

# The Psychological Contract: New generations, New type of contract?



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### **Abstract**

Generations and their differences have been the point of interest for many researchers and professionals. However, empirically there is little evidence that there are actually differences. This research investigated the differences of the generations on the content of the psychological contract within the context of a financial services organization. Next to that, it was investigated whether fulfillment of the psychological contract would lead to lower turnover intentions and whether affective commitment mediates that relationship. Furthermore, it was also examined if Generation Y would respond differently to fulfillment of the contract as opposed to Generation X and the Baby Boomers. The results of a quantitative study with a total of 152 respondents revealed that in this particular organization, generations only differ on a few content aspects of the psychological contract. Generation X found both job content and work-life balance most important, and Generation Y found job security most important. Psychological contract fulfillment did predict turnover intentions, and affective commitment partially mediated this relationship. Though, it was found that this was not different amongst the different generations. Insight into generational differences help organizations to understand the needs of generations. When organization would address the differences, higher psychological contract fulfillment would be experienced and this increases affective commitment and decreases turnover intentions. Scientific evidence found so far is sometimes not aligned and the effects are small. Thus future research should follow up with more research on generations and thereby take into account all other possible explanations for differences, such as age or time.

## **Introduction**

*Because all the peoples of the world are part of one electronically based, intercommunicating network, young people everywhere share a kind of experience that none of the elders ever had. . . . This break between generations is wholly new: it is planetary and universal.* This quote is a headliner of one of the many articles written about the new generations entering the workforce (Mc Kinsey Quarterly, 2016). Many scholars have already tried to define the generational differences in the workplace (e.g. Chen & Choi, 2008; Cogin 2012; Costanza, Badger, Fraser, Severt & Gade, 2012; Parry & Urwin, 2011; Tolbize, 2008). A search on Google Scholar in 2013 (Lub, 2013) showed over 18.000 hits about ‘generational differences’ published between 2008 and 2013. Doing this search again in January 2016, using the range between 2013 and 2016 gives an additional 23.700 hits. Authors claim that better understanding of the generations in the workplace can lead to better recruitment, communication, retention, employee engagement, conflict resolution and succession management (Dencker, Joshi, & Martocchio, 2008). However, most of the literature is based on non-empirical sources, building on assumptions made by many different authors (Twenge, Campbell, Hoffman & Lance, 2010), and not supported by academic research (Cogin, 2012).

One of the most influential theories supporting differences between generations is the Generational Theory (Mannheim, 1952). Generational theory assumes that shared locations, economic, socio-cultural and historical experiences during the formative years of the generations, shape their collective thinking, beliefs and values (Mannheim, 1952; Pinch, 1994), which all affect the employment relationship. Despite the interest in generational differences, little attention is paid in trying to understand if there is a difference in what generations expect from their employer, and thus the difference of their employment relationships (Dencker et al., 2008; De Hauw & De Vos, 2010; Hess & Jepsen, 2009; Lub, Bal, Blomme, & Schalk, 2016; Van der Smissen, 2015). Knowing employee expectations within the employment relationship could help organizations respond to employee needs such as effective recruitment materials, development opportunities and training materials which consequently affect better employee satisfaction (Leschinsky & Michael, 2004). Failure to respond to these different employee needs can lead to lower employee productivity, conflict in the workplace, poor employee wellbeing, misunderstanding and miscommunication (Adams, 2000; Kupperschmidt, 2000; Smola and Sutton, 2002; Yu and Miller, 2005).

A framework that can help understand the career expectations is the psychological contract (De Hauw & De Vos, 2010). Rousseau (1989) explains that a psychological contract emerges when an individual perceives that contributions he or she makes obligate the organization to reciprocate (or vice versa). The psychological contract is built on the social exchange theory (Blau, 1964), which presumes that employees and employers have a relationship in which each party reciprocates the contribution of the other party. It has been found that the psychological contract is a strong predictor of different work outcomes such as; job satisfaction, affective commitment and turnover intention (Zhao, Wayne, Glibkowski & Bravo, 2007). This study was performed in an organization that desired to know what to offer employees to be more attractive as an employer. Next to that, they also wished to know from different generations in the employment relationship to stimulate positive behaviors. It is therefore chosen to focus on the fulfillment of the contract. It is not only important to know what to offer employees, but also what can be expected in return. If fulfillment is experienced high, it seems likely that it will have a positive influence on affective commitment. Thus, this will positively influence the willingness of the employees to put effort in the organization and employees will be less likely to leave the organization.

Both professionals and scholars felt the need to describe a new twenty-first century psychological contract (Anderson & Schalk, 1998; Hess & Jespen, 2009). Hiltrop (1995) proposed there is a shift toward the new psychological contract due to the changing economic context, other authors believe this can be assigned to the change in generations (De Hauw & De Vos, 2010; Lub, Nije Bijvank, Bal, Blomme, & Schalk, 2012; Lub et al., 2016; Van der Smissen; 2015). This is a very interesting proposition, feeding the discussion whether the change of the psychological contract can be assigned to a change in economic / societal context or to a change of generations. To add to this discussion, and to test whether results can add to current literature, this study focuses on the differences of generations about the content of the psychological contract. Apart from the scientific relevance, understanding the differences of the generations could also support HR and managers in dissolving so called generational conflicts (Dencker, Joshy & Martocchio, 2007).

The first part of this research focuses on understanding what different generations' value more in the psychological contract, by using content items (e.g. career development) of the psychological contract. The second part studies whether fulfillment of the psychological contract

has effect on turnover intentions (Flood, Turner, Ramamoorthy, & Pearson, 2005), and if this relation is mediated by affective commitment (Somers, 1995). In the second part it is also tested whether generations respond differently to fulfillment of the psychological contract in relation to affective commitment. This is taken into consideration because earlier scholars defined that Gen Y has higher expectations (De Hauw & De Vos, 2013). This study responds to the need of further empirical evidence for the generational differences in the workplace (Parry & Urwin, 2011; Westerman & Yamamura, 2007), by providing results from a global organization. On top of that, this study tries to further build on research to define responses to psychological contract fulfillment, like affective commitment and turnover intentions. Two research questions central in this paper are;

1. *To what extent do generations value the content aspects of the psychological contract differently?*
2. *To what extent is the relationship between psychological contract fulfillment and turnover intentions mediated by affective commitment and moderated by generations?*

### **Theoretical framework**

#### **The psychological contract**

The Social Exchange Theory (Blau, 1964), the base of the psychological contract, posits that two parties, the employee and the employer, have a relationship in which they engage in exchanges whereby each party reciprocates the other's contributions (Blau, 1964). According to Levinson, Price, Munden, Mandl, and Solley (1962), it mainly concerns implicit and unspoken expectations which predict the employment relationship. Schein (1965, 1980) defines the psychological contract as a set of unwritten expectations, present at each moment between every employee and the organization. The belief of reciprocity with respect to the obligations is an individuals' belief and therefore unilateral (Rousseau, 1989). Rousseau (1995) describes that the psychological contract has three different characteristics. First, it is a subjective perception, which is individually different. Second, it is dynamic, the contract is an ever-changing concept in the relationship between the employee and the employer. Third, the contract is about mutual obligations that are based on promises made by both parties, to invest in the relationship and with expectations of a positive outcome. Corresponding with the norms of reciprocity (Gouldner 1960), when the obligations and promises are (not) fulfilled by the employer, consequentially,

the employee experiences psychological contract breach or fulfillment and reciprocates by adapting their behavior and contributions to the organization. Rousseau and Tijoriwala (1998) proposed a framework of three different forms of measurement of the psychological contract; feature-oriented, content-oriented and evaluation-oriented. Feature oriented concerns different ‘types’ of contract, such as transactional and relational (Rousseau, 1990; Rousseau & McLean Park, 1993), with transactional involving monetary, specific exchanges in a finite and often brief period of time, and the contradictory relational contract involving less specific, open-ended agreements that are meant to establish and maintain a relationship (Robinson, Kraatz & Rousseau, 1994). Content-oriented examines the specific terms of the contract (Rousseau & Tijoriwala, 1998). It can be expressed in clear specific terms that focus on individual contract terms such as ‘career development’ or ‘training’ (De Vos, Buyens & Schalk, 2003, 2005). Evaluation assesses the degree of fulfillment, violation or change experienced within the context of the contract (Rousseau & Tijoriwala, 1998). This study will focus on content-based fulfillment because it is of higher value to organizations, as it relates to generation specific HR practices (Lub, et al., 2012).

