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The Role Of Optimism-Pessimism In Anticipatory Psychological Contract Formation

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Abstract

The purpose of this paper was to examine the role of optimism and pessimism as individual characteristics in anticipatory psychological contract formation. Participants were 181 final year university students (psychology and medicine) from Macedonia and Serbia without formal work experience. Two questionnaires were administered during their regular classes to assess APC and optimism-pessimism. Hierarchical linear regression was used for data analysis. Results demonstrated that participants’ country as a control variable significantly predicted beliefs about relational employee contributions and beliefs about relational and transactional employer inducements. Optimism significantly predicted beliefs about relational employer inducements. Pessimism was a significant predictor of beliefs about relational employee contributions and beliefs about relational employer inducements as elements in anticipatory psychological contract (ACP) content. Future studies should be extended among students from different study groups and take into consideration other individual characteristics.

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1. Introduction

Psychological contract is understood as a mental model that has existed before the first employment (Rousseau, 2001). It is stated that since that period there are ideas about what the organization would be willing to provide and what would in turn evaluate (Porter et al., 1998, as cited in De Vos and Buyens, 2001). Michael (Michael, 2001) has concluded that students even before graduation think about employment relationship in contractual terms such as obligations. Namely, students in the pre-employment stage form a conscious and unconscious anticipations and beliefs about employment relationship based on information seeking and information processing (Louis, 1980, as cited in De Vos, Buyens & Schalk, 2003). According to the same author this process leads to easier accommodation in the new work environment and allows fitting personal beliefs about employee-employer obligations to the reality. The more crucial is how the collected information is interpreted by the (future) employees, not the information itself (Rousseau, 1995). Interpretation and utilization of the information are specified by inner elements of psychological contracting, i.e. individual predispositions.

Optimism and pessimism as personal traits that determine how individuals will perceive various events, actions and outcomes, could be seen as important factors in information interpretation and anticipation of employee-employer obligations.

1.1. Anticipatory psychological contract

This pre-employment mental structure or anticipatory psychological contract (APC) is defined as individual’s beliefs about her/his future employment, including obligations to the future employers and inducements she/he expects to receive in return (De Vos & De Hauw, 2010). It is created during adolescence influenced by family, school, peers, media, contacts with employees, and personal experience (Coyle-Shapiro, 2006). The messages from the labor market, especially the messages coming from organizations, their practice of employment law and professions play an important role in shaping the psychological contract, as well (Rousseau, 2001). Cognitive biases which include unrealistically positive view of self, exaggerated perceptions of personal control, and unrealistic optimism, can also affect the way in which job applicants or employees interpret information about employment relations (Taylor and Brown, 1988, as cited in Rousseau, 1995). Thomas, Au and Ravlin’s (2003) analysis showed that culture, particularly collectivism and individualism, contributed to psychological contract formation. Important factors are personal predispositions such as personality traits, interpersonal skills and motivation (Anderson and Thomas, 1996), as well as, needs and expectations (Crossman, 2002).

According to Macneil (1985) psychological contract consists of two types of elements, i.e. obligations (employee contributions and employer inducements) organized on a transactional-relational continuum. Transactional elements are related to short-term job arrangements with exclusively monetary or economic focus. In contrast, relational elements are open comprising the social, emotional and economic condition (Rousseau, 1989, as cited in Rousseau, 1995). Coyle-Shapiro and Kessler (2000) concluded that transactional and relational elements could be considered as separate dimensions. Namely, they could vary independently of each other. For example, the same employee can construct both types of contracts, including a variety of elements, such as pay for a certain number of hours, loyalty to the organization, job security (Conway & Briner, 2005). In line with this statement are Gresse, Linde and Schalk’s (2013) findings that students’ expectations regarding future employment consisted salary, reasonable employment and work conditions as the most important, than well-being, respect, and finally, skills development and training opportunities.

This mental scheme, or anticipatory psychological contract, though in rudimentary form, participate in the interpretation of the promises and the signals sent by the organization in the recruitment and selection processes, and during the period of early organizational socialization, determines the perception of the employment relationship and predicts events in the work environment. On the other hand, it continues to evolve as a result of various events in the work environment, social exchange with colleagues and other employees and acquired experience (De Vos et al., 2003, Ho, Levesque, & Rousseau, 2002; Rousseau, 1995).
1.2. Optimism-pessimism

Optimism and pessimism are perceived as generalized expectations of positive or negative outcomes of the action, and are expressed as relatively stable personality traits (Scheir and Carver, 1985). This definition is oriented to future events and expectations about future activities. Dember et al. (1989, as cited in Chang, Maydeu-Olivares & D’Zunilla, 1997) have defined this concept broadly, as positive or negative view of the world, thus the latter definition is not focused only on future events, but also includes current events and situations.

