

**EXAMINING THE CONSEQUENCES OF EMPLOYEE PERCEPTIONS OF THE  
EMPLOYEE-ORGANIZATION RELATIONSHIP**

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**EXAMINING THE CONSEQUENCES OF EMPLOYEE PERCEPTIONS OF THE  
EMPLOYEE-ORGANIZATION RELATIONSHIP**

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**ABSTRACT**

Using a social exchange perspective I develop a relationship typology based upon an organizational member's psychological investments, or "side bets," in his or her organization. This study thus examines, for the first time in the employee-organization exchange relationship (EOR) literature, the combined impact of perceptions that organizational members have with respect to their perceived social and economic investments in their organization. Specifically, outcomes of four unique EOR profiles are examined: "loyalist" (high social, high economic); "altruist" (high social, low economic); "captive" (low social, high economic); "mercenary" (low social, low economic). In a matched sample of 334 working professionals (167 employees matched with their corresponding supervisors), the hypotheses of this study are largely supported. Altruists are highest in their perceptions of organizational support, followed in descending order by the loyalists, mercenaries, and captives. Also as predicted, altruists are highest in affective commitment, followed in descending order by the loyalists, captives, and mercenaries. In terms of continuance commitment, contrary to prediction, loyalists have the highest levels of continuance commitment; however, as predicted, captives have higher levels than altruists and mercenaries. Altruists, as predicted, have the highest level of OCB, followed in descending order by loyalists, mercenaries, and captives. Finally, as predicted, mercenaries have the highest level of task performance followed in descending order by altruists, loyalists, and captives. Theoretical and practical considerations of these findings are discussed.

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**DEDICATION**

To my children, Amelia and Thomas, for the future.

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## CHAPTER 1: INTRODUCTION

### 1.1 Background

What we think we know about the relationship between human resources (HR) management practices and firm performance is increasingly being called into question (Wright, Gardner, Moynihan, & Allen, 2005). For example, it is not the adoption of “best HR practices” that drives competitive advantage in organizations as much as it is the “intangible” experiences of employees in the organization that matter (Barney & Wright, 1998). Employees’ social and economic perceptions of the rewards their organization provides them can affect their in-role and extra-role performance, impacting a firm’s competitiveness in a way that may be difficult to emulate (Barney, 1991).

The nature of the employee-organization relationship (EOR) has become a matter of growing attention in both the human resource management and organizational behaviour literatures (Coyle-Shapiro & Shore, 2007). This relationship has often been described within an exchange framework (e.g., Cropanzano & Mitchell, 2005; Rousseau & McLean Parks, 1993; Stamper, Masterson, & Knapp, 2009; Tsui, Pearce, Porter, & Tripoli, 1997). That is, the EOR has been largely grounded in social exchange theory (SET; Blau, 1964). Within this framework the employment relationship has been conceptualized as an exchange of the employees’ effort and loyalty in return for organizational rewards that satisfy their economic (e.g., pay, benefits) and social (e.g., belongingness, recognition, self-esteem) needs (Thompson & Bunderson, 2003). For example, it has been proposed that organizational commitment is best conceptualized as an element of the social exchange relationship, in which perceived organizational support

(POS) serves as the employer side of the exchange; and commitment to the hosting organization (affective commitment in particular) serves as the employee's side of the exchange (Eisenberger, Huntington, Hutchison, & Sowa, 1986; Shore, Tetrick, Lynch, & Barksdale, 2006).

However, the causal mechanisms underlying exchanges have historically been hidden in a "black box" (Cropanzano & Mitchell, 2005). One of the problems is that the mechanisms of exchange have not been examined separately from the exchanges themselves (Cropanzano & Mitchell, 2005; Stamper et al., 2009). I maintain that explaining EOR purely in terms of social exchange is inadequate because it limits our understanding of the psychological attachment individuals develop with their exchange partners (Stamper et al., 2009). I propose that it is this psychological attachment, via perceptions of one's social and economic investments in an organization, which influences an employee's exchange behaviours. The way in which employees perceive their investments can be inferred from their organization-directed perceptions, attitudes, and behaviours. Stated alternatively, it is employees' perceptions of the social and economic "side bets" (Becker, 1960) they hold with their organization that reflect their psychological investments in their relationship. Side bets generally refer to anything of value that employees perceive themselves as having invested (e.g., time, effort, money) in their organization that they believe would be lost or deemed worthless at personal cost if they were to leave the organization (Meyer & Allen, 1984). For example, employees may remain with an organization in order to keep their accumulating pension intact.

As I will explain in more depth in a later section, taking the view that side bets can be inferred via an examination of employees' perceptions, attitudes, and behaviours allows me to employ a research design that does not restrict examining employer inducements to, for example, either a short term or long term focus, or either social or economic, in nature. Specifically, from employees' side bets I interpret their perceived obligations to their employer, looking in particular at how their perceptions of employer-provided social and economic inducements combine to satisfy their social and economic needs. Thus I examine the mechanisms of exchanges separately from the exchanges themselves. In so doing I challenge SET's traditional treatment of exchanges as exclusively economic (i.e., short term and closed-ended; Thompson & Bunderson, 2003) *or* social (i.e., long term and open-ended; Blau, 1964). That is, as I contend that social and economic exchanges can have elements of being short term/closed-ended *and* long term/open-ended. This positioning has implications for the perceived obligations that exchanges are said to engender between exchange partners (Rousseau & McLean Parks, 1993), and accordingly, for the reciprocation of obligations.

I believe that the exchanges inspired by EORs are based less on whether exchanges are perceived by employees as short term and closed-ended or long term and open-ended, and more on the economic and social side bets employees make in their organization. My approach is unique in its conceptualization of social and economic exchanges. Embodying multiple ideas in a single measure contaminates current measures of social and economic exchange. For example, one of the more commonly used measures of exchange mixes economic and social rewards with short term/closed-ended



and long term/open-ended perspectives of perceived obligations (Shore et al., 2006). As employees can have idiosyncratic interpretations of the same reward structures (Rousseau, 2004), resulting in different perceptions of their investments in their organization, social and economic rewards can each have either a short term or long term focus depending on the extent to which they are seen as “side bets.” Thus, rather than making assumptions about employees’ perceptions of their obligations to their employer, I estimate them by considering how profiles of their side bets relate to work-related perceptual, attitudinal, and behavioural outcomes. Adopting this approach allows me to draw inferences about exchange types, which are broader than the traditional “social versus economic” exchange point of view. Such an approach also justifies my use of side bet measures to assess the causal mechanisms underlying exchanges.

## **1.2 Research Objectives**

This research has three related objectives. The first is to respond to Cropanzano & Mitchell’s (2005) call to examine the mechanisms of exchange between employees and their organizations. In so doing I examine the EOR, and in particular the psychological mechanisms of EOR, in a way that is novel compared to previous examinations (e.g., Rousseau & McLean Parks, 1993; Shore & Barksdale, 1998; Stamper et al., 2009; Tsui et al., 1997). I suggest that the way in which employees become psychologically invested in their organizations emerges from their psychological attachments with them as reflected in their side bets. This would help explain the previously reported idiosyncrasies in EOR (Rousseau, 2004). As discussed in more detail in Chapter 2, I propose that these side bets bind employees to (and influence their subsequent exchanges with) their organizations.

The combinations of social and economic reasons why people remain productive members of their organization help explain EOR relationship quality in terms of psychological attachment. This premise is tested using a variety of organizationally relevant outcome measures, namely perceived organizational support (POS), organizational commitment, organizational citizenship behaviour (OCB), and task performance.

The second objective of this thesis is to address a limitation of the SET literature. Typically, researchers have not viewed the mechanisms of exchanges and exchanges themselves as distinct entities (Cropanzano & Mitchell, 2005). To address this, an objective of this research is to demonstrate that social and economic side bets are psychological attachments that help establish exchanges between employees and their organizations. Employees, depending on their profiles of side bets with their organization, will at their discretion express varying levels of effort toward fulfilling what they see as their obligations to their organization.

The third objective of this thesis is to address another limitation of SET. Specifically, much of the work on SET has focussed solely on social exchange (Cropanzano & Mitchell, 2005). However, the impact of the EOR on employees cannot be fully understood without considering combinations of both social *and* economic exchanges. Moreover, social and economic exchange can have both a short term *and* long term focus and can call for contributions of both a discretionary and non-discretionary nature. Since employees hold idiosyncratic interpretations of rewards received from their organization, measuring their side bet perceptions should better

capture their psychological attachment to their organization, which in turn, should predict their work relevant perceptions, attitudes, and behaviours (i.e., reflecting the type of obligations they perceive they have to continue exchanges with their organization). Taking this view adds nuance to SET in terms of understanding the outcomes of EOR perceptions. I examine the consequences of employees' perceptions of their economic (or material) and social (or symbolic) investments in their organization. More specifically, founded in SET (Blau, 1964) and the three component model of organizational commitment (Meyer & Allen, 1991), I introduce and empirically evaluate a new typology of the EOR.

### **1.3 Study Contributions**

Studies of employee perceptions have examined the separate impact of economic and social workplace rewards. For example, Shore et al. (2006) showed that affective commitment related positively to individuals viewing their relationship as defined primarily in terms of social exchange, whereas continuance commitment related positively to individuals viewing their relationship in economic exchange terms. Song, Tsui and Law (2009) examined the separate impact of social and economic exchange based relationships on, among other things, performance at multiple levels of analysis. Stamper et al. (2009) proposed various types of organizational membership profiles derived from the differential impact of economic and social exchanges. Such an approach makes sense because SET views economic and social exchanges as unrelated (Blau, 1964); however, there is increasing evidence to suggest that the two forms of exchange are inter-related. For example, Shore et al. (2006) reported a negative relationship

between social and economic exchange ( $r = -.52, p < .01$ ), as did Song et al. (2009) ( $r = -.25, p < .01$ ) and Wu et al. (2006) ( $r = -.23, p < .05$ ).

I examine here the cross-classification of low and high levels of employees' perceived social and economic side bets. I argue that together they define the psychological attachments and investments people have with their organization, leading to behaviours that are supportive of exchange in workplace settings. Specifically, profiles of employees' perceptions of their investments in their organization are captured using low and high levels of both social and economic side bets. This results in four EOR profiles: "mercenary," "captive," "loyalist," and "altruist." I further propose that these profiles impact how employees think, feel, and behave on the job in relation to fulfilling their felt obligations toward their organizations (see Figure 1). The fulfilment of these felt obligations guides employees' exchanges with their organization. This is captured by explicitly measuring social and economic side bets, each of which psychologically attaches employees' to their organizations. Thus I infer the nature of exchange by linking perceptions, attitudes, and behaviours to profiles that are built upon side bets.

The above four profiles are rooted in employees' perceptions of the economic and social investments (i.e. "side bets"; Becker, 1960) that link them to their organization. As a result of the combinations of these side bets, employees may be more or less inclined to fulfil (or even exceed) their formal role responsibilities. As I discuss in Chapter 2 in more detail, employees have discretion in their exchanges, and this is critical to understanding how "felt obligations" are to be met in the reciprocity of exchange. Volition underlies many workplace behaviours (Locke & Latham, 2004), including OCB and task

performance. The profiles representing EORs can help explain the idiosyncratic exchanges (Rousseau & McLean Parks, 1993) observed in the workplace. This means that there are likely numerous exchanges people can and do have with their organizations; it is neither practically useful nor empirically tractable to measure them. Rather, these exchanges can be examined via a consideration of the various combinations of social and economic side bets (as represented, for example, by such things as perceived rewards).

### *1.3.1 Employment Relationship Profile Categorizations*

Becker (1960) described an individual's relationship with his or her organization as a tendency to engage in "consistent lines of activity" (p. 33), and argued that it develops as a "person finds that his involvement in social organization has, in effect, made side bets for him and thus constrained his future" (p. 36). Becker (1960) further argued that commitment was accompanied by an awareness of the costs of discontinuing a course of action. This is a very important, and often overlooked, notion as it relates to exchange in organizations. The notion that behaviour is influenced by employees' knowledge of there being both social and economic costs of a potential course of action is core to my thesis. This notion offers a causal explanation for the exchanges that occur between individuals and their organizations - one that Cropanzano and Mitchell (2005) note is missing in the SET literature.

One of this study's key contributions lies in advancing the idea that perceptions employees hold of their social and economic side bets can combine to create four distinct profiles. Social side bets are based on rewards that are predominantly symbolic or non-material, such as praise and emotional support. Thus, an employee who highly values the

praise he receives from his organization has a large amount of social side bets in his organization (i.e., he is “betting” that he will continue to receive such praise). Economic side bets, on the other hand, result from employer-provided inducements that are considered mostly material in nature, such as pay and benefits. Note that both types can be short and long term in nature and can have elements of both material and symbolic benefits. However, it is the perception of the relative symbolic and material value of a reward that should yield differences in the investments employees perceive themselves as making, thereby affecting future exchanges. Employees who see themselves as holding high levels of both side bet types are likely to perceive their relationship with their organization differently from employees who are high in one type bet but low in the other. For instance employees high in both social and economic side bets may perceive the economic rewards as accentuating the “conditional” or transactional aspect of an exchange. Under such conditions the discretion employees see themselves as having in the nature, type, and level of contribution they make may be constrained - similar to the effect an extrinsic reward is purported to have on intrinsic motivation in cognitive evaluation theory (CET; Deci, 1975). On the other hand, if employees perceive themselves to be high in social side bets and low in economic side bets, they are likely to see themselves as having greater discretion in their exchanges. In short, perceptions of side bets can combine to form four distinct profiles of the EOR.

The *loyalist* profile characterizes employees who hold high levels of both social and economic side bets. For example, loyalists perceive the rewards they receive from their organizations to have both material and symbolic value. The *altruist* profile captures

employees who hold high levels of social side bets, but low levels of economic side bets. They perceive their rewards to be primarily symbolic. The *captive* profile typifies employees high in economic side bets but low in social side bets. They perceive their rewards as primarily economic. Finally, the *mercenary* profile captures individuals low in both social and economic side bets and who perceive their rewards as neither particularly symbolic nor material. See Chapter 2 for a more detailed description of these profiles, along with their proposed relationships with important exchange-related outcomes.

Each of these EOR profiles can be linked theoretically to a variety of exchange-related outcomes (see Figure 2). For example, in the context of SET, Tsui and colleagues (e.g., Tsui, Ashford, St. Clair, & Xin, 1995; Tsui et al., 1997) found EOR quality was related positively to POS, affective organizational commitment, in-role performance, and OCB. That is, employees who perceived their relationship with their organization to consist of high-quality social exchange reported higher organizational commitment and displayed high levels of OCBs compared to employees whose EOR was based primarily on economic or material exchanges. Similar findings have been found at the individual (e.g., Song et al., 2009) and organizational (e.g., Collins & Smith, 2006) levels of analysis.

The remainder of this section focuses on a more detailed description of the most commonly accepted outcomes of the four employee perception profiles depicted in Figure 1. As the model of employee perceptions presented in Figure 2 is in its formative stages, I address the separate main effects of EOR profiles on select outcomes, leaving for future research potential examinations of interaction effects. Also, in an effort to keep my

preliminary model as parsimonious as possible, I focus on only a small subset of outcomes. Of course more outcomes can be added to the model as support for it builds, but as I will describe in more detail in Chapter 2, the ones I examine are the most commonly studied exchange variables in the EOR literature. A discussion of these outcomes follows.

### *1.3.2 Outcomes of Employment Relationship Profiles*

**Psychological outcome: Perceived organizational support (POS).** Employer commitment to employees relates positively to employees' commitment to, and felt obligation toward, their organization (Eisenberger et al., 1986). Supportive organizational climates can make people feel like they belong to that organization; that their contributions are valued and their autonomy and personal growth are being nurtured (Rhoades & Eisenberger, 2002). Meta-analyses have shown that POS has a strong positive relationship with affective commitment (Meyer, Stanley, Herscovitch, & Topolnytsky, 2002) and intrinsic motivation (Baard, Deci, & Ryan, 2004).

**Attitudinal outcomes: Organizational commitment.** Most definitions of commitment suggest that it: 1) is a stabilizing or obliging force; and 2) gives direction to behaviour, for example, by binding an individual to a particular action or set of actions (Meyer & Herscovitch, 2001). Early conceptualizations of the construct focused primarily on a single dimension, with commitment either being defined as a type of side bet, like the evaluation of the costs associated with quitting (Becker, 1960), or as an emotional attachment to the organization (Mowday, Steers, & Porter, 1979). Commitment has more



recently been defined as a construct with multiple dimensions or bases (Allen & Meyer, 1990).

According to Meyer and Allen (1997), commitment can reflect varying combinations of desire (affective commitment; AC), obligation (normative commitment; NC), and perceived cost of leaving (continuance commitment; CC). Although all three facets of commitment tend to bind individuals to their organizations, their relations with other types of behaviour might be quite different. For example, in workplace settings, Meyer and Allen (1997) argued that AC and NC relate positively to job performance and a variety of discretionary behaviours (i.e., behaviours that are not explicitly required in a job or role), whereas CC would be unrelated, or even negatively related to these same behaviours. Meta-analytic results have generally been supportive of these propositions (e.g., Meyer, et al., 2002).

The profiles associated with two of these commitment facets, AC and CC, were chosen as the focus of the current study because they are most theoretically distinguishable from each other and because their behavioural consequences differ (Luchak & Gellatly, 2007). From the SET perspective, they are also the two facets that are most representative of social and economic exchanges. That is, AC is more strongly related to work outcomes than CC (Luchak & Gellatly, 2007). An AC mindset is primarily emotional in nature and is derived from social side bets. AC is related positively to an individual's need to belong, a positive working relationship with the boss, prestige, common goals and values, and other positive feelings derived from being associated with the organization (Meyer & Allen, 1997). Conversely, Meyer and Allen (1991) described

CC as a cost-based form of organizational attachment that is rooted in one's belief that leaving the organization might entail costs, and/or that there are few alternative options. Individuals high in CC maintain a primarily transactional relationship with their organization. CC is enhanced by economic side bets.

