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An examination of psychological contracts, careerism and ITL

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Abstract

Purpose – The aim of this paper is to investigate the relationships between elements of the psychological contract (i.e. type and fulfilment) and an employee's intention to leave (ITL) their current organisation. The role of careerism as a potential mediating and moderating variable is also to be explored.

Design/methodology/approach – In total, 202 allied health professionals (AHPs) completed a questionnaire containing measures of the psychological contract, careerism and ITL.

Findings – As predicted, path analyses conducted via structural equation modelling demonstrated that careerism partially mediates the relationship between contract types and ITL. These findings suggest that employees with transactional contracts are more careerist, resulting in higher ITL, while employees with relational contracts are less careerist, resulting in lower ITL. Contrary to expectation, a hierarchical multiple regression analysis revealed that careerism failed to moderate the relationship between perceived contract fulfillment and ITL. However, a strong positive association between contract fulfillment and ITL was found.

Research limitations/implications – The data were collected cross-sectionally, which limits the ability to make causal inferences.

Practical implications – Results were consistent with the proposition that contract type and fulfillment explain employee ITL. It appears that employees with relational contracts are more likely to remain with their organization on a longer-term basis, compared to employees with transactional contracts, due to differences in career motives. Organizational awareness and understanding of employee psychological contracts and career motives is needed.

Originality/value – This paper provides new theoretical and practical insights on how psychological contracts and careerism can influence ITL among AHPs.

Keyword(s):

Psychological contracts; Careerism; Turnover intentions; Employees turnover; Career satisfaction; Employment contracts.
Introduction

It has been 20 years since Rousseau's (1990) seminal paper examining new hire's perceptions of the nature of their psychological contract was published. The psychological contract can be defined as the perceived promises and reciprocal obligations of each party in the employee-employer exchange relationship (Herriot et al., 1997). Many studies examining employee responses to psychological contract breach have since emerged. In particular, empirical studies have found contract breach to be related to turnover intentions, turnover, and other employee attitudes and behaviors including trust, job satisfaction, organizational commitment and organizational citizenship behavior (OCB; Conway and Briner, 2005). However, contract types have seldom been explored empirically (Hui et al., 2004), and surprisingly, the contract type-ITL relationship has rarely been revisited since Rousseau (1990) initially found a link between these two constructs. Moreover, the underlying mechanisms through which psychological contracts (both in terms of their content and the extent to which they are fulfilled) affect retention attitudes and behaviors are not well understood (Hui et al., 2004). Rousseau (1990) also developed a measure of careerism to assess the degree to which employees view their current employment as a stepping stone to better jobs elsewhere. While the link between careerism and ITL may seem intuitively clear, much more research is needed to help elucidate the relationship between careerism and the psychological contract. This study builds on the work of Rousseau (1990), examining the relationships between psychological contracts, careerism and ITL.

The current study has both theoretical and applied value and extends Rousseau's (1990) study in four ways. First, the relationship between ITL and two elements of the psychological contract (i.e. type and fulfillment) were examined. ITL refers to the subjective probability that an employee will resign from his or her organization within a specified timeframe (Zhao et al., 2007) and it has been found to be an antecedent to turnover (Griffeth et al., 2005). Second, the role of careerism as a partial mediator of the contract type-ITL relationship and moderator of the contract fulfillment-ITL relationship was examined (see Appendix). Third, this study used the revised, theoretically derived Psychological Contract Inventory (PCI; Rousseau, 2000). Finally, psychological contracts were examined in a sample of AHPs, because many published studies in the area have sampled a single cohort of newly hired MBA graduates (e.g. Robinson, 1996; Robinson et al., 1994; Robinson and Morrison, 1995; Rousseau, 1990). The allied health sector comprises of numerous disciplines including occupational therapy, physiotherapy, podiatry, speech pathology, pharmacy, clinical psychology, social work, audiology and dietetics (Wilkinson and Blue, 2002). To date, it appears that psychological contracts have not been explored empirically among AHPs. These professions also tend to be characterized by high employee turnover (Fitzgerald et al., 2000). Therefore, the psychological contract may be a useful framework for understanding ITL among AHPs.

Psychological contracts

Unlike formal employment contracts, psychological contracts are inherently perceptual, and are frequently based on implied promises (Rousseau, 1990). Consequently, each party to the relationship may hold different perceptions as to what these promises and obligations are. Therefore, psychological contracts are idiosyncratic and dynamic in nature (Rousseau, 1989), and in order to understand workplace attitudes and behaviors, it is these perceived obligations that ideally should be studied (regardless of whether or not they are accurate; Schein, 1980). In the present study, two elements of the psychological contract are examined:
1. the contents of the psychological contract (i.e. contract types); and
2. contract fulfillment.

