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# From Younger to Older Workers: Goals, Tenure and the Psychological Contract

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**Abstract**

*The study explains the goals' based formation of relational PC (objective-1) differently for younger and older workers at shorter and longer tenures (objective-2). Hypotheses were developed lensing through SPF and PC theories. Moderated moderation of tenure by age on association between workers' goals and relational contract were tested using multiple regression, on a sample of 538 employees from agriculture universities of Pakistan. The study found that older workers develop relational contract in pursuance to goals of comfort, stimulation and status, while younger to achieve comfort and stimulation only (objective-1). Further, based on goals of comfort and stimulation, the relational contract of younger workers remains strongest at shorter tenure, while the older workers' remains strongest at longer tenure (objective-2). Finally, the older workers also develop stronger relational contract at longer tenure to achieve goal of status (objective-2). Based on findings, the study suggests some practical implications for employers that can be considered while devising HR policies (objective-3).*

**Keywords:** Psychological Contract, Employee Relations, Age, Job Tenure, Goals, Social Production Function

The number of aged people is accelerating worldwide (United Nations, 2014). While the aging population is more prominent in advanced countries, developing countries like Pakistan are also increasingly facing the challenges of managing an age-diverse workforce (Pakistan Bureau of Statistics, 2017-18). Accordingly, a substantial body of research has been conducted to ascertain ways of managing older workers, and how to retain their engagement and performance at work (Bal & Vantilborgh, 2019; Raemdonck, Beausaert, Fröhlich, Kochoian, & Meurant, 2015).

A useful theoretical lens to study how younger and older workers can be managed in the workplace is the psychological contract (Bal & Vantilborgh, 2019) and a lifespan perspective on psychological contract may elucidate how such mutual obligations may change over the lifespan (Bal, De Lange, Jansen, & Van Der Velde, 2008; Vantilborgh et al., 2013). Yet, existing research on age-related differences in psychological contracts has primarily focused on age-related differences in responses to psychological contract breach, but has paid much less attention to how age-related differences explain the formation and development of psychological contracts (Bal & Vantilborgh, 2019). Moreover, so far research has exclusively focused on explaining age-related differences in psychological contract dynamics, thereby overlooking the complexities of aging at work. Building on the notion that psychological contracts are developed in line with employee goals (Rousseau, Hansen, & Tomprou, 2018), we investigate the dynamics between goals, age, experience, and the psychological contract.

More specifically, with aging, people accumulate different experiences, through which they become increasingly different from each other (Bal & Jansen, 2015). Hence, one key differentiating factor in goal development is experience (Bal, De Cooman, & Mol, 2013), as people may not only develop different psychological contracts due to aging, but also due to gaining more experience in their organizations. To theoretically explain the complex dynamics between age and experience in relation to how psychological contracts are formed, we build on Social Production Function theory (Lindenberg, 1996; Steverink, Lindenberg, & Ormel, 1998), which integrates individual behavior with a theory of goals, hence offers sociological, economic and psychological insights into how people develop their goals along the lifespan. In this paper, we study the relationships between goals and the psychological contract, and in particular the dual effects of age and organizational experience in the relationships between employee goals and the psychological contract.

**Problem:** The prevailing literature suggests the variant nature of employees' psychological contract in relation with age and experience. However, due to unexplained mechanism of psychological contract formation, the question of how younger and older workers are different regarding their preferred type of psychological contract, needs investigation. This study assume that while aging at work, employees' goals play critical role in developing relational psychological contract.

**Contribution:** By investigating these relationships, we contribute to the literature in the following ways. First, this paper shows how the psychological contract forms and develops in line with employee goals, which are impacted by employees age *and* experience. Thereby, we contribute by showing that age does not just matter in relation to responses to psychological contract breach (Bal et al., 2008; Vantilborgh et al., 2013), but also in relation to the type of psychological contract employees have with their organizations.

**Significance:** Moreover, by showing difference between younger and older workers with regard to developing relational contract at shorter and longer tenures, we enable the employer and the policy makers to devise age and experience specific HR policies for their employees to avoid burnout reactions because of contract breach and to keep them motivated for obtaining high performance.