**Behavioural outcome: Organizational citizenship behaviours (OCB).**

Discretionary behaviours are defined as behaviours that are neither explicitly enforced nor required by formal job contracts or descriptions (Organ, 1990). In contrast to in-role performance, also known as task performance, discretionary behaviours tend to be similar across jobs (Bergeron, 2007). Often called OCBs, they can take various forms, including expending effort when it is not required, making suggestions for improvement, and positive word-of-mouth actions (Organ, 1988). OCB is “performance that supports the social and psychological environment in which task performance takes place” (Organ, 1997, p. 95). These behaviours normally exceed the minimum role requirements of the job, they are not easily enforceable, and performing them is usually at the discretion of the individual (Organ, 1997). Thus, individuals who spend time on these support activities are considered good citizens (Organ, 1988). Although time spent on OCB may at times come at the expense of task performance (Bergeron, 2007), OCB is generally highly correlated with it, and is viewed as important to successful organizational functioning. Indeed, empirical research shows that OCB enhances organizational performance (e.g., Podsakoff & MacKenzie, 1994). In this study, in an effort to keep common method variance at bay, OCB is measured with supervisory ratings.

**Behavioural outcome: Task performance.** Task performance refers to actions that are part of the formal reward system (Sonnentag, Volmer, & Spychala, 2008) and addresses requirements as specified in job descriptions (Williams & Karau, 1991). Generally speaking, task performance consists of activities that transform materials into goods and services that allow for the efficient functioning of the organization (Motowidlo, Borman, & Schmit, 1997). Task performance has both discretionary and non-discretionary elements. For example, even though an employee might have to meet a deadline for a particular project, the amount of effort allotted to a particular component of the task is often at the employee's discretion (e.g., attention to detail in grammar, background research, etc.). In this study, also in an effort to keep common method variance at bay, task performance is measured using supervisory ratings.

#### **1.4. Organization of the Thesis**

This thesis is organized into five chapters. The first provides the focal questions of this research, the study's contribution to the literature, and a proposed model of the outcomes of the EOR profiles. Chapter 2 provides an in-depth literature review of the exchange processes underlying EORs. It also presents the theoretical foundation for the hypotheses. Chapter 3 provides a detailed discussion of my research methods and analyses. Results are presented in Chapter 4 and are interpreted in Chapter 5.

## CHAPTER 2: LITERATURE REVIEW AND HYPOTHESES

### 2.1 Overview of Social Exchange Theory (SET)

SET has been highly influential in a variety of disciplines, including anthropology (e.g., Firth & Banton, 1967), clinical psychology (e.g., Foa & Foa, 1974), social psychology (e.g., Homans, 1958), and sociology (e.g., Blau, 1964). In his highly cited book, *Exchange and Power in Social Life*, Blau (1964) identified two kinds of exchange relationships: (a) social and (b) economic. According to Blau, social exchanges entail unspecified obligations such that when an individual does another party a favour, there is an expectation of some future return. Because it is unclear when the favour will be returned, and in what form, social exchange relationships depend on trust (Blau, 1964). “Obligations, trust, interpersonal attachment, or commitment to specific exchange partners” (Emerson, 1981, p. 35) are not incorporated into economic exchange relationships. Rather, economic transactions between parties are not long term or ongoing, but represent discrete, financially oriented interactions (Shore et al., 2006). Thus, social exchange has emphasized socio-emotional aspects of the exchange relationship, such as feelings of obligation and trust, while economic exchange has emphasized the financial, material and more tangible aspects of the exchange relationship, such as pay and other monetary rewards (Thompson & Bunderson, 2003).

Most theorists agree that, in general, social exchange involves a series of interdependent interactions that generate obligations between two parties (Emerson, 1976). Accordingly, an individual’s perceived relationship with a specified other party has been conceptualized as a form of social exchange in which individuals attempt to

strike a balance between the perceived costs and benefits of maintaining their relationships (Homans, 1958). Three elements are fundamental to social exchange: (a) relationship, (b) reciprocity, and (c) exchange (Coyle-Shapiro & Shore, 2007). A social exchange relationship begins when one party offers a benefit to the other. In my model, this is the inducement (or reward) that creates a side bet. When the party receiving the benefit reciprocates with something valued by the other party, as represented in my model by the various relationships between the independent and dependent variables, a series of benefit exchanges develop over time. These benefit exchanges are inferred in my model based on the relationship and reciprocity, though, as discussed below, not as constrained as in SET. Thus social exchange is a process that entails the continuous exchanging of benefits over time in which both parties understand that “the bestowing of a benefit creates an obligation to reciprocate” (Coyle-Shapiro & Shore, 2007, p. 167). Obligation is a commitment to some future action whereby the mutual acceptance between the exchange parties is implied (Rousseau & McLean Parks, 1993).

Although SET has long been considered one of the most influential theories in organizational behaviour and human resources management, theoretical ambiguities within the theory remain (Cropanzano & Mitchell, 2005). For example, though social behaviour is often characterized by an exchange of *both* social and economic elements (Foa & Foa, 1974; Homans, 1958; Thompson & Bunderson, 2003), these two types of exchanges have traditionally been examined as contrasting constructs. By examining employee perceptions about the attachments they have with their organization, I make an important contribution to the SET literature in specifying a potential mechanism of

exchange. In their relationships with their organizations individuals will, over time, develop investments that are both social and economic in nature. It is these investments, or “side bets” (Becker, 1960), that help determine how individuals decide to reciprocate their obligations. The examination of the cross-classification of social and economic perceptions of the relationship employees have with their organization, and the relationship these perceptions have with exchange variables, is one of the primary contributions of this study. I further demonstrate that employees can hold these perceptions simultaneously.

Another contribution of this thesis lies in its focus on the mechanisms of exchange (as distinct from the actual exchanges between employees and their work organizations). It has been noted that exchanges can impact, or be impacted by, the psychological relationship employees have with their organization (Rousseau & McLean Parks, 1993). Although this distinction has been acknowledged in the SET literature (e.g., Cropanzano & Mitchell, 2005), it has rarely been considered when studying EOR in the field of management (Stamper et al., 2009). In fact, this study is the first to provide empirical data relating to the distinction between the underlying mechanisms of exchange (measured as side bets) and the exchanges themselves (inferred from the outcomes of perceptual, attitudinal, and behavioural measures).

## **2.2 Exchange Relationships in Work Settings**

The use of exchange principles to explain workplace behaviours dates back many decades (e.g., Adams, 1965; Blau, 1964; Homans, 1973). A multitude of researchers have examined the exchange relationships between employees and their various exchange

partners in organizational contexts. In general, when organizational researchers discuss exchange relationships, they are referring to “an association between two interacting partners (whether individuals or institutions)” (Cropanzano & Mitchell, 2005, p. 883). Exchange theory suggests that employees respond to their employers differently depending upon the treatment they receive (Song et al., 2009). Treatment can include the delivering of rewards that might be either social or economic in nature. Research has shown that, like in other exchange contexts, such treatment in organizational contexts can result in either social exchange relationships, which are long term and characterized by trust, commitment, and obligation, or economic exchange relationships, which are seen to be relatively short term and characterized by the exchange of economically valued resources, but little trust or commitment (e.g., Foa & Foa, 1980; Hom et al., 2009; Shore et al., 2006; Song et al., 2009; Thompson & Bunderson, 2003). Thus the employment relationship can be thought of as an employee exchange of effort and loyalty in return for organizational rewards that meet employees’ economic (e.g., pay, benefits) and social (e.g., belongingness, recognition, self-esteem) needs (Shore et al., 2006). Commitment and performance are exchange variables representing the employee side, and POS is an example of an exchange variable representing the employer side of the exchange.

Generally speaking, the rewards received in exchange by employees have both material (economic) and symbolic (social) meaning. The material meaning of the reward reinforces the more rational, calculative reason for being involved with the organization (e.g., to receive a fair day’s pay). The social meaning of the rewards in exchange relationships reinforce the more symbolic reasons for being involved with the

organization (e.g., status, positive well-being, etc.). A major contribution of this study is in introducing the idea that the impact of the employment relationship on future exchanges cannot be fully understood without recognizing that exchange can involve *both* economic and social rewards simultaneously. Taking this view adds nuance to SET in terms of the outcomes of EOR perceptions of employees. As mentioned above, employees have some discretion over the effort they apply to their job, and this discretion varies based upon a number of factors. I maintain that, for the most part, social side bets elicit higher levels of discretionary effort than do economic side bets, which tend to engender non-discretionary efforts. When the two types of side bets are combined, people are likely to interpret their rewards in a way that is consistent with self-determination theory (SDT; Ryan, Connell, & Deci, 1985). Although I will discuss this theory in more detail later, broadly speaking SDT recognizes that there are varying degrees of autonomy available to people who are working for extrinsic rewards. Key to this assumption is the concept of *internalization* which “refers to ‘taking in’ a behavioral regulation and the value that underlies it” (Gagné & Deci, 2005, p. 333). At its core, SDT makes the distinction between *autonomous motivation*, which is acting with a sense of volition and choice, and *controlled motivation*, which is acting with the sense of *having to* engage in particular action or set of actions (Gagné & Deci, 2005). Employees who hold mostly social side bets are likely to maintain a sense of volition in terms of how they will fulfill their work obligations, whereas those with mostly economic side bets are more likely to believe they are to fulfill their obligations in a more prescribed way (e.g. more transactional).



### *2.2.1 Workplace Exchanges between Individuals: LMX and Psychological Contracts*

**LMX.** Few other areas of organizational research have benefitted more from the application of exchange theory than the literature on leader-member exchange, or LMX (Graen & Uhl-Bien, 1995). Because it is not the focus of my dissertation research, an in-depth literature review of LMX will not be presented here. However, because a great deal of LMX research focuses on many of the important variables that are relevant to my research, an overview of some of its primary findings is warranted.

LMX concerns the exchange of resources and affect between supervisors and their subordinates (Sparrowe & Liden, 1997). Both supervisors and subordinates are assumed to have expectations of the roles that each is to play in the exchange relationship. Supervisors have role expectations on the level of performance their subordinates will deliver, and subordinates have expectations on how they should be treated and rewarded for meeting their supervisors' expectations (Wang, Law, Hackett, Wang, & Chen, 2005). The greater the perceived value of the benefits exchanged, the higher is LMX quality (Liden, Wayne, & Sparrowe, 2000).

Due to limited time and resources, supervisors can have high quality LMX with some subordinates but not with others (Graen & Uhl-Bien, 1995). High levels of trust and obligation between the exchange parties characterize high quality LMX, whereas low quality LMX involves only the obligatory compliance with formal role requirements (Loi et al., 2009). Research suggests that members in low-quality LMX tend to avoid obligations to one another in terms of exchanges of favours (Uhl-Bien, Graen, & Scandura, 2000). Supervisors in these relationships invest less in their subordinates and

tend not to go beyond the requirements of basic supervision. Employees, as long as they comply with their formal role requirements, can continue to get the standard benefits from their organization. In contrast, employees who have high LMX relationships with their supervisors tend to receive support from them, for example by gaining access to their supervisor's social network (Sparrowe & Liden, 1997).

There are a variety of other benefits associated with high-quality LMX relationships. Recent meta-analytic reviews have revealed a moderately positive relationship between LMX and OCBs (Hackett, Farh, Song, & Lapierre, 2003; Ilies, Nahrgang, & Morgeson, 2007). Further, Lapierre & Hackett (2007) demonstrated that OCBs enhanced LMX quality. Such improvements in LMX quality enhanced employees' job satisfaction, which, in turn, led to further OCBs. High-quality LMX is also positively associated with cooperative behaviours (Hui, Law, & Chen, 2008), job performance (Orpen, 1994), job satisfaction (Witt, 1992), and group performance (Wu, Tsui, & Kinicki, 2010).

LMX quality may also relate to employees' perceptions of their exchange relationship with their organization (Loi et al., 2009). Because employees often view their supervisors as organizational agents (Eisenberger, Stinglhamber, Vandenberghe, Sucharski, & Rhoades, 2002) they may interpret benefits received from their supervisors as originating from the organization. By extension, both social and economic rewards may be seen by employees to originate with their organization. Employees may view side bets not just as their personal investments in the organization but as investments by the organization in them, leading to feelings of obligation to reciprocate. That is, in return for

the high level of investment and support from their organization, employees may feel an obligation to go above and beyond their role requirements, and to reciprocate with high levels of OCBs and other positive work-related behaviours. Research has demonstrated that high-quality LMX relationships are associated with social exchange perceptions whereas low-quality LMX relationships are more associated with economic exchanges (Sparrowe & Liden, 1997).

*Psychological contracts.* The psychological contracts literature has also benefited from the application of SET. Like LMX, because it is not the focus of my thesis, I will not provide an in depth discussion of the contracts construct (for a more comprehensive review see Coyle-Shapiro & Parzefall, 2008). However, also like LMX, because psychological contracts are rooted in social and economic exchanges, I will provide an overview of the relationships between contracts and both forms of exchange. Further, much like the combination of side bets in my model, psychological contracts can be idiosyncratic in nature.

Although the conceptualization of psychological contracts has its origins in the seminal works of Argyris (1960), Barnard (1938), and March and Simon (1958), the most widely accepted definition of the construct was provided by Rousseau (1989). She defined the psychological contract as an individual's beliefs concerning the mutual obligations that exist between the individual and the employer. These obligations arise out of the belief that the fulfillment of promises (made either implicitly or explicitly) by one party is contingent upon the fulfillment of promises made by another party.

Therefore, the psychological contract is made up of an individual's perceptions of the mutual obligations that exist in exchange relationships with employers.

The focus on obligations brings Rousseau's definition of the psychological contract very close to Blau's SET (Coyle-Shapiro & Parzefall, 2008). Indeed, the work on SET and psychological contracts share several common elements. First, both conceptualize exchange relationships as being comprised of both tangible and intangible resources. Second, each party in the exchange relationship brings with them a set of obligations that they will fulfill in return for what they receive (Coyle-Shapiro & Parzefall, 2008). However, the other party in the exchange (i.e., the organization) has received more explicit consideration by psychological contract researchers than by social exchange researchers (Coyle-Shapiro & Parzefall, 2008). As I will describe in the next section of this chapter, I specifically examine the organization as the exchange partner in my research, thereby contributing to social exchange research by addressing a gap in the SET literature.

Importantly, my primary focus is the perceptions that employees hold of their psychological attachment to their organization. Specifically, I argue that these perceptions can vary, and that individuals are motivated to manage their psychological attachment with varying levels of discretion. Though this is recognized in one conceptual contribution to the literature (Stamper et al., 2009), this thesis is the first to empirically address this premise and provide support for the distinction between the mechanisms of exchange and the exchange itself.

### *2.2.2 Workplace Exchanges between Individuals and Organizations*

The current study examined the combined impact of employees' perceptions of the social and economic psychological relationships they have with their employing organization. Researchers of EOR maintain that employees and organizations can and do enter into social exchange relationships (Loi et al., 2009). Underlying their examination of these relationships are two assumptions: (a) the employee attributes the organization with humanlike qualities, a process referred to as anthropomorphization (Levinson, Price, Munden, Mandl, & Solley, 1966); and (b) from the organization's perspective, organizational agents work on behalf of the organization's interests in their relationship with employees (Coyle-Shapiro & Shore, 2007).

Most studies of EORs have, to date, focused on the separate contributions of employees and employers (i.e., the exchanges themselves). Several typologies have previously been presented to help predict and explain the employee-organization relationship. I now turn to a description of these typologies along with assessments of each as they relate to my classification of employee perception profiles. I conclude this section with a description of how my proposed typology adds to the literature.

Rousseau and McLean Parks (1993) describe a continuum of contracts between individuals and organizations. At one end of the continuum is the transactional contract, which is comprised of short-term relationships that are rule-bound, relatively inflexible, and based upon economic exchanges. At the other is the relational contract characterized by exchanges that are more socio-emotional in nature, open-ended, flexible, and based upon social exchanges. These include elements of security in exchange for loyalty.

Transactional contracts are viewed by the authors as being “trial-runs” for relational contracts, which the authors suggest are more relevant than transactional ones in most forms of employment involving organizational membership. The authors further acknowledge that individuals idiosyncratically perceive exchanges. Although they are usually interpreted via individual sense-making and social cues (Salancik & Pfeffer, 1978), no specific guidance is offered in terms of why people perceive their contracts with their organizations idiosyncratically. This is because what the organization intends is not always what the employee experiences (Rousseau, 2004). Thus the transactional/relational distinction does not fully address the potential ways in which employees may be psychologically attached to their organizations (Stamper et al., 2009). The distinction does not take into account an individual’s perception of the *meaning* of the contracts they might have with their organizations, nor the discretion they can exhibit in expressing reciprocation with them. The psychological contract is idiosyncratic because it is based upon employee perceptions of their exchange agreement with their employer. Thus, for example, although the organization might clearly be signalling to its employees that relational relationships are preferred, the employee may not perceive it that way (or care) because of strong economic or material attachments to the company.

