A Career Stage Perspective to Employees’ Preferred Psychological Contract Inducements

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ABSTRACT

Worldwide, retaining capable employees is a challenge. Management literature has advised employers to meet their employees’ psychological contract needs to retain them. This paper argues that, meeting those needs starts with a clearer understanding of, firstly, employees' preferences on psychological contract inducements, and secondly, how their preferences change over time. This paper proposes that Super’s (1957) career stage model be used to demarcate the stages where employees revise their preferred inducement items. Employers should be able to better retain employees, if they can offer those psychological contract inducement items preferred by employees at their different perceived career stages. As a theoretical contribution, this paper’s conceptual framework helps enrich current understanding of how psychological contracts are formed, and revised over time.

Keywords: employee relations, human resource development, personnel psychology, rewards at work, strategic human resource management

Management researchers have noted that retaining capable employees is a great challenge among employers worldwide (Barrick & Zimmerman, 2005; Carr, Pearson, Vest, & Boyar, 2006; Taylor, Levy, Boyacigiller, & Beechler, 2008; Vardaman, Allen, Renn, & Moffitt, 2008). Sometimes, the employee retention issue may be ameliorated during adverse economic conditions when job markets are weak (Kawaguchi & Ohtake, 2007). However, during boom time, employers are seen offering valuable inducements, such as stock options, to keep good employees (Bhattacharya & Wright, 2005; Chenevert & Tremblay, 2009; Oyer & Schaefer, 2005). More often than not, employers’ demand for skilled and talented human resource outstrips supply (Ng & Burke, 2005). The literature has advised organisations to keep employees satisfied to improve retention (Irving & Montes, 2009; Rosen, Harris, & Kacmar, 2009). One approach to do so is for employers to make it attractive for employees to stay by meeting their psychological contract needs (De Vos & Meganck, 2009; Parzefall, 2008; Zhao, Wayne, Glibkowski, & Bravo, 2007). However, there is a lack of theoretical or empirical insights into how organisations can offer attractive psychological contracts to employees. In this paper, we link the career stages perspective (e.g. Bradley, 2007; Isabella, 1988; Sullivan, 1999; Super, 1957) with the psychological contract literature. We propose that the career stages perspective can provide a theoretical lens for identifying desirable psychological contract elements for employees.
We begin by introducing the psychological contract approach to employer-employee relationship and then link it with the career stage perspective.

**THE PSYCHOLOGICAL CONTRACT’S ROLE IN RETAINING EMPLOYEES**

Based on Rousseau’s (1995) work, the psychological contract can be defined as employees’ beliefs about what the employer shall offer as inducements for their contributions (Bal, De Lange, Jansen, & Van der Velde, 2008; Guest, 2004). The psychological contract can be viewed from its feature-, evaluation- or content-oriented angle (Bellou, 2009; McInnis, Meyer, & Feldman, 2009; Rousseau & Tijoriwala, 1998).

The feature-oriented angle looks at the psychological contract’s attributes, such as its tangibility, scope, stability and time frame (Battisti, Fraccaroli, Fasol, & Depolo, 2007; McInnis et al., 2009). The tangibility attribute (tangible vs. intangible) reflects the degree to which employees deem the psychological contract as clearly observable. The scope attribute (narrow vs. broad) refers to the extent to which the employment relationship covers other aspects of employees’ lives (e.g. family). The stability attribute (flexible vs. stable) considers the extent to which the psychological contract’s terms can evolve according to changing circumstances, versus being fixed since its formation. The time frame attribute (short- vs. long-term) refers to the psychological contract’s perceived duration (e.g. that of temporary staff vs. permanent staff). McInnis et al. (2009) found that employees tend to stay longer with their organisations if they perceived their psychological contracts as broad and long-term.