**Objective:** i) To study the goals which cause employees to form relational contract; ii) To explain the difference between goals' based relational contract of younger and older workers at shorter and longer tenures; iii) To suggest some practical implications for managers and policy makes for developing age specific HR policies.

## Literature Review and Hypothesis Development

### Psychological Contract Research

Primarily, the psychological contract (PC) research has been focusing on finding workers' age associated differences in reaction to PC breach (Bal & Vantilborgh, 2019), yet the findings are unclear (Bal et al., 2008). However, it was established that the PC breach negatively impacts employee performance (Zhao, Wayne, Glibkowski, & Bravo, 2007), and that workers' reaction to PC

breach is contingent on types of contract (Jamil et al., 2013). Therefore, in order to manage employees' performance, finding the right type of their PC is significant, so that potential contract breach can be escaped or its likelihood be minimized by devising HR policies based on identified perceived obligations.

Among various PC typologies, the most commonly used typology is transactional-relational (Vantilborgh, Dries, de Vos, & Bal, 2015). However, the researchers who attempted to find age related differences in relation with these types, report mixed results especially regarding the relational contract. For example, Hess and Jepsen (2009) found stronger relational contract among older employees that means the moderating role of age was positive in association with the relational contract. They investigated the presence of different types of PCs among the then existing generations. As such, the baby-boomers (the then older generation), reflected stronger association with relational PC when compared with other generations who were relatively younger. On the other hand, the findings of Bal and Kooij (2011) were contradictory as compared to the results of their forerunners. As per them the moderating effect of age on developing relational contract was negative that means the relational contract among older employees was less strong as compared to the younger. In addition to it, the diverse findings of the two different mata-analyses by Kooij, De Lange, Jansen, Kanfer, and Dikkers (2011) and Vantilborgh et al. (2015) further highlighted the need to investigate that how younger and older employees are different in developing relational contract. As such, in their mata-analyses while Kooij et al. (2011) found positive association between age and intrinsic work related motives (relational), Vantilborgh et al. (2015) found no significant association between age and relational contract. Therefore, how younger and older employees are different in developing relational contract needs further investigation.

However, merely investigating the formation of relational contract in association with age would not work, rather the researchers have to explain the underlying mechanism (Vantilborgh et al., 2015). In this regard, explaining the underlying reasons while researchers have been emphasizing the role of goals, age and tenure in forming different types of PCs (Bal et al., 2008; Bal & Vantilborgh, 2019; Rousseau et al., 2018; Vantilborgh et al., 2015), what may be the causal goals; and how they impact to form various types of PCs differently for younger and older workers, at shorter and longer tenures, have not been explained (Bal & Vantilborgh, 2019). For the purpose, such a theory is required that can offer sociological, economical and psychological insights into how people develop their goals along the lifespan. Same is discussed ahead.

**Social Production Function (SPF) Theory and Employees**

In order to reflect a lifespan perspective on psychological contract, various lifespan theories such as the socio-emotional selectivity theory, the selection, optimization, and compensation model (SOC), and the emotion regulation across the lifespan model have been used (Bal & Vantilborgh, 2019). Although, these theories explain the process of behavioral adaptation, but do not exclusively suggest the types of goals which are optimized or compensated. However, the SPF theory while elucidating individuals' SOC strategies regarding exclusive instrumental goals (Lindenberg, 1991, 1996), also reflects a systematic lifespan pattern of their realization (Steverink et al., 1998) based on

age related changes in available resources, which guides this behavioral process (Steverink & Lindenberg, 2006). The assumptions of SPF-SA have also been empirically tested (Steverink, 2001). Therefore, we hypothesize lifespan formation of relational contract based on the types of instrumental goals described in SPF theory and its assumptions with regard to lifespan behavior of goals realization.