Tsui et al. (1997) developed a 2x2 typology of employee-employer relationship strategies based on the types of resources exchanged. Employer inducements were classified by short-term versus long-term rewards, and employee contributions were classified by specific, short-term versus unspecified, broad, and open-ended contributions. Four types of relationships emerged: (a) quasi-spot (resembling pure

economic exchange), (b) mutual investment (resembling social exchange), (c) underinvestment (where the employee provides symbolic resources, but is awarded short-term rewards), and (d) overinvestment (where the employee provides particular resources such as performing a specific set of job-focused activities, and receives “open-ended and broad-ranging rewards, including training and a commitment to provide the employee with career opportunities;” Tsui et al., 1997, p. 1093). The logic behind this typology assumes that “non-traditional” workers (e.g., part-time or contract workers) can contribute to the productivity and effectiveness of the organization in a way that is different, but no less important, than more “traditional” workers. However, as Stamper et al. (2009) note, Tsui et al.’s notion of EOR “ignores the possibility that there could be variations in psychological attachment in the employment relationship within each of these categories, and that either party may want to proactively manage the nature of the psychological attachment” (p. 304). For example, although an organization may clearly be signalling to an employee its preference for a quasi-spot relationship, the employee may react in ways that are more consistent with the underinvestment category. In this case the employee may not be aware (or may not care) that his organization is signalling to him that his employment is not expected to last longer than a pre-specified term and thus does not wish to invest “wasted” resources in him. The employee may be expecting those resources to come his way anyway. Addressing the potential source of these types of variations is one of the stated purposes of my research.

Shore and Barksdale (1998) examined the impact of both balanced (employer and employee obligations matched one another) and imbalanced (employer obligations were

high and employee obligations were low, or vice versa) exchange relationships. When employees perceived high mutual obligations between themselves and their employers, turnover intentions were lower and affective commitment and POS were higher, than when employees perceived low mutual obligations. Further, when employees felt that they were owed more from their organizations than they owed their organization, their affective commitment was lower, and their intentions to turnover were higher. Although their results are certainly informative, like Tsui et al., they do not acknowledge that there might be variation in the psychological attachment individuals have with their organizations. For example, the balanced/unbalanced distinction does not address the fact that, although the organization may perceive their obligations to be high, the employee may not perceive it that way. A concrete example is the situation where, although an organization perceives its training obligations for a particular employee to be high, the employee herself may not see the training as warranted. Thus the mechanism underlying perceptions of exchange is not specified.

This lack of acknowledgement of variation in employee attachment in both studies is likely due to the methodology associated with examining either the employer or employee side of the exchange relationship (e.g., Tsui et al., 1997) (e.g., Shore & Barksdale, 1998). By combining employees' perceptions of organizational inducements with those of their supervisors (i.e., the organizational agents) I address these methodological constraints. Essentially, Tsui et al. (1997) do the reverse of what I have attempted to do by creating profiles founded in employer-defined inducements and contributions and then matching them with employee attitudes and behaviours. However,



unlike Tsui et al. (1997), I assess two key employee investments in the EOR (i.e., economic and social) and, from that, infer attachment type to predict employee attitudes and behaviours.

Shore, Tetrick, Lynch, and Barksdale (2006) designed a model and related scales to examine both economic and social exchanges in EOR. These researchers explored employees' view of their obligations to their organization and their view of their organization's views of their obligations toward them. When obligations were balanced, the researchers suggested that there was perceived equity from the employee's perspective, and therefore a fairly sustainable exchange, as one party was reciprocating in accord with the other party's actions. In general, POS positively related to social exchange and negatively to economic exchange. Moreover, higher levels of social exchange related to higher levels of affective commitment whereas higher levels of economic exchange related to higher levels of continuance commitment. In a comment that is highly relevant to the focus of the current study the authors noted:

By explicitly measuring the exchanges between an individual and his or her employer rather than assessing employee and employer contributions to the exchange relationship separately, it is evident that people engage both exchanges concurrently. Also, the results suggest that these two forms of exchange can operate relatively independently (Shore et al., 2006, p. 858).

Although Shore et al.'s findings were illuminating, the measures of social and economic exchange were clearly designed with SET's traditional temporal conceptualizations of social and economic exchanges in mind: economic items had a short term nature and social exchange items had more of a long term, open-ended nature.

For example, an item representing economic exchange was “I do not care what my organization does for me in the long run, only what it does right now.” A sample social exchange item was “I don’t mind working hard today - I know I will eventually be rewarded by [my organization].” Further, the measure confounded mechanisms of exchange with the employee-employer exchange itself. For example, one social exchange item was: “My relationship with my organization is based on mutual trust,” which I consider an example of a mechanism (trust) by which an exchange can be developed. In contrast, another social exchange item was: “There is a lot of give and take in my relationship with my organization,” which I view as representative of the exchange itself. As I have noted above, it is important to acknowledge that exchanges are theoretically and empirically distinguishable from, albeit highly related to, their underlying mechanisms. That is, side bets reflect exchange mechanisms in that they represent employees’ views of their investments in their organizations, as well as the inducements, both short and long term, provided by their employer. This is analogous to the Tsui et al. (1997) conceptualization, except that I separate social and economic side bets and *infer* exchange by relating them to various perceptual, attitudinal, and behavioural outcomes. In other words, my method does not constrain or specifically link an employer’s expected (or an employee’s self-reported) obligations to particular inducements. Further, obligations are inferred based on the perceptions, attitudes, and behaviours of employees.

Stamper, Masterson, and Knapp (2009) provided a typology of the EOR treating various levels and types of rights and responsibilities as exchange currency used by the employer and employee, respectively. They posited that the degree to which an

organization grants rights to an individual, and the degree to which the individual voluntarily accepts responsibilities, yields four distinct organizational membership profiles (i.e., peripheral, associate, detached, and full). They suggested that this membership typology provides a theoretical mechanism for linking the employee-employer exchange (as represented by psychological contracts) to psychological attachment (as represented by perceived membership). Specifically, members of each profile were predicted to have different psychological attachments to their organization than members of the other profiles, causing them to: (i) perceive membership in certain ways and; (ii) behave in ways consistent with that perception.

Like Stamper et al. (2009), my approach provides the prediction of both perceived membership and consequent attitudes and behaviours, but in a way that is different than other approaches. That is, I infer obligations from the perceptions, attitudes, and behaviours arising from social and economic side bets, not from rights and responsibilities. As such, my model could be considered more flexible and predictive than Stamper et al.'s (2009). This is because it does not “force” particular forms of obligation upon the EOR in that both social and economic side bets can have short and long term outcomes. Psychological contracts are idiosyncratic precisely because they are always evolving; thus they must be continuously managed for mutuality (Rousseau, 2004). Perceptions of side bets are thus better predictors of the potentially evolving obligations that also occur in association with contracts. If one accepts that employees can “experience” human resources differently, as I argue they do, then they can “experience” obligations differently (much like psychological contracts can be idiosyncratic). Because

employment is experienced as a mix of discretionary and non-discretionary obligations, it makes little sense to pigeonhole obligations as either social or economic when both explanations are applicable.

Stamper et al.'s (2009) approach does not provide nuance for the potential variation associated with their profiles. For example, associate members were said to take on additional responsibilities beyond those required by the organization, thus appearing to want a stronger attachment. In other words, as Stamper et al. (2009) note, associate members attempt to be contract makers (Rousseau & McLean Parks, 1993) who operate in an over-obligation condition (Shore & Barksdale, 1998) by utilizing socio-emotional exchange currency, despite receiving economic exchange currency from the organization. What is lacking is the explanation as to *why* these members do so. Further, Stamper et al.'s (2009) paper is conceptual and is not supported by the kind of empirical evidence I provide in this paper.

It is important to note that I am in full agreement with Stamper et al.'s (2009) proposition that individuals voluntarily relinquish responsibilities in an effort to negotiate levels of membership in their organizations. The notion that many exchange behaviours are at the discretion of the individual is a central argument in my thesis. I maintain that although employees may often feel obliged to reciprocate with their organization, via thoughts, attitudes and behaviours, the level of effort they provide in doing so is often at their discretion and, as such, can vary. However, I disagree that it is the bestowal of responsibility by the organization that is the causal mechanism of exchange. I maintain that employees will act on behalf of their organization to the extent that they perceive

some common interests with an employer who serves to satisfy their social and economic needs (as reflected in side bets). On this basis, they will form an attachment to the organization and fulfill obligations to it with discretion that is more or less dependent upon their level of attachment. Because each employee has an idiosyncratic attachment, her sense of obligation is better revealed as a “response” to her need fulfillment. This whole process completes a “cycle of exchange” between the parties.

In sum, previous typologies have done a good job in describing what types of EORs people might have with their organizations and describing the exchanges themselves. However, little has been done to explain *why* these types of relationships result in varying psychological, attitudinal, and behavioural outcomes. Rousseau and McLean Parks (1993), for example, provide a highly influential continuum of relationships but do not sufficiently explain why those relationships can be perceived idiosyncratically. Tsui et al. (1997) describe mutual under- and over-investment situations but ignore the possibility of variations in employees’ levels of psychological attachments to their organization. Shore and Barksdale (1998) provide a 2x2 typology of high and low levels of perceptions of both social and economic investments in the organization but do not specify a causal mechanism of perceived obligation. Stamper et al. (2009) do specify a mechanism but in my view do not explain how and why obligations are created.

My approach of presenting a 2x2 categorization is consistent with Tsui et al.’s (1997) strategic approach, although they described the employer’s perceived view of the relationship rather than that of the employee. My approach to constructing a typology is also consistent with Shore and Barksdale (1998) in that there are two conditions in which

both the social and economic perceptions are either high or low (high economic/high social perceptions and low economic/low social perceptions) and two conditions in which one perception is high and the other is low (high economic/low social, and low economic/high social). However, Shore and Barksdale (1998) took a general approach to perceived obligation whereas I inserted the specific content, namely via a discussion of perceived side bets, into what is meant by “obligations”. Subsequently, I will attempt to explain how the interaction of economic and social perceptions of side bets may lead to psychological attachment from which obligations can be inferred. This is consistent with Stamper et al. (2009) in that it separates EORs from the exchanges involved in them. It is also consistent with Stamper et al. (2009) in its description of an employee’s view of the exchange process (as opposed to the organization’s view, as taken by Tsui et al., 1997); but, as mentioned above, it is not consistent with their conception of the causal mechanism of exchange. It is toward a more detailed discussion of my proposed causal mechanisms of exchange that I now turn.

### *2.2.3 Side Bets as Psychological Attachments to Organizations*

According to Blau (1964), individuals in exchange relationships will act in accordance with how they desire to be treated by others. A match between desired treatment and actual treatment leads to perceived obligations to reciprocate that remain consistent until changes in the relationships are perceived to occur. Becker (1960) advanced a related notion when he proposed “commitments come into being when a person, by making a side bet, links extraneous interests with a consistent line of activity” (p. 32). Thus, the effect of making side bets is to increase the cost of leaving the

organization. In the case of organizational commitment, when individuals have made a commitment, the course of action that would avoid losing those investments would be to stay with the company (Powell & Meyer, 2004).

Side bets can take various forms, but Becker suggested that they fall into several broad categories: *generalized cultural expectations* about responsible behaviour, *self-presentation concerns*, *impersonal bureaucratic arrangements*, *individual adjustments* to social positions, and *non-work concerns*. Generalized cultural expectations refer to the expectations of important reference groups (e.g., coworkers) regarding what constitutes responsible behaviour (e.g., how long one should stay at a job). Violating these expectations could have negative consequences, either real or imagined. Self-presentation concerns are highly social in nature, arising when a person attempts to present a consistent public image that requires behaving in a particular fashion. Failure to do so could tarnish one's social image. Impersonal bureaucratic arrangements are highly economic in nature and are constituted by rules or policies put in place by the organization to encourage or reward long-term employment (e.g., a seniority-based compensation system). The greater the number of bureaucratic arrangements an individual recognizes, the greater the side bet. Individual adjustments to social positions refer to efforts made by an individual to adapt to a situation, but that make him or her less fit for other situations (e.g., investment of time and effort to acquire organization-specific skills). Non-work concerns refer to side bets made outside the organization itself, as when an employee establishes roots in a community that would be disrupted if he or she were to leave the organization and be forced to seek employment in another physical location.

Powell and Meyer (2004), in their effort to develop and validate a measure of Becker's side bets, noted that the measurement of side bets had been problematic chiefly because they were highly idiosyncratic. For one employee, the threatened loss of a valued organizational benefit might be enough to tie her to the company; for another, the tie that binds might be the belief that leaving the organization would be too much of a disruption to family to be worth the move. To address this problem, early investigators (e.g., Hrebiniak & Alutto, 1972; Ritzer & Trice, 1969) used proxy measures such as age, tenure, gender, and marital status to represent side bets. However, it soon became clear that these measures were not always appropriate (Shore, Tetrick, Shore, & Barksdale, 2000). For example, although status and pay might increase with tenure (i.e., social side bets increase), making it more difficult for employees to leave, so do knowledge, skill and experience, (i.e., economic side bets), all of which can contribute to enhanced marketability. Consequently, proxy measures were seen as neither supporting nor refuting Becker's theory (Powell & Meyer, 2004).

In a concept similar to side bets, Mitchell and Lee (2001) conceptualized *job embeddedness* as a variable representing the psychological attachment one has to one's organization. The more embedded someone is, the less likely he is to leave his job (Mitchell & Lee, 2001). As with side bets, the embeddedness literature acknowledges that different forces for staying can generate the same embeddedness level for different people (e.g., one stays due to family links in the community, whereas another remains to keep his pension).



Both the side bets and embeddedness literatures thus acknowledge that the psychological investments people perceive themselves as having in their organizations, as sunk costs, can create a sense of attachment to the relationship and a sense of obligation to reciprocate the terms of exchange. That is, obligations follow from a sense of embeddedness or psychological investment that can be both social and economic in nature. Obligations, in turn, lead to reciprocity (Cropanzano & Mitchell, 2005). The conceptualization of sunk costs, what people experience as a result of the rewards they are given by their organizations, can lead us to infer exchange relationships.

Powell and Meyer (2004) developed a set of scales that effectively measured all five categories of side bets as proposed by Becker (1960). They noted that, within appropriate confines, their scales had acceptable statistical properties in terms of validity and reliability. They further noted that their findings supported Becker's (1960) contention that there can be both economic and social costs associated with leaving an organization. Bureaucratic arrangements and individual adjustments largely contribute to the economic costs of leaving, whereas expectations and self-presentation concerns are social in nature. In sum, it appears that Becker (1960) was accurate in his assessment that, over the course of their employment, individuals make psychological investments, or side bets that can operate independently in terms of making it more difficult for them to leave their organization.

Powell and Meyer (2004) directly measured the relationship between commitment and both social and economic side bets. They found that out of the five types of side bets, self-presentation concerns, which were side bets that they characterized as social in

nature, were strongly and positively related to AC and unrelated to CC. They further found that bureaucratic arrangements, which were side bets they characterized as economic in nature, were strongly positively related to CC but unrelated to AC. The other three types of side bets were significantly related (or close to it), in various orders of magnitude, with both AC and CC. Thus, the side bets that were most clearly social in nature were the self-presentation concerns; bureaucratic side bets were the most economic in nature.

#### *2.2.4. Perceived Employment Relationship Profiles Based on Side Bets*

While it is very likely that the perception of both economic and social side bets can and do operate separately in an EOR, the impact of their *concurrent* influence on exchange behaviours warrants empirical scrutiny as a potential mechanism of exchange in organizations. These perceptions are guided by the social and economic side bets they have in their organization. The cross-classification of high and low levels of economic and social side bet attachments result in four distinct perceived employment relationship profiles (see Figure 1). As mentioned in Chapter 1, I label these profiles *loyalist*, *altruist*, *captive*, and *mercenary*. I now turn to a description of these profiles in terms of what differentiates them from one another. I follow this with a discussion of the hypothesized relationships these profiles have with such outcome exchange variables as POS, commitment, and performance.

The *loyalist* profile characterizes employees who perceive that they hold high levels of both social and economic side bets with their organizations. These individuals are likely grateful that both their social and economic needs are being met, and feel that

their organizations are fairly supportive of them. As a result, they perceive the rewards they receive from their organizations as being high in both material and symbolic value. Reciprocity is likely expressed in a somewhat open-ended commitment to the organization. Some stylized examples of jobs in this profile might be government employees and public service workers. These employees are committed because they perceive that both their economic and social needs are being met. They feel a debt of gratitude for these favourable conditions and experience an obligation to reciprocate. As loyalists, they will be highly motivated to remain with their employer, perform to the best of their abilities, and occasionally contribute “above and beyond” their formal job requirements. Such a relationship is comparable to the “relational contract” (Rousseau, 1989) and is captured in the statement: “I work at this organization because I am grateful for the fair and generous treatment received from the organization”.

The *altruist* profile characterizes employees who perceive that they have high levels of social side bets but low levels of economic ones. They are likely to feel a strong socioemotional connection to their organization and to feel that their organization supports them. Feelings of affective organizational commitment are likely to dominate over any economic motive for their work contributions. These employees will likely strive to do whatever it takes for the organization to succeed. Some stylized examples of these types of employees might include those in non-profit or visionary organizations and the helping professions. This profile is reflective of the high involvement work-force described by Lawler (1986; 2005; however, Lawler’s conceptualization was from the organization’s point of view, not the employee’s). Altruists are likely committed to their

organization largely for socioemotional reasons, with the economic benefits of the relationship taking on less salience. They are highly motivated to help the organization succeed and will do what they can to make this happen. The nature of this EOR is captured by: “I work in this organization because I feel like it is a part of who I am”.

