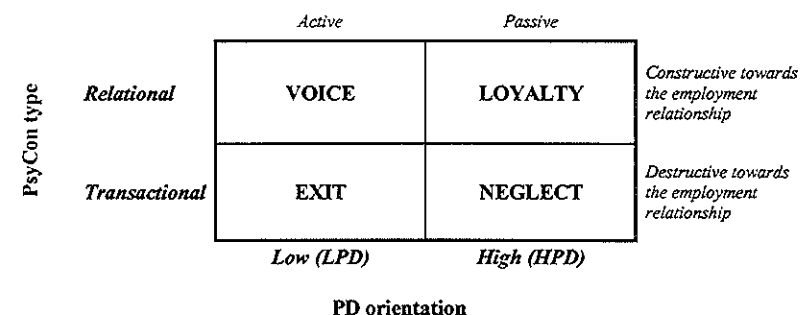


Figure 1: Relating PsyCon type and PD orientation to EVLN responses

In terms of the constructive/destructive dimension, relational-oriented employees who perceive and value the PsyCon as a long-term investment of mutual benefit align with the constructive responses of Voice and Loyalty. From the individual's perspective, these responses will at worst not damage and at best improve the relationship to the mutual benefit of the employee and the organization. In contrast, transactional-oriented employees, because they have a comparatively short-term perspective and place lesser value on the mutually beneficial aspect of the PsyCon, align with the destructive responses of Exit and Neglect. These responses allow the individual at least to protect their own interest, and at most to maximise that interest without concern for the mutual interest and/or the interest of the organization.

Looking at the active/passive dimension, LPD employees, who believe that all should share in the decision-making and allocation of resources and rewards within an organization, align with the active responses of Voice and Exit. These responses entail the individual expending observable energy to correct a perceived imbalance in the employment relationship either cooperatively with the organization or unilaterally through separation from the organization. In

contrast, HPD employees, because they accept a power imbalance in favour of the organization as the norm, align with the passive responses of Loyalty and Neglect. From the individual's perspective, these responses entail a comparatively lesser or no expenditure of observable energy to restore the employment relationship to a balanced state.

In accord with the theory and research reviewed above, alignment of PsyCon type, PD orientation and each of the EVLN responses in this way permits the following hypotheses to be derived:

Hypothesis 1: Employees with a predominantly relational PsyCon and an LPD orientation are more likely to respond to perception of PsyCon breach by the employer through Voice.

Hypothesis 2: Employees with a predominantly relational PsyCon and an HPD orientation are more likely to respond to perception of PsyCon breach by the employer through Loyalty.

Hypothesis 3: Employees with a predominantly transactional PsyCon and an LPD orientation are more likely to respond to perception of PsyCon breach by the employer through Exit.

Hypothesis 4: Employees with a predominantly transactional PsyCon and an HPD orientation are more likely to respond to perception of PsyCon breach by the employer through Neglect.

METHOD

Sample

The sample comprised a combination of 142 MBA students and 81 undergraduate business students at an Australian university. The decision to sample students was made because their diversity of job types and work experience avoided contextual constraints associated with any specific job type, and because of their ease of accessibility (Grimmer & Oddy 2007; O'Donohue et al. 2007; Yang et al. 2007). All respondents were currently employed, with the majority ($n=121$, 54.3 percent) on a full-time basis. Of the sample 102 respondents (45.7 percent) were female. The majority of the respondents ($n=184$, 82.5 percent) were aged between 20-39 years. Of the other respondents, one (0.5 percent) was under 20 years of age, 35 (15.7 percent) were aged between 40-59 years, and three (1.3 percent) provided no information. Job types were reported as 'management' ($n=80$, 35.8 percent), 'professional' ($n=46$, 20.7 percent), 'technical/trade/secretarial' ($n=30$, 9 percent), and 'other' ($n=67$, 30 percent). There were 155 respondents (69.5 percent) who reported having already completed an undergraduate or postgraduate qualification. Demographic data are included in Table 1 below.