SPF suggests that people strategize to enhance their physical and social wellbeing by optimizing achievement of 1st order instrumental goals including comfort and stimulation to enhance their physical wellbeing, while they try to achieve status, behavioral confirmation and affection for social wellbeing. It defines: 'comfort' as state of absence of physiological needs such as pain, fatigue, thirst, hunger, vitality and provision of pleasant and safe environment gained through money, food, good housing, appliances, social welfare and security etc.; 'stimulation' as activities producing mental and sensory arousal; 'status' as relative ranking to others based on control over resources such as education, social class and unique skills etc.; 'behavioral confirmation' as approval for doing right things in the eyes of others by assuring conformation to external and internal norms and 'affection' as love, friendship and emotional support provided by caring relationships such as spouse, family and friendships etc. The theory states that people are endowed with different amounts of abilities and resources for producing these goals which are optimized/compensated by rational selection/substitution of resources/goals in view of changing physical, cultural, social and psychological circumstances (Ormel, Lindenberg, Steverink, & Verbrugge, 1999; Steverink et al., 1998).

However, people do not seek employment to attain all these goals. For instance, resources to produce affection such as spouse, relatives and friends, exist outside of the organization. Yet, Ormel et al. (1999) argue that employment not only provides income (which produces comfort) and status, but it also includes multifunctional activities which produce stimulation and behavioral confirmation. However, behavioral conformation is instrumental in achieving other goals (Lindenberg, 1986; Steverink et al., 1998). Therefore, it is deducted that people seek employment to achieve their goals of comfort, stimulation, and status. Accordingly, we focus on these three goals in our study.

**Comfort, Stimulation, and Status in association to the Relational Contract**

Goals and beliefs create expectations (Castelfranchi & Lorini, 2003). Since, psychological contract is employees' belief of perceived certain expectations from their employers in exchange of their contribution to the organization (Rousseau, 1990), such expectations may also be influenced by their goals (Rousseau et al., 2018).

Based on common characteristics of various instrumental goals (Ormel et al., 1999) and different types of PCs (Rousseau, 2000), various associations may be expected among them. For instance, being extrinsic while the goals of comfort, status and stimulation may cause to form transactional, internal and external advancement, and dynamic performance contracts, all these goals may also be a source of intrinsic relations when expected to be attained through the same employer in the long run in an open ended perspective.

However, because of limited space for explaining all these associations, in this study we focus on relational contract only due to unclear findings of Kooij et al. (2011) and Vantilborgh et al. (2015), in their meta-analyses. We expect that goals of comfort, stimulation and status are associated with a stronger relational contract. Regarding relational contract, Rousseau (1990) mentions that it indicates a dynamic exchange of broader, subjectively understood, economic, non-economic and socio-emotional intrinsic benefits, based upon trust, in an open ended perspective. Accordingly, even though the resources and activities, such as money, food, health care, mental and sensory arousal, unique skills and education required to achieve afore-mentioned goals (Ormel et al., 1999) are extrinsic in nature, they also become indicators of relational expectations over time. Hence, employees' planning to produce these goals in future, are more likely to form stronger relational contract. Therefore, it can be inferred that all three instrumental goals, for which people seek employment, are related to relational contract. Hence, we hypothesize that:

*H1a: The goal of comfort is positively associated with relational contract*
*H1b: The goal of stimulation is positively associated with the relational contract*
*H1c: The goal of status is positively associated with the relational contract*

**Differentiating the Relational Contract among Younger and Older based on Goals' Substitution by Age, Experience**

SPF theory suggests that individuals' behavior of optimizing/compensating wellbeing is based upon rational selection/substitution (cost-benefit based) of resources/goals in view of changing physical, cultural, social and psychological circumstances. Optimization based substitution is done by investing resources/activities that individuals have been endowed with and compensation based happens when amount of endowed resources and abilities become low. The central assumption is that only those goals are pursued, which the individuals think achievable within the available resources and means. Based on cost-benefit analysis, their behavior of pursuance intrinsically moves towards relative ease. Thus, more the resources are available for a goal, more it will be pursued to get realized (Ormel et al., 1999; Steverink et al., 1998).

Since, we expect that employees' goals of comfort, stimulation and status associate to relational contract, we also expect that it will be changing in accordance with the employee's lifespan goal pursuance behavior based on availability of resources. Accordingly from age perspective, Steverink et al. (1998) included time factor to framing concept of SPF and embedded cognitive process of future anticipation in view of time horizon to explain individuals' strategic planning to pursue their goals. Doing so, they hypothesized a systematic pattern of realization and substitution of instrumental goals over the growth (young), maintenance and loss avoidance stages (older) of lifespan. They suggest availability of more resources for production of goals of comfort and stimulation for younger, while resources to produce status become higher for older. Accordingly, it can be expected that younger employees shall more obligate to realize their goals of comfort and stimulation and the older employees shall more obligate to realize goal of status. Thus, would be the goals' associated strengths of their relational contracts. Hence, we expect in

general that comfort and stimulation to associate strongly to relational contracts among younger workers, while status associates strongly to relational contract for older workers.