Both elements will now be defined and examined in more detail.

_Psychological contract types_

From an employee perspective, the contents of the psychological contract refers to what promises employees perceive they have made to their employer, as well as what they believe the organization has in turn promised them (Conway and Briner, 2005). According to Rousseau (1990) there are two distinct contract forms: transactional and relational. Transactional contracts refer to short-term exchanges of specific benefits and contributions that have monetary value (e.g. high wage for hard work) and are characterized by a lack of long-term commitment (Conway and Briner, 2005). In contrast, relational contracts are broader, open-ended, and involve longer-term mutually satisfying exchanges (e.g. employee loyalty and commitment for job security; Rousseau, 1990). Two additional contract forms were later proposed by Rousseau (2000): balanced and transitional. Balanced contracts combine the transactional aspect of clearly defined performance-reward contingencies with an emphasis on relational, open-ended arrangements (Hui et al., 2004). Transitional arrangements refer to the erosion or absence of an employment agreement and cannot be considered psychological contracts because neither party is committed to the relationship (Hui et al., 2004).

In the research literature there appears to be confusion as to whether the transactional and relational contract types are opposites or whether they can coexist. It has been argued that they may be viewed as lying on opposite ends of a contractual arrangement continuum (Rousseau and McLean Parks, 1993). However, some empirical studies examining these contract types have found that content items split into two independent constructs (e.g. Coyle-Shapiro and Kessler, 2000; Rousseau, 1990), which suggests that employees could have high or low levels of both transactional and relational content items. By introducing the balanced contract type, it appears that Rousseau (2000) now accepts the proposal that transactional and relational contracts can, and do, coexist.

In the current study, Rousseau's (2000) PCI was utilised to measure the nature of employment obligations for several reasons. First, most alternative measures were developed using Rousseau's (1990) list, merely changing item wording or adding or deleting some items (Freese and Schalk, 2008). Second, while is it likely the PCI does not capture every perceived obligation, it does allow researchers to gather a broad understanding of employment obligations valued by employees in different occupational and/or organizational settings. Finally, in a recent study by Freese and Schalk (2008), the construct and content validity of existing measures was assessed, and Rousseau's (1990, 2000) instruments were two of the only four psychological contract measures recommended.

_Psychological contract fulfillment_

Psychological contract fulfillment occurs when employees perceive that their employer has fulfilled promised obligations. In contrast, psychological contract breach occurs when employees perceive a discrepancy between what was promised and what was fulfilled (Robinson and Rousseau, 1994).
Traditionally, contract fulfillment has been viewed as lying on a single continuum from breach through to fulfillment, and contract fulfillment is also thought to have linear effects on outcomes, whereby breach is related to negative outcomes that become increasingly more positive as fulfillment levels increase (Lambert et al., 2003). While some, albeit limited, evidence has emerged to suggest that this relationship may not be entirely linear (for a review, see Conway and Briner, 2005), breach and fulfillment do appear to have negative and positive effects on employee outcomes respectively.

Social exchange theory is the most commonly used conceptual framework for understanding contract breach and fulfillment. According to this theory, the development of positive employment relationships is dependent on both employees and their employers abiding by rules of exchange (Blau, 1964). These exchanges can be economic (e.g., money, goods) or more social in nature (e.g. respect, encouragement). When individuals receive benefits they feel obliged to reciprocate, and this norm of reciprocity is central to social exchange theory (Gouldner, 1960). For instance, if employees feel that their employer has not reciprocated, then they may perceive that contract breach has occurred and attempt to restore this balance by lowering their organizational trust or commitment (Taylor and Tekleab, 2004).

**Careerism**

The possible mechanisms through which psychological contracts influence employee responses are not well understood (Hui et al., 2004). A variable that has received limited empirical investigation in relation to psychological contracts and ITL is careerism.

In recent years, the turbulent economic environment has resulted in many organizations implementing strategic actions such as downsizing and delayering in an attempt to reduce costs and enhance corporate performance. The result of these strategic measures has been the transformation of the traditional employment relationship from a relational to a more transactional psychological contract, which has also affected organizational career structures (Arthur and Rousseau, 1996; Peiperl and Baruch, 1997). Historically, the dominant career paradigm was advancement within one firm. However, employees with contemporary careers (i.e. boundaryless or protean careers) may be more likely to change jobs or occupations at different stages of their lives (Finegold et al., 2002). Employees with boundaryless careers view their career as being independent of organizational boundaries (Arthur and Rousseau, 1996), while employees with protean careers are self-directed and internally driven by their own values (Hall, 2004). It has been noted that these career concepts are useful because they mirror the transformation of the employment relationship to a more transactional psychological contract and reflect the need for career aspirants to take control of their careers in the increasingly unstructured career milieu (Chay and Aryee, 1999).

