Psychological Contracts, Work Behaviour and Turnover Intention in the Hong Kong Telecommunications Industry

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Abstract This paper reports a quantitative study of psychological contract between employees and employers in the telecommunications industry in Hong Kong, and the relationships between the psychological contract, work behaviour and turnover intention. Previous research in the telecommunications industry in Hong Kong has focused mainly on consumer protection and telecommunications market competition, and research has seldom been done on the human resources issues in this industry. This research investigates the informal relationship between employees and employers in the telecommunications industry in Hong Kong. A quantitative research methodology was used in this research by surveying employees. A total of 227 valid responses were received, and the data was analysed by Partial Least Squares Structural Equation Modelling (PLS-SEM). The results found that the psychological contract has a significant relationship with work behaviour and turnover intention. The psychological contract is a better means of explaining turnover intention than work behaviour. Business managers can leverage this finding to develop better plans and approaches to deal with work behaviour and turnover intention issues. The outcomes also provide empirical evidence to validate the psychological contract inventory developed by Rousseau [1]. This research contributes to the development of human resource theory and practice.

Keywords Psychological Contracts, Work Behaviour, Turnover Intention, Hong Kong Telecommunications Industry

1. Introduction

The deregulation of telecommunications services in Hong Kong not only creates business opportunities for companies but also provides substantial career development opportunities for employees. The business growth of telecommunications services has established a strong workforce in this industry. However, based on the statistical information from the Office of Telecommunications Authority of Hong Kong (OFTA) [2], the total number of telecommunications full-time staff has fluctuated between 15,862 and 26,042 in the past decade in a declining trend. Staff turnover has been a common issue encountered by telecommunications service providers in Hong Kong. Despite this, there has been little research on human resources issues in the industry, and previous research has focused mainly on consumer protection and telecommunications market competition. It is essential to investigate the relationship between the employer and employee and how it is affecting work behaviour and turnover intention.

Employee turnover has been a challenge for many organisations, in particular for human resources professionals [3]. It has been a critical organisational phenomenon that has attracted considerable managerial and scholarly attention for many decades [4]. Porter and Steers [5] argued that turnover has potentially critical consequences for both the person and the organisation. This study aims to investigate the relationship between the employee and employer in the telecommunications industry with regards to the psychological contracts involved, and also the relationship between the psychological contract, work behaviour and turnover intention. Lam [6] proposed effective retention strategies to tackle the turnover of the mailing staff in one of the largest telecommunications services operators after conducting an empirical study. To understand the relationship between the employee and employers, many scholars have proposed studying the psychological contract. A psychological
contract is defined as “An individual’s beliefs regarding the terms and conditions of a reciprocal exchange agreement between that focal person and another party.” [7]. Previous research on the psychological contract has largely been undertaken in Western countries, so the results might not apply to Hong Kong given the cultural differences. The objective of the study is to deepen managers’ and researchers’ knowledge and understanding in psychological contracts so as to use them to formulate appropriate human resources strategies and plans.

2. Literature Review

The concept of the psychological contract can be traced back to the 1930s, and significant academic interest in it has grown since the late 1990s [8]. The psychological contract is an important research tool in organisational studies for understanding how the employee-organisation relationship is constituted and how it develops and changes, and for understanding the consequences of a breakdown in the relationship [9]. It is about the mutual expectations [10], the relationship between the rewards and the work performed [11], and the rights, privileges, and obligations between employee and employer [12]. This psychological relationship develops around the explicit process of co-operative exchanges that operate between an employee and an employer [13].

2.1. Psychological Contract

The psychological contract involves the employee receiving benefits such as pay, training and job security, in return for providing effort and contribution to the organisation [14]. Rousseau recognises the psychological contract as a particular type of promissory contract and, because it involved beliefs, it existed “in the eye of the beholder” [15]. It is important to have a healthy psychological contract to ensure a harmonious relationship between the employee and employer, and once violated by either party they no longer have a common set of goals [16]. Rousseau [1] mentioned that researchers had proposed four different typologies including relational, balanced, transactional and transitional to conceptualise the forms of promissory contracts.

“Relational contracts are based on mutual trust and loyalty; it is a long-term or open-ended employment relationship. The rewards are deriving from membership and participation in the organisation and are only loosely conditioned on the performance of employees.” [1, p. 4]. Rousseau [1] proposed two constructs to measure the relational contracts, they are stability and loyalty. Stability is a long-term employment relationship in which the employer commits to offering stable wages, and the employee is obligated to do what is required to keep the job and remain with the firm. In loyalty contracts, the employees demonstrate that they are good organisational ‘citizens’: they are obligated to support the firm, manifest loyalty and commitment to the needs and interests of the organisation. In return, the employer is committed to supporting the wellbeing and interests of employees and their families.