It is empirically demonstrated that optimism and pessimism represent two separate dimensions (Chang et al., 1997; Marshall, Wortman, Kusulas, Hervig & Vickers Jr., 1992, Robinson-Whelen, Kim, McCallum & Kiecolt-Glaser, 1997). Mentioned studies revealed that optimism and pessimism are highly negatively associated, but that they are basically two different dimensions. Strong negative correlation indicates that it is not possible to simultaneously experience positive and negative emotions. (Penezić, 2002).

Optimism, as variable of individual differences, reflecting the extent to which people have generalized favorable expectations about their future. It is associated with a higher level of coping and lower levels of avoidance or withdrawal as a ways of overcoming the difficulties. On the other hand, pessimism denotes negative expectations regarding events and outcomes. Hundreds of studies have shown that pessimists give up more quickly and more often fall into depression. Contrary, optimists do better in school, in college, at work, in leisure activities. When they apply for a job, it is more likely that they will be chosen/employed (Seligman, 2008).

1.3 Previous study findings

Review of the literature accessible to the authors of this study demonstrated that there are limited evidence about APC and its relationship to personality characteristics, particularly to optimism-pessimism. De Vos and De Hauw (2010) reported significant and positive association of optimism regarding labor market opportunities, careerism, career self-management and work importance to APC among economy, management, psychology, sociology and low students after the world economy crisis. Similar results were found in the investigation of the relationship between career variables and APC dimensions among university students (De Vos, De Stobbeleir & Meganck, 2009). Study conducted by Petrović, Marković, Nešić and Zlatanović (2013) demonstrated that optimism was positively associated to relational and transactional employee contributions and relational and transactional employer inducements, while pessimism was negatively related to relational and transactional employer inducements.

1.3 Aim of the study

The aim of this study was to examine the role of optimism and pessimism as individual characteristics in psychological contract formation in pre-employment stage. This research comes from Balkan context different than U.S. and Western Europe. Namely, Macedonia and Serbia, both collectivistic cultures, are characterised with long-term socio-economic and political changes, high unemployment rate and low salaries. Consequently, the obtained empirical data would be important contribution to enlargement of the literature on this construct.

More precisely, the research question was how optimism and pessimism as individual characteristics are related to anticipatory psychological contract content, i.e. beliefs about employee contributions and employer inducements in future employment relationship?

Taking into consideration that optimism and pessimism determine the view of the world (events, activities, outcomes), it could be proposed that these traits contribute to the perception of the future employment relationship. Accordingly, following hypothesis was defined: optimism is positively associated to employee contributions and employer inducements (relational and transactional), while pessimism is negatively associated to employee
contributions and employer inducements (relational and transactional).

Four APC dimensions/elements as separate variables were studied: a) relational employee contributions, b) transactional employee contributions, c) relational employer inducements and d) transactional employer inducements. Optimism-pessimism was taken as a bi-dimensional in the study, i.e. a) optimism and b) pessimism were two distinct variables.

2. Method

2.1 Sample and procedure

Participants in the study were 181 final year university students (psychology and medicine) from Macedonia (n=105) and Serbia (n=76). Of them, 150 were female and 31 were male. They did not have formal work experience.

The data were collected in November 2013, during regular classes with prior approval of the Dean Administration of the mentioned faculties. It was explained that participation is voluntary, that responses would be stayed confidential and only used for research purposes. The questionnaires were completed in 25 minutes.

2.2 Measure

ACP content was assessed using previously developed questionnaire with 48 statements organized in two sections. Twenty four items in the first section asked for relational employee contributions (15 items) and transactional contributions (9 items). Other section contained 24 items measured relational employer inducements (15 statements) and transactional employer inducements (9 items). Answers were given on a 5-point Likert scale (from 1-completely disagree to 5-completely agree). Total score for each ACP dimension was divided by the number of items in respective scales and transformed on a 5-point scale. Higher score indicated stronger beliefs about employee contributions, i.e. employer inducements. Cronbach alpha reliability of the employee contributions scale was 0.74. Reliability of the employer inducements scale was α=0.89.

O-P scale (Penezić, 2002) consisted of 14 statements was used to measure optimism and pessimism. Respondents gave the answers on a %-point Likert scale (from 1-completely disagree to 5-completely agree). Higher score denoted higher degree of optimism and pessimism. Reliability coefficients (Cronbach alpha) of optimism and pessimism scales were e 0.71 and 0.75, respectively.

Participants were asked to indicate their gender, type of study and country.

2.3 Statistical analysis

Four hierarchical linear regressions for were employed for data analysis. In the first step participants’ country was entered as a control variable. Optimism and pessimism were entered in the second step. APC dimensions/elements - relational contributions, transactional contributions, relational inducement and transactional inducements were introduced as criterion variables in each hierarchical linear regression.