The *captive* profile characterizes employees who perceive they have high levels of economic side bets with their organization and low levels of social side bets. These individuals receive valued economic rewards like pay and seniority-based benefits, but they may receive little social-emotional organizational support. They are likely to feel somewhat begrudgingly about continued employment but remain organizational members to avoid high economic costs of departure. An example of a type of job that may engender these perceptions is anything in which there might be strained relationships between organizations and their employees, who mostly feel stuck. From the employee’s view, this is comparable to the control work-force strategy (Walton, 1985). Employees feel imprisoned by their situation and, as a result, will only contribute the minimum necessary to satisfy attendance and performance requirements. Feeling like they lack choice, they are unwilling to contribute beyond what is minimally necessary. For example, employees with purely economic side bets with their organization may not see an alternative to remaining an organizational member for the “long haul”; feeling “stuck”. The nature of this relationship is captured in: “I work in this organization because I feel I have to because I am stuck, and because I would lose too much if I left”.

Finally, the *mercenary* profile characterizes individuals who perceive that they have low levels of both social and economic side bets with their organization. These

employees are the ones most likely to seek other employment relationships because they have low levels of psychological investment in their organization. Neither the employee nor the employer feels an obligation to one another beyond explicit contractual agreements. Mercenaries work because of a contractual commitment that is fairly well specified. Thus, this relationship is similar to those found in transactional contracts (Rousseau, 1989). Stylized examples of jobs of this type include craft workers, consultants, and other fee-for-service professionals. Mercenaries are likely to honour their contract but will leave if something better comes along. The nature of their relationship to their organization is captured in: “I work in this organization because I am contractually committed to do so”.

With respect to the above four profiles, it is very important to consider how economic and social side bets affect one another. I maintain that economic and social side bets relate to one another in much the same way as extrinsic and intrinsic rewards are seen to relate in terms of the so-called “Deci effect” in motivation research, whereby extrinsic rewards reduce intrinsic motivation (Pinder, 2008). That is, I suggest that there is a “suppressing effect” of economic side bets on social side bets that limits an individuals’ motivation to reciprocate because she sees her behaviour as less self-determined. To explain this assertion in more detail, I now turn to a brief discussion of the concept of employee motivation, and in particular the notion of volition and discretion, as it relates to my proposed side bet profiles.

According to self-determination theory (SDT), motivation reflects an intention to act. This intention can be the result of either internal or external inducements.

*Intrinsically motivated* behaviour is undertaken entirely for internal reasons and reflects “the inherent tendency to seek out novelty and challenges, to extend and exercise one’s capacities, to explore, and to learn” (Ryan & Deci, 2000, p. 70). *Extrinsically motivated* behaviour refers to “the performance of an activity in order to attain some separable outcome” (Ryan & Deci, 2000, p. 71). Extrinsically motivated behaviour can take different forms depending on an individual’s perceived source of regulation. As I explain below, the various forms of extrinsic motivation differ primarily in terms of perceptions of autonomy or self-determination.

Four different forms of extrinsically motivated behaviour have been identified: external, introjected, identified, and integrated (Deci & Ryan, 1985). *Externally regulated* behaviour is associated with a sense of being controlled and occurs to satisfy an external demand (e.g., completing a project by a due date that was set by a supervisor). *Introjected regulation*, which is also experienced as somewhat controlled, results in behaviours that are motivated by meeting obligations and/or the expectations of others (e.g., helping a coworker to pay back a favour). *Identified regulation* involves a consideration of the consequences of a particular action or set of actions (e.g., staying late to complete an assigned work task). The actions themselves are not seen as particularly motivating; however, they are seen to be important means to a desired end (e.g., completing a task early and/or impressing one’s boss). As a result, the actions are seen to be somewhat internally motivated. Finally, with *integrated regulation*, the “values guiding the behaviour are fully accepted and integrated with other needs and values representing one’s self-concept” (Meyer, Becker, & Vandenberghe, 2004, p. 995). Consequently, the

behaviour is experienced as entirely internally motivated and autonomous. This can be the case even when external sources of influence are quite evident:

For example, the soldier who signs up for a tour of duty out of love of country and follows orders willingly should feel as fully autonomous in carrying out these activities as the scientist who chooses to spend long hours in the lab in the pursuit of knowledge. Again, because it is the objective that is valued, the behavior itself is not necessarily enjoyable (Meyer et al., 2004, p. 995).

The loyalist employee experiences both economic and social needs as being met. This employee feels a debt of gratitude for these favourable conditions but also a sense of being controlled and thus experiences an introjected form of regulation. The altruist is attached for largely socio-emotional reasons; the economic aspect of his employment is not particularly salient. This person experiences the most internalized form of self-regulation and as such is highly motivated to help the organization succeed and will do what he can to make this happen. The captive employee feels attached to her organization for reasons that are more economic than socio-emotional. As a result, she feels imprisoned by her work situation and experiences an externalized form of self-regulation. The mercenary employee perceives neither an economic nor social attachment to the organization. This person works because of a contractual commitment that is fairly well specified and to this extent experiences amotivation in terms of his obligations with the organization.

Blau's major contribution to SET was his comparison of economic and social exchanges. He maintained that the "basic and most crucial distinction is that social exchange entails *unspecified* obligations" (1964: 93). He argued that only social exchange "involves favors that create diffuse future obligations... and the nature of the return

cannot be bargained” (p. 93) and “only social exchange tends to engender feelings of personal obligations, gratitude, and trust; purely economic exchange as such does not” (p. 94). He also argued that “the benefits involved in social exchange do not have an exact price in terms of a single quantitative medium of exchange” (p. 94), implying social exchanges create enduring social patterns whereas economic ones do not. However, this distinction not only lacks nuance, it is also incomplete. For example, a year-end bonus, which could readily be classified as an economic reward, might induce feelings of open-ended, long-term obligations if the employee is an altruist and perceives their side bets with their organization to be primarily social in nature. The reward would then be perceived not only as a monetary outcome (that creates an economic side bet) but also as a symbolic gesture of appreciation (that creates a social side bet) that might engender future obligations and related thoughts, attitudes, and behaviours. Thus it is not the exact nature of the exchange that leads us to feelings of obligation, but rather our perception of the relationship, which itself is subject to change. Consider another example. A consultant might be an individual with whom an organization considers itself to be in a relationship that is neither particularly social nor economic in nature (i.e., the consultant is seen to be in the mercenary profile). However, based on past history with the organization, in addition to having economic side bets with the company, the consultant might hold more open-ended social investment perception. Thus, he might fall into the loyalist category and would be obliged to exhibit high levels of OCBs and task performance. Indeed, he might be inclined to exhibit very high levels of task performance on the expectation of a future performance review that could be instrumental to being hired full time at this



company or under contract at another company (this might be an example of an unspecified expectation that does not readily fall under Blau's conceptualization).

## **2.4 Outcomes of the Perceived Relationship Profiles**

Research has identified a number of important exchange-related outcomes of perceived social and economic relationships in organizations. A fairly robust finding in the EOR literature is that higher levels of social exchange (as is characteristic of mature social exchange relationships) is associated with higher levels of employee contributions in the form of perceived organizational support (POS), higher commitment, lower intention to quit, and higher OCBs (Shore, Coyle-Shapiro, Chen, & Tetrick, 2009) compared to low levels of social exchange. Because of their demonstrated links to exchange relationships, I focus on three sets of outcome variables in particular: (a) psychological ones, namely POS; (b) attitudinal ones, including organizational commitment variables; (c) and behavioural ones, comprised of OCB and task performance variables (see Figures 2 and 3).

### *2.4.1. Psychological Outcome: Perceived Organizational Support*

POS refers to the extent to which employees believe their organizations value their contributions and care about their well being (Eisenberger et al., 1986). It is often conceptualized in SET terms (Eisenberger et al., 1986), particularly with reference to reciprocation (Cropanzano & Mitchell, 2005). Indeed, POS is one of the most widely studied variables of exchange relationships in organizations (Coyle-Shapiro & Parzefall, 2008). It is a primarily a one-sided socio-emotional variable in that it focuses on the employer side of the exchange as perceived by employees (Coyle-Shapiro & Conway,

2005). POS is determined by employee perceptions of the trustworthiness and supportiveness of their top management and supervisors, and by HR practices that recognize employee contributions (Shore & Shore, 1995). High POS positively predicts employees' motivation to behave in ways that protect and advance their organization's welfare (Eisenberger et al., 1986), affective organizational commitment (Shore et al., 2006) and OCBs (Farh, Hackett, & Liang, 2007). Thus, when employees believe that their organization is supportive of them, they will reciprocate by helping it achieve its goals (Coyle-Shapiro & Parzefall, 2008).

Although I was unable to identify any research that explicitly examined the relationship between POS and side bets or perceived psychological investments, the relationship between POS and social exchange is fairly well established (Shore et al., 2006). Rhoades, Eisenberger and Armeli (2001) argued that POS signals the organization's preference for relational contracts. Support for this argument was provided by Coyle-Shapiro and Conway (2005), who found that employer inducements signaled to employees the extent to which they valued employee contributions and cared about their well being. That, in turn, prompted employees to reduce feelings of indebtedness by cognitively reducing their employer's perceived obligations to them.

Very little research has been conducted to examine the relationship between POS and economic exchanges. In fact, I could find only one publication that explicitly did so. Shore et al. (2006) demonstrated over two studies significant negative correlations between POS and economic exchange. This is consistent with the notion that low levels

of POS signal an employer's preference for a transactional contract (Rhoades et al., 2001).

Although research has done a relatively good job of examining the relationship between POS and exchanges, it has not examined the relationship of POS with perceived psychological attachments, or side bets, between employees and their organizations. This makes sense in light of the fact that most research has traditionally not examined separately relationships and exchanges (Cropanzano & Mitchell, 2005). In terms of side bets both social and economic investments in one's organization are likely to relate positively to POS. Both are assessments of the costs associated with leaving the organization (Powell & Meyer, 2004). Put another way, social and economic side bets underlie an individual's assessment of the value of continuing to engage in exchanges with their organization. In terms of social side bets, from the employee's point of view, the statement "My organization has invested a lot in me, and their support means a lot to me, so I will continue my relationship" likely captures the relationship between POS and social side bets. In terms of economic side bets, the statement "My organization's support allows me to have a high-quality lifestyle, so I will continue my relationship" might capture the relationship. As such, perceptions of economic and social side bets not only operate interdependently, but also concurrently.

It is the combination of the two types of side bet perceptions that might determine the persistence, effort, and duration of future exchange-related outcomes. The combinations of the two side bet variables in essence provide a "context effect" for the filtering of perceived obligations. A "context effect" is broadly defined as the set of

factors surrounding a variable of interest that exert some direct or indirect influence on it, or as explanatory factors associated with levels of analysis other than those that are expressly under investigation (Johns, 2006). This reasoning serves as the foundation for identifying distinctions amongst the four exchange profiles (see Figure 3). Balanced situations, such as those found in the loyalist (high social side bets and high economic side bets) and mercenary (low economic and low social) provide clear indicators to employees as to how their organizations perceive their investments in them. In those cases, neither social nor economic side bets are salient on their own but are instead perceived in tandem. High levels of both types of side bets are indicators of relatively high POS and low levels of both are indicators of relatively low POS.

However, there is a problem with this line of reasoning in that economic side bets are likely more consistent with economic exchanges, which the research indicates is negatively related to POS. In terms of the motivation research addressed above, I have noted that I believe that economic side bets have a suppressing effect on social side bets in that their presence indicates external control and a perceived lack of volition on behalf of the employee. Perhaps, in cases where both social and economic side bets are high (e.g., loyalists) and employees perceive the support as coming voluntarily from their organization, they experience POS as somewhat socioemotional but not as much as they might if their social side bets were high and their economic side bets were low (e.g., altruists). That is, their sense of volition is only dampened, and not entirely extinguished, by the presence of economic side bets.

In the absence of perceived economic side bets, as in the altruist profile, POS is likely to be perceived as very high because only social side bets are salient to the employee. POS is interpreted as a signal that the organization wishes to pursue a social, relational association. Conversely, when only economic side bets are salient, as in the captive profile, POS is likely to be quite low. In these cases, the sole presence of economic side bets signals that the organization wishes to pursue a transactional relationship. Overall these relationships represent a pattern of perceived POS, ranging from the very low (captive), moderately low (mercenary), moderately high (loyalist) to very high (altruist). Thus, taken together, I hypothesize:

*Hypothesis 1 (H1): Altruists will have the highest level of POS (H1a), followed in descending order by the loyalists (H1b), mercenaries (H1c), and captives (H1d).*

#### *2.4.2 Attitudinal Outcome: Organizational Commitment*

Although all three bases of commitment, AC, NC, and CC, tend to bind individuals to their organizations, their relations with other types of work behaviour have been shown to differ. For example, Meyer and Allen (1997) argued that AC and NC would relate positively to job performance and OCBs, whereas CC would be unrelated, or even negatively related, to these behaviours. That is, individuals who want to maintain membership in their organization will also want to do what it takes to make the organization successful. This will also be true for employees who feel a sense of obligation to remain, although the willingness to do more than is required might not be quite as strong as for AC. Individuals who remain primarily to avoid costs associated with

leaving (e.g. loss of benefits) are not expected to do more than is required of them, and might even reduce effort as a result of feeling trapped.

A recent meta-analysis by Meyer et al. (2002) provided support for Meyer and Allen's (1997) propositions. Results showed that all three bases of commitment related negatively to withdrawal cognition and turnover, and affective commitment had the strongest and most favourable correlations with organization-relevant outcomes (attendance, performance, and organizational citizenship behaviour) and employee-relevant outcomes (stress and work-family conflict). Normative commitment was also associated with desirable outcomes, albeit not as strongly. Continuance commitment was unrelated (e.g., job performance), or related negatively (e.g., withdrawal cognitions), to these outcomes.

Meyer and Allen (1997) argued further that employees experience more than one basis of commitment at the same time. For example, it might be possible for individuals to feel both a desire to remain with their organizations and a perceived lack of alternatives (Gellatly, Meyer, & Luchak, 2006). To date, surprisingly little research has investigated the implications of interactions involving two or more components of organizational commitment. The research that has been done has shown inconsistencies amongst some of the findings. For example, in a study examining AC and CC of employed students, Sinclair, Tucker, Cullen, and Wright (2005) showed that different commitment profiles resulted in different focal and discretionary behaviours. Using cluster analysis, the authors found that individuals with moderately high CC and low AC profiles received lower performance ratings than did individuals with pure AC profiles (i.e., profiles

consisting of high levels of AC but low levels of both NC and CC). Further, Wasti (2005) found that, as predicted, the profile characterized by low levels of all three components of commitment demonstrated the least desirable outcomes both from the organization's and the employee's perspective. The best job-related outcomes were exhibited by the highly committed profile (high-AC, high-NC, high-CC), followed closely by the AC-NC dominant (high-AC, high-NC, low-CC), and the AC dominant (high-AC, low-NC, low-CC) groups. However, pure NC profiles (i.e. high NC, low CC and low AC) were not observed. That is, profiles with high (or low) levels of NC were accompanied by high (or low) levels of AC.

In terms of the relationship between organizational commitment and exchange, in their effort to directly address the apparent overlap between affective commitment and organizational identification, Ashforth & Mael (1989) suggested that whereas identification is a cognitive/perceptual construct reflecting the extent to which the organization is incorporated into the self-concept, commitment is more typically viewed as an attitude toward the organization that is rooted in exchange. That is, the difference between identification and commitment lies in the notion that the former implies psychological oneness with an organization, whereas commitment is more contingent upon perceptions of the exchange relationship between individuals and their organizations (e.g., perceived organizational support, satisfaction, etc.). In support of this notion, Van Knippenberg & Sleebos (2006) found that commitment was more closely related to POS than was identification; commitment was more closely related to job satisfaction than was identification; commitment was more closely related to discretionary behaviours than was

identification; and organizational identification was more closely related to self-reference than was AC.

These findings are pertinent to the various perception profiles presented in Figure 1. Mercenaries are characterized as having low social and economic side bets with their organizations. As such, I expect them to have no compelling emotional or economic stake binding them to their organization and will thus have low levels of both AC and CC. Captives, who perceive themselves as having high levels of economic side bets and low levels of social ones, are likely motivated to remain with their organization perhaps purely to avoid the economic costs of departure. But for the high costs of departure, they would be unwilling to commit to remaining an organizational member. Since captives are likely to perceive themselves as staying due to a lack of choice, they will likely have high CC and low AC. Loyalists have both high social and economic side bets with their organizations. Their motivation to stay is not unlike the captive in that they also perceive a high cost to leaving; however, it is different insofar as they share an emotional bond with the organization. As such I expect loyalists to have high levels of both AC and CC. Altruists perceive themselves as having high social side bets with their firms but low economic ones.