“Balanced contracts are dynamic and open-ended employment arrangements, which are conditional on the economic success of the firm and employee opportunities to develop career advantages. Employee and employer make valuable contributions to each other with learning and development. The rewards to employees are performance-based, which can contribute to the firm’s comparative advantages, particularly under the market pressure of changing demands”, [1, p. 4]. There are three constructs proposed by Rousseau [1] to measure the balanced contracts, namely External Employability, Internal Advancement and Dynamic Performance. External employability measures the obligation to career development on the external labour market. The employee is obligated to develop their own skills which are demanded in the market, and the employer makes a commitment to enhance the employee’s long-term employability whether it is inside or outside the organisation. Internal advancement measures the obligation to career development inside an organisation. The employee has an obligation to develop their own skills which can be of value to their current employer, and the employer has made a commitment to create internal career advancement opportunities for the employee. Dynamic performance measures the obligation to performance support. The employee is obligated to take up and perform well new and more demanding goals, which constantly change, in order to help the firm become and remain competitive. The employer is committed to providing continuous learning opportunities to help employees achieve their performance requirements.

“Transactional contracts are a short-term or limited time employment arrangement. They are primarily focused on the economic exchange that the employee’s duties provide specific, narrow and only limited involvement in the organisation.” [1, p. 4]. Rousseau [1] proposed two constructs to measure transactional contracts, namely Narrow and Short-term. Narrow measures the relationship between the employee and employer in a limited or fixed scope of duties. The employee is obligated and paid to perform only an agreed set of duties. The employer has committed to offering the employee only limited involvement in the organisation with little or no training and employee development opportunities. Short-term measures the relationship between the employee and employer in a specific and limited time. The employee basically has no obligation to remain with the firm and is committed to working only for a specific and limited time. The employer is not obligated to any future commitments.

“Transitional contracts are a cognitive state reflecting
the consequences of organisational change and transition that are at odds with previously established employment arrangements.” [1, p. 4]. Rousseau [1] proposed three constructs to measure transitional contracts, namely Mistrust, Uncertainty and Erosion. Mistrust measures the lack of trust between the employee and the employer. This is because the employee believes the organisation sends unclear, inconsistent and mixed information about its intentions. The employer does not trust its workers either, and withholds important information about the organisation. Uncertainty measures the relationship between the employee and employer in an environment of the ambiguity of obligation and future commitments. The employee is not clear about the nature of his or her own obligations to the firm and the employer evaluates the extent that the employee is uncertain regarding the employer’s future commitments to him or her. Erosion measures the relationship between the employee and employer in a corrosive environment. The employee anticipates a declining of returns from his or her contributions to the firm compared to the past and the employer has introduced changes that reduce employee rewards, e.g. wages and benefits, eroding the quality of work-life compared to previously.

2.2. Work Behaviour

The concept of organisational citizenship behaviour (OCB) was introduced in the organisational research literature in the early 1980s [17]. Smith, Organ and Near [18] defined the last of these aspects as “Organisational Citizenship Behaviour” (OCB), and Organ [19] argued that OCB should be regarded as the most important of the three aspects of behaviour as it can promote the efficient and effective functioning of an organisation. This is because the sense of responsibility felt by employees can be expected to extend well beyond the job remit. OCB does influence the organisation’s performance, as the available empirical evidence has indicated [20]. Katz and Kahan [21] and Jex [22] argued that OCB is a form of productive behaviour that affects the organisation’s effectiveness. Spector [23] also argued that OCB is an essential aspect of the employee’s behaviour that can contribute to the overall effectiveness of the organisation. In research undertaken by Mackenzie, Podsakoff and Fetter [24], it was indicated that there was no positive correlation found between individual’s performance and his/her OCB score; however, other research undertaken by Podsakoff, Aheame and MacKenzie [25] found that group performances are correlated to the extent of the OCB.

