

A comprehensive social exchange model of key employee outcomes using the psychological contract, organisational justice and organisational citizenship behaviour

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Abstract

This paper serves to integrate social exchange with organisational justice and performance theory. Social exchange relationships are represented by employees' perceptions of workplace inequity and evaluated using justice rules. Employees are expected to have in-role and extra-role behavioural responses and cognitive responses to inequity. It is theorised that behavioural and cognitive responses are moderated by the employee's perceptions of organisational justice. Much employee performance, commitment, engagement, retention and turnover may be explained by this comprehensive model.

Keywords: Managerial thinking & cognition, attitudes, perception, interpersonal behaviour, change management

The workplace social exchange relationship is important in understanding organisational harmony and productivity. Employees are known to respond both behaviourally and cognitively to their perceptions of the workplace relationship but how or when those responses occur has been unclear. Benefits such as increased performance, satisfaction with the job and commitment to the organisation may flow from identifying the conditions, the circumstances and the manner of employees' responses to their perceptions of the workplace relationship. This paper seeks to synthesise social exchange and organisational behaviour theory by discussing the interplay between the employee's: (a) perception of the status of their social exchange with their employer (b) perception of fairness or justice in the organisation and (c) behavioural and cognitive responses to their workplace relationship perceptions.

INEQUITY AND SOCIAL EXCHANGE RELATIONSHIPS

A subset of exchange theory, social exchange is a central principle of social life, a universal phenomenon (Befu, 1980). Social exchange theory (SET), based on the early works of Homans (1961), Blau (1964), Thibaut and Kelly (1959) and more recent work by Emerson (1990) is a strong but still imperfect framework, a dominant and persuasive way of explaining interpersonal behaviour (Chadwick-Jones, 1976). SET represents a group of theories, some based on different assumptions, about the social exchange of resources between two people (Cropanzano, Rupp, Mohler, & Schminke, 2001b). Homans defined social exchange as a particular type of behaviour between two specific people: 'When a person acts in a certain way he is at least rewarded or punished by the behaviour of another *person ... that person and not just by some third party*' (Homans, 1961: 2). In social exchanges, meaningful actions between two individuals are referred to as transfers (Eckhoff, 1974). Transfers may be favours, benefits, resources or rewards. Social exchange is defined as an informal,

open-ended or long-term exchange of conditional, positively valued transfers (Eckhoff, 1974). Social exchanges may be recurrent or episodic (Scott, 1999).

The duration and development stage of the relationship are likely to impact on the exchanges. Participants in the early stage of a social exchange relationship are more likely to pay close attention to the specifics of the exchange transfers than participants who have an existing long established or recurrent social exchange relationship. Long established relationship partners are more likely to have developed trust and less likely to look out for the 'tit-for-tat', or direct, payoff for each exchange transfer, with social exchange relationships being maintained through balancing the elements of trust and indebtedness.

The two ways for a recipient to reduce indebtedness are to cognitively restructure the situation to diminish the value of the donor's contribution or to behaviourally reciprocate by transferring a benefit back to the donor in return (Greenberg, 1980). The norm of reciprocity, or repayment (Cropanzano & Mitchell, 2005) is a persuasive and significant social norm that impacts much of our social interactions. Between two parties, 'reciprocation' means a give and take situation with one transfer being conditional on another. A 'going rate' for exchange ratios is established through local supply and demand conditions and sets approximate standards for expectations as a guideline for exchanges (Blau, 1964). An accurate evaluation of the fairness of the going rate is not possible, however, because there is no reliable currency or quantifiable measure of social exchange benefits. It is rarely possible to transfer a benefit and equate it directly with the worth of the reciprocated gesture. It is the emphasis on 'approximate' standards and expectations that creates tension in social exchange relationships.

The concept of a fair or going rate of exchange introduces the justice evaluation into social exchange relationships. Blau's (1964) conception of the justice evaluation of social exchange transactions was based on an individual's comparison of their reciprocated benefit with their expected level of benefit. It was not so much the quantity of the rewards, but how closely the rewards did or did not match the expectations the recipient held for the rewards that mattered. The degree of match would determine the fairness of the rewards

It is clear that it is not only the work done and the wages and stated benefits paid that are exchanged in a workplace relationship. Some non-material benefits that an employee may give ('transfer') to their employer have been identified as including extra care, consideration, responsibility and loyalty than would normally be expected or required of an employee (Eckhoff, 1974). The reciprocal reward (again, 'transferred') could be the extra confidence that management has in that employee, possibly leading to increased security and advancement opportunities. This sort of reciprocal relationship is more likely in a higher quality, more permanent and more personal relationship, Eckhoff points out. The working conditions of a deeper relationship are also more likely to be perceived and assessed through justice principles than a shorter superficial working relationship.