In terms of SDT, loyalists feel committed in that they have high levels of social and economic investments in their organization. As such, they can be expected to experience high levels of both AC and CC. However, because presence of economic side bets dampens the experience of the social bets, AC is likely to be only moderately high for loyalists. One important reason for the establishment of the socio-emotional bond is



the feelings of gratitude and appreciation underlying the receipt of favourable employment terms and conditions (Miles & Snow, 1984). This can make it both beneficial to stay but also very costly to leave. In SDT terms, loyalists have an introjected regulation. Altruists are attached for largely socio-emotional reasons; the economic aspect of their employment is not particularly salient. They feel bound or motivated to stay for the purely internalized reasons of sharing an emotional bond with the organization, owing to their identification with its goals and values. They experience the most internalized form of self-regulation and, as such, the highest levels of affective commitment. The captive employees feel attached to their organization for reasons that are more economic than socioemotional. As a result, they feel imprisoned by their work situation and experience an externalized form of self-regulation. Since captives are likely to see themselves as remaining with their organization due to a lack of choice, they are likely to be high in CC and low in AC. The mercenaries perceive neither an economic nor social attachment to the organization. They work because of a contractual commitment that is fairly well specified and to this extent are not motivated to fulfill their obligations to their employer. In SDT terms, they are amotivated. As such, I expect mercenaries to have no compelling emotional or economic stake binding them to their organization. (i.e., they will have low levels of both AC and CC). Taken together I hypothesize:

*Hypothesis 2 (H2): Altruists will have the highest level of AC (H2a), followed in descending order by the loyalist (H2b), captive (H2c), and mercenary (H2d).*

*Hypothesis 3 (H3): Captives will have the highest level of CC (H3a), followed in descending order by the loyalist (H3b), altruist (H3c) and mercenary (H3d).*

#### *2.4.3 Behavioural Outcomes: OCB and Task Performance*

**OCB.** OCB is one of the most commonly studied outcomes of exchange relationships in organizations. For example, Organ (1988) proposed that positive social exchange relationships lead to more citizenship behaviours than relationships characterized by economic exchanges. In support of this proposition, Konovsky and Pugh (1994) found that social exchange explained more variance in the relationship between perceived supervisory fairness and citizenship behaviours than did economic exchange.

In my view, OCB is one of the most important dependent variables in organizational behaviour because: (a) it represents the *discretionary* aspects of behaviours in organizational contexts (Organ, 1988), and discretionary behaviours have important (and sometimes overlooked) relationships with organizational effectiveness; and (b) in terms of its antecedents and outcomes, it is related to many of the most widely studied variables in organizational behaviour. Although its conceptual framework has been admittedly rather sparse (Spitzmuller, Van Dyne, & Ilies, 2008), OCB has the potential to be developed into a powerful theory of discretionary behaviour and interpersonal relationships in workplace settings. I will now discuss each of these reasons, along with some of the salient criticisms of OCB and several directions for future research, in more depth. I will conclude this section with a set of hypotheses relating to the relationship between the exchange profiles and OCBs.

Discretionary behaviours, in contrast to in-role performance (or task performance), are defined as behaviours that are neither explicitly enforced nor required by formal job contracts or descriptions (Organ, 1990). Also in contrast to in-role performance, discretionary behaviours tend to be similar across a wide variety of jobs (Bergeron, 2007). Discretion at work is not subject to formal reward contracts, and can be observed in situations where individual differences can be readily observed.

OCB, as a type of discretionary behaviour, can take various forms including positive word-of-mouth action, increasing effort when it is not required, and making suggestions for improvement (Organ, 1988). It is defined as the “performance that supports the social and psychological environment in which task performance takes place” (Organ, 1997: 95). In workplaces these behaviours normally exceed the minimum role requirements of the job, they are not easily enforceable, and, as mentioned above, performing them is usually at the discretion of the individual (Organ, 1997). Thus, individuals who spend time on these support activities are considered to be good organizational citizens who, in the aggregate, promote the functioning of organizations (Organ, 1988). More recently Organ, Podsakoff, and MacKenzie (2006) reemphasized the discretionary nature of OCBs by describing them as actions that are not subject to contractual, formal reward systems.

OCBs are also widely considered to be one of the primary outcomes of exchange relationships in organizations (Coyle-Shapiro & Shore, 2007), including leader-member exchange (LMX) relationships. Leader-member exchange (LMX) theory examines the nature of the relationship between leaders and followers (Dansereau, Graen, & Haga,

1975; Graen & Uhl-Bien, 1995). It has been argued that LMX quality is related to employees' perceptions of the exchange relationship that they have with their organizations (Loi et al., 2009). Because employees often view their supervisors as organizational agents who act in the interest of the organization (Eisenberger et al., 2002), they may interpret the benefits they receive from their supervisors as originating with the organization. In return for the high level of investment and support from their organizations, employees may feel an obligation to go above and beyond their role requirements, and to reciprocate with high levels of OCBs and other positive work-related behaviours (Deluga, 1994).

OCB has been associated with a wide range of desirable outcomes such as job satisfaction, organizational commitment, leader behavior, job performance (Podsakoff et al., 2000), promotions (Hui, Lam, & Law, 2000), and group or organizational effectiveness (e.g., Koys, 2001; Podsakoff, Ahearne, & MacKenzie, 1997), though the effectiveness results have been somewhat inconsistent (Spitzmuller et al., 2008). There is also some evidence that those who perform OCBs have higher levels of well-being than those who do not (Spitzmuller et al., 2008), though more research in this area is warranted. In all, the results of this growing literature seem to support Organ's original contention that OCB promotes the positive functioning of organizations.

The dimensionality of the OCB construct has been widely debated (Hoffman, Blair, Meriac, & Woehr, 2007). For example, Smith, Organ, and Near (1983) proposed a two-factor model, Organ (1988) proposed a five-factor model, and still others have operationalized OCB as a one-dimensional construct (Allen & Rush, 1998; Hoffman et

al., 2007). Coleman and Borman (2000) take the position that OCB occurs along three general dimensions: (a) organizational support; (b) personal support; and (c) conscientious initiative (Coleman & Borman, 2000). Organizational support behaviours are those that reflect allegiance to the organization through the promotion of its interest to outsiders (Van Dyne et al., 1994). These behaviours are consistent with behaviours directed towards the organization, or OCB-O (OCB directed toward the organization; Williams & Anderson, 1991). Personal support behaviours are those that relate to employees' helping others in their organization (Bettencourt, Gwinner, & Meuter, 2001). These are consistent with behaviours directed towards others, or OCB-I (OCB directed toward individuals, such as coworkers; Williams & Anderson, 1991). Conscientious initiative refers to behaviours that result from employees' role performance motivation (Organ & Konovsky, 1989). Although the jury is still out on the dimensionality of OCB, some scholars have noted that it is best conceived as a multidimensional latent variable (Law, Wong, & Mobley, 1998) that can either be trait- or state-based. Future research is clearly warranted to clarify the number of dimensions that belong to the OCB construct.

Spitzmuller et al. (2008) have put forward a simple conceptual framework to assist scholars in their efforts to develop an overarching theory of OCB. They began by differentiating between OCB-O and OCB-I, noting that the majority of OCB research has subsumed these two approaches, and identified the antecedents and consequences of each. This simplified approach allowed for the identification of avenues of future research and provided the underpinning for a model of OCB that could easily be refined or expanded by scholars as OCB research continues to accumulate across a variety of organizational

contexts. The two-dimensional approach to the examination of OCB is the one I adopt in this research. I focus exclusively on OCB-O as my outcome variable because I am specifically interested in employee-organization relationships and not employee-employee ones.

Altruists have high levels of social side bets but low levels of economic ones. As such their social links with their organization are likely more salient than their economic ties and their motivation, in SDT terms, is perceived as internal and autonomous. I would thus expect altruists to exhibit very high levels of OCB. Loyalists also have strong social links to their organization, but these are perceived in tandem with high levels of economic side bets and their motivation is introjected. Because loyalists have high levels of both economic and social side bets with their organizations, I expect that they will also exhibit relatively high levels of OCB. Captives, who feel stuck in their organizations due to holding high economic side bets and low social side bets, are likely to have very low levels of OCB; their motivation is externalized. Economic side bets are salient in the absence of high levels of social side bets. Mercenaries, who have low levels of both social and economic side bets, will also exhibit low levels of OCB, but not as low as captives.

Taken together, I hypothesize the following:

*Hypothesis 4(H4): Altruists will have the highest level of OCB (H4a), followed in descending order by loyalists (H4b), mercenaries (H4c), and captives (H4d).*

**Task Performance.** Although task performance is likely less discretionary than OCB, as I have argued above, I believe that task performance has both discretionary and

non-discretionary aspects. For example, although an employee may have to complete a specific task by a certain deadline, she may choose to exert any extra effort needed to complete the project from home as opposed to burning the candle at both ends at the office (i.e., she exerts discretion over where she does her work). Because there is an element of discretion, it might be argued that the pattern of prediction for task performance would be quite similar to the pattern for OCB. That is, altruists should perceive their motivation as autonomous, and thus have higher levels of task performance than the loyalists, followed by the mercenaries and captives.

However, job performance is also influenced by characteristics of the situation in which it occurs (Sonnetag et al., 2008). A particularly salient situation might be job type. When one considers the types of jobs that characterize the side bet profiles, a pattern of prediction for task performance emerges that is different than the one for OCB. Mercenaries, who likely have a transactional relationship with their organization, may find their job contexts to be highly salient. They may thus be under particular pressure to perform at high levels so as to be favourably considered for longer-term contracts or short-term contractual jobs at other organizations. Indeed, mercenaries are the ones most likely to seek other employment relationships, and thus, in an effort to generate positive recommendations, might be expected to perform at higher levels than the other three profiles.

This reasoning is consistent with Tsui et al.'s (1997) conceptualization of the quasi-spot contract. Tsui et al. argued that higher core task performance among the spot contract employees is to be expected because...

...attention is directed to a set of closed-ended tasks and toward specified rewards that are fully contingent upon satisfactory performance of those tasks. The employee is not expected to, and in fact may be discouraged from, engaging in activities beyond those specified so that his or her undivided attention can be given to the core job. Thus, we would anticipate specified task performance to be particularly high under this employee-organization relationship. Here, a critical assumption is that the employer can define the core tasks either in terms of activities or outcome (Tsui et al., 1997, p. 1094).

Thus mercenaries, whose tasks are very likely closed-ended and specific, will likely focus their attention on performing at high levels.

For the other profiles, the pattern of prediction is expected to be similar to the one described above for OCB. Altruists, who have high levels of social side bets but low levels of economic ones, perceive their motivation as internal and autonomous. Thus their task performance will likely be relatively high. Loyalists are expected to have lower levels of task performance than altruists. This is because their motivation is introjected; they perceive high levels of social and economic side bets concurrently, with economic side bets slightly suppressing social ones. Captives, who hold high levels of economic side bets and low levels of social side bets, perceive their motivation as externalized, and will likely exhibit the lowest levels of task performance. Taken together, I hypothesize the following:

*Hypothesis 5 (H5): Mercenaries will have the highest level of task performance (H5a), followed in descending order by altruist (H5b), loyalists (H5c) and captives (H5d).*



## CHAPTER 3: METHODS

### 3.1 Participants

Respondents were 334 employees (167 employees matched with their immediate supervisors) drawn from a broad cross-section of jobs. The most common job categories were manufacturing (21.2%), service (13.5%), and health care (9%), but as participants were drawn from multiple organizations in several industries, I cannot assert that the sample is representative of any definable population. In terms of gender, 50.6% were men and 49.4% were women. Their average age was 36.32 years and their average tenure in their organizations was 4.04 years.

### 3.2 Procedure

I recruited respondents from the StudyResponse service (Stanton & Weiss, 2002), a non-profit academic service that matches researchers in need of samples with individuals willing to complete surveys. Respondents were told that they would receive a \$10.00 Amazon.com gift certificate if they filled out the survey and their supervisors filled out a shorter set of questions. They logged into the online survey using their StudyResponse ID number, which was the only identifier included with their data. When they initially logged on, participants were instructed to read a letter of information about the study (see Appendix A) and to sign a digital consent form (see Appendix B). Participants then proceeded to a demographic information section (see Appendix C) and then to the survey items (see Appendix D). Once the participants had filled out their survey, they e-mailed their supervisors a link to the supervisory survey, so the supervisor data were identified with the same ID numbers. A total of 167 individuals completed the

self-survey, all of whom had their direct supervisors ( $N = 167$ ) complete the supervisory survey associated with this study (i.e., the task performance ratings).

### **3.3 Measures**

#### *3.3.1 Control Variables*

I included six control variables. The first three – gender, age, and highest level of education attained – represented traditional demographic controls used in behavioural research (Kreiner & Ashforth, 2003). The fourth, fifth, and sixth controls – organizational tenure (in years), job tenure (in years), and organization type – may have been positively associated with the four employee perception profiles. This is because individuals are likely to remain in organizations and jobs in which they receive valued rewards that are likely to lead them to develop positive exchange perceptions.

#### *3.3.2 Perceived Organizational Support*

POS was measured using Eisenberger et al.'s (1986) 8-item scale. Responses were made on a five-point scale ranging from 1 (strongly disagree) to 5 (strongly agree). A sample item included “The organization really cares about my well-being.” The reliability of this scale was found to be acceptable ( $\alpha = .94$ ).

#### *3.3.3 EOR Perceptions (Side Bets)*

EOR perceptions were measured using items from two of the side bet subscales developed by Powell and Meyer (2004). These scales measure the side bet arrangements, or investments, individuals have with their organizations, and are highly relevant to the social and economic dimensions of my model. Powell and Meyer's findings supported Becker's (1960) contention that there can be both economic and social costs associated

with leaving an organization, and that some of the costs of leaving come from side bets made outside of the workplace. Bureaucratic arrangements largely contribute to the economic costs of leaving, whereas self-presentation concerns are social in nature.

The “self presentations concerns” (SPC) subscale was used to measure social side bets. The scale had five items using a 5-point scale from 1 (strongly disagree) to 5 (strongly agree). A sample item is: “I continue to work for my current organization because of the social image that I derive from working at this organization”. Economic side bets were measured using the “impersonal bureaucratic arrangements” (IBA) subscale. This scale had seven items using a 5-point scale from 1 (strongly disagree) to 5 (strongly agree). An example of an economic exchange item was “I continue to work for my current organization because of my current level of pay”. Powell and Meyer (2004) found the internal consistency estimates for the side-bet scales ranged from .54 (for bureaucratic arrangements) to .86 for self-presentation concerns. However, they noted that their measures were formative rather than reflective (Edwards & Bagozzi, 2000), and thus did not require high levels of internal consistency to be meaningful. For example, “the greater the number of bureaucratic arrangements an individual recognizes, the greater the side bet” (Powell & Meyer, 2004, p. 166). However, it is of note that the reliabilities of both scales in my study were acceptable (SPC:  $\alpha = .87$ ; IBA:  $\alpha = .88$ ).

### *3.3.4 Organizational Commitment*

Measures of AC and CC were taken from the 6-item scales by Meyer, Allen, and Smith (1993). Responses were made on a 5-point scale ranging from 1 (strongly disagree) to 5 (strongly agree). Higher scores indicated higher levels of commitment. An example

of an AC item was “My organization has a great deal of personal meaning for me” ( $\alpha = .92$ ). An example of a CC item was “I feel that I have too few options to consider leaving my organization” ( $\alpha = .78$ ).

### 3.3.5 OCB

Because I am explicitly interested in examining the relationship between an employee and her organization, I used only the OCB-O scale developed by Williams and Anderson (1991) to measure OCB. This scale had seven items, and was administered to each employee’s supervisor. Sample items included “This employee’s attendance at work is above the norm,” and “This employee adheres to informal rules devised to maintain order” ( $\alpha = .92$ ).

### 3.3.6 Task Performance

I employed the task performance scale developed by Williams and Anderson (1991). This scale has seven items, each of which was completed by each employee’s supervisor. Sample items included “This employee adequately completes assigned duties,” and “This employee performs tasks that are expected of him/her” ( $\alpha = .83$ ).

## 3.4 Statistical Analysis

Exchange perception profiles were formed using *k*-means clustering (Hartigan, 1975) using the psychological side bets scales as input variables. This non-hierarchical data analysis technique employs an algorithm to partition individual cases into a pre-specified number (*k*) of clusters based on their side bet scores, in a manner that maximizes between-cluster differences and minimizes within-cluster variance. Cluster analysis enables the identification of profiles and, in turn, an investigation of their

implications (Wasti, 2005). The algorithm groups cases so as to maximize similarity within clusters and dissimilarity across cluster centers. I describe how I used *k*-means clustering to form my four profiles in more detail in Chapter 4.

A multivariate analysis of covariance (MANCOVA) was used to test for differences among outcome variables across clusters. A significant multivariate statistic indicated that study variables differed across clusters. Analyses of variance (ANOVAs) with student Tukey's *post hoc* comparisons (Tukey, 1953) were then conducted to identify where statistically significant mean differences were present.

## CHAPTER 4: RESULTS

### 4.1 Descriptive Statistics and Model Fit

The correlations, means, standard deviations, and alpha coefficients of the primary variables measured in this study appear in Table 1. The fit of my measurement model was assessed via confirmatory factor analysis (CFA) for both the independent (i.e., social and economic side bets) and dependent (POS, AC, CC, OCB, and task performance) variables. I considered the  $X^2/df$ , IFI, CFI, and RMSEA fit indices to assess the best model for my data. The  $X^2/df$  statistic was chosen because it compensates for the sample size problem associated with using only the  $X^2$  statistic ( $X^2$  is sensitive to sample size and larger samples are usually significant). An arbitrary ratio of two is taken as an indication of a good fit (Arbuckle, 1997). The incremental fit index (IFI) and the comparative fit index (CFI) were chosen because they both compare the fit of a model to a baseline model. The baseline model is usually one with no covariances between the variables (Bentler, 1990). A better fit is indicated the closer to 1.00 these indices are, with 0.90 usually taken as an arbitrary indicator of a good fit. RMSEA was chosen because it estimates the fit of the model to a baseline population covariance matrix (Brown & Cudeck, 1993). The discrepancy of the fit is expressed relative to the degrees of freedom. Values closer to zero indicate a better fit. Browne and Cudeck (1993) have suggested that values over 0.10 indicate a poor fit; between 0.08 and 0.10, a moderate fit; between 0.05 and 0.08, a reasonable fit; and less than 0.05 are taken to be a good fit.