With the growing interest in OCB, the constructs were expanded and diversified [26]. OCB can be categorised using two broad dimensions [18]: altruism and generalised compliance. In this research, these two dimensions are used to measure the OCB of the respondents. Altruism captures the direct and intentional behaviour in a specific face-to-face situation, such as orienting a new colleague, or helping a colleague with a heavy workload [18]. Podsakoff et al. [20, p516] defined altruism as helping behaviour, following the work done by Organ [19], who defined altruism as a voluntary action that helps people to solve work problems, such as teaching new staff to use equipment, helping peers to clean up their work backlog, and searching for information for someone. Altruism is labelled as OCBI-behaviour and immediately benefits specific individuals, and indirectly through contributions to the organisation (e.g. covering for colleagues who are absent from their work) [27]. In this sense, altruism involves doing something extra to help supervisors or peers such as taking up the work of an absent co-worker [23]. General compliance “is doing what needs to be done and following rules, such as going to work on time and not wasting time” [23, p236]. Generalised compliance “pertains to a more impersonal form of conscientiousness that does not provide immediate aid to any one specific person, but rather is indirectly helpful to others involved in the system” [18, p657]. The behaviour (e.g., punctuality, not wasting time) seems to represent something akin to compliance with internalised norms that define what a “good employee ought to do”. Williams and Anderson [27, p601] labelled general compliance as the OCB-O dimension, behaviour that benefits the organisation in general (e.g. providing prior notice of absence from work, or following informal and self-defined rules to maintain order).

2.3. Turnover

Turnover refers to “employees both entering and leaving organisations” [28]. It is often implied that employees who leave an organisation do so on their own initiative rather than as a result of organisational decisions. It is “the cessation of membership in an organisation by an individual who received monetary compensation from the organisation” [29]. Turnover intention is related to the various informal relationships between the employee and employer. The informal relationships include job satisfaction [30], employee expectations from the employer for career development and working, opportunities for alternative employment, participation in job-related decisions, receiving job-related information, friendships with peers, the organisation’s commitment, job nature [31], and working conditions [32]. All these informal relationships are highly relevant to the psychological contract model as proposed by Rousseau [1]. The respondents were observed to have moderate occupational and organisational commitment and low turnover intention [6].
2.4. Conceptual Framework

The conceptual framework consists of three main components, namely Psychological Contract, Work Behaviour and Turnover Intention (See Figure 1). The literature indicates that the psychological contract will lead to a positive or negative effect on work behaviour; and psychological contract commitment and work behaviour will lead to a turnover decision. Putting these three factors together in this study would provide a comprehensive view of their relationships and a better understanding of the consequences of psychological contracts, and how they affect the employees’ work behaviour and their intention to leave the company. This research aims to answer the research questions — what is the relationship between psychological contract, work behaviour and turnover intention?

3. Methods

There were three main concept measures in this study: the Psychological Contract (PC), Work Behaviour (WB) and Turnover Intention (TI). Psychological contracts are described by the instruments developed by Rousseau [33], which measure both the employee and employer obligations. The description of work behaviour is based on the two dimensions of Organisational Citizenship Behaviour (OCB) proposed by Smith, Organ and Near [18, pp662-3], namely Altruism and Generalised Compliance. TI is measured using the instrument created by Mobley, Homer and Hollingsworth [34]. This instrument uses three items: thinking of quitting, intention to search for other employment, and intention to quit the present job.

The Psychological Contract was measured by four constructs, namely Psychological Contract - Balanced (PCB), Psychological Contract - Relational (PCR), Psychological Contract - Transactional (PCTa), and Psychological Contract - Transitions (PCTi). Work Behaviour is referred to as Organisational Citizenship Behaviour (OCB) within this research and was measured by two constructs namely Work Behaviour - Altruism (WBA) and Work Behaviour - Generalised Compliance (WBGC). TI had only one construct. All variables were measured by using a five-point Likert-scale in which 1 was “Not at all”, 2 was “Slightly”, 3 was “Somewhat”, 4 was “Moderately”, and 5 was “To a great extent”.

The questionnaire was carefully designed based on the suggestions of Ticehurst and Veal [35] and Frazer and Lawley [36] who recommend that jargon, leading questions and ambiguities be avoided. The survey was carried out using a self-administrated questionnaire with a target sample size of 200. The data was prepared in three interactive steps: data entry, data editing and data coding. The target respondents were employees in the telecommunications industry in Hong Kong. Bayesian approach is applied to determine the appropriate sample size with \( N_0 = t^2 \times s^2 / d^2 \). Where \( t = 1.96 \) for 0.05 alpha level, \( s = 0.833 \) for 5-point scale and 6 standard deviations, \( d = 0.15 \) for 5-point scale and 0.03 margin of error. Therefore the minimum sampling size is 118. The targeted sampling size for this research is 200.