A possible manifestation of these contemporary career paradigms is the espousal of careerism among career aspirants. Defined by Rousseau (1990) as the degree to which employees view their employment as an stepping stone up the inter-organizational career ladder, careerism measures how frequently employees expect to change organizations throughout their careers. Employees high on careerism (i.e. careerist individuals) tend to view their careers opportunistically, changing firms frequently, and are likely to have a more transactional employment relationship. Employees low on careerism believe they will remain with their current organization long-term and are likely to adopt a more relational contract (Rousseau, 1990). Careerism has been identified as a factor important in determining a preferred
employment relationship (Rousseau, 1990), but its influence on the psychological contract-ITL relationship has received little empirical attention.

**The relationship between psychological contract types, careerism and ITL**

The constructs that underlie Rousseau's (2000) transactional, relational and balanced contract types suggest that each type may influence ITL differently. Transactional contracts are short-term and narrow in focus, so presumably they will be positively related to ITL. In contrast, it is expected that the association between relational contracts and ITL will be negative, because employees who value relational obligations are likely to be seeking long-term job security (Rousseau, 2000). Balanced contracts are also expected to be negatively related to ITL, as they involve a commitment to enhancing long-term employability inside the organization (similar to relational contracts) as well as externally (Rousseau, 2000).

Surprisingly, relatively few empirical studies have directly examined the relationship between contract types and employee outcomes, and inconsistent findings have emerged. Relational contracts have been shown to be related positively (and transactional contracts, negatively) to job commitment, organizational commitment, job satisfaction and ITL (Millward and Hopkins, 1998; Raja et al., 2004). However, contract types do not always appear to have the opposite effect on work-related outcomes. Both relational and transactional contract types have been positively associated with job satisfaction and organizational commitment, and negatively associated with expected job tenure. While relational contracts only have also been negatively related to job insecurity and positively related to expected organizational tenure (De Cuyper and De Witte, 2006; Rousseau, 1990).

In a sample of recently employed MBA graduates, Rousseau (1990) found employee relational obligations to be positively related to expected organizational tenure but no relationship was found between organizational tenure and employer relational obligations and transactional obligations. This latter finding is particularly surprising given that Rousseau (1990) also found that careerist employees are more likely to perceive that they are obligated to a transactional agreement and more likely to anticipate changing firms in the short-term. As such, one would expect organizational tenure to be negatively related to transactional obligations. This study was however was limited by its reliance on young, MBA graduates; a cohort likely to have particularly high levels of careerism. Moreover, there is evidence to suggest that younger employees have higher ITL compared to their older counterparts (Chay and Aryee, 1999).

To date, it appears that the links between balanced contracts and employee outcomes have not yet been empirically examined. Consequently, the following hypothesis is largely exploratory for this contract type. In light of the limited evidence, it is hypothesized that:

**H1.** An employee's ITL their current organization will be positively related to the transactional contract type and negatively related to the relational and balanced contract types.

There is evidence to suggest that careerism may partially mediate the relationships between contract types and ITL, however this has not yet been examined empirically. Rousseau (1990) found careerism to be positively related to a new hire's belief in a transactional contract with their employer and negatively related to their belief in a relational contract. Rousseau (1990) also found careerism to be negatively associated with an individual's desire
to work for a specific firm, expected organizational tenure and expected job tenure in one's first job. As such, it is hypothesised that:

**H2.** Careerism will be positively related to transactional obligations and negatively related to relational obligations.

**H3.** Careerism will partially mediate the relationship between contract types and ITL, whereby employees with transactional contracts will be more careerist, resulting in higher ITL, while employees with relational contracts will be less careerist, resulting in lower ITL.

**The relationship between psychological contract fulfillment, careerism and ITL**

Employee reactions to contract breach have received much empirical attention. Numerous cross-sectional studies have found that breach is related to lower employee trust (e.g. Lo and Aryee, 2003), job satisfaction (e.g. Raja et al., 2004; Robinson and Rousseau, 1994), organizational commitment (e.g. Coyle-Shapiro and Kessler, 2000), perceived organizational support (Bal et al., 2010) and OCB (e.g. Coyle-Shapiro, 2002; Robinson and Morrison, 1995), and linked to higher ITL (e.g. Raja et al., 2004) and actual turnover (e.g. Robinson and Rousseau, 1994). The few existing longitudinal studies in the area largely support these findings (e.g. Bunderson, 2001; Robinson, 1996). In contrast, a few cross-sectional studies have found contract fulfillment to be positively associated with organizational commitment, job satisfaction, OCB and performance, and negatively related to ITL (Conway and Briner, 2002; Turnley et al., 2003; Turnley and Feldman, 2000). The positive relationship between contract fulfillment and OCB has also been replicated longitudinally (Coyle-Shapiro and Conway, 2005). Consistent with previous research it is expected that:

**H4.** A negative relationship will exist between psychological contract fulfillment and ITL.

To date, only one published study appears to have investigated the relationship between contract breach, careerism and ITL. Robinson and Rousseau (1994) examined careerism as a potential moderator of the relationship between contract breach and trust, satisfaction, turnover intentions and turnover, in a sample of management graduates (N=128). Data was collected immediately following recruitment and again two years later. However, the study was largely cross-sectional, because some variables were measured at one time interval only (i.e. contract breach, trust and job satisfaction). Only the moderated regression equation of trust on contract breach was significant (beta=0.11, p<0.05), suggesting that the higher the levels of careerism, the stronger the negative relationship between breach and trust. While careerism did not moderate the association between contract breach and the other variables, the results were all in the predicted direction. Based on estimates of power (for a review, see Tabachnick and Fidell, 2007), this sample size may have been too small to test the significance of individual predictors, particularly when the effects are likely to be small to moderate. Further research is needed to help verify whether or not these results are reliable and stable in relation to turnover intentions.

It is possible that careerist employees may be more likely to anticipate leaving their organization following contract fulfillment than those lower on this orientation, because the employment relationship may be of lesser importance to them. Hence, it is hypothesized that:
H5. Careerism will moderate the negative relationship between contract fulfillment and ITL. As such, it is expected that this relationship will be stronger for less careerist employees than it will be for their more careerist counterparts.

Method

Participants

Participants were 202 AHPs recruited from Victoria, Australia. Participants were employed in one of 15 regional public health agencies (N=114) or one metropolitan health agency with staff split across two campuses (n=88). The age category breakdown for the current study is depicted in Table I below. Of the sample, 87 percent were female, which is congruent with the overall gender profile of the Allied Health professions (Australian Institute of Health and Welfare, 2001). The sample comprised predominantly of physiotherapists (28 percent), occupational therapists (17 percent), social workers (14 percent), and dieticians (11 percent), together totalling approximately 70 percent of the respondents. The rest of the sample consisted of a few each from the remaining 11 occupational groups: allied health assistant, audiologist, exercise physiologist, medical image technologist, pharmacist, podiatrist, psychologist, sonographer, speech pathologist and welfare worker.

Given that participants were sampled across a wide range of agencies and professions, it was necessary to test for presence of significant between-group variations in ITL, as this informs the appropriate statistical technique to use for analysis of the data set (i.e. hierarchical linear model or standard, single-level modeling of the data). To test for this, a one-way random effects model was computed using SPSS, with ITL intercepts allowed to vary first by agencies and then by professions. As the results of these analyses revealed that the amount of cross-agency and cross-profession variation in ITL was negligible (Wald's Z=1.02, p=0.31, and Wald's Z=0.86, p=0.39, respectively), the participants were combined into a single group for the analyses reported throughout the results section.

Materials

Psychological contract

The Psychological Inventory (PCI; Rousseau, 2000) was used to measure contract types and fulfillment. Each of these aspects were viewed from the employee perspective and they were operationalised using two terms:

1. employer obligations (i.e. what employees perceive their employer owes them); and 
2. employee obligations (i.e. what employees perceive they owe their employer; Rousseau, 1990).

Response options for all questions ranged from 1 (not at all) to 5 (to a great extent). The PCI contains 28 items representing the three contract types (eight for transactional, eight for relational and 12 for balanced). The transitional form which represents the breakdown of a contract was excluded, consistent with previous research (e.g. Dabos and Rousseau, 2004; Hui et al., 2004). These questions required participants to consider their relationship with their current employers, and to identify the extent to which their employers have made the following obligations to them (i.e. employer obligations; sample item: “concern for my long-term well-being”) and the extent to which they have made the following obligations to their
employers (i.e. employee obligations; sample item: “commit myself personally to this organization”).

The PCI contains four items measuring psychological contract fulfillment (two for the employer perspective and two for the employee perspective). Sample items include: “Overall, how well does your employer fulfill its commitments to you?” (i.e. employer psychological contract fulfillment) and “In general, how well do you live up to your promises to your employer?” (i.e. employee psychological contract fulfillment). The PCI has proven reliability and validity (e.g., Dabos and Rousseau, 2004; Hui et al., 2004). Reliability scores for each PCI subscale in this study are provided in Table II.

**Careerism**

A five-item scale also developed by Rousseau (2000) was used to assess the degree to which an employee views his or her employer as being an instrumental stepping stone up the career ladder. Sample items are: “I took this job as a stepping stone to a better job with another organization” and “I am really looking for an organization to spend my entire career with.” Responses options ranged from 1 (strongly disagree) to 5 (strongly agree). Responses were coded so that a high score indicates a high level of careerism. This scale's alpha reliability in this study is 0.77.