First, a CFA was run using the items of the social and economic side bets scales. The fit of this two-factor model was satisfactory ( $X^2/df = 2.35$ ; IFI = .96; CFI = .96,

RMSEA = .06), and better than the fit of a one-factor solution ( $X^2/df = 12.63$ ; IFI = .63; CFI = .63, RMSEA = .24). As presented in Table 2, all factor loadings were significant and relatively sizeable, suggesting satisfactory construct validity (Anderson & Gerbing, 1988).

Second, a CFA was conducted on the items from the POS, AC, and CC scales (the dependent variables that were self-reported by employees). The fit of this model was good ( $X^2/df = 1.30$ ; IFI = .99; CFI = .99, RMSEA = .04). Based on the RMSEA of .04, this model was considered a good fit to the data (Browne & Cudeck, 1993). As shown in Table 3, all factor loadings were significant.

Third, a CFA was run on the items from the OCB and task performance scales (supervisor rated dependent variables). The fit of this model was satisfactory ( $X^2/df = 3.31$ ; IFI = .92; CFI = .92, RMSEA = .08). Based on a RMSEA of .08, this model was considered a moderate fit to the data (Browne & Cudeck, 1993). As shown in Table 3, all factor loadings were significant.

#### **4.2 Exchange Perception Profiles**

Four exchange profiles were extracted using k-means clustering. Descriptive statistics including means and cluster size ( $N$ ) are presented in Table 4. This type of clustering is an empirically based clustering technique where the number of clusters is determined by the researcher. The number of clusters I specified was guided by the 2x2 profile categorization outlined in Figure 1 that is based upon high/low levels of social and economic side bet perceptions. As such, I requested a 4-cluster solution. Profiles consisting of above average scores on both the SPC and IBA scales were labelled as

loyalist. “Above average” was defined as being above the sample means. Profiles consisting of below average scores on both measures were labelled as mercenary. “Below average” was defined as being below sample means. Profiles consisting of high SPC scores and low IBA scores were labelled as altruist. Finally, profiles consisting of low SPC scores and high IBA scores were labelled as captive. Analysis yielded four clusters matching this typology: loyalist ( $n = 76$ ); mercenary ( $n = 20$ ); altruist ( $n = 54$ ); captive ( $n = 17$ ).

#### **4.3 Differences in Outcome Variables across Exchange Profiles**

Controlling for the six variables listed above, MANCOVA revealed statistically significant differences among the four exchange profiles with respect to POS, commitment, OCB, and performance (Wilks'  $\lambda = .42$ ,  $F = 10.41$ ,  $p < .001$ ).

Follow-up ANOVA helped identify where these differences occurred. Table 5 shows that differences emerged for POS ( $F = 49.14$ ,  $df = 3, 155$ ,  $p < .001$ ), AC ( $F = 28.33$ ,  $3, 155$ ,  $p < .001$ ), CC ( $F = 5.74$ ,  $df = 3, 155$ ,  $p < .001$ ), OCB ( $F = 6.58$ ,  $df = 3, 155$ ,  $p < .001$ ), and task performance ( $F = 3.79$ ,  $df = 3, 155$ ,  $p = .01$ ).

The study hypotheses were tested with *post hoc* comparisons (Tukey's tests; see Table 4). With regard to the *psychological* outcomes of the relationship profiles, H1 was largely supported in that the order in magnitude of mean POS scores occurred as predicted. Specifically, POS means were highest for altruists (H1a), followed in descending order by loyalists (H1b), mercenaries (H1c), and captives (H1d). The difference between the altruist and loyalist profiles, though in the expected direction, was statistically nonsignificant.



With regard to the *attitudinal* outcomes of the profiles, H2 was largely supported in that the order in magnitude of mean AC scores occurred as predicted. Specifically, AC means were highest for the altruists (H2a) followed by loyalist (H2b), captives (H2c), and mercenaries (H2d). The difference between the altruist and loyalist profiles, although in the expected direction, was statistically nonsignificant. H3 was also largely supported. However, contrary to prediction, the highest level of CC was observed in the loyalist profile, followed by the captive profile (though this difference was not significant). As predicted, the next highest levels of CC were observed among altruists (H3c) and mercenaries (H3d).

With regard to the *behavioural* outcomes of the profiles, H4 was supported in that altruists had the highest level of OCB (H4a), followed in descending order by the loyalists (H4b), mercenaries (H4c), and captives (H4d). However, although in the predicted direction, the difference between the altruist and loyalist profiles was not statistically significant. H5 was also largely supported. That is, as rated by their supervisors, mercenaries had the highest level of task performance (H5a), followed by the altruists (H5b), loyalists (H5c), and captives (H5d). However, although they were in the predicted direction, the task performance means for the mercenaries, altruists, and loyalists did not statistically differ from one another.

## CHAPTER 5: DISCUSSION

### 5.1 Contribution

By demonstrating that the nature of exchanges between employees and organizations can be examined by considering the various combinations of social and economic side bets, this study makes an important contribution to the EOR literature. The nature of exchange can be inferred by linking perceptions, attitudes, and behaviours to profiles that are built upon side bets. These results suggest that the combination the social and economic psychological side bets that employees possess may predict their work related perceptions, attitudes, and in-role and extra-role performance. Fostering the right combination of perceived social and economic investments made by employees, particularly by emphasizing social side bets, may therefore create advantages that could be difficult for other competitor firms to emulate (Barney, 1991). I now discuss this study's theoretical and applied implications, along with potential limitations and suggestions for future research.

### 5.2 Theoretical Implications

#### *5.2.1 Perceived Organizational Support*

Results in support of H1, which stated that altruists will show the highest level of POS (H1a), followed in descending order by loyalists (H1b), mercenaries (H1c), and captives (H1d), demonstrate the continued importance of the role of POS in exchange perceptions. Introduced by Eisenberger and his colleagues, POS draws upon SET to capture individuals' perceptions of the degree to which their organization values their contribution and cares about their well-being.

### *5.2.2 Organizational Commitment*

H2 and H3 were largely supported, suggesting that organizational commitment is an important attitudinal outcome of the side bet profiles. Specifically, loyalists and altruists showed higher AC than did the captives and mercenaries. AC is more strongly related to work outcomes than is CC (Luchak & Gellatly, 2007). Meyer and Allen (1991) described CC as a cost-based form of organizational attachment rooted in one's belief that leaving the organization incurs costs, and/or that there are few alternative options. High CC individuals maintain primarily a transactional relationship with their organization. On the other hand, AC is primarily emotional in nature, positively related to employees' desire to remain an organizational member, a good working relationship with the boss, prestige, shared goals and values, and other positive feelings derived from organizational membership (Meyer & Allen, 1997).

Together these findings suggest that loyalists are bound to their organization by their perceptions of both socioemotional and economic attachment. In contrast, the organizational attachment of altruists' is largely socio-emotional in nature, such that they develop a primarily affective bond. Captives are bound by the material aspects of their exchanges with their organizations and have high levels of CC and low levels of AC. Mercenaries are neither bound by material nor social rewards and accordingly are low in both CC and AC.

### *5.2.3 Performance*

It was one of this study's strengths that ratings for both OCB and task performance were obtained from employees' supervisors. In so doing, common method

variance was likely kept at bay. For OCB, altruists reported the highest levels, followed in descending order by loyalists, mercenaries and captives (though the difference between altruists and loyalists was not statistically significant). OCB is an important outcome variable in organizational behaviour because of its discretionary nature. The development of a theory of OCB should advance in a simple, parsimonious fashion (Spitzmuller et al., 2008). Spitzmuller and his colleagues have put forward a simple conceptual framework to assist scholars in their efforts to develop an overarching theory of OCB. They began by differentiating between OCB-O and OCB-I, noting that the majority of OCB research has subsumed these two foci and identified the antecedents and consequences of each. Their framework has spurred new paths of research (e.g., Marinova, Moon, & Van Dyne, 2010). The current study can be seen in this light in that it advances our understanding of OCB-O. Specifically, the results suggest that OCB has social exchange underpinnings. Moreover, because OCB levels did not differ between loyalists and altruists, perhaps the social aspect of exchange is both a necessary and sufficient condition for both types of EORs.

The findings in support of H5 provide an important demonstration of the differences between task performance and OCB in terms of the side bet profiles, particularly in terms of the mercenary profile. That is, as rated by the participants' immediate supervisors, mercenaries exhibited the highest levels of task performance compared to the other profiles (though the differences between mercenaries, loyalists, and altruists, while in the predicted directions, were not statistically significant). They exhibited relatively low levels of OCB. This can be taken as evidence in support of the

notion that task performance relates to job-specific proficiency that is part of the formal reward system in an organization (Campbell, 1990). That is, important elements of the mercenary's job (e.g., a contractual nature) cue the mercenary to amply fulfil the requirements that are contractually obligated between employer and employee.

### **5.3 Practical Implications**

#### *5.3.1 Managing Employee Expectations*

An understanding and appreciation of the complexity and dynamics of employee relationships and their exchange perceptions may help organizational leaders better manage expectations to the benefit of both employees and employers. For example, in getting employees to meet or exceed their expectations for the job, perhaps it may not always be beneficial to try to increase or decrease the two types of side bets.

Met expectations refer to “the discrepancy between what a person encounters on [this] job in the way of positive and negative experiences and what he expected to encounter (Porter & Steers, 1973, p. 152).” In the organizational behaviour literature it is widely accepted that unmet expectations are associated with a variety of negative organizational outcomes (e.g., Wanous, Poland, Premack, & Davis, 1992). For the most part, the existing research has operated under the assumption that there is a direct, linear relationship between met expectations and outcomes: inducements that fall short of expectations result in negative outcomes; inducements that exceed expectations result in positive outcomes (e.g. Porter & Steers, 1973). However, recent research on met expectations (e.g., Irving & Meyer, 1994) and, more recently, on psychological contracts

(Lambert *et al.*, 2003) has suggested that the association between expected and received inducements and outcomes may not always be linear.

Irving and Meyer (1994), for example, found curvilinear relations between the amount of responsibility received and such outcomes as job satisfaction and intention to leave the organization. Lambert *et al.* (2003) argued that psychological contract over-fulfillment might result in either positive or negative outcomes depending on the nature of the inducement. That is, over-fulfillment may result in positive outcomes when the inducement satisfies a wide range of employee needs and desires (e.g., an increase in pay levels that results in the ability to purchase a more spacious home), whereas over-fulfillment may result in negative outcomes when the inducement interferes with the fulfillment of needs and desires (e.g., an increase in autonomy that results in more time required at the office and decision making responsibilities). This then suggests that inducement levels that deviate either positively or negatively from expectations can result in negative outcomes. At the organizational level this is similar to Neal, West, and Patterson's (2005) finding that high performance work systems had the strongest effect on firm performance in a poor climate because, if effort is a limited capacity resource, then there is no excess discretionary effort for employees to expend in an already positive work climate.

Although it might appear that the two contrasting views on met expectations are contradictory, they may actually be complementary depending on the particular inducement. Lambert *et al.* (2003) found that over-fulfilment of pay-related promises was associated with increased employee satisfaction whereas over-fulfilment of skill

development promises was associated with a decline in satisfaction. They reasoned that these differential effects occurred because pay is the sort of inducement that “can be applied to a wide range of employee needs and desires” (p. 903), whereas skill development, at very high levels, might interfere with the fulfilment of other employee needs and desires.

The above discussion about expectations has at least two relevant practical implications for my model. First, taking Lambert et al.’s (2003) interpretations into account, it may not be advisable to try to increase both the economic and social relationship perceptions of organizational members, as increases in the latter may have effects opposite to those intended. Drawing on the available evidence I might expect that increasing the level of economic exchange/material reward perceptions may lead to positive increases in commitment or performance, for example, whereas meeting or exceeding the social exchange/symbolic reward perceptions may result in decreases in these same outcomes. However, this would depend on what constitutes the social exchange/symbolic reward. If it refers to very high levels of support and positive feedback, I might expect an increase, or at least little decrease, in outcomes. If it refers to demands for more effort or time (e.g. associated with expanding role responsibilities or increasing challenge), then I might expect a decrease in outcomes.

Second, important contextual factors, such as organizational factors or job design, matter a lot in determining the appropriateness of the development of certain types of profiles. Indeed, recognizing that not all employees possess skills that are of equal strategic importance to the organizations (Lepak & Snell, 1999) it may be that all four

types of profiles may be appropriate in a particular organization. A large organization specializing in health care, for example, might have a variety of employees holding different types of jobs, ranging from full-time health care providers to contractual consultants. It may be recommended that this organization emphasize both the symbolic/social and material/economic aspects of its reward system to its healthcare providers to assist in the development of loyalist profiles. For the contract worker, just like Rousseau's (1989) notion of a transactional contract, the development of the mercenary profile might be appropriate insofar as it is not necessary to develop high levels of commitment or even performance over a long period of time. In this case, an effective HR policy might emphasize appropriate levels of pay and recognition of service for a short-term contract. This serves as an important reminder to employers that an organization's workforce does not necessarily add value in the same way (Lepak & Snell, 1999). As such, organizations might want to know how supervisors can manage their context in a way to create the most desirable EOR. For all of the EOR profiles, the messages employers send to manage their employees' expectations can be effectively delivered using consistent, strategic HR practices.

## **5.4 Potential Limitations**

### *5.4.1 Skewness of Performance Variables*

There are limitations to all studies, and the current study is no exception. For one, measures of OCB and task performance variables were positively skewed, so I conducted supplementary analyses and applied a *log(base 10)* transformation to those variables. The overall results did not change compared to those that were presented in the Results



section in Chapter 4<sup>1</sup>. MANCOVA results continued to show that statistically meaningful differences were present for the entire set of variables. Further, follow-up ANOVA revealed differences across profiles for POS, AC, CC, OCB, and task performance.

#### *5.4.2 Measurement of Exchange Perceptions Variables*

Another potential criticism of this study relates to the scales used to measure social and economic side bet perceptions. An obvious drawback of this is that measuring side bets, as opposed to measuring social and economic exchange, ignores the concept of obligations because they are not directly measured (with side bets they can only be inferred). However, I chose to use a scale that measured economic and social side bets for two reasons. First, previous scales developed to measure social and economic relationships and exchanges decidedly contain items that oversimplify and confuse the temporal foundation of exchange relationships in organizational settings. For example, the measure developed by Shore et al. (2006) contained items such as “I do not care what [my organization does for me in the long run, only what it does right now” for economic exchanges, and “I don’t mind working hard today - I know I will eventually be rewarded by [my organization]” for social exchanges. These items, clearly designed to focus on the short-term for economic exchanges and the long-term for social exchanges, ignore the fact that social and economic exchanges can be both short- and long-term in nature. For example, an economic benefit like seniority can be a reward for a lengthy relationship, and some short-term contracts, such as those in management consulting, can be founded upon high-quality relationships.

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<sup>1</sup> Available upon request.

Second, the Powell and Meyer (2004) scales were used due to the nature of the expected contributions of each type of exchange. As such, they were designed to measure the psychological attachment individuals have with their organizations. Previous measures, like those developed by Shore et al. (2006), have viewed these expected contributions as being rather narrow and specific for economic exchanges and open-ended for social exchanges. However, I maintain that both types of exchanges can contain elements of both narrow and open-ended expected contributions. Pay-for-performance, for example, can be both narrow (e.g., piece rates, which have little to no employee discretion) and open-ended (e.g., profit sharing, which is often associated with broad job descriptions and considerable employee discretion) in terms of expected contributions. Paying above-average wages for a given skill are common methods of regulating certain organizationally relevant behaviours such as membership and minimum levels of work effort (Shaw & Gupta, 2007; Schaubroeck, Shaw, Duffy, & Mitra, 2008). Indeed, meta-analytic research has shown that pay satisfaction is positively related to positive work attitudes and behaviour (e.g., Meyer et al., 2002). However, one of the clear dangers of paying employees above-average wages is that they contribute to feelings of being controlled to the extent that leaving the organization would mean foregoing the premium altogether (Deci & Ryan, 1985). That these feelings of control may be created by perceptions of fewer options is suggested by meta-analytic work showing that a lack of alternatives is positively related to feelings of continuance commitment (Meyer et al., 2002). Taken together, the overall effect of paying above-average wages is likely to be seen as being benevolently controlling, making people feel like they belong and share a

sense of security and community from which they would find it personally and economically costly to leave. That is, above-average pay is an efficiency wage premium that encourages retention and relatively high levels of expected contributions. In part because they focus on the investments associated with exchanges and not the exchanges themselves, the Powell and Meyer (2004) scales do not confuse the narrow and open-ended nature of attachments and social and economic exchanges.

#### *5.4.3 Sample Issues*

The sample used in this study may also offer some limitations. Because of my use of the StudyResponse service, I have only limited knowledge of the respondents and why they chose to participate. For example, the individuals who signed up for the service may have been more likely to engage in OCB on their jobs, or be more likely to earn high ratings of task performance. What is more, participants in this study may have selected themselves into organizations such that unobservable organizational characteristics, like climate or culture, are driving the results. For example, there may be more demand characteristics on employees to perform higher levels of OCB in cultures that are highly supportive and demanding of those behaviours compared to organizations with climates that emphasize OCB less. Thus, until these findings are replicated, I can make no solid claims as to the generalizability or representativeness of my results. However, via its sampling of multiple organizations, my research does represent an example of the kind of comparative research that has been advocated to elucidate context effects, in which a meaningful aspect of the overall sample (namely side bets) is made the focal point of the research (Johns, 2001). Further, in terms of the generalizability of my findings, past

research has demonstrated that data collected from traditional paper-and-pencil sources have similar covariance structures compared to data collected from the Internet (Stanton, 1998). As such there is reason to believe that results gathered from this study have similar statistical properties as those that may have been gathered from other sources or using different recruitment methods.