4. Findings

There were a total of 235 questionnaires returned, and 227 were valid. The respondents were mostly aged 40- to
49-years-old (35.3%); female (60%); married (56.5%); holding a Bachelor’s degree (42.3%); working at officer/senior officer level (34.7%); working in sales and marketing areas (30.2%); having 15 to 20 years working experience; and 1 to 5 years working in their current organisation. The respondents’ organisations were largely providing mobile services (44.2%); had more than 15 years’ industry experience (32.4%) the size of the companies comprised 1000 to 1999 staff (22.6%); and more than half were private companies (52.7%).

The validity and reliability of each construct was assessed using exploratory factor analysis (EFA) and Cronbach’s Alpha Coefficients respectively. Normality was checked to determine if any transformation was required prior to performing multivariate analysis. Principal components analysis (PCA) and Pearson Correlations were used in EFA. The assessment was done based on the suggestions by Hair et al. [37] that the item-to-item correlations in PCA should exceed 0.3, the item-to-total correlations in PCA should exceed 0.5, and there should only be one eigenvalue greater than 1 and the loading factors are all > 0.5. In the exploratory study, values of >0.6 were considered acceptable for the Cronbach’s Alpha coefficient. In the main study, Cronbach’s Alphas >0.7 were considered acceptable, >0.8 were considered good and >0.9 were considered to be of excellent reliability [37 p118].

Hair et al. [38] suggested evaluating the collinearity issues of the structural model before proceeding with any analysis. The high collinearity can lead to incorrect estimation of the weights and their statistical significance. To assess the level of collinearity, Hair et al. [38] suggested calculating the tolerance (TOL), which represents the measure of collinearity is the variance inflation factor (VIF), which is defined as the reciprocal of the TOR. The VIF value of 5 represents 80% of its variance, which is accounted for by the remaining formative indicators associated with the same construct. When the VIF is higher than 5, the suggestion is to consider removing one of the corresponding indicators if it still sufficiently captures the content of the construct from a theoretical perspective [38].

In this research, the VIF of the inner model was checked, and all values are below the threshold 5; therefore, the collinearity among the predictor’s constructs is not a critical issue, and we can continue the examination of the results.

Gefen, Straub and Boudreau [39] argued that the model of fit for a PLS model be established with the acceptability of high R² values, with significant path coefficients. Hair et al. [38] suggested calculating the standard bootstrap error, which means computing the empirical t values and p values for the assessment. The coefficient is statistically significant at a certain error probability when it is larger than the critical value. In this research, 5 % significant level is assumed, the critical is 1.96 for a two-tailed test. In this model, the R² for Turnover Intention (TI) is 0.53, Work Behaviour - Altruism (W BA) is 0.62, and Work Behaviour - Generalised Compliance (WBGC) is 0.23. The t values and p values are reported in Table 1 and the paths with p>0.05 are found significant. In addition to assessing the R² values, Hair et al. [38] suggested reporting the effect size $f^2$ of the endogenous constructs. The effect size $f^2$ is to measure the impact of the change in the R² when a specified exogenous construct is omitted from the model. Cohen [40] mentioned that the $f^2$ with a value of 0.02, 0.15 and 0.35 represent small, moderate, and substantial effects. In this research, the $f^2$ values were calculated by SmartPLS. In the research, the effect size $f^2$ for the significant paths is between small to medium; whereas PCB to WBA has the large $f^2$ values (0.32), which is between medium to large effect, and the remaining paths with small $(0.02< f^2 <0.15)$ to medium effect.