The evaluation-oriented angle examines the psychological contract’s degree of fulfilment, change or violation (Robinson & Morrison, 2000). From this angle, most studies have focused on employees’ perception of psychological contract fulfilment, breach or violation on the part of the employer, and its impact on employee attitudes and behaviour (McInnis et al., 2009). Those studies have generally associated psychological contract breach or violation with negative employee attitudes and behaviour (De Cuyper, Rigotti, De Witte, & Mohr, 2008; Orvis, Dudley, & Cortina, 2008). Schalk & Roe
(2007) added the view that employees would first assess the severity of employers’ psychological contract breaches before reacting. They opined that employees might tolerate contract breaches, and withhold retaliation, up to a certain point. However, the literature usually cautions employers against breaching or violating psychological contracts for the sake of retaining employees (e.g. Tekleab, Takeuchi, & Taylor, 2005; Turnley & Feldman, 1998).

The content-oriented angle itemises the psychological contract’s terms. From the employees’ perspective, those terms will refer to the specific inducement items provided by the employer. Studies adopting this angle have commonly labelled employer inducements as “employer promises” or “employer obligations”. Basically, there have been two ways to look at psychological contract inducement items. The first way treats inducement items as separate (e.g. advancement opportunities, interesting job and safe working environment) and investigates employees’ reactions to each of them (Shore & Barksdale, 1998). The second way groups psychological contract inducements under broad headings for further analyses (Rousseau & Tijoriwala, 1998). For instance, psychological contracts with monetary-based inducements, such as pay and monetary benefits, are grouped under “transactional”; and psychological contracts with socio-emotional-based inducements, such as support and respect, are grouped under “relational” (Cavanaugh & Noe, 1999). Studies which have compared transactional and relational psychological contracts have advised that the latter seemed more effective for retaining employees (Grimmer & Oddy, 2007; Lester, Kickul, & Bergmann, 2007).

**EMPLOYEES’ PREFERENCES ON PSYCHOLOGICAL CONTRACT INDUCEMENTS**

While the feature- and evaluation-oriented angles are useful for depicting an employment relationship’s characteristics and employees’ reactions to changes in that relationship, they do not describe what inducements employees desire (Freese & Schalk, 2008). In this sense, studies which apply these two angles lack practical advice for employers on what inducements will meet employees’ needs (Meckler, Drake, & Levinson, 2003). The content-oriented angle seems to offer that advice. Research from this angle has over the years developed an extensive list of psychological contract inducement items for empirical validation with employees (Freese & Schalk, 2008). This was done
by first qualitatively interviewing employees on what they perceived as psychological contracts inducements (e.g. Cross, Barry, & Garavan, 2008; Robinson & Rousseau, 1994), then quantitatively testing employees’ responses to employers who change certain inducement items during the employment relationship (e.g. Kickul, 2001; Porter, Pearce, Tripoli, & Lewis, 1998). To date, researchers have identified at least 40 psychological contract inducement items, such as advancement opportunities, autonomy to do job in one’s own way, balance in personal life, clear job description, clear rules and procedures, career guidance, coaching, extra health care benefits, interesting job, involvement in decisions affecting organisation, job security and non-stressful work (Bellou, 2009; Herriot, Manning, & Kidd, 1997; Kelley-Patterson & George, 2002; Kickul, 2001; Lester & Kickul, 2001; Roehling, Roehling, & Moen, 2001; Rousseau, 1990). Besides investigating such inducement items separately, researchers have also grouped them under the broader “transactional” and “relational” headings in various analyses.

However, in terms of using such inducement items lists, researchers have so far only examined employees’ satisfaction with various inducement items, and employees’ perceptions of the extent to which employers have provided the inducements. The first knowledge gap here is the lack of clarification on what employees’ preferences are for different inducement items in the first place. In addition, as a second knowledge gap, how employees form those preferences, or revise them over time, is largely left unanswered.