**Intention to leave**

A two-item scale designed to gauge an employee's ITL his or her current employer was used. This scale was designed drawing on the work of an adapted measure used by Conway and Briner (2002). The scale consisted of a cognitive component: “Have you thought about resigning during the last six months?” and a behavioral component: “Have you actively looked for other jobs in the last six months.” Response options ranged from 1 (never), 6 (neutral) to 11 (frequently). A neutral response was represented by the mid point on the scale (6). This scale's alpha reliability in this study is 0.82. Cummins and Gullone (2000) demonstrated that many people can effectively discriminate between more than seven points on a scale, without negatively impacting a scale's reliability. Furthermore Cummins and Gullone noted that verbally anchoring each point on a scale is more prone to errors in interpretation due to the difficult associated with labelling these points appropriately. In light of this, an 11-point end-defined scale was used to assess ITL.

**Procedure**

Once organizational consent was attained from all invited agencies, an e-mail was distributed to human resources and/or Allied Health managers within each agency. The e-mail contained a hyperlink which directed participants to the online survey. Each agency then distributed the e-mail to all AHPs within that agency. Agencies were asked to maximise the opportunity to participate by allowing staff to complete the survey during work time.

**Results**

Preceding all statistical analyses, data were screened and appropriate adjustments were made (Tabachnick and Fidell, 2007). Four multivariate outliers were detected and deleted prior to all statistical analyses (n=198).
Descriptive statistics and bivariate correlations of the study variables are presented in Table III. Consistent with H1, an employee's ITL their current organization was positively related to employer transactional obligations (r=0.53, p<0.01) and negatively related to both employer relational (r=−0.48, p<0.01) and employer balanced (r=−0.42, p<0.01) contract obligations. For the employee contract obligations, the results differed slightly. As expected, ITL was positively related to employee transactional obligations (r=0.24, p<0.01) and negatively related to employee relational (r=−0.44, p<0.01). However, contrary to expectation a positive relationship existed between turnover intentions and employee balanced contract obligations (r=0.25, p<0.01). Nevertheless, these findings provide general support for the prediction that ITL is positively related to the transactional contract type and negatively related to relational and balanced contract types.

As predicted in hypothesis 2, transactional employer (r=0.20, p<0.01) and employee (r=0.26, p<0.01) obligations were both positively related to careerism, while relational employer (r=−0.16, p<0.05) and employee (r=−0.50, p<0.01) obligations were both negatively related to careerism.

To test the role of careerism as a partial mediator of the relationship between transactional and relational obligations and ITL, four mediated path analyses were conducted via Structural Equation Modelling using AMOS 6.0 (see Figure 1). These diagrams show the independent variable to the left, dependent variable to the right, and mediator at the top. The numbers associated with the arrows correspond to the standardized beta coefficients, and the numbers above the mediator and dependent variable correspond to the $R^2$ values. These beta coefficients are analogous to the values that would be obtained from a Standard Multiple Regression with the dependent variable regressed simultaneously on the independent variable and mediator. AMOS also provides a standardized beta weight, and corresponding significance value, for the direct (unmediated) path between the independent variable and dependent variable. This is the value associated with the horizontal arrow in each path. Most importantly, AMOS also provides the standardized beta weights for the indirect effect, that is, for the mediated relationship between the independent variable and dependent variable. In the path diagrams, the mediator coefficient is shown as $\beta_{ab}$. Due to sample size, bootstrapping methods were used to assess these mediations, following Shrout and Bolger's (2002) recommendations.

Consistent with H3, path analyses revealed a careerist orientation among employees partially mediates the relationships between ITL and employer ($\beta_{ab} =0.04, p<0.01$) and employee ($\beta_{ab} =0.06, p<0.01$) transactional obligations. Employer transactional obligations and careerism together accounted for 31 percent of the variance in turnover intentions, while employee transactional obligations and careerism together accounted for 11 percent of the variance in ITL. The direct paths from employer ($\beta_{ac} =0.49, p<0.001$) and employee ($\beta_{ac} =0.17, p<0.05$) transactional obligations to turnover intentions were also significant. A careerist orientation among employees also partially mediated the relationship between employer relational obligations and ITL ($\beta_{ab} =−0.03, p<0.05$). Employer relational obligations and careerism together accounted for 28 percent of the variance in ITL and the direct path from employer relational obligations ($\beta_{ac} =−0.45, p<0.001$) to turnover intentions was significant. Careerism did not mediate the relationship between employee relational obligations and turnover intentions, although the results were in the hypothesized direction. These findings provide support for the prediction that careerism partially mediates the relationship between transactional and relational contract types and ITL.
Due to high correlations between employer obligation scales, a confirmatory factor analyses for both employer obligations of the 28 PCI items were conducted in MPlus. Chi-square, RMSEA, CFI, TLI and SRMR were used to assess model fit. For the employer obligations the model was not a good fit. The Chi square was 1312.884, 350 df, \( p = 0.000 \), RMSEA was 0.125, the CFI was 0.664, the TLI was 0.637 and the SRMR was 0.110. The factor loadings are presented in Table IV.