| Path         | Path Coefficient | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (|O/STDEV|) | P Values | Significant (p<0.05)? | $f^2$ Values |
|--------------|------------------|-----------------|----------------------------|-----------------|----------|-----------------------|--------------|
| H1.1 PCB -> T1 | 0.25             | 0.25            | 0.10                       | 2.50            | 0.01     | Yes                   | 0.03         |
| H1.2 PCR -> T1 | -0.35            | -0.36           | 0.10                       | 3.72            | 0.00     | Yes                   | 0.07         |
| H1.3 PCTa -> T1 | -0.36            | -0.36           | 0.08                       | 4.39            | 0.00     | Yes                   | 0.10         |
| H1.4 PCTi -> T1 | -0.2             | -0.20           | 0.07                       | 2.78            | 0.01     | Yes                   | 0.04         |
| H2.1 PCB -> WBGC | 0.55             | 0.56            | 0.06                       | 8.99            | 0.00     | Yes                   | 0.32         |
| H2.2 PCB -> WBGC | 0.28             | 0.28            | 0.11                       | 2.62            | 0.01     | Yes                   | 0.04         |
| H2.3 PCR -> WBA | 0.11             | 0.11            | 0.07                       | 1.61            | 0.11     | No                    | 0.01         |
| H2.4 PCR -> WBGC | -0.09            | -0.09           | 0.10                       | 0.89            | 0.37     | No                    | 0.00         |
| H2.5 PCTa -> WBA | 0.14             | 0.14            | 0.07                       | 2.02            | 0.04     | Yes                   | 0.02         |
| H2.6 PCTa -> WBGC | 0.14             | 0.14            | 0.10                       | 1.46            | 0.14     | No                    | 0.01         |
| H2.7 PCTi -> WBGC | 0.05             | 0.05            | 0.06                       | 0.90            | 0.37     | No                    | 0.00         |
| H2.8 PCTi -> WBGC | 0.22             | 0.22            | 0.07                       | 2.97            | 0.00     | Yes                   | 0.03         |
| H3.1 WBA -> T1 | 0.18             | 0.18            | 0.08                       | 2.39            | 0.02     | Yes                   | 0.03         |
| H3.2 WBGC -> T1 | -0.06            | -0.06           | 0.06                       | 1.03            | 0.30     | No                    | 0.01         |
The results from the SmartPLS analysis for the hypothesis test is as shown in Table 1 and Figure 2. The sub-hypothesis H1.1 tested the relationship between the Psychological Contract Balanced (PCB) and Turnover Intention (TI) with a path coefficient 0.25 (t=2.5, p=0.01), even the path was statistical significant, this hypothesis was not supported as the path coefficient is a positive number, which implies a positive correlation instead of a negative correlation.

The sub-hypothesis H1.2 tested the relationship between Psychological Contract Relational (PCR) and Turnover Intention (TI) with a path coefficient -0.35 (t=3.72, p=0.00), this result supports our hypothesis of a negative relationship between the Psychological Contract Relational (PCR) and Turnover Intention (TI).

The sub-hypothesis H1.3 tested the relationship between Psychological Contract Transactional (PCTa) and Turnover Intention (TI) with a path coefficient -0.36 (t=4.39, p=0.00). Since the questions for PCTa were asked in a reverse direction and the items were reverse transformed during the data preparation, the negative path coefficient is representing a positive correlation. This result supports our hypothesis of a positive relationship between Psychological Contract Transactional (PCTa) and Turnover Intention (TI).

The sub-hypothesis H2.1 tested the relationship between Psychological Contract Balanced (PCB) and Work Behaviour - Altruism (WBA) with a path coefficient of 0.55 (t=8.99, p=0.00). This result supports our hypothesis of a positive relationship between Psychological Contract Balanced (PCB) and Work Behaviour - Altruism (WBA).

The sub-hypothesis H2.2 tested the relationship between the Psychological Contract - Balanced (PCB) and Work Behaviour-Generalised Compliance (WBGC) with a path coefficient of 0.28 (t=2.62, p=0.04). This result supports our hypothesis of a positive relationship between Psychological Contract - Balanced (PCB) and Work Behaviour-Generalised Compliance (WBGC) as p<0.05,
which is statistically significant.

The sub-hypothesis H2.3 tested the relationship between Psychological Contract - Relational (PCR) and Work Behaviour - Altruism (WBA) with a path coefficient of 0.11 (t=1.61, p=0.11). This result does not support our hypothesis of a positive relationship between the Psychological Contract - Relational (PCR) and Work Behaviour - Altruism (WBA) as p>0.05, which is statistically not significant.

The sub-hypothesis H2.4 tested the relationship between Psychological Contract - Relational (PCR) and Work Behaviour - Generalised Compliance (WBGC) with a path coefficient of -0.09 (t=0.89, p=0.37). This result does not support our hypothesis of a positive relationship between the Psychological Contract - Relational (PCR) and Work Behaviour - Generalised Compliance (WBGC) as p>0.05, which is statistically not significant.

The sub-hypothesis H2.5 tested the relationship between Psychological Contract - Transactional (PCTa) and Work Behaviour - Altruism (WBA) with a path coefficient of 0.14 (t=2.02, p=0.1). Since the questions for PCTa were asked in a reverse direction and the items were reverse transformed during the data preparation, the positive path coefficient is representing a negative correlation. This result supports our hypothesis of a negative relationship between the Psychological Contract - Transactional (PCTa) and Work Behaviour - Altruism (WBA).