With a better grasp of employees’ preferred psychological contract inducements, employers can more appropriately customise inducements to retain employees. Hence, addressing the two knowledge gaps can sharpen the practical advice that employers need. Furthermore, amidst the literature’s recent calls for greater understanding of what antecedents form and revise psychological contracts (Cullinane & Dundon, 2006; Dulac, Coyle-Shapiro, Henderson, & Wayne, 2008; Rousseau, 2003), knowing more about how employees form or revise their preferences on psychological contract inducements enriches that understanding.
EMPLOYEES’ PERCEIVED CAREER STAGES AND PREFERENCES ON

PSYCHOLOGICAL CONTRACT INDUCEMENTS

To enhance extant knowledge about psychological contracts, studies have scrutinised the implications of various exogenous factors, such as age, education and gender, on psychological contract inducements (Bellou, 2009). For instance, psychological contract vis-à-vis gender studies have posited that the primary role of women rested with the family; therefore, women will require psychological contract inducements that meet family needs (e.g. time off for family needs) (Roehling et al., 2001). However, such inducement-related studies have been plagued by the issue of weak generalisability (Freese & Schalk, 2008; Herriot et al., 1997; Porter et al., 1998). Attempts at meta-analysis will see results varying according to each study’s context (Anderson, 1998; Guzzo, Noonan, & Elron, 1994; McInnis et al., 2009). In terms of validating employees’ preferences for various employer inducements, there have also been too few studies. Again, those studies were specific to context and applied only to certain professions. For example, Mehta et al.’s (2000) study on salesmen’s preferences looked at only sales-specific inducement items, such as commissions and salesmanship interaction.

While there have been recent efforts to more generally stratify psychological contract inducement items and develop a model for describing how they take shape in psychological contracts, those studies have concentrated on employees’ personalities as the key underlying explanation (Nikolaou, Tomprou, & Vakola, 2007; Raja, Johns, & Ntalianis, 2004). Besides employee personality, there may be other frameworks available for explaining employees’ preferences on psychological contract inducements. Meckler (2003) and Rousseau (2003) have emphasised the need for psychological contract studies to go back to the basics by portraying employees’ psychological needs. Incidentally, some career stage models argue that it is the employees’ perception of their career stage that triggers their psychological adjustments, which in turn, influence their interpretation of work-related phenomena (Gunz & Peiperl, 2007; Sullivan, 1999). Perhaps such a career stage model can be a framework for portraying employees’ psychological needs, thereby explaining their preferences on inducement items.
In the literature, researchers have used various career stage models to investigate how employees’ perception of career stage will influence their interpretation of work situations (Cron, 1984; Gould & Hawkins, 1978; Miller & Form, 1951; Slocum & Cron, 1985; Super, 1957). Despite nomenclatural differences, career stage studies have identified three to four distinct stages in an employee’s career (Rode, Arthaud-Day, Mooney, Near, & Baldwin, 2008; Sullivan, 1999). Those models have described each career stage as a significant segment where employees’ mental pictures of their work lives are different (Carlson & Rotondo, 2001; Cooke, 1994). Studies adopting those models have argued that, as employees’ cognition changed with their perceived career stage, their views of work phenomena will also change. For instance, employees’ perceived career stage has been related to their work attitudes, organisational commitment, receptivity of organisational changes, and job stress level (Bradley, 2007; Isabella, 1988; Lynn, Cao, & Horn, 1996; Yilmaz, 2002). A common conclusion from those studies was that, different employee attitudes, behaviour or performance could be associated with the employee’s perception of his or her career stage.

Interestingly, Ng and Feldman (2008) examined the relationship between employees’ perception of career stage and their perception of whether the psychological contract inducements currently offered by the employer could be replicated with another employer. Ng and Feldman’s study found that late career stage employees were more likely to believe that their current inducements would be hard to replicate elsewhere. Ng and Feldman’s study illustrates that employees’ perceived career stage does influence their mental picture of psychological contract inducements.