However, we expect these associations not just to be moderated by age, but also by employee experience (i.e. tenure within an organization). Previous research suggests that age-related dynamics in the workplace are not merely determined by chronological age, but also by relevant experiences, such as how long an employee has spent in the organization (Bal, De Cooman, et al., 2013). Hence, tenure within an organization may be a relevant contextual factors that distinguishes between workers (Bal & Jansen, 2015).

Researchers have different findings for short and long tenured employees in terms of employment relationships. For instance, shortly tenured employees build inducement based stronger relationships with employers (Dokko, Wilk, & Rothbard, 2009). These inducements could be attractive reimbursements, challenging tasks and trainings (Bal, De Cooman, et al., 2013), which are resources for goals of comfort, stimulation and status (Ormel et al., 1999). Hence in the light of the afore-mentioned research, it can be deducted that younger employees are likely to develop inducement based (comfort, stimulation and status) positive associations with relational contract, that will be stronger at shorter tenure.

However by the increasing tenure employees' relationship become less strong and less dependent on inducements (Hunter & Thatcher, 2007), therefore, at longer tenure, this association will be less strong. Mathematically, this could happen when inducement based positive association with relational contract is negatively moderated by tenure. Therefore, tenure will negatively moderate the positive association between comfort, stimulation and status.

Further, we expect that age will also moderate the tenure's negative moderation and will divert its negative effect into positive during older age. It happens because age is an umbrella variable which subsumes tenure as well (Bal, de Lange, Zacher, & Van der Heijden, 2013) and their intertwining effects impacts employees' PC (Vantilborgh et al., 2015). Since goals impact the relational contract (Rousseau et al., 2018), the intertwining effect of age and tenure will also affect the association between goals and relational contract. Therefore, as discussed earlier, since goals pursuance behavior of younger and older employees will remain opposite to each other at shorter and longer tenures, we expect, the strengths of associations between these goals and relational contract at shorter and longer tenures shall also be opposite for both. Resultantly, the intertwining effects of age and tenure will turn the association of goals and relational contract strongest at longer tenure opposite to shorter, for older employees. Therefore, we hypothesize that:

*H2a: Age and tenure will moderate the associations between comfort and relational contract, with the strongest relationships for younger workers with shorter tenure as compared to other employees.*

*H2b: Age and tenure will moderate the associations between stimulation and relational contract, with the strongest relationships for younger workers with shorter tenure as compared to other employees.*

*H2c: Age and tenure will moderate the associations between status and relational contract, with the strongest relationships for older workers with longer tenure as compared to other employees.*

## Research Methodology

The research philosophy of this study is subjectivism because it is about to describe reality in accordance with the perception of employees and their consequent action (M. N. Saunders & Thornhill, 2006); and its epistemology is positivism because it undertook empirical methods and used the quantitative analysis to answer its research questions (Burrell & Morgan, 1979). It also tests hypotheses hence it is deductive (M. Saunders & Lewis, 2016) and quantitative as well (Creswell, 2013). Further, this study is cross-sectional (Spector, 2019) that employed purposive sampling (M. Saunders & Lewis, 2016) to ensure inclusion of younger, older and tenured employees in sample. Probability sampling could not be used because the universities did not share the list of their employees due to confidentiality. However, since the purposive sampling is non-probability technique, precautionary measures were taken as suggested by Vehovar, Toepoel, and Steinmetz (2016). The taken measures are discussed ahead.