The sub-hypothesis H2.6 tested the relationship between Psychological Contract - Transactional (PCTa) and Work Behaviour - Generalised Compliance (WBGC) with a path coefficient of 0.14 (t=1.46, p=0.14). This result does not support our hypothesis of a negative relationship between the Psychological Contract - Transactional (PCTa) and Work Behaviour - Generalised Compliance (WBGC) as the p>0.05, which is statistically not significant.

The sub-hypothesis H2.7 tested the relationship between Psychological Contract - Transactional (PCTi) and Work Behaviour - Altruism (WBA) with path coefficient of 0.05 (t=0.90, p=0.37). Since the questions for PCTi were asked in a reverse direction and the items were reverse transformed during the data preparation, the positive path coefficient is representing a negative correlation. Nevertheless, this result does not support our hypothesis of a negative relationship between Psychological Contract - Transactional (PCTi) and Work Behaviour - Altruism (WBA) as the p>0.05, which is statistically not significant.

The sub-hypothesis H2.8 tested the relationship between Psychological Contract - Transactional (PCTi) and Work Behaviour - Generalised Compliance (WBGC) with a path coefficient of 0.22 (t=2.97, p=0.00). Since the questions for PCTi were asked in a reverse direction and the items were reverse transformed during the data preparation, the positive path coefficient is representing a negative correlation. This result supports our hypothesis of a negative relationship between Psychological Contract - Transactional (PCTi) and Work Behaviour Generalised Compliance (WBGC).

Sub-hypotheses H3.1 tested the relationship between the Work Behaviours Altruism (WBA) and Turnover Intention (TI). The result indicates that the path coefficient was 0.18 (t=2.39, p=0.02). The hypothesis was rejected as the path coefficient was a positive value even it is statistically significant (p<0.05).

Sub-hypothesis H3.2 tested the relationship between the Work Behaviours Generalised Compliance (WBGC) and Turnover Intention (TI). This result rejects the hypothesis of a negative relationship between these two variables as the path coefficient was -0.06 (t=1.03, p=0.3), which is statistically not significant.

5. Discussions

The psychological contracts (in terms of balanced and transactional) positively influence the employee’s work behaviours in terms of altruism. It also positively influence the employee’s work behaviours in terms of generalised compliance. There is no significant relationship between work behaviours and turnover intention found; and the relationships between psychological contacts and turnover intention are mainly a direct effect, only the employee’s work behaviour in terms of altruism has a partial competitive mediation effect between balanced psychological and turnover intention. Psychological contract, compared with work behaviour, is a better predictor of turnover intention. Three out of four types of psychological contracts having a significant relationship with turnover intention.

A negative correlation was found between the balanced psychological contact and the turnover intention, and a negative correlation was found between the relational psychological contract and the turnover intention [41, 42, 43, 44, 45, 46, 47] and that the binding of the transitional and transactional psychological contract can have a positive correlation with the turnover intention [43, 48, 49]. Such findings were also supported by the research undertaken by Larwood, Wright, Desrochers and Dahir [50], Freese and Schalk [51], Tekleab and Taylor [52] and Meyer & Allen [53].

This research echoed the findings of the previous research, such as Kotter [54], Robinson [55], Shore and Barksdale [56], Turnley and Feldman [57], Lester and Kickul [58], Sutton and Griffin [59], and Lemire and Rouillard [60], related to the relationship between the psychological contract and turnover intention. Turnley and Feldman [57] demonstrated from their research that any negative factors perceived by the employees with regards to non-fulfilment of the psychological contract, lead the individual to have a greater intention to quit in order to escape the perceived work environment. [50] also confirmed from their research that non-fulfilment of the psychological contract was associated with a greater
expressed intention by employees to quit their current jobs. This finding is also supported by others scholars, e.g. Freese and Schalk [51] and Tekleab and Taylor [52].

Rousseau [1] classified the relational psychological contract as a long-term and open-ended employment relationship, the transactional psychological contract as a short-term or limited time employment relationship, and the transitional psychological contract, which influences the previously established employment arrangement, as a cognitive state reflecting the consequence of organisational change. These three types of psychological contract have significant influence on the employee’s turnover intention. This implies that the organisation has to carefully manage the informal relationship between the employee by improving the communication to remove mistrust and uncertainty, it will definitely help with respect to assisting staff retention.