This intersection of social exchange and justice in the workplace relationship has been

described as employees and managers creating a 'moral credit balance', a mental tally, of their exchange transfers (Eckhoff, 1974). The tally may be balanced or unbalanced at different times in the employment relationship. Opportunities to correct the balance occur throughout the employment relationship. It is neglectful for a party to not 'honour' the prior moral credit balance (Eckhoff, 1974). If an unbalanced tally is not corrected when an appropriate opportunity arises then a justice perception is applied.

THE NATURE OF JUSTICE IN ORGANISATIONS

Justice is a fundamental concept in our society, at 'the root of human affairs' of caretaking and receiving in our society (Sampson, 1986). Reviews (Cropanzano & Randall, 1993; Greenberg, 1990; Lind & Tyler, 1988) and meta-analyses (Cohen-Charash & Spector, 2001; Colquitt, Conlon, Wesson, Porter, & Ng, 2001) of the organisational justice research have helped to summarise and focus what is known of organisational justice. The key requirement of the justice motive is the self-perception of having fulfilled the terms of a fair exchange (Reis, 1986). The potential ambiguity in the expression 'fair exchange' acknowledges the difficulties often associated with determining justice. Justice is the fairness of an allocation (Reis, 1986). Organisational justice is the perceptions a person has about their work outcomes and the allocation procedures of those outcomes (Cropanzano & Prehar, 2001a).

For most employees, satisfactory working relationships with colleagues are essential to remaining with the employer. As discussed earlier, social exchange theory holds that the relationship between any two parties is sustainable because, amongst other things, the exchange between those parties is fair or just. Employees tend to monitor and evaluate their allocations and reciprocated benefits to assess the fairness of the exchanges. The relationships literature (Clark, 1985) confirms the appropriateness of a workplace 'running tally' of the level of balance or imbalance in transfers.

A major allocation rule in most societies is the *equity principle*. This rule considers the contribution of the recipients. Equity principles further evaluate an allocation based on the ratio of contributions of each recipient. Equity theory is derived from Adams (1963, 1965) and Homans (1961) using a social exchange framework of evaluating fairness and is the basis of most allocation decisions in organisations in western society. Equity theory highlights individuals' perceptions of their outcomes when compared to their contribution or inputs, rather than in absolute terms. Equity theory evaluates the ratio of a person's outcomes to their inputs with a comparison to other people's ratios of outcomes to inputs. Equity principle propositions that individuals in inequitable relationships will attempt to restore equity proportionately (Walster, Walster, & Berscheid, 1978). A small inequity may be accounted for by a cognitive restructure ('I'll get more next time') while a large inequity may result in severing a relationship, withdrawing services or support, or sabotage. An inappropriate ratio of inputs to outputs generates one of two unpleasant inequitable results. Overpayment leads to feelings of guilt, while underpayment leads to feelings of anger. Like social exchange relationships, discomfort is rectified psychologically or behaviourally (Walster et al., 1978).

MODEL AND PROPOSITIONS

The above discussion has demonstrated how social exchange relationships in organisations are based on recurrent exchanges of employee and employer contribution, monitored in a 'mental tally' of contributions, violation, and the organisation's reciprocity. Justice rules are then used to determine inequity then behavioural and cognitive responses are made. This extended social exchange process demonstrates how an employee reciprocates a perceived injustice in their social exchange relationship through an organisational justice filter.

The examination of social exchange relationships leads to the question of what difference, if any, does the status of the employee's mental tally make? It would be helpful to know the extent to which the status of the mental tally determines employee's performance. It is probable that employees adjust their outputs to the organisation when they determine inequities between their own and their employer's contributions. The propositions address these concerns and form the basis of the hypotheses in this paper:

Research question 1: How does an employee respond to inequity in their workplace?

Research question 2: What role does organisational justice play? and

Research question 3: To what extent do employees restore equity in their workplace relationships by adjusting their behaviour or their attitude towards the organisation?