H4 predicted that psychological contract fulfillment would be negatively related to turnover intentions. Only employer contract fulfillment was examined in this study, because it is unlikely that employee contract fulfillment (i.e. whether employees fulfill their obligations to their employer) will influence employee ITL. As expected, perceived employer contract fulfillment was negatively related to ITL \( (r = -0.57, p < 0.01) \).

There was no support for the prediction that careerism would moderate the relationship between psychological contract fulfillment and ITL. To test H5, a Hierarchical Multiple Regression analysis was performed. In the first step, employer contract fulfillment and careerism were regressed on ITL. In the second step, the interaction term (contract fulfillment \( \times \) careerism) was added to the equation. The independent variable and moderator were centered prior to entering them into the equation, to control for the common problem of multicollinearity (Tabachnick and Fidell, 2007). Careerism did not moderate the relationship between perceived employer contract fulfillment and turnover intentions, however there were significant main effects for employer contract fulfillment \( (\beta = -0.53, p < 0.001) \) and careerism \( (\beta = 0.15, p < 0.05) \).

Discussion

It has been 20 years since Rousseau (1990) investigated the links between psychological contract types, careerism and expected organizational tenure. Since then the PCI has been revised and an additional contract type proposed (i.e. the balanced contract). The purpose of this study was to build on the work of Rousseau (1990) by examining the relationships between elements of the psychological contract, careerism and ITL in a sample of AHPs.

As predicted, an employee's ITL is positively related to transactional obligations and negatively related to relational obligations. These results suggest that when employees perceive that what they owe their employer and what is owed in return is transactional in nature (i.e. short-term exchanges specific benefits with monetary value), then employees are more likely to anticipate leaving their current organization in the short-term. While the inverse of this relationship was found for employees who perceive that they are obligated to a relational agreement. These findings largely diverge from those of Rousseau (1990). Surprisingly, Rousseau (1990) found that expected organizational tenure is unrelated to transactional obligations and employer relational obligations. This may be partly explained by measurement differences between Rousseau's earlier measure and the PCI. Also, as mentioned earlier, solely sampling young MBA graduates may have influenced her findings. However, consistent with Rousseau's (1990) findings, employees who are committed to their relational obligations anticipate having a long-term employment relationship.

Consistent with expectations, an employee's ITL is negatively related to employer balanced obligations, but contrary to expectation the inverse of this relationship was found for employee balanced obligations. To date, the relationship between balanced contract types and ITL does not appear to have been explored empirically. These findings suggest that when
employees perceive that their employers' value balanced obligations (i.e. they are committed to employee career development and long-term employability; Rousseau, 2000), they are more likely to anticipate remaining with their organization long-term. In contrast, when employees perceive that they are obligated to a balanced agreement, they are more likely to anticipate leaving their organization in the short-term. One possible explanation for this finding is that these employees may have contemporary careers (i.e. boundaryless or protean careers) and thus be more likely to change jobs or occupations throughout their working lives (Finegold et al., 2002). Moreover, employees may feel the need to take control of their careers (Chay and Aryee, 1999), even when they are obligated to a balanced agreement, due to the increasingly uncertain work environment.

Interestingly, the strength of the relationship between contract types and ITL differed depending on whether employees were referring to perceived employer or employee obligations. The relationships between ITL and employer obligations were moderately strong, while employee obligations typically had much weaker associations with ITL (with the exception of employee relational obligations). This suggests that employee perceptions of what their employers owe them has a greater impact on ITL than employee's perceptions of what they owe their employer in return. However, employer and employee obligations appear to equally influence ITL among employees committed to a relational agreement, perhaps because these employees are more concerned about upholding their side of the arrangement (i.e. remaining loyal to their organization).

The mean scores for each contract type are of interest. The transactional mean score is significantly higher for employer (compared to employee) obligations, and the reverse in case for balanced obligations (employee obligations are higher than employer obligations). The mean scores are equivalent for relational obligations. One explanation for this is that the employees are more likely to commit to a balanced contract with their employer whereas organization are more likely to view employment relationships transactionally. Alternatively, a response bias may be occurring. There is a tendency for individuals to respond in a manner that is congruent with the self-image they want to publically convey. For example, employees may be concerned about openly conveying their preference for a transactional type contract, because this may be perceived negatively by others.