In this research, work behaviour was measured by Organisational Citizenship Behaviour [18] in which there are two constructs, namely Work Behaviour - Altruism (WBA) and Work Behaviour - Generalised Compliance (WBGC). For the psychological contract, the same constructs were used in H1 as proposed by Rousseau [1]. There are a total of eight sub-hypotheses, and these were divided into two groups. The first group (H2.1, H2.3, H2.5 & H2.7) tests the relationship between the four types of psychological contract with work behaviour in terms of altruism while the second group (H2.2, H2.4, H2.6 & H2.8) tests the relationship between the four types of psychological contract with work behaviour in terms of generalised compliance.

For the relationship with Work Behaviour - Altruism (WBA), it is found that H2.1 (balanced psychological contract) and H2.5 (transactional psychological contract) were supported, while H2.3 (relational psychological contract) and H2.7 (transitional psychological contract) were rejected. For H2.1, the path coefficient between Psychological Contract - Balanced (PCB) and Work Behaviour - Altruism (WBA) was 0.55 (t=8.99, p=0.00) and for H2.5 the path coefficient between the Psychological Contract - Transactional (PCTa) and Work Behaviour - Altruism (WBA) was 0.14 (t=2.02, p=0.04). This implies a higher obligation from employee and employer to improve training, internal career advancement and external employability opportunities would lead to the employee being more willing to offer help in the organisation to other colleagues, e.g., providing orientation to a new colleague and helping a colleague with a heavy workload [18]. The short-term relationship with limited or fixed scope of duties or a specific or limited time would lead the employee to be less willing to offer help in the organisation. The results of H2.3 and H2.7 indicated that there was no significant relationship existing and the path coefficient was also comparatively low. However, it is recommended that the organisation should also take notice of the potential impacts on work behaviours from these two types of informal relationship with the employee. This is because such findings may be specific to the telecommunication industry in Hong Kong, so the interpretation of the results should only be applied in this context unless we can demonstrate generalised behaviours in future research. Based on the definition, the relational psychological contract represents a long-term and open-ended relationship[1], which is often in the form of job security. Indeed, Staufenbiel and König [61] argued that job insecurity will have a negative impact on work performance, so the employer must make an effort to build a good relationship with the employee by removing mistrust and uncertainty to create a shared understanding working environment [43].

For the second group of hypotheses (H2.2, H2.4, H2.6 & H2.8) relating to the relationship between the four types of psychological contract and work behaviour in terms of generalised compliance, the results indicated that H2.2 and H2.8 were supported and H2.4 and H2.6 were rejected. For H2.2, the path coefficient between the Psychological Contract - Balanced (PCB) and Work Behaviour - Generalised Compliance (WBGC) was 0.28 (t=2.62, p=0.01), and for H2.8, the path coefficient between the Psychological Contract - Transactional (PCTi) and Work Behaviour - Generalised Compliance (WBGC) was 0.22 (t=2.97, p=0.00). The path coefficients were not particularly high, but there was a significant relationship. The definition of work behaviour in terms of generalised compliance refers to “a more impersonal form of conscientiousness that does not provide immediate aid to any one specific person, but rather is indirectly helpful to others involved in the system” (17, p657). It focuses more on individual-level behaviours, e.g. punctuality, not wasting time and self-defined rules to maintain order as stated by Williams and Anderson (17, p601). The results of the hypotheses test imply that the higher obligation by both employee and employer to work on training and career development (balanced psychological contract) together with efforts to remove mistrust and uncertainty (transactional psychological contract) will lead to the employee having better work behaviours, which can also help the organisation to build a good corporate culture. It is noticed that H2.4 and H2.6 were not supported as the paths are not statistically significant. The path coefficient between the Psychological Contract - Relational (PCR) and Work Behaviour - Generalised Compliance (WBGC) was 0.11 (t=1.61, p=0.11) and the path coefficient between the Psychological Contract - Transactional (PCTa) and Work Behaviour - Generalised Compliance (WBGC) was 0.14 (t=1.46, p=0.14). However, it is recommended that the organisation not underestimate the potential impacts of such relations even though no significant relations were supported by the collected data. As is discussed in previous paragraphs, the transactional psychological contract does influence the OCB in term of
altruism. Such easy-to-exist agreement does influence the employee when it comes to offering help to other employees. The four types of psychological contract and the two aspects of OCB are interdependent and form a complex web of exchanges between employees and employer [62, p124]. The psychological contract is a dynamic relationship and, given that multiple psychological contracts exist, the organisation should manage them as a meta-contract across the firm [62].