The Psychological Contract as Inequity

The psychological contract is a useful framework to investigate social exchange theory in the workplace (Barksdale & Werner, 2001; Lester, Turnley, Bloodgood, & Bolino, 2002; Turnley, Bolino, Lester, & Bloodgood, 2003). The psychological contract is the mechanism an individual uses to keep track of the contributions to the relationship (for example, see Coyle-Shapiro & Kessler, 2002; Guest, 1998a; Rousseau & Wade-Benzoni, 1994), the employee's mental tally of the 'give and take' of the employment relationship..

There are a number of different models and definitions of the psychological contract (Guest, 1998b; Kotter, 1973; March & Simon, 1958; Meckler, Drake, & Levinson, 2003; Porter, Pearce, Tripoli, & Lewis, 1998; Tsui, Pearce, Porter, & Tripoli, 1997). Social exchange has had a prominent role in psychological contract definition. The language of social exchange was used in the psychological contract definition as: '*A set of unwritten reciprocal expectations between an individual employee and the organisation*' (Schein, 1978). The use of 'reciprocal' in that definition declares the social exchange component while a more recent definition extends and particularises the social exchange component: '*A shared belief that one person will perform or withhold some actions in return for a reciprocal gesture by another individual*' (Cropanzano et al., 2001a). In addition to a shared belief, that definition specifies direct performance consequences to social exchange transactions.

The psychological contract literature has been dominated by the individual-oriented approach (including, but not limited to Rousseau, 1989; Rousseau, 1990, 1996, 2001, 2004; Rousseau &

Tijoriwala, 1998) suggesting that employees vary in their belief that their psychological contract is with their supervisor, management, or 'a personification' of the organisation (Rousseau, 1998). The psychological contract definition refined by Rousseau extends Argyris' and others' definitions to include mutuality of obligations: '*An individual's belief in mutual obligations between that person and another party such as an employer (either firm or another person). This belief is predicated on the perception that a promise has been made (e.g. of employment or career opportunities) and a consideration offered in exchange for it (e.g. accepting a position, foregoing other job offers), binding the parties to some set of reciprocal obligations*' (Rousseau et al., 1998). It is likely that the definition of the psychological contract will continue to be refined as more research evidence becomes available so that researchers may agree on the construct's definition. In the meantime, differing conceptualisations of the detail of the psychological contract may satisfactorily co-exist.

Inequity, breach and violation. The fulfilment, breach or violation of the psychological contract generally attracts research attention. Breach of the psychological contract has effects in the expected direction on job satisfaction, organisational trust and commitment, in-role and extra-role performance and turnover intentions (Coyle-Shapiro & Kessler, 2000; Lo & Aryee, 2003; Robinson, 1996; Robinson & Rousseau, 1994b; Rousseau, 1995; Turnley & Feldman, 1999). Distinctions have been made between a psychological contract breach and the emotional or felt response of the psychological contract violation. A breach is the cognition of the failure of the organisation to meet one or more obligations, while a violation is an evaluation of a discrete event (Robinson et al., 1994b) or an emotional response that sometimes follows that cognition (Morrison & Robinson, 1997; Robinson & Morrison, 2000). Morrison and Robinson's (2000) model of violation includes those times when an agent of the organisation reneges, or knowingly breaks a promise to an employee, or when the two parties have different understandings of a promise. Violation feelings may include anger, resentment, bitterness, indignation and outrage. Violations are likely to have a pervasive and negative effect on employee's attitudes and their behaviours (Turnley & Feldman, 2000).

Psychological contract breach and violations have been found to be negatively associated with organisational trust (Deery, Iverson, & Walsh, 2006; Robinson et al., 1994b), absenteeism (Deery et al., 2006), job satisfaction and intention to stay (Robinson et al., 1994b). Psychological contract violations lead to increased exit, voice and neglect and decreased loyalty in managers with exit moderated by situational factors such as attractive alternatives (Turnley et al., 2003). Employee perception of violation has been found to determine job satisfaction and turnover intentions as well as actual turnover (Tekleab, Takeuchi, & Taylor, 2005). Clearly, breach and violations have a variety of impacts on employees. Anger, quitting, lower performance, mistrust, emotional withdrawal and sabotage may all result from psychological contract violations (Rousseau, 2004). In addition to inequity and violation, reciprocity is an important component in the psychological contract. A detailed investigation of the psychological contract bi-directionality concluded that the key explanatory mechanism of psychological contract theory is the norm of reciprocity (Coyle-Shapiro et al., 2002).