Measures

Psychological contract (PsyCon) type

A 17-item shortened version of the Psychological Contract Scale (PCS) developed by Millward and Hopkins (1998) was used to assess both relational and transactional dimensions. The

transactional subscale comprises ten items and the relational subscale comprises seven items, each of which require participants to indicate the degree to which they agree with the given statements based on a seven-point Likert Scale ranging from (1) strongly disagree through to (7) strongly agree. A subscale score for each dimension is gained by averaging responses to the relevant items. Studies using PCS (e.g. Grimmer & Oddy 2007; O'Donohue et al. 2007; Millward & Brewerton 1998; Millward & Herriot 2000) have indicated that the PCS is psychometrically sound. Cronbach's alpha coefficients were obtained for both sub-scales on the current data, with each revealing a good internal reliability (relational, $\alpha = 0.842$; transactional, $\alpha = 0.823$).

Exit, Voice, Loyalty and Neglect (EVLN)

Respondents were first asked to read an introductory statement, adapted from Naus et al. (2007), containing general examples of adverse organizational circumstances, and to consider how they would most likely respond. This statement was designed to establish and describe circumstances that would constitute examples likely to lead to breach of respondents' PsyCon. Following the introductory statement, behavioural responses were measured using the instrument developed by Naus et al. (2007). Based on Hirschman's (1970) EVLN framework (Dowding et al. 2000; Rusbult et al. 1988; Whitey & Cooper 1989) and Naus et al. (2007), respondents were presented with 20 items (five items each for the four response types), and asked to indicate their response using a seven point Likert Scale ranging from (1) strongly disagree and (7) strongly agree. A separate score for each behaviour response is gained by averaging responses to the relevant items. The Cronbach alpha coefficient for the current data revealed a good level of internal consistency for each response type: Exit, $\alpha = 0.856$; Voice, $\alpha = 0.859$; Neglect, $\alpha = 0.876$; and Loyalty, $\alpha = 0.856$.

Power distance (PD) orientation

PD orientation was measured at the individual level using the instrument developed by Dorfman and Howell (1988), the psychometric properties of which have been well-documented across a range of research (for example, Bochner & Hesketh 1994; Clugston et al. 2000; Begley et al. 2002; Farh et al. 2007; Lee et al. 2000). The instrument has six items presented as statements, and respondents are required to indicate the degree to which they agreed with the given statements based on a five point Likert Scale ranging from (1) strongly disagree to (5) strongly agree. Responses are averaged to produce a single PD score. The Cronbach's alpha coefficient for the current data revealed a good level of internal consistency ($\alpha = 0.831$).

Procedure

The questionnaire was administered to students during class time. Potential respondents were provided with a written statement about the study, and were briefed on the study aims and the procedures to be used to ensure privacy and confidentiality. They were advised that their participation in the survey was voluntary. As some students declined involvement at the time of group distribution and others did not return the survey, it was not possible to identify systematically the response rate, nor reasons for non-participation. Out of 225 questionnaires collected, two questionnaires contained information that was incomplete. These were discarded, leaving the total sample size of 223 respondents.

Coding and data analysis

In the first instance, respondents were classified as either being predominantly relational or predominantly transactional in their PsyCon orientation. Scores for both sub-scales were examined for each respondent, the higher of which was then used to classify the predominant PsyCon type for that respondent. For example, if the relational sub-scale score was the higher of the two scores then the respondent's PsyCon type was classified as predominantly relational. Each respondent's predominant PsyCon type (relational or transactional) was then coded as a nominal variable accordingly.

Respondents were then classified as having either a high or low PD orientation. A median-split process was used in order to achieve this. With the current data, an average score of less than three was considered to represent a low PD (LPD) orientation while more than three represented a high PD (HPD) orientation. LPD orientation meant that the respondent had a low tolerance to inequality in the distribution of power, and vice versa for HPD orientation. Each respondent's PD orientation level (HPD or LPD) was then coded as a nominal variable accordingly. In order to create the required combinations of PsyCon and PD orientation to test the relationships proposed in Figure 1, respondents' predominant PsyCon and PD orientations were subsequently combined to form a single nominal variable of four categories: (i) relational with LPD, (ii) relational with HPD, (iii) transactional with LPD, and (iv) transactional with HPD.