This paper argues that, if employees’ perceived career stage can be treated as their cognitive frames for viewing their work situations, and the psychological contract is a mental model used by employees to depict their relationship with the employer (i.e. a work situation), then employees may apply their perception of career stage when considering what they prefer as psychological contract inducements. In other words, employees’ preferences on psychological contract inducements should vary with their perceived career stages. Hence, employees’ perception of career stage can be an antecedent of how
they form or revise their psychological contracts (in terms of changing their preferences on inducements). So far, no research has explicitly linked employees’ perceived career stage to their preference for certain psychological contract inducements over others. This is peculiar, since the literature has often treated career stage as the lens through which employees evaluate their work phenomena.

Super’s Career Stage Model and Employees’ Preferred Psychological Contract Inducements

A career stage model which depicts employees’ psychological adjustments and has garnered wide support in the literature is Super’s (1957) model (Cheramie, Sturman, & Walsh, 2007; Hartung & Taber, 2008; Lease, 1998; Ornstein & Isabella, 1993; Sullivan, 1999). His model demarcates an employee’s work life into four career stages, where the employee’s perception of each career stage represents his or her developmental concerns at that stage (Creed, Fallon, & Hood, 2008; Gunz & Peiperl, 2007; Super, Thompson, & Lindeman, 1988).

According to Super (1957), during the “exploration” stage, employees need to identify their interests and capabilities and fit them to appropriate occupations. During the “establishment” stage, employees are concurrently concerned with career advancement and growth while developing a stable work and personal life. During the “maintenance” stage, employees will seek to uphold their career positions and minimise changes that will disrupt the stability achieved at that career stage. Finally, in the “disengagement” stage, employees will prepare for retirement from the workforce (Smart, 1998). In other words, employees seek to fulfil specific developmental needs when they perceive themselves at a particular career stage. It follows that employers should offer psychological contract inducements that employees prefer for meeting their career stage-specific needs, in order to satisfy them.

This paper suggests that Super’s (1957) career stage model be applied for identifying and explaining employees’ preferences on psychological contract inducements over the course of their careers. Hence, it raises the following propositions about employees’ preferred psychological contract inducements according to each of their perceived career stages.
**Exploration stage**

Based on Super’s (1957) study, employees at this career stage are trying to better understand themselves in relation to the world of work. When they first take on the job, they will probably be having a rather vague picture of the work involved. What they understand about the job may perhaps be based on preliminary information from other working individuals, their own part-time experience in that field of work or media publications (Gibson, 2004). Hence, employees at this career stage are still exploring what work is ultimately most suitable for them. They see themselves trying out the work at hand and whether it really interests them (Smart, 1998). In addition, the employees will check if they have the capabilities to match the work. Furthermore, they will want to meet people who can help them get started with the chosen field, and if possible, allow them to settle down in the job (Smart & Peterson, 1994). This paper predicts that employees who perceive themselves at this career stage will value psychological contract inducements that clarify their suitability for the job, such as clear job description, clear rules and procedures, career guidance, coaching, interesting job and opportunity to develop new skills.

*Proposition 1: Employees who perceive themselves at the “exploration” career stage will have greater preference for those psychological contract inducements that clarify their job suitability, such as clear job description and career guidance, than employees who perceive themselves at other career stages.*

**Establishment stage**

At the “establishment” stage, employees will have learnt the ropes in their occupations (Super, 1957). They have adapted themselves well in their field of work. Employees at this career stage will then want to plan how they can get ahead (Smart & Peterson, 1994; Super et al., 1988). There are essentially two ways for employees to get ahead. They either look for a higher position with another employer, or they can perform well in their current organisation and vie for promotion (King, 2004). To increase their chances for career advancement if they choose to stay with their current organisation, employees will try to profile their competence in that organisation, especially to their
management (Smart & Peterson, 1994). To help in that profiling, they will appreciate supervisors who accord recognition for work which they have done well. Employees at this career stage are also likely to ask for more responsibilities from management (Savickas, 1997). Furthermore, for employees at this career stage to move ahead and manage their increasing responsibilities, they will need the support of their colleagues (Smart & Peterson, 1994). As such, we predict that employees who see themselves at the “establishment” career stage will place greater preference on advancement opportunities, effort recognition by supervisor, equal opportunities for all, gratitude for special contribution, teamwork, performance-based rewards and increasing responsibilities.