### **The effect of generations on psychological contract content**

Some authors see the psychological contract as a flexible, undetermined concept (Hall & Moss, 1998; Rousseau, 1995; Twenge & Campbell, 2008). Distinguishing generations’ psychological contract gives the opportunity to actually measure specific differences for different groups of employees. Only a few authors have tried to describe generational identities and psychological contracts (De Hauw & De Vos, 2010; Hess & Jespen, 2012; Lub et al., 2012; Lub et al., 2016; Smola & Sutton, 2002). Rousseau (1995) and De Meuse, Bergmann & Lester (2001) both argue that the psychological contract is changing from a longer term relational basis to a shorter term transactional contract. Hall and Moss (1998) see this change as a shift from the organizational career to the ‘protean career’. Self-managing career, development through continuous learning and work challenges, employability and challenging assignments are examples of characteristics of the protean career (Hall & Moss, 1998), with as goal psychological (internal) success. An interesting methodological issue is the differentiation between the effects of age, period and generation (Macky, Gardner, & Forsyth, 2008; Stassen, Anseel & Levecque, 2016) on e.g. the employment relationship. The age-effect is a consequence

of the development of individuals through certain stadia in life, like childhood, adolescence etc. The period effect can be explained by historical events that happen during a specific moment in time, like overall changes in the employment market circumstances (Kowske, Rasch, & Wiley, 2010). The generation effect can be assigned to shared experiences when being in the same age group in the same period. According to Mannheim (1972), people born in the same time period share and perceive the same experiences, and form values by going through their formative phase (16-25 year) in the same time period. Kupperschmidt (2000) adds that these values also influence an employees' feeling towards the organization, what employees desire from work and how they want to satisfy those desires. Generational values remain with the people for the rest of their lives, and have influence on work values and expectations (Chen & Choi, 2008; Ng, Schweitzer and Lyons, 2010). Inglehart's (1997) theory of *intergenerational values change* supports the theory of Mannheim (1972), assuming that trends and societal events have a role in the development of an individuals' identity. Two propositions are the base of this theory: first, the "socialization" hypothesis, which proposes that the basic values of adults are a reflection of the socioeconomic conditions of one's childhood and adolescence. Second, the "scarcity" hypothesis, which suggests that high value is placed on socio-economic aspects that are in short supply during their youth. Both Schuman and Scott (1989) and Schuman and Rodgers (2004) found empirical evidence in their time-lag studies that cohorts who experienced an important societal event during their formative life-stage, indeed experienced this differently than other generational cohorts. A time-lag study examines the responses of different people of the same age, at different points in time and is often used to research generational and developmental change. Americans in the critical ages of adolescence during the Kennedy assassination, rated this more importantly than people younger than 15 or beyond their twenties, both 1985 and in 2000. This also tended to shape the way how later events (e.g. WWII) were interpreted (Schuman & Rogers, 2004). Hence, it can be assumed that events that generations experience during their formative life years, influence and shape their values and beliefs (De Meuse et al., 2001). As we are now taking part in a globalizing era, global events have become formative events for generations across the world, or at least for the Western world (Edmunds & Turner, 2005). As this seems theoretically valid, it is assumed that:

*H1. Generations differ in the content of the psychological contract.*

Per generation is explained what experiences in their formative years could affect the value placed on certain content items of the psychological contract. Although there is variation in labeling and assigning specific birth-, and end dates to generational cohorts, there is a general consensus amongst practitioners and researchers. This paper chooses to adopt these general descriptions and start-end years as well, as this allows for a larger comparison in a much broader range of literature. This study will focus on the three generations that currently belong to the working population; the Baby Boomers born between 1945-1964, Generation X born between 1965-1980, and Generation Y born between 1981-1995 (Costanza et al., 2012; Eisner, 2005; Lub et al., 2012; Lub et al., 2016; Smola & Sutton, 2002).

**Baby Boomers.** The Baby Boomers, born between 1945-1964, are in the 56-71 age range as of 2016. In the post-war period of WWII there was a dramatic increase of births. They grew up in a period that is known for the community spirited progress (Williams, Page, Petrosky & Hernandez, 2010) for the economic growth (Coomes, 2004), and for prosperity, optimism and safety (Crumpacker & Crumpacker, 2007). Westerman and Yamamura's (2007) research into generations showed that relationships with cohorts and social interaction had greater influence for Baby Boomers' satisfaction than for the other generations. Twenge et al. (2010) conducted a research that contained data from three different times, 1976, 1991 and 2006, with respectively three different generational cohorts included. They found a slight decrease for value placed on intrinsic values (e.g. meaningful work) and importance of social values (e.g. friendships at work). Social relations and interaction are both part of work atmosphere (Ten Brink, 2004). Growing up in a community spirited progress (Williams et al., 2010) it makes sense that Baby Boomers value work atmosphere more. Hence, it is hypothesized that:

*H1a. Baby Boomers will find work atmosphere aspects of the psychological contract more important than the other generations*

**Generation X (Gen X).** Gen X, born between 1965-1980, are in the 36-51 age range as of 2016. This generation reached adulthood in difficult economic times, with major recessions and very high youth unemployment in Western Europe, Canada and the US (Krahn & Galambos, 2014). It made transitions from school to work more difficult. This mismatch between the high career expectations (as their parents did have success) and the scarcity of work opportunities could definitely result in lower commitment to the organization (Krahn & Galambos, 2014).

Many of them were raised in dual-career households, with both parents pursuing a career, resulting in a generation who adapted to be independent and self-reliant early (Conroy, 2005). Both Sullivan, Forret, Carraher, & Maineiro's (2009) study and Eisner's (2005) study showed that Gen X did have a significant higher desire for work-life balance than the Baby Boomers, which may be due to them experiencing high rates of divorce, and seeing their parents work very hard, with little balance in their work-life situation. Lub et al.'s (2012), cross-sectional study showed growth in value placed on work-life balance between Gen X and the Baby Boomers. In a study of European workers, it was found that Gen X reported a higher need for job security than other generations (Dries, Pepermans & De Kerpel, 2008). Furthermore, Applebaum et al. (2005) found that Gen X ranked job security as the most motivational factor. This makes sense as Gen X struggled to find jobs, due to economic uncertainty in their formative years. The scarcity hypothesis of Inglehart (1977) explains that high value is placed on socio-economic aspects that are in short supply during the youth of a certain generation. Hence, it is hypothesized that:

*H1b. Generation X will find work-life balance aspects of the psychological contract more important than other generations*

*H1c. Generation X will find job security aspects of the psychological contract more important than other generations*

**Generation Y** (Gen Y). The latest generation entering the work field, Gen Y, born between 1981-1995, are in the 21-35 age range as of 2016. The socialization of Gen Y consists of protection, parental nurturing and praise above and beyond each of the previous generations (Zemke, Raines, & Filipczak, 2000). Youth unemployment rates were not as high as for Gen X, but this generation still felt the consequences of industrial restructuring and corporate and governmental downsizing. They also experienced growth in part-time and temporary jobs (Kalleberg, 2009; Vosko, 2005). Because of the rise of the internet, Gen Y is always connected and is used to multitask and have constant information impulses throughout the entire day (Coomes, 2004). This comfort with technology, multitasking is considered a norm (Crumpacker & Crumpacker, 2007). The high level of goal orientation, motivation towards success and learning-orientation can be explained by their childhood, in which they were told they can be anything they imagine (Koco, 2006). Generation Y is the generation that is known for their demand for challenging and stimulating work (Eiser, 2005). Gen Y places more value on finding

a job with interesting work that provided a feeling of accomplishment (Bibby, Russell, & Rolheiser, 2009) than on a job with higher extrinsic rewards (Wray-Lake, Syvertsen, Briddell, Osgood, & Flanagan 2011). Besides this, Wong, Gardiner, Lang and Coulon (2008) also showed that Gen Y was more ambitious and had a tendency to prefer working with demanding targets and roles. Findings of recent studies reveal that Generation Y has a greater orientation on career advancement and career progression than other generations (Wong et al., 2008; Appelbaum, Serena, & Shapiro, 2004). Gen Y is typically identified with valuing skill development and challenging and new opportunities (Wong et al., 2008). Therefore, it is hypothesized that:

*H1d. Generation Y will find job content aspects of the psychological contract more important than the other generations*

*H1e. Generation Y will find autonomy aspects of the psychological contract more important than the other generations.*

*H1f. Generation Y will find development opportunity aspects of the psychological contract more important than the other generations.*