Respondents' data were also interrogated in terms of their most likely behaviour response to the introductory statement which contained examples of adverse organizational circumstances. The behavioural response type (EVLN) which had the highest score for each respondent was classified as their most likely behavioural response, and this was then coded accordingly as a nominal variable.

This process of coding resulted in two nominal variables – PsyCon/PD orientation and most likely behavioural response – each with four categories. When combined for Chi-square analysis, the cross-tabulation table thus contained 16 cells. A Chi-square test assumes that at least 80 percent of cells should have expected frequencies of five or more (Pallant 2007; Veal 2005). Data for this study did not violate this assumption as 15 out of the 16 cells (93.7 percent) conformed to this requirement. For analysis, the two student cohorts were combined to form a single sample as there was found to be no significant difference between the MBA and undergraduate students pertaining to the two nominal variables of interest: PsyCon/PD orientation ($\chi^2(3) = 0.184$, $p = 0.980$), and behavioural response ($\chi^2(3) = 2.933$, $p = 0.402$).

RESULTS AND DISCUSSION

Descriptive statistics

Table 1 below displays descriptive statistics for PsyCon and PD orientation across various demographic categories. The majority of male and female respondents held a predominantly relational PsyCon – 63.3 percent and 63.7 percent respectively. Similarly, the majority of respondents were found to be LPD oriented (59.2 percent for male and 77.5 percent for female). Across all age groups and all education levels, the majority of respondents held a predominantly relational PsyCon and were LPD oriented. The majority of respondents (74.4 percent) who were employed as full-time employees held a predominantly relational PsyCon. On the other hand,

respondents who were employed on a part-time basis were evenly divided according to PsyCon orientation.

LPD orientation was predominant for respondents in both part-time and full-time employment. The majority of the respondents who were employed in 'Management' and 'Professional' fields, held a predominantly relational PsyCon – 71.3 percent and 65.2 percent, respectively – whilst respondents who were employed in the 'Other category' were more evenly divided – 48.5 percent predominantly relational and 51.5 percent predominantly transactional. The majority of respondents across all job types were LPD oriented.

Table 1: Descriptive statistics

Demographic	Category	Number (n=223)	PsyCon type		PD orientation	
			Relational	Transactional	Low	High
Age group	0-19	1	0.0%	100.0%	100.0%	0.0%
	20-29	139	58.3%	41.7%	69.1%	30.9%
	30-39	45	80.0%	20.0%	64.4%	35.6%
	40-49	31	64.5%	35.5%	64.5%	35.5%
	50-59	4	75.0%	25.5%	75.0%	25.0%
	60 plus	0	0.0%	0.0%	0.0%	0.0%
	Unspecified	3				
Gender	Female	102	63.7%	36.3%	77.5%	22.5%
	Male	120	63.3%	36.7%	59.2%	40.8%
	Unspecified	1				
Level of education	High school	67	58.2%	41.8%	67.2%	32.8%
	Undergraduate	110	65.5%	34.5%	68.2%	31.8%
	Postgraduate	45	64.4%	35.6%	66.7%	33.3%
	Unspecified	1				
Work status	Part-time	102	50.0%	50.0%	65.7%	34.3%
	Full-time	121	74.4%	25.6%	69.4%	30.6%
	Unspecified	0				
Job type	Management	80	71.3%	28.8%	63.8%	36.3%
	Professional	46	65.2%	34.8%	76.1%	23.9%
	Technical	16	75.0%	25.0%	56.3%	43.8%
	Trades	4	75.0%	25.0%	75.0%	25.0%
	Secretarial	10	60.0%	40.0%	70.0%	30.0%
	Other	66	48.5%	51.5%	68.2%	31.8%
	Unspecified	1				

Note: Percentages are calculated to account for unspecified (missing) responses.