**Proposition 2:** Employees who perceive themselves at the “establishment” career stage will have greater preference for those psychological contract inducements that help them to consolidate themselves and move ahead in their careers (such as advancement opportunities) compared to employees who perceive themselves at other career stages.

**Maintenance stage**

Super’s (1957) “maintenance” stage represents a period of career stability. This career stage is depicted as the time when employees’ job performance typically peaks and levels off (Ng & Feldman, 2007). The main concern for employees at this career stage is to hold on to the accomplishments achieved earlier in their work lives (Ng & Feldman, 2007; Smart, 1998). To address this concern, the employees will keep up with, and prevent, any changes that may disrupt their career statuses. They are thus more likely than employees in other career stages to seek information about potential changes that may affect them (e.g. whether there are upcoming technological developments which may render their knowledge and / or skills obsolete) (Simpson, Greller, & Stroh, 2002; Williams & Savickas, 1990). In addition, as employees at this career stage prefer to stay with their organisation (Slocum & Cron, 1985), they will be more anxious about their organisation’s continued survival. Furthermore, perhaps owing to this stage’s relatively greater stability, employees are able to give more attention to their non-work life roles in this stage than the earlier stages (Super, 1980; Williams & Savickas, 1990). This paper predicts that employees who perceive themselves in the “maintenance” career stage
will show greater interest in psychological contract inducements that share information about potential changes and offer them the chance to pursue non-work interests, such as involvement in decisions affecting self, involvement in decisions affecting organisation, constant information on corporate issues, job security, autonomy to do job in one’s own way, balance in personal life and take leave at a time that suits self.

Proposition 3: Employees who perceive themselves at the “maintenance” career stage will have greater preference for psychological contract inducements that share information about potential changes and offer them the chance to pursue non-work interests, such as constant information on corporate issues and balance in personal life, than employees who perceive themselves at other career stages.

Disengagement stage

The “disengagement” stage has been described as a period where employees gradually detach themselves from their organisation (Adler & Aranya, 1984; Super, 1957). As far as possible, employees at this career stage will want a smooth transition into retirement. They will avoid occupational pressures that they have formerly handled more easily, and concentrate on those things that they can do as they get older (Greller & Stroh, 1995). In fact, Campion, Lord, & Pursell (1981) found that employees who perceived themselves at this career stage were more likely to refuse promotions than others. That can be interpreted as a sign that employees at this stage shun additional pressures that may accompany a promotion. Employees who perceive themselves at this career stage will probably be more interested in information on having a good retirement, so as to plan well for retirement (e.g. having a place to live in retirement, setting aside enough assets, and cultivating new interests) (Smart & Peterson, 1994). We therefore predict that, to continue engaging employees at this career stage to contribute from their wealth of experience, employers can offer psychological contract inducements that help employees to transit into retirement more effectively, such as non-stressful job, extra health care benefits, retirement benefits and safe working environment.
Proposition 4: Employees who perceive themselves at the “disengagement” career stage will have greater preference for psychological contract inducements that help them to transit smoothly into retirement, such as non-stressful job and extra health care benefits, than employees who perceive themselves at other career stages.

Table 1 summarises the four propositions about employees’ preferences for various psychological contract inducement items vis-à-vis their perception of career stage.