### **Psychological contract fulfillment and the effect on turnover intentions.**

Most of the time, an employee is not aware of the fact that obligations make up the psychological contract. Though, events that happen (e.g. organizational change), can make an employee aware of the psychological contract's content and in what way the organization has lived up to its obligations (Guzzo, Noonan, & Elron, 1994). Psychological contract fulfillment is basically the perceived discrepancy between what is promised and what is actually realized (Morrison & Robinson, 1997). Employees experiencing fulfillment of the psychological contract reciprocate by showing positive behaviors and work attitudes (Montes & Irving, 2008) like reduced turnover intentions (Flood et. al, 2005). Turnover intention is the subjective probability that an employee will leave the organization within a certain period of time (Zhao et al., 2007). Wanous, Poland, Premack, & Davids (1992) found that employees whose expectations were met by the employer had significant lower turnover intentions. Not only the content of the psychological contract is changing, also the response of the employees on (non)fulfillment is changing. Employees are interested to stay with an organization if they get the opportunity to increase their employability (Hiltrop, 1996), resulting in a stronger market position of employees (Ten Brink, 2004). Not reacting to fulfillment of the psychological contract could lead to

employees sooner decide to leave the organization, as they have better opportunities elsewhere. Turnover of employees has a significant negative effect on the productivity and profit of organizations (Hillmer, Hillmer, & McRoberts, 2005; Hinkin & Tracey, 2000). Breach of the psychological contract in relation to turnover intention has been researched by many authors (Robinson & Rousseau, 1994; Bal, De Lange, Jansen & Van Der Velde, 2008; Zhao et al., 2007), evidence on the fulfillment of the psychological contract in relation to turnover intention yet remains scarce (Flood et al., 2005; Lub et al., 2012; Lub et al., 2016; Sturges, Conway, Guest & Liefvooghe, 2005). Therefore, to add to current literature of fulfillment, it is hypothesized that:

*H2. Higher experienced fulfillment of the psychological contract is related to lower turnover intentions.*

### **The mediating role of affective commitment**

Mutual commitment in the employment relationship and the construction and maintenance thereof are important indicators for turnover intentions (Tett & Meyer, 1993). Organizational commitment is a psychological state that defines the employee's relationship with the organization and has effect on the decision for their membership in the organization (Meyer & Allen, 1997). Affective commitment reflects the employee's identification with, emotional attachment to and involvement in the organization. Employees with high affective commitment stay with the organization because they want to (Meyer & Allen, 2001). Involvement, identification and loyalty are perceived as the main components of the multidimensional affective commitment construct (Fenton-O'Creevy, Winfrow, Lydka & Morris, 1997). Affective commitment has a strong relation to turnover intentions (Jaros, 1997; McElroy, 2001; Meyer & Herscovitch, 2001), especially in relation with the psychological contract (Rousseau, 1990; Morrison & Robinson, 1997). Moreover, affective commitment is found to be the sole predictor of turnover (Somers, 1995). The preceding is in line with further empirical evidence on the negative relationship between affective commitment and turnover intentions (e.g. Allen & Meyer, 1996; Galletta, Portoghese, & Battistelli, 2011; Tett & Meyer, 1993). Also Baotham, Hongkhuntod and Rattanajun (2010) found that employees demonstrating a lack of affective commitment had increased turnover intentions. Numerous studies have demonstrated that higher experienced fulfillment of perceived organizational obligations is related to organizational commitment (Coyle-Shapiro & Kessler, 2000; Flood et al., 2005; Sturges et al., 2005). Because

affective commitment reflects the personal feeling of wanting to stay with the organization, this probably increases the effect of psychological contract fulfillment on turnover intentions. As such, it is hypothesized that:

*H3. Higher experienced fulfillment of the psychological contract is related to higher affective commitment.*

*H3a. Affective commitment mediates the relation between psychological contract fulfillment and turnover intentions.*

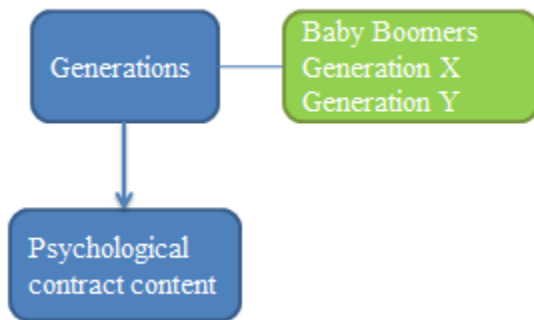
### **The moderating role of generations on the relation between psychological contract fulfillment and affective commitment**

For the moderating effect of generations on affective commitment, this study will focus on Generation Y. Since articles about generations and the psychological contract became real popular by the time Gen Y entered the work force (De Meuse et al., 2005; De Hauw & De Vos, 2010; De Vos et al., 2001, Lub et al., 2012, Lub et al., 2016), it seems possible that this generation is different in the responsiveness to fulfillment of the psychological contract. This relates to the theory of Inglehart (1997) about intergenerational values, proposing that different generations have different values which may also cause different perceptions of the employment relationship and the way they reciprocate. For Gen Y, Twenge and Campbell (2001) found that there was a substantial rise in personality traits score like self-esteem and narcissism. Employees that are high on these traits also have higher expectations from their employer (Twenge & Campbell, 2001). Compared to the other generations, Gen Y is considered to be more goal oriented, driven and are more demanding towards their work environment (Boschma & Groen, 2007; Smola & Sutton, 2002). Even though Gen Y grew up in times of crisis, Gen Y still has high career expectations (De Hauw & De Vos, 2010). Krahn and Galambos (2014) found that Gen Y feels a stronger entitlement on a job than Gen X. Gen Y searches for work opportunities that provide autonomy and freedom (Cennamo & Gardner, 2008). As Gen Y has higher expectations in the first place, fulfillment might also have a less strong effect. So, it is expected that Gen Y will respond with lower affective commitment as the other generations. Therefore it is hypothesized that:

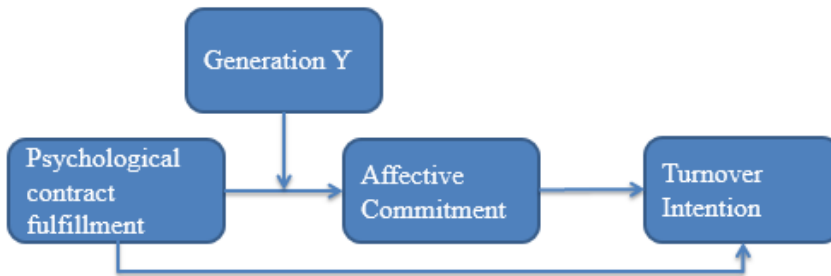
*H4. Psychological contract fulfillment will show a weaker relationship to affective commitment for Generation Y than for the other generations.*

## Research models

Model part 1.



Model part 2.



## Methods

### Population and sample

This study reports data from a sample of employees of a global organization in the financial services industry. The organization is globally represented in 35 countries, with approximately 5930 employees. For this research only employees from the Netherlands and USA were invited to participate. These are Western regions and therefore offer broader comparison to literature used in the theoretical framework. Indirect random stratified sampling is used to generate a representative sample (N=350) out of the total population. Employees were ranged on year of birth to divide people in smaller homogenous groups before sampling, to assure variation of the true population. The total sample comprised of 350 employees, of which in total 43.4% completed the questionnaire (n=152). Of this sample 25.2% belonged to the Baby Boomers, born between 1946-1964, 48.4% to Generation X, born between 1965-1980 and 26.4% to Generation Y born between 1981-1995. Of the respondents, 44.7% came from North-America and 55.3%

from the Netherlands. In this sample 56.6% of the respondents was male and 43.4% female. Data collection took place in May 2016. The percentages of country and gender are both representative for the organization.

### **Context and procedure**

Once the sample was taken from the population within the organization, the sampled employees received an email with a link to an online survey instrument. The email was sent out of name of the Vice President Human Resources, who is the global sponsor of the research. The email contained an introduction to the questionnaire, which stated the purpose of the research and guaranteed confidentiality of the data. The initial response rate was 31,7%, after the first deadline, a reminder email was sent out, resulting in a total 43,4% response rate.

### **Measures**

The constructs of the questionnaire were based on previously published scales. To check for validity and reliability of the questionnaire scales, Principal Axis Factoring (PAF) using OBLIMIN rotation and reliability analysis were carried out on the variables Psychological Contract Content Items, Fulfillment, Turnover Intention and Affective Commitment. Factors were chosen according to the Kaiser-Guttman rule (eigenvalue of  $>1$ ) and by assessing the scree plot. Reliability was measured by using Cronbach's  $\alpha$ , this has to be at least  $>.7$ , as values above  $.7$  are considered to be acceptable (Pallant, 2013). Cronbach's  $\alpha$  is an indicator of a scale's internal consistency, it shows whether all items actually measure the same underlying construct (Pallant, 2013). Reliability of the separate items was checked by using 'Alpha if item deleted'. When the  $\alpha$  increases, the item was taken into consideration to remove. The questionnaire was also distributed in Dutch, which was personally translated.