3. Results

Means, standard deviations and zero-order correlations between study variables are presented in Table 1. It could be seen that respondents in general expressed stronger beliefs about future employer inducements than about their contributions in the employment relationship. Specifically, their beliefs about transactional employer inducements were the highest, while beliefs about relational employee contributions were assessed at the lowest level.
Table 1. Means, standard deviations and zero-order correlations between study variables

|                                | 1        | 2        | 3        | 4        | 5        | 6        |
|--------------------------------|----------|----------|----------|----------|----------|----------|
| Relational beliefs about employee contributions | .18*     |          |          |          |          |          |
| Transactional beliefs about employee contributions | .56**    | .27**    |          |          |          |          |
| Relational beliefs about employer inducements | .30**    | .48**    | .67**    |          |          |          |
| Transactional beliefs about employer inducements | .03      | .05      | .14      | .16*     |          |          |
| Optimism                          | .19      | .06      | .07      | -.03     | -.40**   |          |
| Pessimism                         |          |          |          |          |          |          |
| Mean                              | 3.55     | 3.94     | 4.23     | 4.52     | 3.90     | 2.16     |
| Std. Deviation                    | .45      | .36      | .45      | .39      | .54      | .59      |

* Correlation is significant at the 0.05 level; **Correlation is significant at the 0.01 level

Hierarchical linear regression analyses (Table 2) revealed that participants’ country as a control variable significantly predicted 6% in the variance of beliefs about relational contributions (F(1; 179)=11.34, p<.01). This APC elements were highly expressed among Serbian respondents in comparison to Macedonian respondents (β=.25, p<.01). This variable significantly predicted 8% in the variation of beliefs about relational and 6% in the variation of transactional inducements (F(1;179)=15.33, p<.001 and F(1;179)=11.09, p<.01, respectively). Serbian students had stronger beliefs about relational and about transactional employer inducements than students from Macedonia (β=.27, p<.001 and β=.22, p<.01, respectively).

It was found that pessimism predicted small, but significant part in the variance of beliefs about relational employee contributions (2%, F(1; 177)=4.64, p<.05) and in the variance of beliefs about relational employer inducements (2%, F(1; 177)=3.86, p<.05). Contrary to what was hypothesized, pessimism positively correlated to relational employee contributions (β=.17, p<.05). This variable was positively associated to beliefs about relational inducements, as well (β=.15, p<.05). Optimism was significant predictor only of beliefs about relational inducements (β=.16, p<.05) after pessimism was introduced in the analysis (Model 3). As was postulated, when optimism was higher, this type of APC was stronger.

4. Discussion

In this study the relationship of optimism and pessimism to anticipatory psychological contract among final year university students from Macedonia and Serbia was examined. Obtained results demonstrated that surveyed students expressed stronger beliefs regarding transactional obligations in the employment relationship. Their beliefs about relational obligations were assessed at lower level. Consistent with other findings (e.g. Blaževska Stoilkovska, 2008; De Vos & Buyens, 2001), respondents believed that they are obligated to work efficiently, to respect organizational rules and in return, to be well paid and to work in good conditions. In addition, participants’ expectations about employer inducements in general were higher in comparison to employee contributions. Previous researches revealed that Generation Y (Millenials’) expectations in regard to employer inducements were extremely high (Smola & Sutton, 2002, as cited in De Vos and Hauw, 2010). As Thomson, Au and Ravlin (2003) stated, relational obligations are stronger in collectivistic cultures, while transactional obligations are higher in individualistic cultures. Probably this notion refers to employees with longer job experience and established relations with the work organization, but not to students without formal job experience even in collectivistic cultures, such as Macedonia and Serbia.

Hierarchical linear regression analyses showed that respondents’ country is significant predictor of relational employee contributions and relational and transactional employer inducements. Precisely, these obligations as elements of APC were highly evaluated by Serbian students. It could be proposed that there are other contextual factors that contribute to APC formation. Results revealed that pessimism is significantly and positively associated to relational employee contributions and relational employer inducement. These findings are opposite to what was hypothesized and call for further analyses. It was found that there is significant and positive correlation between optimism and beliefs about relational employer inducement. Namely, participants with positive/favorable expectations toward events and outcomes believed that prospective employer/organization should provide them
### Table 2. Hierarchical linear regression analyses results