Research question one: Inequity. The model proposed suggests employees adjust their outputs to the organisation when they determine inequities between their own and their employer's contributions. The evaluation of inequity is a perceived, rather than objective reality (Deutsch, 1985). The model suggests the impact of the employee's perceived inequity in their psychological contract (their 'mental tally') on behavioural and cognitive outcomes.

Proposition 1: Employees respond to a 'mental tally' of their workplace relationship that consists of their own contributions compared with their employers' contributions. Employees consider both psychological contract violations and their perceptions of the organisation's reciprocity when determining their responses to workplace inequity.

Organisational Justice as Moderator

A justice rule is an individual's belief of the justice, fairness or appropriateness of an outcome, or the procedures for allocating an outcome (Leventhal, 1980). Early justice research focussed on the allocation of rewards, now called distributive justice. It was widely accepted that an assessment of fairness was based on the outcomes received or the distribution of the rewards in question (Lind et al., 1988). The justice research focus shifted to incorporate the perceived fairness of the process of justice decisions, the field of procedural justice (Greenberg, 1990). A third justice factor, interactional justice, has been identified (Bies & Moag, 1986; Kickul, Lester, & Finkl, 2002; Niehoff & Moorman, 1993; Skarlicki & Folger, 1997) with the role of the person who made the allocations being highlighted (Reis, 1986). Interactional justice was seen as the effect of the interpersonal communication between the parties. A second form of interactional justice is informational justice focusing on explanations of the procedural actions of an allocation decision making process. Informational justice has been shown to contribute to determining outcome perceptions (Colquitt et al., 2001; Greenberg, 1990). The relationships between interpersonal and informational justice have been found to be highly correlated, but not so high that they may be regarded as the same construct (Colquitt et al., 2001). Recent research has found the best fit for perceptions of justice was a four factor model of procedural, distributive, interpersonal and informational dimensions (Colquitt, 2001).

Justice and other constructs. The effects of justice have been documented in meta-analyses (Cohen-Charash et al., 2001; Colquitt et al., 2001), reviews (Conlon, Meyer, & Nowakowski, 2005) and research targeting effects on outcomes such as organisational citizenship behaviour (Moorman & Byrne, 2005). The exact relationships between different aspects of justice and performance are confused and sometimes contradictory (see Colquitt, 2001). The positioning of justice as a dependent variable obstructs justice's potential for explaining people's behaviour in organisations (Greenberg, 1990). That observation has prompted calls for justice to be considered as an antecedent, moderator, or mediator for other organisationally-relevant outcomes.

Organisational justice and the psychological contract. Studies have investigated the effect of justice on the psychological contract. Procedural justice was related to extrinsic psychological contract breach outcomes while interactional justice impacted intrinsic psychological contract breach outcomes

(Kickul et al., 2002). The same pattern is found in two way interactions with job satisfaction, in-role performance, OCB and intention to quit. Procedural justice had a direct effect on employee commitment and intention to stay in a study of the psychological contract in knowledge workers (Flood, Turner, Ramamoorthy, & Pearson, 2001). Further developing the social exchange model of the psychological contract, research has been conducted to assess the employee's acceptance of the norm of reciprocity and the impact of justice (for example, Coyle-Shapiro et al., 2000). Reciprocity moderated the relationship between employer inducements and the OCB dimensions of advocacy and functional participation (Coyle-Shapiro, 2002). Employer trust moderated obligations, advocacy and functional participation, but both procedural and interactional justice did not.

An examination of the relationship between the psychological contract and extra-role performance did not find a moderating role for procedural or interactional justice (Coyle-Shapiro, 2002). Despite that, it is expected that an employee's perception of their employer's organisational justice will have an impact on how the employee responds either behaviourally or cognitively. Organisational justice is an important component in an ongoing discussion of the psychological contract and equity.