This research echoed the findings of previous research [63, 64, 65, 66] on the relationship between the psychological contract and work behaviour given that significant relationships were found. These studies found that negative emotions are a likely consequence of an undesirable psychological contract. Undesirable psychological contracts also impact on workplace effectiveness [66, p669], while employees’ perceptions of politics and procedural justice influence their psychological contracts, work attitudes and contextual performance in terms of Organisational Citizenship Behaviour [65, p213]. Employees who are highly committed show less destructive behaviour and attempt more constructive behaviour [63, p596]. Harrison, Neuman and Roth found that work-related attitudes are related to the employee’s contributions to his or her work role.

There were two sub-hypotheses proposed to test the relationship between work behaviour in terms of altruism (H3.1) and work behaviour in terms of generalised compliance (H3.2) with turnover intention. The results from the data analysis rejected both hypotheses. For H3.1, the path coefficient between the Work Behaviours - Altruism (WBA) and the Turnover Intention (TI) were 0.22 (t=2.6, p=0.01), even though statistically significant, is positive, which implied a positive correlation instead of a negative correlation. For H3.2, the path coefficient between the Work Behaviours - Altruism (WBA) and Turnover Intention (TI) were -0.09 (t=1.47, p=0.14) was not statistically significant, therefore, the hypothesis was rejected.

This research did not echo the findings in previous research by Chen and Wei [67, p8] and Khalid et al. [68, p112] which found that a significant relationship between work behaviour and turnover intention existed and that work behaviour and turnover intention were negatively correlated. This finding seems to contradict our understanding of previous literature; therefore, an additional analysis was conducted to evaluate the relationship between work behaviours with turnover intention alone. The result indicated that both Work Behaviour - Altruism (WBA) and Work Behaviours - Generalised Compliance (WBG) have a significant negative correlation with Turnover Intention (TI). These results aligned with our understanding of the previous literature, despite the fact it was noticed that the $R^2$ is just 0.15, which means that only 15% of turnover intention can be explained by work behaviour. The previous research undertaken by Castro, Armario and Ruize [69], Chen and Wei [67], Mossholder, Settoon & Henagan [70], Khalid et al. [68], and Chen, Hui and Sego [71] demonstrated a significant relationship with a low to moderate effect. Therefore, the employer must pay special attention to managing the employees’ informal work behaviour. The individual will increase their tendency to withdraw from his/her job when his/her OCB at work decreases. OCB was high when employees have no turnover intention.

6. Conclusions

The study found that the psychological contract between employers and employees has a significant impact on work behaviour and turnover intention. It was also found that the psychological contract is a better means of explaining turnover intention than work behaviour. The findings of this research provide a better understanding of the psychological contract between employees and employers in the telecommunications industry in Hong Kong. Business managers can leverage this finding to develop better plans and approaches to deal with work behaviour and turnover intention issues. The outcomes also provide empirical evidence to validate the psychological contract inventory developed by Rousseau [1] for the telecommunications industry in Hong Kong. This research fills a knowledge gap in this area and also provides a solid foundation for future research.

7. Implications

To better manage the psychological contract, employers should understand individual differences and perceptions about employee commitment versus employer commitment in order to align the individual goals with the organisation goals. Human resources policy and practice should be able to address individual needs, to support their needs in order for them to perform well in their current roles, provide internal promotion opportunities, provide necessary training opportunities to enable them to take up new roles in the organisation, and provide necessary training for employees to acquire the necessary skills and knowledge, which are externally recognised, e.g. professional bodies and other employers. Employers should improve communication with employees such that they can have a better understanding of the strategic direction, goals and objectives of the company. This has the potential to improve mistrust and uncertainty. They should make use of the psychological contract inventory (e.g. the instrument used in this research, as developed by Rousseau [1] as a management tool for psychological contract measurement. Finally, they should establish psychological contract management, which includes four steps: Measure, Identify, Act and Check. The Measure
relates to surveying the perception of the psychological contract between employee and employer. Identify relates to finding out the areas that can improve the psychological contract. Act relates to implementing an action plan to improve the psychological contract, while Check relates to reviewing if the implemented action can achieve the desired results or not. This is a continual process to help the organisation to find out the strengths and gaps in the psychological contract between the employee and employer, to find out the core areas of improvement, and to keep track of the actions taken. The output of the psychological contract management process should fit into the overall Human Resources policy and planning.

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