Accordingly, data were gathered, through survey, using self-reporting questionnaires from employees (admin and faculty) of all the six agriculture universities situating in federal and provincial cities across Pakistan (the population), with the help of focal persons of National Agriculture Education Accreditation Council. Sample size was determined based on sample sizes of 32 similar studies (Vantilborgh et al., 2015), keeping in view average and maximum sample sizes i.e. 277 respondents and 400-500 respondents, respectively. In view of non-probability sampling technique, a large sample size was required. Hence, the maximum sample size of the 32 studies was finalized i.e. 500 respondents. However, in order to avoid the chances of imitating the sampling error (if any), the final sample size was also revalidated by the satisfactory ratio of 'response per item' i.e. 5 responses/item (Tabachnick, Fidell, & Ullman, 2007). The finalized sample size i.e. 500 respondents gives the ratio of 12:1 which is quite satisfactory.

In addition to keep the sample size larger because of sampling technique, 9 sample selection criteria were developed and communicated to the focal persons (M. Saunders & Lewis, 2016) which is also useful to achieve maximum variation (Patton, 2002). Further, in order to achieve good level of randomization, a very thin spread of questionnaires was ensured (Vehovar et al., 2016). For the purpose, the number of questionnaires, couriered to each focal person, were finalized in view of university's size in terms of departments/faculties it has. In total 1000 questionnaires were spread very thinly in each department and got filled judging respondents' willingness, ability and study purpose. Out of 1000 distributed questionnaires, 625 filled were received (62.5% response rate), of which 87 were dropped because of incomplete filling, while 538 were found completely filled. The percentage distribution of the finalized responses within six universities was: 17%, 24%, 7%, 10%, 26% and 15%.

*Sample Description:* Of 538 respondents, 34.6% were female. The respondents' age was ranged from 21-60 years (mean age = 34.93 years, SD = 8.4 years). It covers employment tenure for government jobs in Pakistan. Of the range 21-60 years, 28.1% were falling below 30 years, 46.1% were between 30-39, 18.8% between 40-49, and 7.1% were between 50-60 years. Being from universities, the education level of most of the participants was high. Masters, PhDs and

Post-Doctorates holders become 76.9% in total i.e. 35.1%, 35.6% and 6.3% respectively; Bachelor or Associate degree holders were 13.4% and 6.3%, whereas only 3.3% of the participants kept higher secondary school certificate. All participants were permanent employee, of which 57.1% had1-5 years' tenure with their current organizations, 23% had 6-10 year's tenure, 10.8% had 11-15 years' and 9.1% were working with their current organizations since more than 16 years.

*Instrument to Measure Goals:* Three instrumental goals i.e. Comfort, Stimulation, and Status, stated by SPF theory were measured using SPF-IL(s) (A. Nieboer, Lindenberg, Boomsma, & Bruggen, 2005; A. P. Nieboer & Cramm, 2018). Total nine items measured three constructs by three items each on four points scale (1 = never to 4 = always) viz. for Comfort: "How often do you feel perfectly healthy?, How often do you feel physically comfortable?, and How often do you feel relaxed? "; for Stimulation: "Are your activities challenging to you?, Do you really enjoy your activities?, and How often are you fully concentrated when doing something?"; and for Status: "Do people think you do better than others?, Do people find you an influential person?, and Are you known for the things you have accomplished?".

*Instrument to Measure Psychological Contract:* Relational psychological contract was assessed using PCI-2000 (Rousseau, 2000). Eight items measured relational contract α=.83, asking about employees' perception regarding employer's obligations e.g. "Concern for my long-term well-being" etc. Both the instruments have been inductively developed, sound and theory based, psychometrically tested and technically validated (Freese & Schalk, 2008; A. P. Nieboer & Cramm, 2018).

*Instrument to Measure Demographic and Control Variables:* Age and tenure were measured in years from 18 to 60 and 1-45, respectively. Moreover, to determine maximum effect size and explain PC variance, the influence of contextual and individual factors (Roe, 2014), was controlled. So, we measured Gender (Male-Female), Education (7 levels from Inter-12 years' to Post Doctorates-21$^{+}$ years education), Total Experience (1-45 years), Pay Scale (9 levels from Below BPS 14 to BPS 22), No. of Dependents (0 to more than 7), and Financial Resources (only current job, current+additional job, job+family contribution and job+family contribution+other income), as were used by PSYCONES (2006). In addition to it, the effect of other two associated instrumental goals i.e. Affection and Behavioral Confirmation was also controlled. Hence, these two goals were also measured using SPF-IL(s) (A. Nieboer et al., 2005; A. P. Nieboer & Cramm, 2018). In total six items measured both the constructs (three items for each construct).