The impact of justice on performance generates mixed results. Increasing opportunities for procedural justice did not improve performance in a study on performance appraisals (Kanfer, Sawyer, Earley, & Lind, 1987). Similarly, a study of workers with increased task assignment participation (procedural justice) in a process control study did not enhance performance (Douthitt & Aiello, 2001). Other studies have shown performance improvements with justice manipulations, including positive correlation in a laboratory study with manipulated levels of input and monitoring (Douthitt et al., 2001). A positive significant relationship with interactional, but not procedural justice was found in university staff (Masterson, Lewis, Goldman, & Taylor, 2000). Interpersonal was the only justice explaining self-report performance in a textile products setting (Robbins, Summers, & Miller, 2000). Speed, but not accuracy of performance was improved with distributive justice in a study of four justice dimensions (Weaver & Conlon, 2003). These results imply there is not a simple relationship between justice and in-role performance.

The effect of justice on organisational citizenship behaviour (OCB) has been studied extensively (Farh, Podsakoff, & Organ, 1990; Konovsky & Organ, 1996; Moorman & Niehoff, 1993; Niehoff et al., 1993). Procedural justice was found to influence four out of five OCB dimensions, whereas distributive justice failed to influence any dimensions in early research (Moorman, 1991; Moorman et al., 1993). Procedural justice impacts on other constructs to predict OCB, for example procedural justice predicts OCB better than commitment or work satisfaction (Moorman et al., 1993). Procedural justice has been found to increase job satisfaction, organisation commitment and OCBs (Konovsky, 2000). Using a social exchange model, procedural justice was mediated by organisational support to predict OCB (Moorman, Blakely, & Niehoff, 1998). The relationship between justice and OCB is said to be 'relatively robust' with relationships ranging from .2 to .4 (Moorman et al., 2005).

Research question two: Justice. The proposed model extends the existing research by suggesting employees adjust their behavioural and cognitive outputs to the organisation when they determine inequities between their own and their employer's contributions. The model investigates the impact of employees' perception of organisational justice. Specifically:

Proposition 2: Inequity Related to Justice. Employees will report negative relationships between perceptions of equity and violation and perceptions of justice, and positive relationships between perceptions of equity and perceptions of justice. Those relationships will differ for the four justice types.

Behavioural Responses.

Katz (1964) defined in-role behaviours as 'specific role or job requirements'. The behaviours distinguishing what is or is not included in a specific job requirement have been referred to as in-role and extra-role, or core and discretionary (Tompson & Werner, 1997). Katz famously said that beyond joining and staying in an organisation, an employee is required to meet or exceed prescribed performance standards and to 'innovatively and spontaneously go beyond prescribed roles' (Katz, 1964).

Organisational Citizenship Behaviour (OCB): The non-prescribed or extra-role behaviours (ERB) (Coleman & Borman, 2000) an employee needs to perform that Katz (1964) identified were cooperating with others, protecting the organisation, volunteering constructive ideas, self training and maintaining a favourable attitude towards the company. Those behaviours were extended, defined and later refined to five organisational citizenship behaviour (OCB) dimensions described as "Discretionary, not directly or explicitly recognised by the formal reward system and in the aggregate promote the effective functioning of the organisation" (Organ, 1988).

The first OCB dimension was altruism, defined as organisationally-relevant helping behaviours that help a specific other person with a task or problem (Podsakoff, MacKenzie, Moorman, & Fetter, 1990). The second, conscientiousness activities 'go well beyond the minimum role requirements' in areas such as attendance, obeying rules and regulations and taking breaks. Sportsmanship refers to activities showing a willingness to 'tolerate less than ideal circumstances without complaining'. Courtesy behaviour aimed to prevent work-related problems from occurring while civic virtue occurs as a result of an employee being concerned about 'the life of the company'.

OCB and the psychological contract. OCBs, voluntary by definition, are not mandated and therefore are in the control of the employee not management. OCB was expected to be the 'currency' of an employee's response to management (Lambert, Edwards, & Cable, 2003; Organ, 1988). Employees are able to perform more or less OCB at their own discretion. Most employees experience contract breach. Employees attempt to redress the imbalance of breach by reducing their commitment to the organisation and their OCB (Coyle-Shapiro et al., 2000). Early psychological contract work suggested that among the first casualties of violations would be the voluntary, extra-role behaviours that employees may perform (McLean Parks & Kidder, 1994).