As predicted, careerism was positively associated with transactional contract obligations and negatively associated with relational obligations. This finding suggests that employees who take an opportunistic approach to career advancement are more likely to perceive that they have a transactional (as opposed to a relational) agreement with their employer. This finding is consistent with previous research which suggests that careerism is an important factor in determining a preferred employment relationship (Rousseau, 1990). Also similar to Rousseau's (1990) study, the negative relationship between relational employee obligations and ITL was particularly strong, perhaps because these employees value and espouse the old career paradigm of advancement within one firm (Finegold et al., 2002).

As predicted, careerism also partially mediated the effects of transactional and employer relational obligations on ITL. This result reinforces the importance understanding the mechanisms that influence the relationship between contract types and employee turnover intentions. It appears that employees who perceive they are committed to a transactional agreement are more likely to be careerist individuals, which in turn increases an employee's ITL their current organization. This result also suggests that employees who perceive that their employer has made relational obligations to them are less likely to view their career
opportunistically, and thus have lower turnover intentions. Contrary to expectation, careerism failed to partially mediate the relationship between employee relational obligations and ITL; however the results were all in the predicted direction.

As predicted, a strong negative relationship was found between employer psychological contract fulfillment and ITL. This finding is consistent with previous studies (e.g. Conway and Briner, 2002; Turnley and Feldman, 2000) and implies that organizations are likely to retain their staff if their employees feel fairly treated (Rousseau, 1990).

Consistent with previous research (Robinson and Rousseau, 1994), but contrary to expectation, the relationship between contract fulfillment and turnover intentions was not moderated by careerism. This is a potentially important result, because it implies that the experience of fulfillment will have the same strong, positive impact on ITL for both employees who plan to remain with their employer long-term and those who view their organization as a stepping stone (Robinson and Rousseau, 1994). In other words, it appears that employees may respond in the same way to contract fulfillment because their valued obligations (whether they be transactional, relational or balanced in nature) are being met. This suggests that employers may be better able to retain their employees if they have an awareness and understanding of their preferred type of employment relationship.

**Limitations and suggestions for further research**

Caution must be taken when generalizing these findings to other employee populations because this study focused solely on AHPs. As noted previously, many of the Allied Health professions in Australia, particularly in rural and regional areas, are characterized by high staff turnover (Fitzgerald *et al.*, 2000). Therefore, it is possible that ITL may be particularly high in this population. Compared to other employees, AHPs may also have different psychological contract types and work attitudes, and respond differently to contract fulfillment. However, it is likely that these results are somewhat generalisable to other populations because several findings were consistent with Rousseau's (1990) study sampling recently recruited MBA graduates.

While consistent with previous research (e.g. Hartmann and Bambacas (2000), the use of a two-item scale for ITL may have been a limitation of the current study.

Several other limitations of this study should be noted. First, interpretation of the results is limited by the cross-sectional design, which does not permit inferences about causality. A second issue pertains to the reliance on self-report measures to measure variables. However, these concerns are somewhat mitigated in the current study, because it is the employee's perception of their psychological contract that is important in determining ITL (Schein, 1980). Thirdly, the response rate in this study is unknown due to the nature in which the data were collected. This information would have been useful, because if there was low response rate, the results may be less generalisable to Allied Health sector. A fourth issue was that some of the Allied Health disciplines were not well represented, so the results may be less applicable to these groups. Finally, following data screening the overall sample size was relatively small (*n*=198), but comparable to other studies examining the relationships between psychological contracts and employee attitudes (e.g. Raja *et al.*, 2004; Robinson and Rousseau, 1994; Rousseau, 1990).
To build on this study, one future area of research would be to explore how different psychological contract forms influence other employee attitudes and behaviors. For example, the level of trust that employees' have in their employers may differ depending on the type of psychological contracts that they value. Second, future research should consider other mechanisms through which the psychological contract affects employee retention attitudes and behavior. For example, an employee's age and perceived contract replicability (i.e. the degree to which employees perceive that their psychological contract is replicable in other organizations) may mediate the psychological contract-ITL relationship (Hess and Jepsen, 2009; Ng and Feldman, 2008), but limited research has examined these mechanisms specifically. Third, research in this area should be replicated longitudinally with a large sample of employees from diverse occupational fields.

**Theoretical and practical implications**

This research makes an important contribution to our theoretical understanding of the psychological contract forms, because the current findings suggest that each contract type influences ITL differently and in a manner which is largely consistent with each type's underlying dimensions. The current findings were largely inconsistent with Rousseau's (1990) contract type findings, which is perhaps not surprising given the PCI has a stronger theoretical foundation unlike Rousseau's earlier measure. It appears that Rousseau's (1990) study may not have accurately captured the distinctiveness of the transactional and relational contract types. To more fully understand the contract type-ITL relationship, much more empirically research is needed.