*Validity, Reliability and Common Method Variance (CMV) Checks:* Validity of the instrument was tested by performing confirmatory factor analysis using AMOS. The model yielded a reasonable fit (CMIN/DF = 2.055, $p < .001$; RMSEA = .044; GFI = .935; CFI = .945; SRMR = .035). All factors were loading above .5 (majority above .7), with no major cross loadings (details given at annex-1). Internal consistencies (reliabilities) of all the study constructs were checked applying Cronbach's alpha (Pallant, 2013) that were falling between the acceptable range of 0.6 – 0.7 (Hair et al., 2010 ; Kline, 2015). Accordingly, the alfa scores were: Comfort = .722 (3 items); Stimulation = .632 (3 items); Status = .682 (3

items); Affection = .714 (3 items); Behavioral Conformation = .753 (3 items); and Relational Psychological Contract = .83 (8 items).

Further, we calculated the composite reliabilities (CR) and Average Variance Extracted (AVE) to further check proportion of the variance explained by random error (Fornell & Larcker, 1981). Except one construct (Stimulation= .37), AVEs of all other constructs were above .4 (of two above .5) and the corresponding values of their CRs were also above 0.6, which are considered representative of the constructs under examination (Fornell & Larcker, 1981; Mittal, Chawla, & Sondhi, 2016). Hence, it supports convergent validity and reliability of the instrument.

Finally, in order to check for common method variance (if any), we performed common latent factor test. Comparing the factor loadings with and without a common factor, none of the differences were above .2 except for one item being .23. We also applied Harman's single factor test that yielded <50% total variance i.e. 20.96. Since, many control were also added to the model that reduce CMV (Spector, 2019), we conclude that it is unlikely to affect the results.

## Data Analysis and Results

The data analysis technique was finalized in view of hypotheses statements. H1a, H1b and H1c require to test association between some goals and PC that can be achieved using regression techniques. Further, the H2a, H2b and H2c require to test strengths of these association under dual conditional effect of age and tenure i.e. at shorter and longer tenure both for younger and older workers. It guides that the effect of age and tenure on associations between goals and PC is not only moderating but also intertwining (Vantilborgh et al., 2015). Furthermore, the hypotheses also suggest that these intertwining effects specifies moderated moderation of tenure by age because the age is umbrella variable that subsumes tenure as well (Bal, de Lange, et al., 2013). Hayes and Little (2018) recommend using its model-3 to calculate moderated moderation of W (tenure) by Z (age) on relationship of X (goals) and Y (PC). Therefore, moderated moderation method was applied to answer the research questions using Hays PROCESS macro 3.2. All independent variables were mean-centered before conducting the analyses.

To explain the effects of moderated moderation of tenure by age, we used Pick-a-Point approach (Rogosa, 1980). Being simplest, the approach suggest to pick, essentially any arbitrary values of interest on continuums of moderators, i.e. tenure (W) and age (Z), to see the effects of focal predictor on consequent variable at moderators' values (Carden, Holtzman, & Strube, 2017; Hayes & Little, 2018). Accordingly, study objectives and facilitation of readers in view, four values of age at Age' (Z') continuum were selected at $11^{th}$, $54^{th}$, $87^{th}$ and $97^{th}$ percentile corresponding to the actual values of age at 25, 35, 45 and 55 years, respectively. Similarly, three values of tenure at continuum of Tenure' (W'), corresponding to the actual values of tenure at 1-5, 6-10 and 11-15 years were picked at $16^{th}$, $58^{th}$ and $86^{th}$ percentile, respectively.

In order to clearly observe the small numerical effects of moderated moderation at different levels of moderators, PROCESS generated plots (Hayes & Little, 2018) were obtained in SPSS and then customized.

*Results:* Correlations among the study variables are presented in Table 1 that show positive relationships between relational contract and goals (except status) as well as tenure i.e. rcmft-pc =.312, $p < .01$, rstim-pc =.295, $p < .01$, $p < .01$ and rten-pc =.099, $p < .05$. Further, tenure is also positively related to status i.e. rten-sts =.071, $p < .05$ and age is positively related to tenure i.e. rage-ten =.648, $p < .01$.