A positive association between psychological contract fulfilment and civic virtue demonstrates

the effect of violations on OCB. Less OCB was found after breach (Coyle-Shapiro et al., 2000) and after violations (Robinson & Morrison, 1995). Breach of the psychological contract has a negative effect on OCB although the relationship between psychological contract and intention to quit, neglect and OCB was partially mediated by unmet expectations and job dissatisfaction (Turnley et al., 2000).

Cognitive Responses

Employees use both behavioural and cognitive responses to reduce feelings of inequity in workplace relationships. The three work-related cognitive response variables of job satisfaction, organisational commitment and intention to quit are intervening factors in a multistage process between personal and environment characteristics and employee turnover (Lum, Kervin, Clark, Reid, & Sirola, 1998). Irrespective of the sequence with which job satisfaction, organisational commitment and turnover intentions predict actual turnover, those three antecedents have been suggested as outcomes likely to arise from the perception of inequity (Robinson, Kraatz, & Rousseau, 1994a; Turnley et al., 2000).

Job satisfaction. Job satisfaction refers to job-related well being, the feelings an employee has about themselves in relation to their job (Noblet, Teo, McWilliams, & Rodwell, 2005). Job satisfaction has been variously reported in the literature. Early meta-analyses provided much information about the nature of the job satisfaction construct (Wanous & Lawler, 1972). Job satisfaction may refer to an employee's satisfaction with a single facet of their job such as pay or promotions, the job activity, or the social interaction opportunities (Homans, 1961). Alternatively, job satisfaction is seen as an overall satisfaction measure, whether an overall impression by the employee or summed for multiple facets.

Organisational commitment. Organisational commitment is the relative strength of an employee's identification with and involvement in a particular organisation (Steers, 1977). Organisational commitment is important partly because it has influence on how people spend their time at work (Meyer, Allen, & Topolnytsky, 1998). Positive relationships are consistently found between organisational commitment and job satisfaction (Mathieu & Zajac, 1990; Meyer, Paunonen, Gellatly, Goffin, & Jackson, 1989). Similarly, a significant negative relationship exists between organisational commitment and withdrawal intentions. Significant correlations occur between withdrawal cognitions and turnover and both affective and continuance commitment (Bishop, Scott, & Burroughs, 2000; Dunham, Grube, & Castaneda, 1994; Meyer & Allen, 1991; O'Reilly & Chatman, 1986).

The link between organisational commitment and both job satisfaction and performance is said to be patchy, often weak and inconsistent (Somers & Birnbaum, 1998; Swailes, 2002). While commitment contributes unique variance to OCB (Bishop et al., 2000; Meyer, Stanley, Herscovitch, & Topolnytsky, 2002; Schappe, 1998; Shaw, Delery, & Abdulla, 2003), there are contradictory findings that commitment does not contribute to OCB (Alotaibi, 2001; Riketta & Landerer, 2002). Some research links organisational commitment with organisational justice. A meta-analysis found that distributive justice was directly related to organisational commitment over and above its impact on job

satisfaction (Gaertner & Robinson, 1999). The psychological contract may explain changing employee commitment (Swales, 2002).

Turnover intentions. Turnover intention, or employees' indicating their intention to stay with their organisation, is frequently used as a predictor of organisational turnover and has been demonstrated as the best predictor of actual employee turnover (Lee & Mowday, 1987; Michaels & Spector, 1982). Turnover intention is consistently negatively related to both job satisfaction and organisational commitment (Tett & Meyer, 1993). An employee's response to turnover intention variables have a higher relationship with real turnover than an employee's response to job satisfaction (Fishbein, 1967; Newman, 1974), procedural or distributive justice (Hendrix, Robbins, Miller, & Summers, 1998).

Research question three: Responses. The model suggests employees adjust their outputs when they determine inequity between their own and their employer's contributions. The model proposes both in-role and extra-role behaviours are adjusted in response to workplace inequity, moderated by perceptions of organisational justice:

Proposition 3: Inequity and behavioural response

(a) Inequity directly related to ERB: There will be a negative relationship between employees' perceived inequity and their reported level of IRB and ERBs

(b) Inequity indirectly related to ERB: There will be a negative relationship between employees' perceived inequity and reported level of IRB and ERBs, moderated by justice perceptions

The model suggests employees will adjust their intention to stay, job satisfaction and organisational commitment as cognitive responses to perceived inequity. The model assumes employee's perception of organisational justice will impact on inequity evaluations by filtering or moderating the employee's perceptions. It is appropriate, therefore, to examine the relationships between the inequity in the psychological contract and the cognitive responses:

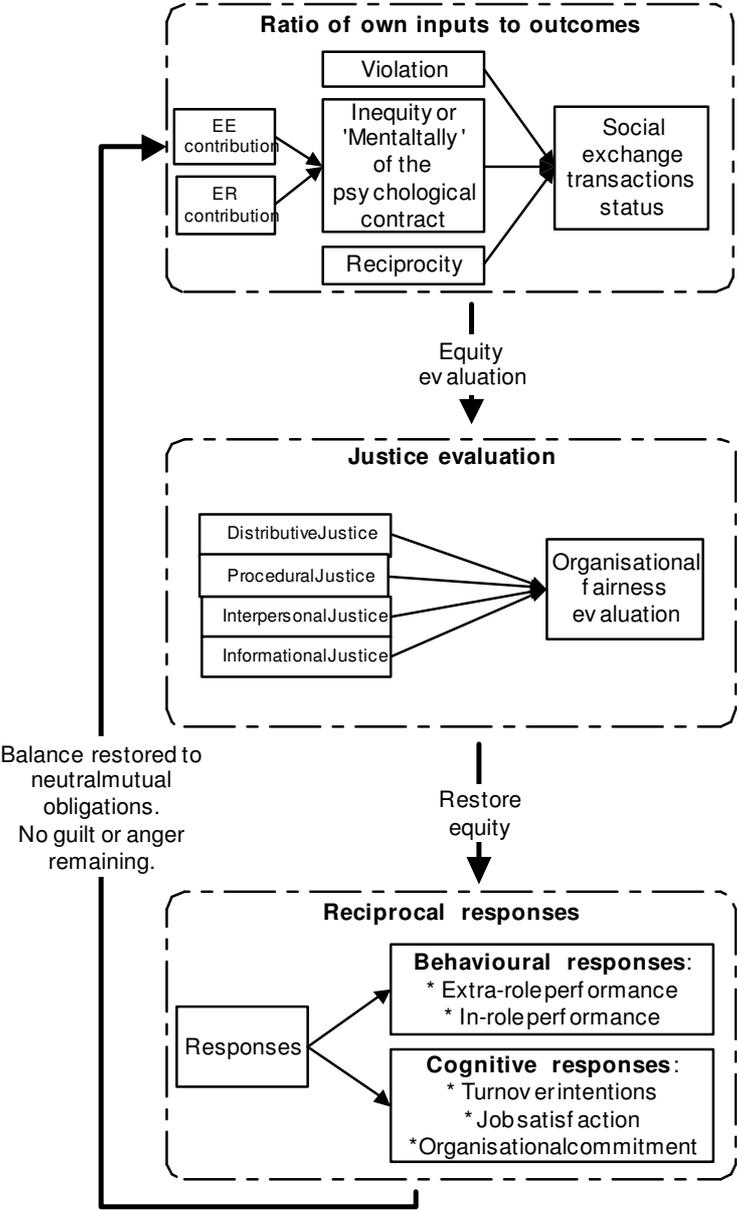
Proposition 4: Inequity and cognitive responses

(a) There will be a direct relationship between employees' perceived inequity and their reported levels of commitment, intention to stay and job satisfaction.

(b) There will be an indirect relationship between employees' perceived inequity and their reported commitment, intention to stay and job satisfaction, moderated by their justice perception

The early parts of this review examined social exchange, organisational justice and psychological contract theory literature while the later parts examined the constructs in more detail. Figure 1 demonstrates the comprehensive model and includes the specific constructs hypothesised to exist in the research model.

Figure 1 Theoretical Model of general relationships



Conclusion

The central thesis of the research is that the *level of inequity an employee feels about their contribution to an organisation predicts their behavioural and cognitive responses and is moderated by their perception of justice in the organisation.* By investigating this model, it is expected that predictions may be made about the conditions and circumstances under which an employee will respond to varying workplace relationships in a variety of ways. This model, although a linear prediction of realistically more complex interactions, contributes to the literature by integrating prior work on social exchange theory, organisational justice and its components, workplace attitudes and cognitions, and in-role and extra-role behaviour. The model respects the intricacy of each of these domains and offers a framework to predict and explain the resulting complex employee behaviours.

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