**Value of the Psychological Contract content.** The measurement of the value of the content items is based on the validated questionnaire of Ten Brink (2004). Only the employer obligations were taken into consideration. This questionnaire offers a detailed breakdown of the different dimensions psychological contract dimensions (Blomme, Van Rheede, & Tromp, 2010). The questionnaire consisted of nine dimensions, including: Job Content, Development Opportunities, Work Atmosphere, Work-Life Balance, Job Security, Autonomy, Salary, Task

Description and Intra-Organizational Mobility. The total of 40 items are introduced with the following question: 'I find it important that my employer offers me ...'. (e.g. competitive salary). This allows for a measurement of what generations think is most important in the employment relationship. All items were posed as statements. Answer categories were based on a 5-point Likert scale, ranging from 1='strongly disagree' to 5='strongly agree'. Cronbach's  $\alpha$  ranged from .73-.94. In the current study, the Cronbach's  $\alpha$  for the dimensions ranged from .77 – .923.

**Fulfillment of the Psychological Contract.** To measure the fulfillment of the psychological contract the content scales, with a single-item which summarizes each dimension was used (Lub et al., 2016; Nagy, 2002; Wanous, Reichers, & Hudy, 1997). This also deemed appropriate in previous studies with the questionnaire of Freese, Schalk and Croon (2008) (Freese et al., 2008; Freese, Schalk & Croon, 2011; Lub et al., 2016). Respondents were asked the following question; 'To what extent did your employer fulfill the obligations with regard to ... (Job Content, Development Opportunities, Work Atmosphere, Work-Life Balance, Job Security, Autonomy, Salary, Task Description and Intra-Organizational Mobility). All psychological contract content scales were measured using a 5-point Likert scale, ranging from 1='not at all' to 5= 'to a great extent'. In this study, reliability measured with Cronbach's  $\alpha$  was .858.

**Turnover intention.** Turnover intention reflects the subjective probability that an employee will leave the organization within a certain period of time (Zhao et al., 2007). It was measured by using 3 items from the scale of Landau & Hammer (1975). Sample questions were: 'I am actively looking for a job outside ....' and 'I am seriously thinking about quitting my job'. Answer possibilities ranged from 1='totally disagree' to 5='totally agree' on a 5-point Likert scale. Reliability measured with Cronbach's  $\alpha$  were .89. In the current study, the Cronbach's  $\alpha$  was .873.

**Affective commitment.** Affective commitment reflects employee's identification with, emotional attachment to and involvement in the organization (Meyer & Herscovitsch, 2001). It was measured by using the 8 items scale from Meyer and Allen (1991). A sample questions was : 'I feel emotionally connected to this organization'. Answer possibilities ranged from 1='totally

disagree' to 5='totally agree' on a 5-point Likert scale. Reliability measured with Cronbach's  $\alpha$  were .87. In the current study, the Cronbach's  $\alpha$  was .88.

**Control variables.** In addition to the above variables, gender, country and age category (generation) were added as control variables. Gender was coded as a dummy variable, with men = 0 and women = 1. Based on earlier taxonomies (Eisner, 2005), the three cohorts were classified: Baby Boomers (1945-1964), Generation X (1965-1980), Generation Y (1981-1995). For this categorical variable two dummy variables were created. Baby Boomers served as reference category. For the moderation effect, the dummy variable of Gen Y was used to create a interaction term. Thomas, Au, & Ravlin (2003) suggested that the differences in the perception of the psychological are also based on cultural differences, therefore country is added as a control variable and will be taken into consideration whilst analyzing the data. Country was also coded as a dummy variable, with the Netherlands = 0 and USA = 1.

## Analysis

After all data was entered in SPSS, a check on errors, missing data and outliers was performed. The negative questions 26 and 31 (see Appendix 1) were reversed for proper data analysis. Mean scores and Pearson correlations ( $r$ ) were be calculated for all variables, this provided an indication of the linear relationship between the variables. The scatterplot was checked as well, and it ensured there was no violation of the assumptions of linearity and homoscedasticity. Multivariate analysis (MANOVA) was used to compare the generations in terms of their means on the group of dependent variables (psychological contract content scales). And independent t-test was then taken to identify between which groups the significant differences lied and to determine how strong the difference was. Regression analyses with two-tailed tests at the .05 significant level was used to test for the bivariate relationship between psychological contract fulfillment and turnover intentions, psychological contract fulfillment and affective commitment and affective commitment and turnover intentions. The control variables were added in the analyses together with the dependent and independent variables, this tested whether they were correlated with the variables of the hypothesized models. The bootstrap process macro method of Hayes (2013) was performed to check whether the relationship between psychological contract fulfillment and turnover intentions was mediated by affective

commitment. By using the process macro bootstrap method of Hayes (2013) there is no need for normal distributed data and therefore it was more useful for this study. Furthermore, bootstrapping also increased the power of the analyses. This method tests if the indirect effect significant differs from the total effect. In this study 1000 bootstrap resamples were used and the confidence interval was set on 95. The moderating effect of Generation Y was tested by using the first model of Hayes (2013). This was done by creating an interaction term of Gen Y and psychological contract fulfillment, with affective commitment as dependent variable.

## **Results**

### **Correlation matrix**

Table 1 presents the means, standard deviations and correlations between all variables included in this research. Cohen (1988) indicated that correlations can be classified in small ( $r=.10$  to  $r=.29$ ), medium ( $r=.30$  to  $r=.49$ ) and large ( $r=.50$  to  $r=1.0$ ). Psychological contract is significantly correlated to turnover intentions ( $r= -.490$ ) and affective commitment ( $r= .496$ ). Affective commitment and turnover intentions are also negatively correlated ( $r= -.756$ ). All these correlations were significant in the hypothesized directions. Psychological contract fulfillment is correlated with the following dimensions; job content ( $r= .271$ ), development opportunities ( $r= .282$ ), work atmosphere ( $r= .227$ ), autonomy ( $r= .307$ ), task description ( $r= .268$ ). Notable is the correlation of psychological contract fulfillment with country ( $r= -.287$ ), indicating that employees from the USA are less likely to experience psychological contract fulfillment than employees from the Netherlands. Country is also correlated with autonomy ( $r= -.272$ ) and job security ( $r= -.281$ ), which states that employees from the Netherlands are more likely to find these aspects important than employees from the USA. Turnover intentions correlates with the dimension task description ( $r= -.305$ ). Affective commitment is correlated to the dimensions job content ( $r= .214$ ), development opportunities ( $r= .171$ ), task description ( $r= .271$ ) and job security ( $r= .206$ ). Gender is correlated to two dimensions, task description ( $r= .194$ ) and work-life balance ( $r= .181$ ), meaning that females find these dimensions more important than males.

Table 1.  
Means, standard deviations and correlations for study variables (n=152)

|                         | <i>M</i> | <i>SD</i> | 1.     | 2.      | 3.     | 4.     | 5.     | 6.     | 7.      | 8.     | 9.     | 10.    | 11.    | 12.     | 13.   | 14.   | 15      |
|-------------------------|----------|-----------|--------|---------|--------|--------|--------|--------|---------|--------|--------|--------|--------|---------|-------|-------|---------|
| 1. PC fulfillment       | 4.00     | 0.71      |        |         |        |        |        |        |         |        |        |        |        |         |       |       |         |
| 2. Turnover intentions  | 2.25     | 0.98      | -.490* |         |        |        |        |        |         |        |        |        |        |         |       |       |         |
| 3. Affective commitment | 3.53     | 0.74      | .496** | -.756** |        |        |        |        |         |        |        |        |        |         |       |       |         |
| 4. Job content          | 4.37     | 0.59      | .271** | -.068   | .214** |        |        |        |         |        |        |        |        |         |       |       |         |
| 5. Development opp.     | 4.22     | 0.62      | .282** | -.072   | .171*  | .590** |        |        |         |        |        |        |        |         |       |       |         |
| 6. Work atmosphere      | 4.26     | 0.61      | .227** | -.084   | .130   | .558** | .677** |        |         |        |        |        |        |         |       |       |         |
| 7. Autonomy             | 4.27     | 0.69      | .307** | -.071   | .106   | .549** | .572** | .573** |         |        |        |        |        |         |       |       |         |
| 8. Salary               | 4.03     | 0.75      | .153   | .011    | .053   | .393** | .603** | .668** | .465**  |        |        |        |        |         |       |       |         |
| 9. Task description     | 3.75     | 0.82      | .268** | -.305** | .271** | .218** | .418** | .407** | .165*   | .293** |        |        |        |         |       |       |         |
| 10. Intra-org. mobility | 3.98     | 0.77      | .127   | -.080   | .141   | .361** | .631** | .529** | .392**  | .497** | .288** |        |        |         |       |       |         |
| 11. Work-life balance   | 4.05     | 0.67      | .071   | .024    | .089   | .177*  | .327** | .312** | .230**  | .253** | .135   | .346** |        |         |       |       |         |
| 12. Job security        | 4.05     | 0.90      | .138   | -.100   | .206*  | .227** | .259** | .298** | .203*   | .273** | .260** | .275** | .343** |         |       |       |         |
| 13. Gender              |          |           | -.002  | .000    | -.047  | -.021  | .114   | .112   | -.071   | -.019  | .194*  | .146   | .181*  | .031    |       |       |         |
| 14. Country             |          |           | -.287* | -.139   | .096   | -.105  | -.038  | -.009  | -.272** | -.039  | .241** | -.014  | -.152  | -.281** | .067  |       |         |
| 15. Generation X        |          |           | .112   | -.056   | .088   | .140   | .067   | .054   | .022    | .012   | -.044  | .085   | .130   | .067    | -.044 | -.095 |         |
| 16. Generation Y        |          |           | -.063  | .171*   | -.106  | -.154  | .074   | -.025  | -.030   | .038   | -.032  | .007   | .053   | .100    | .071  | -.082 | -.572** |