On a sample-related note, another limitation is that the observed sample sizes for the profile categories were relatively small, particularly for the captive ( $n = 17$ ) and altruist ( $n = 20$ ) groups. Because cluster analytic techniques showed the altruist and loyalist groups to be comparatively larger ( $n = 54$  and  $76$  respectively) perhaps they are more likely to “naturally” occur in the general population than the captive and mercenary groups. Alternatively, with reference to the generalizability of my results, the variations in subsample sizes could be attributable to the sampling issues mentioned above. No solid conclusions can be drawn until future research with larger sample sizes is conducted.

#### *5.4.4. Standard Deviations of Primary Variables*

Finally, the standard deviations (SDs), as seen in Table 1, were all below 1.0 (though over half of them were above 0.9). This may suggest that my variables did not have enough variation to address differences between them. Because this could obviously be problematic, I examined similar EOR studies for guidance and comparison. My efforts revealed that in several of the studies that have looked at EOR typologies (e.g. Hom et al., 2009), many of the obtained SD values were also below 1.0. In at least one of them (Shore et al., 2006), none of the obtained SDs were above 1.0. As such, it may simply be that some of the variables that are common in EOR research have relatively low levels of

variance. Future research should address the variance issue in both relationships and exchanges to examine the impact of moderate to low standard deviations.

## **5.5 Future Research**

### *5.5.1 Commitment*

While most research has examined AC and CC separately, Meyer and Allen (1997) argued that employees likely experience all of the bases of commitment simultaneously and that future research should consider commitment profiles. Their call to examine the combined impact of the three components of commitment has been largely unheeded (Gellatly et al., 2006). Future research may look at the role of normative commitment (NC) as an outcome of exchange perception profiles. NC, based on feelings of obligation, is a third form of commitment identified by Meyer and Allen (1997). It has rarely been examined, chiefly because it is not well understood (Luchak & Gellatly, 2007; Meyer et al., 2002). Little is known about its antecedents, its correlates, or its outcomes.

Examining what has been considered the “dual nature” of NC could presents a promising path of research for EOR. This dual nature of NC has been suggested by recent research. Specifically, in a sample of hospital employees, Gellatly et al. (2006) showed that, as proposed by Meyer and Herscovitch (2001), the strength of the relationship between any one facet of commitment and intention to stay was greater when the other two facets were low. That is, for all three “pure” commitment profiles (consisting of high levels with respect to only one facet of commitment and low levels with respect to the other two) intention to stay with the organization was stronger than it was for the uncommitted profile of low-AC, low-NC, and low-CC. Gellatly et al. (2006) also found

that AC-NC dominant profiles related positively to both intention to stay and citizenship behaviour. However, where CC was high and AC was low, NC related positively (but weakly) to intention to stay and negatively to discretionary behaviour. The authors reasoned that the nature of employees' NC changes as a function of the strength of the other two commitment facets. That is, NC may have a dual nature based on the relative strength of the other two forms of commitment.

An examination of the extant literature reveals that two studies have examined this commitment context effect. First, consistent with Gellatly et al.'s (2006) thinking, McNally and Irving (2010) found that university students in the AC/NC-dominant profile (i.e., high AC, high NC, low CC) experienced NC as a moral imperative (e.g., "staying at my university is the right thing to do and I want to do it, so I will stay in school"). In contrast, in the CC/NC-dominant profile (i.e., high CC, high NC, low AC), NC was experienced as an indebted obligation (e.g., "other people want me to stay and they think it is the right thing to do, so I will stay at my university"). The authors interpreted their findings as consistent with Gellatly et al.'s (2006) speculation that, depending on the levels of AC and CC, NC may have a dual nature for a variety of behaviours, including both discretionary and in-role related performance behaviours. Second, Meyer et al. (2012) found that the highest levels of positive affect and work engagement and the lowest negative affect and fewest health complaints were among employees in the AC/NC-dominant and fully committed profile groups. The authors noted that, in terms of work motivation, their findings demonstrated employees with commitment profiles characterized by strong AC and NC experience high levels of need satisfaction and feel

autonomously regulated as they engage in their work activities. Unfortunately, the authors of this study did not find evidence of a CC/NC-dominant profile, so the differential impact of NC on outcome variables in the presence of high CC and low AC was not fully examined.

NC might reflect one or two different mindsets depending on an individual's AC and CC – *moral imperative* and *indebted obligation*. Moreover, individuals may be less motivated by indebted obligation (and less successful in attaining goals) than by moral imperative (cf. Sheldon & Elliot, 1998). Further, there is much evidence from studies of self-determination theory showing that people motivated by internalized values (i.e., moral imperatives) are more productive than are people motivated to meet others' expectations (i.e., indebted obligations; Ryan & Deci, 2000). Based on the above, the mindset associated with NC may be dependent on AC and CC (cf. Meyer & Herscovitch, 2001). When AC is low and CC is high, NC will be experienced as an indebted obligation and reduce the tendency to engage in OCB. However, as AC increases in strength, NC shifts to reflect a moral imperative mindset characterized by greater OCB.

The captive profile might be expected to relate more to the “indebted obligation” commitment profile than the other three EOR profiles. That is, high levels of NC in the captive profile associated with high CC is likely to be experienced as an indebted obligation. Moreover, high levels of NC in the altruist profile (associated with high levels of AC and low levels of CC) are likely to be experienced as a “moral imperative obligation”.

Examining NC might also provide further insight into questions on the formative processes of exchange perceptions. For example, why is it that if both NC and CC reflect perceived costs, the former associates positively with job performance and OCB whereas the latter is either unrelated or negatively related (Allen & Meyer, 1996; Meyer et al., 2002)? Is it the nature of the cost, (i.e. social versus economic) which makes the difference? If so, why? These are potentially fruitful topics for research on NC and social/economic exchange profiles.

#### *5.5.2 Cross-Cultural Research*

Although the experience of social and economic side bet perceptions might be an example of a “universal” employee experience, future research would have to demonstrate this by showing that they influence employee attitudes and behaviours in a variety of cultural contexts. There are a number of interesting questions that researchers might address on a cross-cultural basis. For example, do employees in different countries perceive social and economic side bets in a comparatively similar manner? If so, are the consequences of those side bets the same in different cultural contexts?

Examining cross-cultural differences is an example of considering an important contextual variable. The consideration of context is critical in the study of employee attitudes and behaviours (Johns, 2006; Rousseau & Fried, 2001). Context has been conceptualized as a “sensitizing device that makes us more aware of the potential situational and temporal boundary conditions to our theories” (Bamberger, 2008: 840). It can, among other things, restrict the range of variables under consideration, affect the base rates of variables, change the causal directions between variables, prompt curvilinear



effects, and threaten the validity of variables (Johns, 2006). As Whetten (2009) notes, some authors have argued that context effects are so central to an understanding of organizational behaviour that the analysis of context should become a distinct form of organizational scholarship (e.g., House, Rousseau, & Thomas-Hunt, 1995; Johns, 2006). Contextual differences can occur at multiple levels of analysis, including individual (e.g., gender effects, exchange perceptions, etc.), group (e.g. stability of team membership), organizational (e.g., manufacturing or service type), and societal (e.g., political ideology or cultural differences). The list goes on in many of the other subfields of organizational behaviour, but the bottom line is clear: When it comes to behaviour, context is king.

But can we truly generalize from one context to another with organizational research? According to such scholars as Johns (2006) and Whetton (2009), among others, although it may be possible to generalize organizational behaviour concepts and constructs to multiple contexts, OB researchers simply have not done a good job of it to date. Researchers may avoid contextualizing their research either in error or in a conscious effort to avoid doing so (Rousseau & Fried, 2001). Whatever the reason, research that is not contextualized in terms of culture and other variables runs the risk of producing a distorted understanding of the variables of interest and avoiding the investigation of theoretical boundaries (Whetten, Felin, & King, 2009).

Overall, the consensus amongst these influential scholars is that researchers can indeed generalize from one context to another. The underlying assumption, then, is that there are forms of employee experiences, such as EORs, that are universal. But just how universal are employee experiences? According to Cheng (1994) in the social sciences

there are two main ways of determining whether a research finding is universal. First, universal knowledge can be conceptualized in terms of the extent to which a research finding is generalizable and invariant across different national settings. Specifically, a finding can be considered universal if it remains unchanged from one societal context to another. Second, a research finding can have universal applicability if it can explain or predict variation in the dependent variable using contextual variables as predictors (e.g., cultural differences, organizational differences, legal issues, etc.). These predictors can take on the role of an independent variable having a main effect on a dependent variable, or they can take the role of a moderator variable with a conditioning effect on the relationship between dependent and independent variables. Cheng (1994) notes that the two types of universal findings represented two types of organizational relationships: “context-embedded” relationships, which link societal level variables with organizational level variables, and “context-excluded” relationships, which link particular organizational level variables to other organizational level variables.

Needs might be an example of a universal employee experience (Baumeister & Leary, 1995; Latham & Locke, 2008). Most employees are also likely to experience some form of organizational commitment. Indeed, recent research conducted by Meyer, Stanley, Jackson, McInnis, Maltin, and Sheppard (2011) demonstrated evidence of cross-cultural validity of the three-component model of commitment. Specifically it was found that cultural values/practices explained the greatest amount of variance in NC, followed by AC; they did not explain variance in CC. The stated implications of these findings were:

From a practical standpoint, our findings suggest that organizations operating in multiple countries may find differences in the nature and level of employee commitment. These differences, particularly those involving NC, might be anticipated based on differences in cultural values. This could have important implications for management practice. For example, there is some evidence suggesting that cultural values moderate the effects of HRM practices on commitment (Meyer et al., 2011, p. 242).

As mentioned above, the issue of cross-cultural validity may become somewhat thorny when examined in light of the cross-cultural shared (or divergent) meaning of a concept or construct. For example, as Rousseau and Fried (2001) noted, in Germany “participation” refers to the practice of executives advising workers and their representatives, while in Canada the term relates to joint labour-management decision-making. This may also be the case for terms like “social exchange” and “economic exchange” perceptions. Research could examine what it means to have social and economic exchanges with one’s organization across different cultures.

Contextualization is more important in contemporary organizational behaviour and human resources research than it has been in the past. Rousseau and Fried (2001) identified two reasons as to why this is the case. First, the domain of organizational research is becoming more international, which leads to challenges in terms of transporting social science models from one society to another. Second, the rapidly diversifying nature of work and work settings can, and often does, substantially alter the underlying causal dynamics of employee-organization relationships. Though it not always easy to do - because context can shape the meaning of OB contexts and constructs and explain study-to-study variation in research findings (Johns, 2006) - researchers should make every attempt possible to contextualize their theories and studies. Simply put,

failing to do so will lead to a weak understanding of person-situation interactions, which is the very purpose of organizational behaviour research.

### 5.5.3 Exchange Rules

It is generally understood by the exchange partners that they must abide by certain rules of exchange that form a “normative definition of the situation that forms among, or is adopted by, the participants in an exchange relation” (Emerson, 1976: 351). These rules include *reciprocity rules* and *negotiated rules* (Cropanzano & Mitchell, 2005).

Reciprocity rules are considered the defining characteristic of social exchange. They are typically conceptualized as those in which there is no explicit bargaining between the parties (Molm, 2003). Rather, one party’s actions are contingent upon the other party’s behaviour. As a result of continuous interdependence, cooperation is encouraged between the exchange partners via risk reduction (Cropanzano & Mitchell, 2005). By exchanging good deeds, individuals increase the chance of receiving future benefits (Deckop, Cirka, & Andersson, 2003). Many researchers have considered these rules to comprise a social *norm* describing how individuals *should* behave in exchange situations (e.g., Gouldner, 1960; Tsui & Wang, 2002). Specifically, individuals following these norms are obligated to behave reciprocally. Indeed, perceptions of exchange norms have been shown to moderate the relationship between perceived organizational support (POS) and absenteeism (Eisenberger et al., 1986), OCBs (Witt, 1991), and performance (Orpen, 1994), such that the relationship between POS and these outcome variables was stronger in the presence, than in the absence, of reciprocity norms.

Negotiated rules are characteristic of economic exchanges. They tend to be more explicit than reciprocal rules, with duties and obligations between exchange parties clearly understood in detail (Cropanzano & Mitchell, 2005; Molm, 2003). In general, purely economic exchanges have been said to produce poorer work relationships than do relationships that develop over time based on evolving expectations for reciprocity (Rousseau & McLean Parks, 1993). Social exchanges allow individuals to develop mutual trust and commitment (Molm, Takahashi, & Peterson, 2000). That is, the expectations of reciprocity in social exchanges lead to positive psychological attachments between the exchange parties.

The degree to which employees feel that their organization is supportive of them appears to be related to which exchange rules, negotiated or reciprocity, are governing their perceptions of their EORs. Importantly, Blau (1964) recognized that employment relationships have elements of both forms of exchange and, as such, both types of the above-mentioned rules will often apply in the employment relationship. It is likely that both negotiated rules, which can be said to govern the rule-bound, non-discretionary aspects of a job, *and* reciprocity rules, which govern the more flexible, discretionary aspects of a job, can be at play at one time. Indeed, any one person's job has both discretionary and non-discretionary aspects. For example, an academic at a university is typically required to teach, produce research, and engage in service activities. However, with all three, there is often some discretion in terms of the persistence, duration, and effort that can ultimately be demonstrated for each activity. For some of the components (e.g., service) it is sometimes never explicitly stated how much time or effort is actually

required to achieve a satisfactory outcome (e.g., the attainment of tenure). Obligations and subsequent agreements to reciprocate in the employment relationship are thus in the eye of the beholder and not necessarily based on explicitly defined criteria (Rousseau & McLean Parks, 1993). As such, it is left to individual employees to decide, based on their perceptions of which rules govern their obligations, their level of reciprocation. As I argue in more detail below, I believe this is accomplished via an individual employee's perceptions of the combined social and economic investments they have in their organization. The more economic or material they perceive their investments to be, the more likely negotiated rules will govern their exchanges. The more social or symbolic the investments, the greater the likelihood that reciprocity rules will govern exchanges.

It is worth noting that the relationship between reciprocity rules and exchanges, as described above, may not always hold. For example, a material/economic reward can have symbolic/social meaning (e.g., a bonus can convey that an employee is valued) and a social reward can have material meaning (e.g., recognition and praise can build an employee's network in the organization that can lead to material benefit over time, such as promotions). Thus future research establishing a relationship between side bets and rules of exchange is warranted. My interpretation of the link between rules and exchanges is meant to serve as a starting point for such research.

Although my model assumes the existence of both negotiated and reciprocal rules, they were not directly measured. Future research might measure and investigate exchange rules with reference to my proposed profiles. I would expect the loyalist profile to contain a balanced mix of negotiated and reciprocity rules that govern the the exchange

relationship. For altruists, reciprocity rules are expected to primarily govern the relationship. Negotiated rules are expected to govern relationships captives have with their organizations. Finally, for mercenaries, I would expect that the relationship is neither governed primarily by negotiated nor by reciprocity rules.

#### *5.5.4 Work Motivation*

Although I relied upon concepts from SDT (Deci & Ryan, 1985) to provide an explanation for some of the key differences between the side bet profiles, namely the forms of extrinsic motivation, I did not directly measure them. Future research should be designed to explore the relationship between extrinsically motivated behaviour and the side bet profiles. Such an exploration could help shed light on the motivational underpinnings of the side bet profiles.

I would predict that loyalists experience an introjected form of self-regulation because, for them, both economic and social needs are being met. That is, although they are grateful for their favourable work conditions, they also possess a sense of being somewhat controlled. Altruists likely experience integrated self-regulation because the economic aspect of their employment is not particularly salient. As such, because they feel that their personal goals and values align with their organizations' goals and values, altruists likely feel a fairly autonomous form of regulation. Captives, feeling only economic aspects of their employment, feel stuck in their work situation and would likely experience the most external form of self-regulation.

The study of mercenaries may provide a particularly interesting avenue of future research, chiefly because it is not immediately clear which form external motivation

should be linked to their actions. On the one hand, mercenaries work because of contractual commitments and thus might be expected to experience amotivation in terms of their “extra” obligations with the organization (e.g., OCB). On the other hand, results of this study demonstrate that mercenaries appear to be particularly motivated to engage in high levels of task performance as compared to the other profiles. As such, they might consciously value their actions and their intended consequences when it comes to contractually specified job requirements. As such, at least as it relates to task performance, they may experience an identified form of self-regulation.

## **5.6 Concluding Remarks**

This thesis provides the first empirical examination of the psychological mechanisms of EOR exchanges. It has also separated exchanges from their mechanisms, and examined the *combined* impact of social and economic side bet perceptions that employees hold with respect to their organizations. This thesis also builds upon the early pioneering studies in the area of commitment profiles. It takes a novel approach to viewing our relationships with our organizations in that it adds nuance to the examination of pre-existing and well-researched variables in the human resources and organizational behaviour literatures. It also has important practical implications, chiefly the idea that there may be an “optimal” level of the provision of the inducements/outcomes mix in HR reward practices. Future research could examine the roles of normative commitment and motivation in terms of their relationship to the side bet profiles. It might also examine the profiles cross-culturally to determine the generalizability of the model.



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**Table 1: Descriptive Statistics and Correlations among Primary Study Variables**

Variable	M	SD	1	2	3	4	5	6	7
1. Perceived organizational support	3.74	0.93	(0.94)						
2. Social side bet perceptions	3.31	0.93	0.76**	(0.87)					
3. Economic side bet perceptions	3.32	0.93	0.23**	0.39**	(0.88)				
4. Affective commitment	3.65	0.93	0.72**	0.66**	0.30**	(0.92)			
5. Continuance commitment	3.47	0.80	0.09	0.21**	0.29**	.19*	(0.78)		
6. Organizational citizenship behaviour	3.86	0.74	0.58**	0.29**	0.01	.27**	-0.06	(0.92)	
7. Performance	4.15	0.72	0.43**	0.17*	0.19*	.19*	-0.02	0.71	(0.83)

*Note.* \*Correlation is significant at the .05 level (two-tailed). \*\*Correlation is significant at the .01 level (two-tailed). Cronbach alphas are found on the diagonal.