In addition to this theoretical contribution, the current study has applied value. From a practical perspective, it appears that when fairly treated within the organization, employees may be less likely to anticipate leaving (regardless of their career motives) because their valued psychological contract obligations are being met. The distinct psychological contract types also appear to provide important insights into how employees view their career and current organization. For example, if employees with relational contracts are more likely to remain with their organization on a longer-term basis, compared to employees with transactional contracts, then organizations may experience a corporate advantage if they focus on retaining these individuals. Assessing an employee's preferred type of employment relationship could form part of every organization's individual development and career planning process.

**Conclusion**

Overall, the results of this study are consistent with the proposition that psychological contract type and fulfillment predict employee turnover intentions. Organizational awareness and understanding of employee psychological contract types and career motives is needed, because such knowledge may assist employers with future retention strategies.
Figure 1. Path diagrams describing the relationships between employer (ER) and employee (EE) transactional and relational obligations and ITL, mediated by an employee’s level of careerism.

Notes: Standardised beta weights are beside the arrows; $R^2$ values are above the mediator and dependent variable; and standardised beta weights for the mediated path ($\beta_{ab}$) are also included: *$p < 0.05$, **$p < 0.01$ and ***$p < 0.001$

Table I. Age category breakdowns for sample studies

<table>
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<tr>
<th>Age category</th>
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Notes: $M = 35-39$, $SD = 2.0$

Table II. Reliability scores for psychological contract types and fulfillment

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<th>Psychological contract scales</th>
<th>Cronbach's alpha</th>
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<td>Fulfillment</td>
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<th>Reliability scores for psychological contract fulfillment types</th>
<th>Cronbach's alpha</th>
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### Table III

#### Descriptive statistics and correlations among variables studied

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Notes: *p < 0.05, **p < 0.01, n = 198

### Table IV

#### Factor loadings for confirmatory factor analysis 28 PCI items for employer obligations

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<th>Item number</th>
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### References


**Appendix. Scale items**

**Contract types**

**Employer obligations**

1. Transactional:
   - Limited involvement in the organization.
   - Training me only for management.
   - A job limited to specific …

1. Relational:
   - Concern for my personal welfare.
   - Be responsive to employee concerns.
   - Make decisions with my…

1. Balanced
   - Help me develop extremely marketable skills.
   - Job assignments that enhance …
   - Potential job opportunities outside …

**Employee obligations**

1. Transactional:
   - Perform only required tasks.
   - Do only what I am paid to do.
   - Fulfill a limited number of responsibilities.
   - Only perform specific duties.
   - Quit whenever I want.
   - I have no future obligations.
   - Leave at any time I choose.
   - I have much fewer commitments …

1. Relational:
• Make personal sacrifices for this organization.
• Take this organization's concerns personally.
• Protect this organization's image.

1. Balanced:

• Build contacts outside firm …
• Increase my visibility …
• Building skills to increase future employment …
• Seek out assignments that enhance the value.
• Build skills to increase my value in this organization.
• Make myself increasingly valuable to this employer.
• Accept increasingly challenging performance standards.
• Take personal responsibility …

**Contract fulfillment**

1. Employer fulfillment:

• Overall, how well do you perceive your employer fulfils its commitments to you?
• In general, how well do you perceive your employer lives up to its promises?

1. Employee fulfillment:

• Overall, how well have you fulfilled your commitments to your employer?
• In general, how well do you live up to your promises to your employer?

**Careerism**

• I took this job as a stepping stone to a better job with another organization.
• I expect to work for a variety of different organizations in my career.
• I do not expect to change organizations often during my career (R).
• There are many career opportunities I expect to explore after I leave my present employers.
• I am really looking for an agency to spend my entire career with (R).

**About the authors**

Sigrid M. Hamilton, GradDip Psych, is a Research Associate and 2nd year Master of Organizational Psychology student at Deakin University. Her areas of specialty include psychological contracts, employee retention, career development, partnership evaluation and workplace cohesion. Sigrid has co-authored conference proceedings and numerous organizational reports.

Dr Kathryn von Treuer, DipAppSci-nurs, BBSci(Hons), MBSc, DBA, is the Course Chair for Organizational Psychology at Deakin University. Kathryn joined Deakin University in 2006 having broad industry experience within healthcare, Government and the private sector. Kathryn's research and previous roles in senior management has enabled her to expand her understanding of the management and development of organizations. Kathryn von Treuer is the corresponding author and can be contacted at: kathryn.vontreuer@deakin.edu.au