\*\* p < .01, \* p < .05.; gender 1 - women.; 1 – USA, reference group = Baby Boomers.

## Analyses

The results for model 1, with research question 1 and the related hypotheses 1(a-f), can be found in table 2. Univariate analysis of variance (ANOVA) is used to compare the generations in terms of their means on the group of dependent variables. Independent t-tests are done to identify the significant differences in the mean scores on the dependent variable.

Table 2 shows that work-life balance is significantly different for the three generations ( $F(2, 151) = 3.193, p < .05$ ). Hence, H1, stating “*Generations differ in valuing the content of the psychological contract*” was accepted. An independent t-test was executed to measure where the difference amongst the generations was significant. Table 2 shows that the significant difference was found in the scores between the baby boomers ( $M = 3.82, SD = .67$ ) and Gen X ( $M = 4.14, SD = .58$ );  $t(111) = 2.628, p = 0.010$ . This result partially accepts hypothesis 1b, which stated that Gen X will find work-life balance more important than the other generations, as the difference between Gen X and Gen Y was not significant.

Hypothesis 1a stated that the baby boomers will find work atmosphere more important than the other generations. Table 2 shows that the mean score of the baby boomers is the lowest, as opposed to what was hypothesized, so H1a was rejected.

Hypothesis 1c assumed that Gen X would find job security more important than the other generations. Table 2 presents that Gen Y had the highest mean score on importance for job security, which was significant compared to the Baby Boomers ( $t(76) = -2.009, p = 0.048$ ). Because Gen Y found job security most important and not Gen X, H1c was rejected.

Table 2 also shows that both hypothesis 1d, stating that Gen Y would find job content more important than the other generations, and hypothesis 1e, stating that Gen Y would find autonomy more important than the other generations are both rejected. Both mean scores are the lowest for Gen Y. Gen X did find job content significantly more important than Gen Y ( $t(111) = -2.164, p = 0.033$ ).

Hypothesis 1f stated that Gen Y would find development opportunities more important than the other generations. Although table 2 demonstrates that the mean score for Gen Y was the highest, this was not a significant difference, so H1f is rejected.

Table 2.

| Generational Differences in Scales and Psychological Contract Dimensions (n=152) |             |              |              |          |
|----------------------------------------------------------------------------------|-------------|--------------|--------------|----------|
| <i>Scales</i>                                                                    | BB M (SD)   | Gen X M (SD) | Gen Y M (SD) | F        |
| Psychological contract fulfillment                                               | 3.92 (.81)  | 4.08 (.64)   | 3.93 (.73)   | .934     |
| Turnover intention                                                               | 2.07 (.87)  | 2.19 (.99)   | 2.53 (.99)   | 2.453    |
| <i>Independent t-test between Baby Boomers and Gen Y</i>                         |             |              |              | -2.173*  |
| Affective commitment                                                             | 3.54 (.80)  | 3.60 (.72)   | 3.40 (.73)   | .932     |
| <i>PC Dimensions</i>                                                             |             |              |              |          |
| Job Content                                                                      | 4.36 (.66)  | 4.46 (.50)   | 4.22 (.65)   | 2.117*   |
| <i>Independent t-test between Gen X and Gen Y</i>                                |             |              |              | -2.164*  |
| Development Opportunities                                                        | 4.06 (.69)  | 4.26 (.54)   | 4.30 (.66)   | 1.765    |
| Work Atmosphere                                                                  | 4.21 (.66)  | 4.28 (.57)   | 4.22 (.65)   | .219     |
| Autonomy                                                                         | 4.27 (.81)  | 4.28 (.65)   | 4.23 (.64)   | .069     |
| Salary                                                                           | 3.96 (.75)  | 4.04 (.68)   | 4.08 (.89)   | .228     |
| Task Description                                                                 | 3.86 (.78)  | 3.71 (.78)   | 3.70 (.94)   | .512     |
| Intra-organizational mobility                                                    | 3.85 (.86)  | 4.05 (.67)   | 3.99 (.85)   | .889     |
| Work-life balance                                                                | 3.82 (.67)  | 4.14 (.58)   | 4.11 (.78)   | 3.193**  |
| <i>Independent t-test between Baby Boomers and Gen X</i>                         |             |              |              | -2.628** |
| Job Security                                                                     | 3.78 (1.02) | 4.11 (.85)   | 4.20 (.83)   | 2.534*   |
| <i>Independent t-test between Baby Boomers and Gen Y</i>                         |             |              |              | -2.009*  |

\*\* p < .01, \* p < .05.

The second model in this study was tested with regression analysis. With this model this study tried to investigate whether psychological contract fulfillment would relate to turnover intentions and whether this relationship was mediated by affective commitment and moderated by generations.

To test for the bivariate relationships of hypothesis 2, regression analyses with two-tailed tests at the .05 significance level were used, these results can be found in table 3.

Hypothesis 2 stated that higher experienced fulfillment of the psychological contract is related to lower turnover intentions. After entering control variables, the analysis showed there was a significant effect ( $\beta = -.570$ ,  $p = .000$ ) from PC fulfillment on turnover intentions. The value of  $R^2$  is .341, indicating that psychological contract fulfillment explains 31,4% of the variance in turnover intentions, together with the control variables of which country was significant. Country was only significant in the second model, this indicates that turnover intentions in the US are lower than in the Netherlands. Hence, hypothesis 2 is accepted.

Table 3.  
Results for simple regression analyses for hypothesis 2  
(n=152)

|                | Turnover Intention |      |         |      |
|----------------|--------------------|------|---------|------|
|                | Model 1            |      | Model 2 |      |
|                | $\beta$            | $p$  | $\beta$ | $p$  |
| PC fulfillment |                    |      | -.570   | .000 |
| Gender         | -.003              | .973 | .011    | .873 |
| Country        | -.121              | .144 | -.285   | .000 |
| Generation X   | .036               | .715 | .066    | .427 |
| Generation Y   | .183               | .070 | .149    | .075 |
| R <sup>2</sup> | .046               |      | .341    |      |
| F              | 1.775              | .137 | 15.106  | .000 |

*Gender 1 - woman; 1 - USA. Reference group: Baby Boomers (Generation).*

The process macro bootstrap method of Hayes (2013) was used to test for the effect of the mediator affective commitment and the moderator of generations on the hypothesized model. Table 4 shows the mediation results of the bootstrap method. The third hypothesis stated that higher experienced fulfillment of the psychological contract is related to higher affective commitment. The analysis showed there was a significant effect ( $\beta = .529$ ,  $p = .003$ ), from psychological contract fulfillment on affective commitment. The  $R^2$  of .246 indicates that 24,6% of the variance in affective commitment is explained by psychological contract fulfillment. Thus, hypothesis 3 is accepted.

Hypothesis 3a assumed that affective commitment would mediate the relation between psychological contract fulfillment and turnover intentions. The total indirect effect of multiplying both paths resulted in a negative effect on turnover intentions ( $\beta = -.018$ ). The results of the bootstrap showed that this model is significant ( $p < .001$ ) and that it explains 58.8% of the variance ( $R^2 = .588$ ). The bootstrap results also showed that the lower level confidence interval and the upper limit interval differ from zero ( $LLCI = -.2321$ ,  $UPCI = -.1155$ ), which suggested that the indirect effect was significant. The direct effect of psychological contract fulfillment on turnover intentions was significant ( $\beta = -.070$ ,  $p < .05$ ), indicating partial mediation. Hence, hypothesis 3a is accepted. The results also show there is a significant effect of the control variable country, but not for the generations.