| Control variable | Criterion variable: Relational beliefs about employee contributions | Criterion variable: Transactional beliefs about employee contributions | Criterion variable: Relational beliefs about employer inducements | Criterion variable: Transactional beliefs about employer inducements |
|------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
|                  | Model 1                                         | Model 2                                         | Model 3                                         | Model 3                                         |
|                  | Relational beliefs about employee contributions | Transactional beliefs about employee contributions | Relational beliefs about employer inducements | Transactional beliefs about employer inducements |
| Step 1: Country (Macedonia, Serbia) | .24                                             | .24                                             | .25                                             | .24                                             |
| Predictors       | .24                                             | .24                                             | .25                                             | .24                                             |
| Step 2: Optimism | -0.04                                           | .06                                             | .06                                             | .06                                             |
| Step 3: Pessimism| .169***                                         | .06                                             | .08                                             | .169***                                         |
| R                | .22                                             | .22                                             | .29                                             | .22                                             |
| R^2              | .06                                             | .06                                             | .08                                             | .06                                             |
| R^2 change       | .06                                             | .06                                             | .02                                             | .06                                             |
| F change         | 11.34***                                        | 4.64***                                         | 1.28***                                         | 4.64***                                         |
| Step 1: Country (Macedonia, Serbia) | .01                                             | .01                                             | .01                                             | .01                                             |
| Predictors       | .01                                             | .05                                             | .09                                             | .01                                             |
| Step 2: Optimism | .05                                             | .05                                             | .10                                             | .05                                             |
| Step 3: Pessimism| .09                                             | .09                                             | .01                                             | .09                                             |
| R                | .01                                             | .01                                             | .01                                             | .01                                             |
| R^2              | .00                                             | .00                                             | .01                                             | .00                                             |
| R^2 change       | .00                                             | .00                                             | .01                                             | .00                                             |
| F change         | .04                                             | .42                                             | 1.32                                            | .42                                             |
| Step 1: Country (Macedonia, Serbia) | .28***                                          | .27***                                          | .27***                                          | .27***                                          |
| Predictors       | .10                                             | .16****                                         | .15****                                         | .10                                             |
| Step 2: Optimism | .30                                             | .33                                             | .33                                             | .30                                             |
| Step 3: Pessimism| .09                                             | .11                                             | .02                                             | .09                                             |
| R                | .28                                             | .28                                             | .28                                             | .28                                             |
| R^2              | .08                                             | .08                                             | .08                                             | .08                                             |
| R^2 change       | .08                                             | .01                                             | .02                                             | .01                                             |
| F change         | 15.33***                                        | 2.02                                            | 3.86                                            | 2.02                                            |
| Step 1: Country (Macedonia, Serbia) | .24**                                           | .22**                                           | .22**                                           | .24**                                           |
| Predictors       | .13                                             | .15                                             | .15                                             | .13                                             |
| Step 2: Optimism | .27                                             | .28                                             | .28                                             | .27                                             |
| Step 3: Pessimism| .27                                             | .28                                             | .28                                             | .27                                             |
| R                | .24                                             | .24                                             | .24                                             | .24                                             |
| R^2              | .06                                             | .06                                             | .06                                             | .06                                             |
| R^2 change       | .06                                             | .02                                             | .00                                             | .06                                             |
| F change         | 11.09**                                         | 3.22                                            | .28                                             | 3.22                                            |

* significant at level .05; **significant at level .01; ***significant at level .001

stabile employment, support, positive social atmosphere.

Accordingly, defined hypothesis was partially confirmed. The obtained correlation coefficients were small, indicating that there are other personality traits relevant to APC formation.

### 4.1 Implications

Many authors (Rousseau, 1995; Guest, 2004; Herriot, 1996) view psychological contract construct as a framework for explaining changes in the employment relations. Exploration of anticipatory psychological contract presents focusing toward young people/students who are facing school-to-work transition and allows their opinion on future employment relationship to be considered. Accordingly, findings addressing APC content can be used in recruitment process in order to attract those job candidates who already have beliefs about employee contributions that organization value and beliefs about employer inducement that organization could provide. Namely, APC allows to mach expectations of both parties regarding employment obligations in the period of recruitment and selection and to act upon them. It is likely that lack of reciprocity can lead to a perception of unfairness in the organization, which however, can be a source of withdrawal behavior in the workplace.
Furthermore, results referring APC can be applied in shaping work attitudes and behavior during work socialization and beyond, through the experience which will be acquired on the job. APC can serve as a base in creation of mental schema about employee-employer obligations - psychological contract in a concrete work environment with a concrete employer/organization.

4.2 Conclusion

This study’s findings could be important contribution to the growing literature on APC construct, particularly because they come from context characterised with long-term socio-economic and political changes, high unemployment rate and low salaries. They call for further analyses, especially of the relationship of APC to pessimism. Future research should be extended among students from different study groups and take into consideration other individual characteristics, such as personality, work values and career orientations. Longitudinal studies on APC formation would be particularly useful.

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