Hypotheses testing

There was found to be a significant relationship between PsyCon type/PD orientation and most likely behavioural response ($\chi^2(9) = 111.914$, $p < 0.001$). This represents an effect size of $\phi = 0.708$ (Cohen 1988). For the current study, with a sample size of 233, with 9 degrees of freedom and assuming $\alpha < 0.05$, the power of the analysis was found to be 0.99. This represents a 99

percent level of confidence in the power of the data to detect a relationship between the two variables of interest. Table 2 shows the cross-tabulation of these two variables. Interrogation of this table reveals that all the predicted cell associations occurred in the hypothesised direction, explained as follows.

Hypothesis 1 proposed that respondents with a predominantly relational PsyCon and LPD orientation (RPsyCon/LPD) were more likely to respond to the perception of PsyCon breach through Voice. Table 2 shows that Voice accounted for 81 percent of the behavioural responses for RPsyCon/LPD respondents, and was thus the most frequently occurring behavioural response for this category of respondent (well above the expected count for that cell). Therefore, Hypothesis 1 was supported. This reinforces previous findings, which indicated that employees with a predominantly relational PsyCon (Turnley & Feldman 1999b) and LPD orientation (Thomas & Au 2002), have the tendency to utilise Voice as a constructive response aimed at repairing the employment relationship when they perceive employers to have breached their PsyCon.

Table 2: Chi square results for PsyCon type/PD orientation and most likely behavioural response

PsyCon type/PD orientation		Most likely behavioural response				
		Exit	Voice	Loyalty	Neglect	Total
RPsyCon/ LPD	<i>Expected count</i>	20.2	50.2	16.6	13.0	100
	<i>Actual count</i>	8	81	6	5	100
	<i>Percentage</i>	8.0%	81.0%	6.0%	5.0%	100.0%
RPsyCon/ HPD	<i>Expected count</i>	8.3	20.6	6.8	5.3	41
	<i>Actual count</i>	6	12	17	6	41
	<i>Percentage</i>	14.6%	29.3%	41.5%	14.6%	100.0%
TPPsyCon/ LPD	<i>Expected count</i>	10.3	25.6	8.5	6.6	51
	<i>Actual count</i>	26	13	6	6	51
	<i>Percentage</i>	51.0%	25.5%	11.8%	11.8%	100.0%
TPPsyCon/ HPD	<i>Expected count</i>	6.3	15.6	5.1	4.0	31
	<i>Actual count</i>	5	6	8	12	31
	<i>Percentage</i>	16.1%	19.4%	25.8%	38.7%	100.0%

Note: Row percentages are reported.

Hypothesis 2 proposed that for employees with a predominantly relational PsyCon and an HPD orientation (RPsyCon/HPD) were more likely to respond to the perception of PsyCon breach through Loyalty. Table 2 shows that for respondents in the RPsyCon/HPD category, Loyalty accounted for 41.5 percent of the behavioural responses, and was the most frequently occurring behavioural response for this category of respondent (above the expected count for that cell). These findings support Hypothesis 2, and are consistent with Si et al.'s (2008) finding that breach of the relational component in the PsyCon of their sample of HPD Chinese managers did not reduce their loyalty to their employer. Also, the nature of the relational PsyCon dimension suggests that this should be the case, as it is more open-ended, with a more long-term focus

involving socio-emotional investments in the employment relationship. Thus, withdrawal from the relationship is difficult (Cavanaugh & Noe 1999; McLean Parks & Smith 1998).

Hypothesis 3 proposed that respondents with a predominantly transactional PsyCon and an LPD orientation (TPPsyCon/LPD) were more likely to respond to the perception of PsyCon breach through Exit. For respondents in the TPsyCon/LPD category, Exit accounted for 51 percent of the behavioural responses, and was the most frequently occurring behavioural response for this category of respondent (above the expected count for the cell). Hypothesis 3 was therefore supported. This result aligns with the findings of Kim (2002) and Thomas and Au (2002). Kim (2002) found that violation of the transactional components of the PsyCon enhances employees' tendency to engage in destructive and active behaviour such as Exit; whilst Thomas and Au (2002) found that LPD employees are more likely to exhibit non-conformist behaviour such as Exit in response to their employers' failure to deliver on their promised commitments.