Table 4.

Results of mediating effect of affective commitment on turnover intentions

|                     |    | Consequent                         |      |      |                         |                                      |      |      |
|---------------------|----|------------------------------------|------|------|-------------------------|--------------------------------------|------|------|
|                     |    | M (Aff. Commitment)                |      |      | Y (Turnover Intentions) |                                      |      |      |
| Antecedent          |    | Coeff.                             | SE   | p    |                         | Coeff                                | SE   | p    |
| X (PC Fulfillment)  | a1 | .529                               | .067 | .003 | c'                      | -.070                                | .028 | .013 |
| M (Aff. Commitment) |    | -                                  | -    | -    | b1                      | -.335                                | .030 | .000 |
|                     |    |                                    |      |      |                         |                                      |      |      |
| Gender              |    | -.722                              | .825 | .383 |                         | -.162                                | .306 | .597 |
| Country             |    | 3.13                               | .869 | .000 |                         | -.694                                | .335 | .040 |
| Generation X        |    | .372                               | 1.15 | .712 |                         | .505                                 | .373 | .178 |
| Generation Y        |    | -.363                              | 1.01 | .753 |                         | .886                                 | .427 | .040 |
|                     |    |                                    |      |      |                         |                                      |      |      |
|                     |    | R <sup>2</sup>                     | .246 |      |                         | R <sup>2</sup>                       | .588 |      |
|                     |    | F (1,150) = 49,03, <i>p</i> < .001 |      |      |                         | F (2, 149) = 106,64, <i>p</i> < .001 |      |      |

CI 95%; number of bootstraps: 1000; gender 1 - woman; 1 - USA

Hypothesis 4 stated that generation Y moderates the relationship between psychological contract fulfillment and affective commitment, such that this relationship is stronger for generation Y than for the other generations. This hypothesis was also tested with bootstrapping from Hayes (2013). Table 5 provides the results of this test. The direct effect of psychological contract fulfillment on affective commitment was significant ( $\beta = .529$ ,  $p = .000$ ). The direct effect of Generation Y on affective commitment was not significant ( $\beta = -.505$ ,  $p = .557$ ). Results of the bootstrap method showed that adding the interaction term did not have a significant effect ( $\beta = .199$ ,  $p = .122$ ). The model significantly explained 32,3% of the variance. Adding the interaction term did not significantly increase the variance ( $\Delta R^2 = .009$ ,  $p = 1.22$ ). Furthermore, the lower level confidence interval and the upper limit confidence interval did not significantly differ from zero ( $LLCI = -.0542$ ,  $UPCI = .4525$ ). Based on this outcome, hypothesis 4 is rejected.

Table 5.

Results of moderating effect of Generation Y in the relationship between psychological contract fulfillment and affective commitment

|                    |    | Consequent                       |      |      |
|--------------------|----|----------------------------------|------|------|
|                    |    | Y (Affective Commitment)         |      |      |
| Antecedent         |    | Coeff.                           | SE   | p    |
| X (PC Fulfillment) | b1 | .529                             | .073 | .000 |
| M (Generation Y)   | b2 | -.505                            | .858 | .557 |
| X * M              | b3 | .199                             | .128 | .122 |
| Gender             |    | -.835                            | .845 | .325 |
| Country            |    | 3.17                             | .911 | .000 |
|                    |    | R <sup>2</sup>                   | .323 |      |
|                    |    | F (5,145) = 13,17 <i>p</i> < .01 |      |      |

CI 95%; number of bootstrap: 1000; gender 1 - woman, 0 - man;  
1- USA, 0 - The Netherlands

### **Conclusion and discussion**

#### **Conclusion**

The central question of this study was; do generations value and respond to the psychological contract differently? The answer to this question is twofold. Yes, they value the content differently, although few effects were found, and those effects were small. The only partially accepted hypothesis was hypothesis 1b, which stated that Gen X would find work-life balance more important than the other generations. The other hypotheses regarding the differences in generations were all rejected. Job content was valued most important by Gen X, as opposed to Gen Y. Job security was valued most important by Gen Y, as opposed to the Baby Boomers. For the other content aspects there were no significant differences between the generations.

The second aim of this research was to test whether psychological contract fulfillment would be negatively related to turnover intentions. Outcomes indeed supported this hypothesis, the strong results indicate that when employers fulfill the psychological contract of the employees, the turnover intentions of the employees will decrease. The effect of psychological contract fulfillment was also positively related to affective commitment, indicating that higher experienced psychological contract fulfillment is associated with higher affective commitment. The partly mediating effect of affective commitment on the relation between psychological

contract fulfillment and turnover intentions showed to be significant. It was concluded that the relationship between psychological contract fulfillment and turnover intentions is influenced by affective commitment, in such a way that a low level of turnover intentions is partially explained because employees perceive a high level of affective commitment. Though, there was no difference in the way the generations responded to psychological contract fulfillment, which rejected hypothesis 4. In the analyses, country was taken into consideration as a control variable, as Thomas et al., (2003) suggested that the perception of the psychological contract is culturally different. For the content aspects of the psychological contract, results showed (Appendix 2) that there were a couple of significant differences between employees from the USA and from the Netherlands. Employees from the USA significantly experienced lower psychological contract fulfillment. Also USA employees ranked autonomy and job security less important than employees from the Netherlands. On the other hand, USA employees did find task description more important.

## **Discussion**

As mentioned in the introduction, there is much discussion on defining generations and their influence on the psychological contract. Both business literature and empirical literature keep deliberating on what the differences between the generations exactly are and whether this is a myth and a hype or whether the assumptions are based on facts. The outcomes of this study are not very strong. Some are in line with what other authors found, for example Van der Smissen (2015) found a significant difference for rewards (e.g. salary, job security) between the Baby Boomers and Gen Y and a significant difference for work-life balance between Baby Boomers and Gen X plus Gen Y. Likewise, Gursoy, Chi and Karadag (2013) and Twenge et al., (2010) also found that Gen X plus Gen Y found work-life balance more important. Similar in this study, job security was most important for Gen Y and work-life balance most important for Gen X in this study as well. However, other authors found that e.g. job security was least important for Gen Y (Wray-Lake et al. 2011).

Whether the results that are found in this study can be assigned to generation effects, is doubtfully. It remains particularly methodologically difficult to differentiate the effects of generations on the content of the psychological contract (Stassen et al., 2016). This study is built on the generational theory, with individuals experiencing the same events in the same formative

period of their lives (Mannheim, 1972), which influence for example their values and work attitudes. This method was chosen to follow empirical literature on defining the generations, as this would allow for a broader methodological comparison. However, there are possible other explanations for differences in the psychological contract. The differences cannot only be explained by generations, but also by period-effects or age-effects (Stassen et al., 2016). A period effect can be explained by historical events that occur during a specific moment in time (Kowske et al., 2010), like changes in the employment market. An example would be the economic crisis, in which job security became more important, as organizations closed and people ended up on the street. This then means that in that time, job security is more important for all generations, and thus it cannot be assigned to a generation effect. And so is the issue with age effect. In this study it was found that Gen X values work-life balance more than the Baby Boomers. This could be due to generational effects. Nonetheless, it could also be the case that once you grow older, work-life balance becomes less important in life. So, within forty years, Gen X will show more similarities with the Baby Boomers from now, and thus can the difference be assigned to age-effect (Stassen et al., 2016). Even though Schuman and Rodgers' (2004) study showed that cohorts experiencing an important societal event during their formative life-stage indeed influenced the experience, it is arguable whether individuals in a single cohort all over the world, with different backgrounds, education and culture, experience this all similarly. For example, whether the importance of a societal event, like the Kennedy assassination is as important for the Dutch as for the Americans.

Even though not hypothesized, the results also showed a significant difference for the turnover intentions amongst the generations. Gen Y have higher turnover intentions than the Baby Boomers. These results are in line with Cennamo & Gardner (2008) and Dudley, Burnfield-Geimer, and Erdheim (2009), who also found higher turnover intentions for Gen Y. Gen Y is focused on self-improvement and career development, Fielding (2012) shows that unlike previous generations, Gen Y is more likely to switch employers to have new opportunities and get more experience.