**Table 1: Proposed Relationship between Employees’ Perceived Career Stages and their Preferences for Various Psychological Contract Inducement Items**

<table>
<thead>
<tr>
<th>Perceived Career Stages</th>
<th>Preferred Psychological Contract Inducement items</th>
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<tbody>
<tr>
<td>Exploration</td>
<td>Clear job description</td>
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<td></td>
<td>Clear rules and procedures</td>
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<td></td>
<td>Career guidance</td>
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<td></td>
<td>Coaching</td>
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<td>Interesting job</td>
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<td>Opportunity to develop new skills</td>
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<td>Establishment</td>
<td>Advancement opportunities</td>
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<td></td>
<td>Effort recognition by supervisor</td>
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<td>Equal opportunities for all</td>
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<td></td>
<td>Gratitude for special contribution</td>
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<td></td>
<td>Increasing responsibilities</td>
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<td></td>
<td>Performance-based rewards</td>
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<td></td>
<td>Teamwork</td>
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<td>Maintenance</td>
<td>Autonomy to do job in one’s own way</td>
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<td></td>
<td>Balance in personal life</td>
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<td></td>
<td>Constant information on corporate issues</td>
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<td></td>
<td>Involvement in decisions affecting self</td>
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<tr>
<td></td>
<td>Involvement in decisions affecting organisation</td>
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<td></td>
<td>Job security</td>
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<td></td>
<td>Take leave at a time that suits self</td>
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<tr>
<td>Disengagement</td>
<td>Extra health care benefits</td>
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<td></td>
<td>Non-stressful job</td>
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<td></td>
<td>Retirement benefits</td>
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<td>Safe working environment</td>
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EMPLOYEES’ PREFERRED INDUCEMENTS BY PERCEIVED CAREER STAGES:

IMPLICATIONS FOR THE PSYCHOLOGICAL CONTRACT

In this paper, we have highlighted the role played by the psychological contract in retaining employees. The psychological contract is maintained by both the employee and employer parties. From employees’ end, they will weigh the inducements offered by the employer with their contributions. If employees perceive that the inducements received are at least equal to their costs of contribution, they will probably remain in the employment relationship (De Cuyper et al., 2008). This paper points out that, while extant literature is rich with advice and predictions on employees’ response to perceived psychological contract changes, two fundamental questions about psychological contract inducements remain unanswered.

Firstly, content-oriented psychological contract studies to date have concentrated on employees’ satisfaction with psychological contract inducement items or the extent to which employers are perceived to provide them. Received knowledge does not inform about employees’ preference for those psychological contract inducement items. Satisfaction with psychological contract inducement items may not be equivalent to preference on psychological contract inducement items. This implies that, even if employees have responded that they were satisfied with certain psychological contract inducement items, employers might have covered merely a subset of what employees would have preferred as psychological contract inducement items. Basically, employers have yet to achieve an understanding of the psychological contract that will more fully meet employees’ needs.

Secondly, the literature has been silent about how employees form or revise over time their preferences on psychological contract inducements. This makes it difficult for employers to regularly match employees’ needs. Employees’ needs evolve over time and their preferred psychological contract inducements will naturally change. Having a model to explain how employees’ preferred psychological contract inducements will change, and demarcate those change segments, will help employers identify the more appropriate inducement items to offer in order to meet employees’ needs.
This paper proposes that Super’s career stage model be used to demarcate the change segments. This is because there is evidence from the literature that, employees do apply their perception of career stage as a cognitive reference frame for evaluating work phenomena. According to Super’s model, employees have different development needs when they see themselves at different career stages (Gunz & Peiperl, 2007). Those development needs represent a main façade of employees’ psychological contract needs to be met by the employer’s inducements. It thus follows that, employees’ preferences on psychological contract inducements should vary with their perceived career stages.

The literature has existing inventories of psychological contract inducement items which can be used for validating preferences with employees. Furthermore, employees’ preferences on those items can be related back to their perceived career stages. By conducting such empirical analyses, we can address the two knowledge gaps of what employees’ preferences are for psychological contract inducements, and how they change by perceived career stage. Filling these gaps offers us a clearer picture of how psychological contracts are formed, and revised over time.
REFERENCES