**Table 2: Standardized Factor Loadings for the Independent Variables**

<b>Items</b>	<b>Social Side Bets</b>	<b>Economic Side Bets</b>
SPC1	.80	
SPC2	.74	
SPC3	.80	
SPC4	.42	
SPC5	.68	
IBA1		.41
IBA2		.62
IBA3		.70
IBA4		.68
IBA5		.61
IBA6		.49
IBA7		.57

Note: Extraction method was Principal Component Analysis. SPC = self-presentation concerns; IBA = impersonal bureaucratic arrangement. All factor loadings significant,  $p < .05$ .

**Table 3: Standardized Factor Loadings for the Dependent Variables**

Items	Perceived Support	Affective Commit.	Continuance Commit.	Org. Citizenship	Task Performance
POS1	.73				
POS2	.71				
POS3	.73				
POS4	.73				
POS5	.71				
POS6	.75				
POS7	.71				
AC1		.66			
AC2		.69			
AC3		.71			
AC4		.69			
AC5		.77			
AC6		.77			
CC1			.59		
CC2			.60		
CC3			.65		
CC4			.67		
CC5			.46		
CC6			.56		
OCB1				.71	
OCB2				.64	
OCB3				.57	
OCB4				.54	
OCB5				.50	
OCB6				.55	
PERF1					.67
PERF2					.66
PERF3					.62
PERF4					.63
PERF5					.76
PERF6					.69

Note: All factor loadings significant,  $p < .01$ .

**Table 4: Mean Levels of Exchange Profiles from k-means Analysis**

<b>Exchange Perceptions</b>	<b>Mean</b>	<b>Loyalist (N = 76)</b>	<b>Captive (N = 17)</b>	<b>Mercenary (N = 20)</b>	<b>Altruist (N = 54)</b>
Social Side Bet Perceptions	3.31	3.89	1.87	1.95	3.46
Economic Side Bet Perceptions	3.32	4.00	3.78	1.83	2.76

**Table 5: Profile Group Means (and Standard Deviations) and Analysis of Variance****Results**

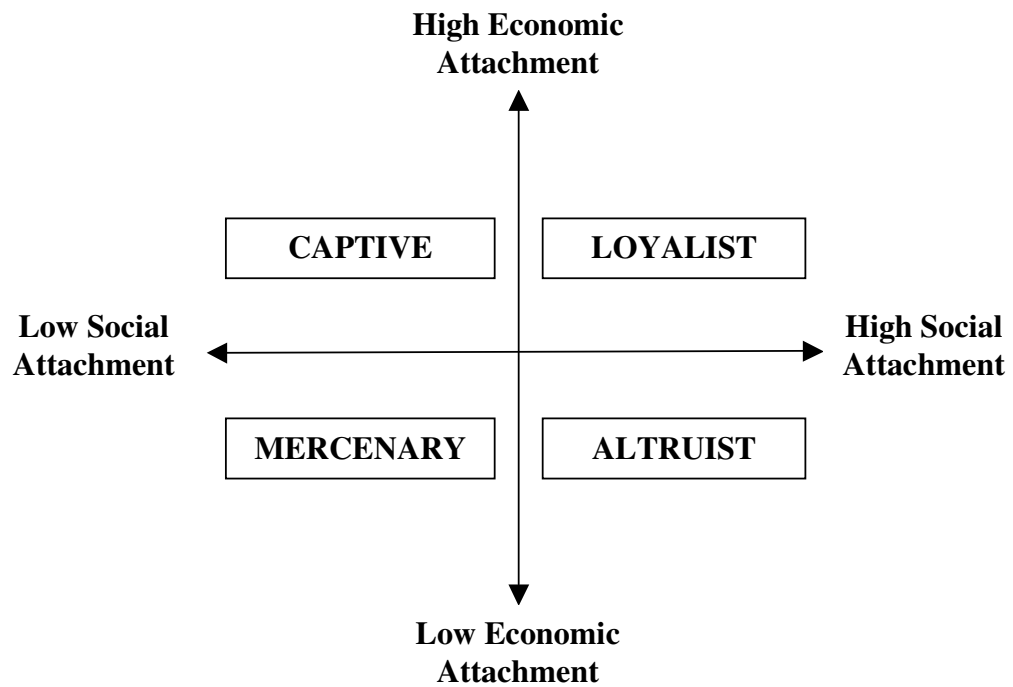
	Loyalist	Captive	Mercenary	Altruist	Total	Post hoc
	(1)	(2)	(3)	(4)		
Perceived organizational support	3.99	2.30	2.76	4.13	3.74	1, 4 > 2***, 3***
$F(3, 155) = 49.14^{***}$	(.57)	(.66)	(.92)	(.71)	(.93)	
Affective commitment	3.79	2.79	2.50	4.04	3.65	1, 4 > 2***, 3***
$F(3, 155) = 28.33^{***}$	(.62)	(.94)	(1.20)	(.67)	(.93)	
Continuance commitment	3.71	3.63	3.10	3.22	3.47	1 > 3*, 4* 2 > 3**, 4***
$F(3, 155) = 5.74^{***}$	(.78)	(.69)	(1.06)	(.65)	(.81)	
Organizational citizenship behaviour	3.90	3.31	3.61	4.06	3.85	1 > 2**, 3* 4 > 2***, 3**
$F(3, 155) = 6.58^{**}$	(.62)	(.64)	(.87)	(.77)	(.74)	
Task Performance	4.14	3.73	4.26	4.25	4.15	1 > 2**, 3 > 2**, 4 > 2**
$F(3, 155) = 3.79^*$	(.64)	(.85)	(.79)	(.73)	(.72)	

Note. \*p < .05, \*\*p < .01, \*\*\*p < .001 (one-tailed).

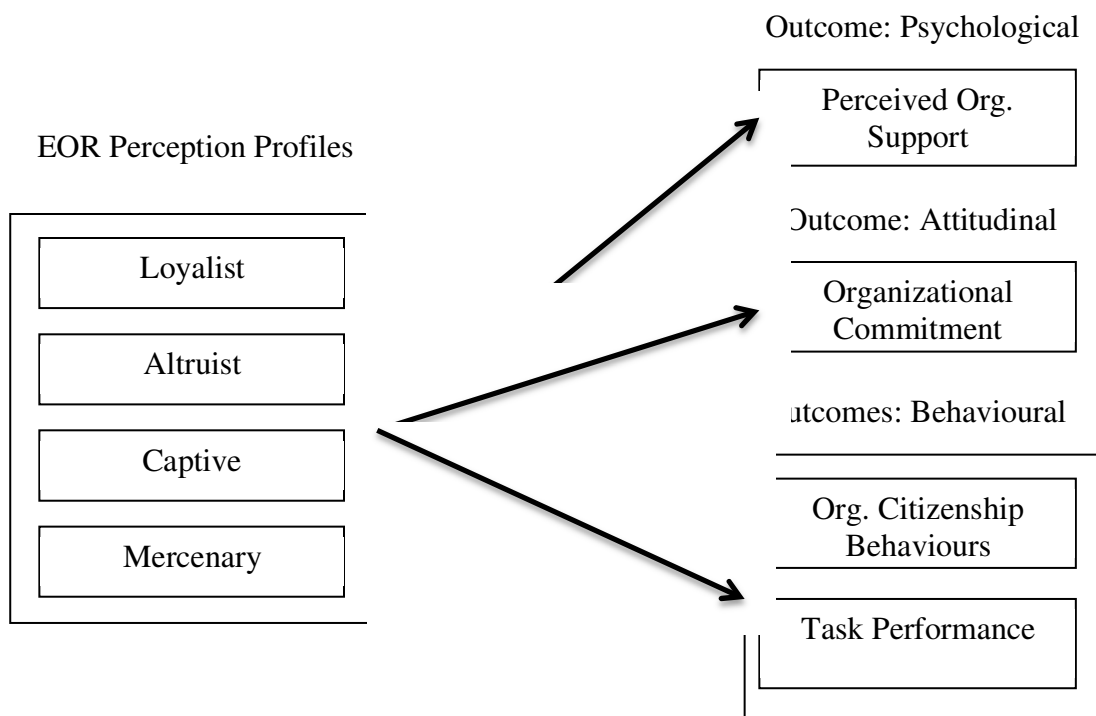


**Figure 1: Combinations of Perceived Social and Economic Side-Bet Exchange**

**Perceptions**



**Figure 2: A Basic Model of the Outcomes of Employee-Organization Relationship (EOR) Perception Profiles**



**Figure 3: Distinguishing Characteristics and Outcomes of Exchange Perception****Profiles**

<b>Profile</b>	<b>Psychological attachment (side bets)</b>	<b>Psychological outcome</b>	<b>Attitudinal outcomes</b>	<b>Behavioural outcomes</b>
Loyalist	High social, high economic	Moderately high POS	High AC, high CC	Moderately high task performance, moderately high OCB
Altruist	High social, low economic	Very high POS	High AC, low CC	High task performance, very high OCB
Mercenary	Low social, low economic	Moderately low POS	Low AC, low CC	Very high task performance, moderately low OCB
Captive	Low social, high economic	Very low POS	Low AC, high CC	Moderately low task performance, low OCB

Note: POS = perceived organization support; AC = affective commitment; CC= continuance commitment; OCB organizational citizenship behaviour.

## **Appendix A: Letter of Information**

### **A Study of Work Attitudes and Behaviours**

**Investigators:** *PhD Student:* Jeffrey. J. McNally, DeGroote School of Business, McMaster University, Hamilton, Ontario, Canada, (905) 525-9140 ext. 26360, E-mail: mcnalljj@mcmaster.ca.

*Faculty Supervisor:* Dr. Rick D. Hackett, DeGroote School of Business, McMaster University, Hamilton, Ontario, Canada, (905) 525-9140 ext. 23958, E-mail: hackett@mcmaster.ca.

**Purpose of the Study:** You are invited to participate in this research project. Specifically we are asking for your opinions about your work attitudes and behaviours. This research is being undertaken Jeff McNally, Ph.D. Student, and Dr. Rick Hackett, DeGroote School of Business, McMaster University.

**Procedures involved in the Research:** For this research we ask that you fill out an online survey. It should take about 10-15 minutes of your time to complete this survey. You are free to withdraw from this research at any time without penalty. If you do not wish to answer specific questions in the questionnaire then you may simply leave them blank.

**Potential Harms, Risks or Discomforts:** It is not likely that there will be any harms or discomforts associated with this study. Some questions may cause you to reflect on aspects of your work experience that you find challenging or stressful. You may also worry about how others will react to what you say. You do not have to answer any

question you would prefer to skip. Please consider whether the content of your internet communications can be monitored by your organization. You may want to complete the survey on a private or home computer. The steps we are taking to protect your privacy are described below.

**Potential Benefits:** The research will not benefit you directly. However, we hope that what is learned as a result of this study will help us to better understand the relationship that employees develop with their organizations.

**Payment or Reimbursement:** You will receive \$10.00 for your participation in this survey.

**Confidentiality:** Your participation in this research is confidential. The data collected will be held in the DeGroot School of Business, McMaster University, in the strictest of confidence. Only the researchers indicated above will have access to the raw data. Neither you nor your organization will be identified by this research. It is our intention to publish average responses at academic conferences and in academic journals; we expect to collect data from about 300 participants, and results will be reported in the aggregate only. You will not be personally identified in either the conference presentations or the journal articles. **Your organization/supervisor will have no way to know how you responded to the items contained in this survey.**

**Participation and Withdrawal:** Your participation in this study is voluntary. If you decide to be part of the study, you can decide to withdraw, at any time up to the point of submitting your responses. If you do not want to answer some of the questions you do not have to, but you can still be in the study.

**Information about the Study Results:** I expect to have this study completed by approximately nine months. If you would like a brief summary of the results, please let me know how you would like it sent to you.

**Questions about the Study:** If you have questions or require more information about the study itself, please contact us.

This study has been reviewed by the McMaster University Research Ethics Board and received ethics clearance. If you have concerns or questions about your rights as a participant or about the way the study is conducted, please contact:

McMaster Research Ethics Secretariat

Telephone: (905) 525-9140 ext. 23142

c/o Office of Research Services

E-mail: [ethicsoffice@mcmaster.ca](mailto:ethicsoffice@mcmaster.ca)

**Appendix B: Statement of Consent**

By clicking 'Next,' I am indicating that I have read the information presented in the information letter about a study being conducted by Jeff McNally and Dr. Rick Hackett, McMaster University. I have had the opportunity to ask questions about my involvement in this study and to receive additional details I requested. I understand that if I agree to participate in this study, I may withdraw from the study at any time. This form is downloadable and can be printed should I wish to keep a hard copy in my records. I agree to participate in the study.

**Appendix C: Demographic and Other Related Questions**

**1. Gender (1 = male, 2 = female).**

**2. Age (in years).**

**3. Length of employment at current organization (in years/months).**

**4. Length of employment in current position (in years/months).**

**5. Highest level of education attained (check one):**

- Some high school
- High school diploma
- Some university coursework
- University degree
- Some graduate coursework
- Graduate degree

**6. Industry type (check one):**

- |   |  |
|---|--|
| <input type="radio"/> Education (Primary or Secondary)  | <input type="radio"/> Agriculture            |
| <input type="radio"/> Education (College or University) | <input type="radio"/> Service                |
| <input type="radio"/> Banking                           | <input type="radio"/> Manufacturing          |
| <input type="radio"/> Health Care                       | <input type="radio"/> Transportation         |
| <input type="radio"/> Oil and Gas                       | <input type="radio"/> Information Technology |
| <input type="radio"/> Forestry                          | <input type="radio"/> Government             |
| <input type="radio"/> Retail                            | <input type="radio"/> Energy                 |
| <input type="radio"/> Marketing/Advertising             | <input type="radio"/> Hospitality            |



Accounting

Management Consulting

Finance

**7. If your industry was not listed in question #6, please type it in the box below.**

**8. As you know, you have been assigned a unique StudyResponse ID number. Please provide that number below.**

**Appendix D: Scale Items****Perceived Organizational Support (POS)**

1. My organization values my contribution to its well-being.
2. My organization appreciates any extra effort from me.
3. My organization would listen to any complaint from me.
4. My organization really cares about my well-being.
5. When I do the best job possible, my organization takes notice.
6. My organization cares about my general satisfaction at work.
7. My organization shows concern for me.
8. My organization takes pride in my accomplishments at work.

(5-point scale: 1 = Strongly Disagree; 5 = Strongly Agree)

**Relationship Exchange Perceptions*****Social “Side Bet” Items: Self-Presentation Concerns***

Lead: “How responsible is each of the following for the fact that you are continuing to work for your current employer”?

1. The respect and prestige I get from working for my organization.
2. My reputation of being committed to my organization.
3. The status that working for this organization provides.
4. The possibility of being thought of as a “job hopper”.
5. The social image that I derive from working at this organization.

(5-point scale: 1 = Not at all responsible; 5 = Very responsible)

***Economic “Side Bet” Items: Interpersonal Bureaucratic Arrangements***

Lead: “How responsible is each of the following for the fact that you are continuing to work for your current employer”?

1. My current level of pay.
2. The benefits of seniority that I’ve gained in this organization.
3. A retention bonus that this organization provides.
4. Having to give up on upcoming promotional opportunities for me at this organization.
5. The benefits package at my current organization (e.g., vacation time, dental plan, flexible hours, childcare).
6. The loss of employer contributions to my pension plan.
7. Stock options that can only be exercised if I stay.

(5-point scale: 1 = Not at all responsible; 5 = Very responsible)

**Organizational Commitment**

**Affective Commitment**

1. I would be very happy to spend the rest of my career with this organization.
2. I really feel as if this organization’s problems are my own.
3. I feel a sense of “belonging” to my organization.
4. I feel “emotionally attached” to my organization.
5. I feel like “part of the family” at my organization.

6. This organization has a great deal of personal meaning for me.

**Continuance Commitment**

1. Right now, staying with my organization is a matter of necessity as much as desire.
2. It would be very hard for me to leave my organization right now, even if I wanted to.
3. Too much of my life would be disrupted if I decided I wanted to leave my organization now.
4. I feel that I have too few options to consider leaving my organization.
5. If I had not already put so much of myself into my organization, I might consider studying elsewhere.
6. One of the few negative consequences of leaving my organization would be the scarcity of available alternatives.

(5-point scale: 1 = Strongly Disagree; 5 = Strongly Agree)

**Organizational Citizenship Behaviours – Organizational**

My employee...

1. Gives advance notice when unable to come to work.
2. Does not take undeserved work breaks.
3. Does not spend a great deal of time with personal phone conversations.
4. Does not complain about insignificant things at work.
5. Conserves and protects organizational property.

6. Adheres to informal rules devised to maintain order.

(5-point scale: 1 = Strongly Disagree; 5 = Strongly Agree)

### **Task Performance**

My employee...

1. Adequately completes assigned duties
2. Fulfills responsibilities specified in job description.
3. Performs tasks that are expected of him/her.
4. Meets formal performance requirements of the job.
5. Engages in activities that will directly affect his/her performance evaluation.
6. Attends to aspects of the job he/she is obligated to perform.
7. Performs essential duties.

(5-point scale: 1 = Strongly Disagree; 5 = Strongly Agree)