With regards to the difference for Dutch and American employees, it is quite difficult to find an exact reason why the fulfillment is experienced differently, and why the value is placed on other content items than what the Dutch value most. It is however obvious that employment contracts between the USA and the Netherlands vary. The organization where the data is retrieved

from, experiences these differences as well. The organization notices the differences by the way the employees approach their job and the way they are managed. Employees in the US expect that their manager and colleagues specifically tell them what to do and do not take the effort to ‘walk the extra mile’. This could explain the low value for autonomy and the high value on task description. Additionally, in the USA, there is no such thing as ‘long-term employment contracts’. The labor law in the US is built up different than in the Netherlands. It is much easier to let go of employees, with a two weeks-notice. On the contrary, in the Netherlands it is much harder to fire employees as you need a good reason like performance issues or a reorganization, which is not necessary in the USA.

Within the framework of the psychological contract, it was tested whether fulfillment would have different effect on the generations. It seems however, that this is not the case. It was argued that Gen Y would respond differently to psychological contract fulfillment as they would have changed in personality, becoming more narcissistic and having higher self-esteem (Twenge & Campbell, 2001). Hence, this generation would have higher expectations from their employer and thus the effect of fulfillment would be less intense. In the perspective of this study, Gen Y did not experience lower fulfillment and they also did not respond with lower affective commitment. Thus, employees between the age of 20 and 67 will all respond the same when they experience that their employer lives up to their obligations. This again questions the theory about generations responding differently to fulfillment of the psychological contract. It is possible that this is a consequence of the data that is gathered within one particular organization and thus are the results not applicable for the wider population. But, it remains remarkable that, although many authors write about the differences and what they should be, that in this study, no such particular results are found.

### **Limitations**

It is important to shed some light on the limitations. First of all, the data was collected at single point in time. Therefore, the causal inferences should be treated carefully. When practicing research on generational differences at one single point in time, it is not controlled for age or period, as explained in the discussion. Denecker, Joshi and Martocchio (2008) mention that it remains difficult to sort out the age-period-cohort problem, as these are all confounded. According to Rhodes (1983), the only way to differentiate in period, age and generational effects

is to combine cross-sectional, longitudinal and time-lag research in one study. Giele and Elder (1998) add to that and mention that it is quite possible that within cohorts, identities are more heterogeneous than across cohorts. Together this states that doing research about generations and their differences is methodologically difficult. To rule out all other explanations (like age or period) seems nearly impossible.

Second, due to confidentiality issues in the United States it was impossible to ask for specific birth years. This rules out the option of using a core of a generation with only the 5 birth years in the middle (e.g. for Gen Y 1987-1992). Which would maybe give more robust results as you really collect the individuals that experienced the same events during their formative years (16-25).

Third, this study has a relatively modest sample (N=152) and of this sample, almost half were US based. This makes it difficult to generalize the results to a specific group based on two reasons. First, even though both the United States and the Netherlands are western countries, from the content aspects of the psychological contract, it seemed that they value aspects differently. Besides, the USA employees also experienced lower fulfillment. Thus, when having larger data sets, it could be possible that analyses would show different content of, and different reactions to the psychological contract in terms of generations. However, to separate the US data from the NL data in terms of generations was impossible, as the groups became too small for analyses.

Finally, data was collected within a financial services organization. This limits the generalizability of the results to other business environments. Most generational studies are performed within one company (Stassen et al., 2016), this makes it unclear whether the results are generalizable to the entire population or specific for a certain business culture.

### **Theoretical and practical implications and future research**

Adding to an extensive body of research on psychological contract, this research contributes by giving empirical evidence of generational differences in valuing the content of the psychological contract. Especially in the financial services industry, research on the psychological contract, and the link with generations is scarce.

The results identified that Gen Y finds job security most important, but also had the highest turnover intentions. The organization where the data was retrieved struggle with defining

whether new generations have different expectations from their employer than previous generations. The results of this study imply that offering more job security (e.g. permanent contract) could possibly decrease turnover intentions by the youngest generation. But as mentioned in the discussion, the effect sizes were small. The organization could take these results into account by their policy for e.g. talent management. For Gen X talents, assuring a good work-life balance and challenging job content could then increase their psychological contract fulfillment and this again increases affective commitment and decreases turnover intentions.

Strong results of psychological contract fulfillment and the effect on work outcomes in this research offers insight into why employees think about leaving the organization or how the commitment can be increased. It suggests that the employment relationships is a two way road, and fulfilling expectations of employees really helps in increasing commitment and decreasing turnover intentions.

More research on generations is needed to overcome the limitations mentioned before. Future studies should ensure a large enough data set to have better results in comparing the generations. Research in this field of generations would benefit from studies with longitudinal and cross-sectional design. This not only helps in better understanding the dynamics and changing nature of the psychological, but it could also provide insights that would help to support the theoretical approach of generational cohorts, and separate it from period-effect and age-effect approaches.

Although there is a growing body of literature on the topic of generational differences in the psychological contract, authors still claim more research needs to be done (Lub et al., 2016; Ng et al., 2010, Twenge & Campbell, 2008). Stassen et. al, (2016) performed an analyses on the empirical evidence on generational differences and conclude that only one research (Twenge et al., 2010) can really separate generational effects, as opposed to age-, or period-effects and thus more research is necessary.

There are two possible options to investigate generations. The first is to create a certain ‘profile’ of the generations with characteristics, values and preferences that have been empirically tested. Employees can then choose to which profile they feel most attracted to. This could show whether different individuals really match the characteristics of that generation.

Another option is to only select the center 5 birth days range of a generation and use them for analyses. In this way the core of a generation is tested, and not the ‘edges’.

Future studies should also examine the contents of the psychological contract, using qualitative interviews, similar to the method of Herriot, Manning & Kid (1997). Qualitative interviews facilitate further understanding of the content of the psychological contract, especially with the introduction of new generations and the protean career (Hall & Moss, 1998). In this current study, the importance of different content items are measured for the generations and the total experienced psychological contract fulfillment. Future research could take this one step further and investigate whether the different content items are of more or less impact on the experienced fulfillment of the contract. This would benefit organizations as they would be able to identify which content item has most impact on the work outcomes. Although much evidence already exists on generational differences of the psychological contract, outcomes still vary widely. This suggests that future research on the topic is still necessary.

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## Appendix 1

### Psychological contract survey

Q1 What is your gender?

- ☐ Male (1)
- ☐ Female (2)

Q2 What is your age category?

- ☐ Younger than 35 (1)
- ☐ Between 35 and 51 (2)
- ☐ Older than 51 (3)

Q3 In which country are you employed?

- ☐ North America (1)
- ☐ The Netherlands (2)

Q4 I find it important that my employers offers me....

|                                                                 | Strongly agree<br>(1) | Agree (2)             | Neither agree<br>nor disagree (3) | Disagree (4)          | Strongly<br>disagree (5) |
|-----------------------------------------------------------------|-----------------------|-----------------------|-----------------------------------|-----------------------|--------------------------|
| Comprehensive<br>work (1)                                       | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| Challenging<br>work (2)                                         | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| Work to feel<br>committed to<br>(3)                             | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| Work that gives<br>the opportunity<br>to express<br>oneself (4) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |

Q5 Till what extent does your employer fulfill the obligations with regards to Job Content

- ☐ To a great extent (1)
- ☐ Moderately (2)
- ☐ Somewhat (3)
- ☐ Slightly (4)
- ☐ Not at all (5)

Q6 I find it important that my employers offers me....

|                                                                                           | Strongly agree<br>(1) | Agree (2)             | Neither agree<br>nor disagree (3) | Disagree (4)          | Strongly<br>disagree (5) |
|-------------------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------------------|-----------------------|--------------------------|
| The opportunity<br>to follow<br>training (1)                                              | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| The opportunity<br>to develop new<br>skills and<br>knowledge for<br>my current job<br>(2) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| The opportunity<br>to develop new<br>skills and<br>knowledge for<br>future jobs (3)       | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| In-house<br>education to<br>expand my<br>range of tasks<br>(4)                            | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| More<br>responsibility<br>and tasks if I<br>perform well at<br>my current tasks<br>(5)    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| Coaching that<br>supports my<br>development (6)                                           | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |

Q7 Till what extent does your employer fulfill the obligations with regards to development opportunities?

- ☐ To a great extent (1)
- ☐ Moderately (2)
- ☐ Somewhat (3)
- ☐ Slightly (4)
- ☐ Not at all (5)

Q8 I find it important that my employer offers me....

|                                                          | Strongly agree<br>(1) | Agree (2)             | Neither agree<br>nor disagree (3) | Disagree (4)          | Strongly<br>disagree (5) |
|----------------------------------------------------------|-----------------------|-----------------------|-----------------------------------|-----------------------|--------------------------|
| Nice working atmosphere and pleasant colleagues (1)      | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| A work atmosphere that support collaboration at work (2) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| Support with problems (3)                                | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| Recognition for working hard (4)                         | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| Recognition for good performance (5)                     | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| Recognition for loyalty to the organization (6)          | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| Timely information about changes in the organization (7) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |

Q9 Till what extent does your employer fulfill the obligations with regards to work atmosphere?