Hypothesis 4 proposed that respondents with a predominantly transactional PsyCon and an HPD orientation (TPPsyCon/HPD) were more likely to respond to the perception of PsyCon breach through Neglect. Table 2 shows that Hypothesis 4 was supported. It was found that in the TPsyCon/HPD category, the most frequently occurring behavioural response for this category of respondent was Neglect, accounting for 38.7 percent of the behavioural responses (above the expected count for that cell). This result is consistent with Kickul et al.'s findings (2002), which suggested that employees who perceive the organization as failing to fulfil transactional components of the PsyCon are more likely to partake in anticitizenship behaviours, such as talking excessively with co-workers when they should be working, and taking frequent or extra long breaks to avoid their own work, that are characteristic of the Neglect response. Also, the nature of HPD orientation suggests that this should be the case, as HPD employees are highly influenced by the norms of conflict avoidance and dutifulness toward employer, therefore, they are more likely to exhibit passive and destructive behaviours such as Neglect in order to restore the status quo and regain a sense of control when they perceive PsyCon breach by the organization (Leck & Saunders 1992; McLean Parks & Smith 1998; Trubisky et al. 1991).

CONCLUSION

This study developed a theoretical model of the relationship between PsyCon type (relational/transactional), PD orientation (high/low), and the most likely behavioural response (EVLN) by an employee to breach of the PsyCon by the organization. The four hypotheses derived from that model were then tested empirically. Each of the four hypotheses was supported by the findings, with hypothesis 1 supported most strongly and hypothesis 4 least strongly. In general terms, the findings from this study add to studies that have explicitly considered the influence of cultural values on the PsyCon, as well as studies that have explored other variables such as equity sensitivity (Kickul & Lester 2001) and distribution of power (Herriot & Pemberton 1996) as influences on response to PsyCon breach. Specifically, the findings add to the PsyCon literature in that they illustrate a relationship between an individual's PsyCon type and level of PD orientation as factors of influence in shaping an individual's behavioural response to PsyCon breach. On this point, it should be acknowledged that the relationships represented in the theoretical model, and subsequently supported empirically in the study, are simple, and intended to be so. However, this leaves the door open for future studies examining

responses to PsyCon breach and the influence of bilateral (or multilateral) interactions between PsyCon type and a broader and more complex set of contextual variables (e.g. organisational culture, ethical climate) and individual level-characteristics (e.g. organisational commitment, union commitment, job involvement, and personality traits). On a practical level, the findings also have potential value for organizations and human resource managers by providing insights that can be used to improve cross-cultural understanding of the employment relationship and help create and sustain positive and healthy employer-employee relationships.

Several limitations of this study should be noted however. The study sample was comprised of students at an Australian university, and consequently the results observed may reflect specific characteristics in respect of PsyCon type and PD orientation. As such, in order to improve generalisability, replication of this study with other employee samples with a broader range of demographic characteristics could be pursued. Secondly, a chi square test indicates the presence of a relationship, but does not measure the strength of the relationship between two variables of analysis (Blattberg & Subatra 1973). As a result, the study did not assess how predictive the combination of PsyCon type and PD orientation is in relation to behavioural response. Future research could use more powerful statistical analyses that allow for the strength of the relationship between the variables to be measured. Finally, all variables were measured with a self-report survey instrument which raises concern about common method bias, and the possibility of respondents under-reporting the frequency of the destructive behaviours of Exit and Neglect in order to portray a favourable image. Therefore, future studies should consider alternative data collection processes.

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Linking Psychological Contract type and Power Distance orientation to Exit, Voice, Loyalty and Neglect behaviours

Zhao, J & Chen, L 2008, Individualism, collectivism, selected personality traits, and psychological contract in employment. *Management Research News*, vol. 31, no. 4, pp. 289-304.