- ☐ To a great extent (1)
- ☐ Moderately (2)
- ☐ Somewhat (3)
- ☐ Slightly (4)
- ☐ Not at all (5)

Q10 I find it important that my employer offers me...

|                                                                                | Strongly agree<br>(1) | Agree (2)             | Neither agree<br>nor disagree (3) | Disagree (4)          | Strongly<br>disagree (5) |
|--------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------------------|-----------------------|--------------------------|
| Freedom to give<br>a personal touch<br>to my work (1)                          | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| Opportunity to<br>engage in<br>decisions about<br>execution of my<br>tasks (2) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| Opportunity to<br>give my opinion<br>about work<br>affairs (3)                 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| Opportunity to<br>organize tasks<br>according my<br>own best<br>judgment (4)   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| Opportunity to<br>take decisions<br>about my work<br>independently<br>(5)      | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |

Q11 Till what extent does your employer fulfill the obligations with regards to autonomy?

- ☐ To a great extent (1)
- ☐ Moderately (2)
- ☐ Somewhat (3)
- ☐ Slightly (4)
- ☐ Not at all (5)

Q12 I find it important that my employer offers me...

|                                               | Strongly agree<br>(1) | Agree (2)             | Neither agree<br>nor disagree (3) | Disagree (4)          | Strongly<br>disagree (5) |
|-----------------------------------------------|-----------------------|-----------------------|-----------------------------------|-----------------------|--------------------------|
| A competitive salary (1)                      | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| An above average salary for this position (2) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| Opportunities for promotion (3)               | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| Performance-related pay (4)                   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| Rewards for individual performance (5)        | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |

Q13 Till what extent does your employer fulfill the obligations with regards to salary?

- ☐ To a great extent (1)
- ☐ Moderately (2)
- ☐ Somewhat (3)
- ☐ Slightly (4)
- ☐ Not at all (5)

Q14 I find it important that my employer offers me...

|                                                            | Strongly agree<br>(1) | Agree (2)             | Neither agree<br>nor disagree (3) | Disagree (4)          | Strongly<br>disagree (5) |
|------------------------------------------------------------|-----------------------|-----------------------|-----------------------------------|-----------------------|--------------------------|
| A clear description of my tasks (1)                        | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| A clear instruction about what (not) to do in my job (2)   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| A clear instruction about how to do my job (3)             | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| A clear description of what I should deliver in my job (4) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |

Q15 Till what extent does your employer fulfill the obligations with regards to task description?

- ☐ To a great extent (1)
- ☐ Moderately (2)
- ☐ Somewhat (3)
- ☐ Slightly (4)
- ☐ Not at all (5)

Q16 I find it important that my employer offers me...

|                                                                            | Strongly agree<br>(1) | Agree (2)             | Neither agree<br>nor disagree (3) | Disagree (4)          | Strongly<br>disagree (5) |
|----------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------------------|-----------------------|--------------------------|
| The opportunity<br>to work for a<br>different<br>department (1)            | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| The opportunity<br>to get another<br>job within this<br>organization (2)   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| Support in<br>finding other<br>position within<br>this organization<br>(3) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |

Q17 Till what extent does your employer fulfill the obligations with regards to intra-organizational mobility?

- ☐ To great extent (1)
- ☐ Moderately (2)
- ☐ Somewhat (3)
- ☐ Slightly (4)
- ☐ Not at all (5)

Q18 I find it important that my employer offers me....

|                                                                                 | Strongly agree<br>(1) | Agree (2)             | Neither agree<br>nor disagree (3) | Disagree (4)          | Strongly<br>disagree (5) |
|---------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------------------|-----------------------|--------------------------|
| Flexible work<br>hours (1)                                                      | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| Policies that<br>support working<br>parents (2)                                 | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| The opportunity<br>to change to a<br>part-time<br>contract if<br>needed (3)     | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| The opportunity<br>to adapt my<br>work schedule<br>to family<br>obligations (4) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |

Q19 Till what extent does your employer fulfill the obligations with regards to work-life balance?

- ☐ To a great extent (1)
- ☐ Moderately (2)
- ☐ Somewhat (3)
- ☐ Slightly (4)
- ☐ Not at all (5)

Q20 I find it important that my employer offers me...

|                                               | Strongly agree<br>(1) | Agree (2)             | Neither agree<br>nor disagree (3) | Disagree (4)          | Strongly<br>disagree (5) |
|-----------------------------------------------|-----------------------|-----------------------|-----------------------------------|-----------------------|--------------------------|
| A contract that<br>offers job<br>security (1) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |
| If possible a<br>permanent<br>position (2)    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>             | <input type="radio"/> | <input type="radio"/>    |

Q21 Till what extent does your employer fulfill the obligations with regards to job security?

- ☐ To a great extent (1)
- ☐ Moderately (2)
- ☐ Somewhat (3)
- ☐ Slightly (4)
- ☐ Not at all (5)

Q22 I feel emotionally attached to DLL

- ☐ Totally agree (1)
- ☐ Agree (2)
- ☐ Neither agree nor disagree (3)
- ☐ Disagree (4)
- ☐ Totally disagree (5)

Q23 I am actively looking for a job outside DLL

- ☐ Strongly agree (1)
- ☐ Agree (2)
- ☐ Neither agree nor disagree (3)
- ☐ Disagree (4)
- ☐ Strongly disagree (5)

Q24 I would be very happy to spend the rest of my career with DLL

- ☐ Strongly agree (1)
- ☐ Agree (2)
- ☐ Neither agree nor disagree (3)
- ☐ Disagree (4)
- ☐ Strongly disagree (5)

Q25 I enjoy discussing DLL with people outside of it

- ☐ Strongly agree (1)
- ☐ Agree (2)
- ☐ Neither agree nor disagree (3)
- ☐ Disagree (4)
- ☐ Strongly disagree (5)

Q26 I do not feel a strong sense of belonging to DLL

- ☐ Strongly agree (1)
- ☐ Agree (2)
- ☐ Neither agree nor disagree (3)
- ☐ Disagree (4)
- ☐ Strongly disagree (5)

Q27 I really feel as if DLL's problems are my own

- ☐ Strongly agree (1)
- ☐ Agree (2)
- ☐ Neither agree nor disagree (3)
- ☐ Disagree (4)
- ☐ Strongly disagree (5)

Q28 I am seriously thinking about quitting my job

- ☐ Strongly agree (1)
- ☐ Agree (2)
- ☐ Neither agree nor disagree (3)
- ☐ Disagree (4)
- ☐ Strongly disagree (5)

Q29 DLL has a great deal of personal meaning to for me

- ☐ Strongly agree (1)
- ☐ Agree (2)
- ☐ Neither agree nor disagree (3)
- ☐ Disagree (4)
- ☐ Strongly disagree (5)

Q30 As soon as I can find a better job, I'll leave DLL

- ☐ Strongly agree (1)
- ☐ Agree (2)
- ☐ Neither agree nor disagree (3)
- ☐ Disagree (4)
- ☐ Strongly disagree (5)

Q31 I think that I could easily become as attached to another organization as I am to this one

- ☐ Strongly agree (1)
- ☐ Agree (2)
- ☐ Neither agree nor disagree (3)
- ☐ Disagree (4)
- ☐ Strongly disagree (5)

Q32 I feel like 'part of the family' at DLL

- ☐ Strongly agree (1)
- ☐ Agree (2)
- ☐ Neither agree nor disagree (3)
- ☐ Disagree (4)
- ☐ Strongly disagree (5)

## Appendix 2

Table 6.

Generational Differences in Scales and Psychological Contract Dimensions  
(n=152)

| <i>Scales</i>                                       | NL M (SD)  | US M (SD)  | F                   |
|-----------------------------------------------------|------------|------------|---------------------|
| Psychological contract fulfillment<br><i>t-test</i> | 4.18 (.57) | 3.78 (.79) | 13.474**            |
| <br><i>PC Dimensions</i>                            |            |            |                     |
| Autonomy<br><i>t-test</i>                           | 4.44 (.47) | 4.06 (.84) | 12.009**<br>3.465** |
| Task Description<br><i>t-test</i>                   | 3.57 (.70) | 3.97 (.91) | 9.280**<br>-3.046** |
| Job Security<br><i>t-test</i>                       | 4.28 (.77) | 3.77 (.98) | 12.584**<br>3.585** |

\*\* p < .01, \* p < .05.