Table 2 shows the results of the regression analyses of goals on relational contract and the interactions. The main effects of goals of comfort and stimulation are significant and positively associated with relational contract i.e. Bcmft=.52, $p < .001$ and Bstim =.61, $p < .001$. Therefore, H1a and H1b are supported. Further, Table 2 also shows that the moderating effect of tenure between association of goals of comfort, stimulation and status are significant (coefficients: Int-1cmft =-.43, $p < .01$; Int-1stim =-.39, $p < .05$; Int-1sts =-.41, $p < .05$). Furthermore, Table 2 also shows the results of three way interactions between tenure, age and goals to relational contract (coefficients: Inte-4cmft=.04, $p < .001$; Int-4stim=.03, $p < .01$; and Int-4sts=.03, $p < .01$). This provide overall support for H2a, H2b and H2c.

In addition, Table 3 shows the association of goals and relational contract at selected values of age (younger ≈25 and ≈35 years and older ≈55 years) and tenure (shorter ≈1-5 years and longer ≈6-10 and ≈11-15 years). For effect of goal of comfort on relational contract, it can be seen that among younger workers (respectively for ≈25 and ≈35 years), the positive effect size is strongest at shorter tenure (≈1-5 years) i.e. Bcmft=1.29, $p < .001$ and Bcmft=.88, $p < .001$. This effect size is decreasing with increasing tenure i.e. for ≈6-10 years, Bcmft=.44, p=.09 and Bcmft=.46, p=.004; and for ≈11-15 years, Bcmft=-.41, p =.34 and Bcmft=.03, p=.91. However, among older (≈55 years), it converts opposite and increases with increasing tenure i.e. for ≈1-5 years, Bcmft=.07, p =.84 and for ≈6-10 years, Bcmft=.49, p=.14, which become strongest at longer tenure i.e. for ≈11-15 years, Bcmft=.91, p=.0059. Hence H2a is supported.

Similarly, at Table 3, the main positive effect of stimulation on relational contract, among younger workers (respectively for ≈25 and ≈35 years), is also strongest at shorter tenure i.e. for ≈1-5 years, Bstim=1.17, $p < .001$ and Bstim=.93, $p < .001$, which starts decreasing with increasing tenure i.e. for ≈6-10 years, Bstim=.52, p=.08 and Bstim=.54, p=.003 and becomes less strong at longer tenure i.e. for ≈11-15 years, Bstim=-.13, p=.8 and Bstim=.15, p=.6. This is vice versa among the older workers (≈55 years) i.e. for ≈1-5 years, Bstim=.5, p=.38.; for ≈6-10 years, Bstim=.6, p=.17 and for ≈11-15 years, Bstim=.71 , p=.06. Hence, H2.b is supported.

Lastly, Table 3 also shows the effect of status on relational contract. As per the table, the effect size starts turning into positive and increasing by the increasing tenure among older workers (≈55 years) i.e. less strong at shorter tenure (for ≈1-5 years, Bsts=.12, p=.79 and for ≈6-10 years, Bsts=.35, p=.35) but stronger at longer tenure (for ≈11-15 years, Bsts=.58, p=.79 and for ≈6-10 years, Bsts=.35, p=.09), which supports H2c.

Table 1. *Correlations among the Research Variables (n=538)*

| | *Variables* | M | SD | *1* | *2* | *3* | *4* | *5* | *6* | *7* | *8* | *9* | *10* | *11* | *12* | *13* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | [1]PC Rel. | 28.30 | 5.98 | - | | | | | | | | | | | | |
| 2 | Comfort | 8.65 | 1.99 | .312** | - | | | | | | | | | | | |
| 3 | [2]Stim. | 9.36 | 1.88 | .295** | .432** | - | | | | | | | | | | |
| 4 | [3]B. Con. | 9.39 | 2.06 | .172** | .414** | .545** | - | | | | | | | | | |
| 5 | Affection | 8.99 | 2.17 | .126** | .460** | .497** | .612** | - | | | | | | | | |
| 6 | Status | 8.85 | 1.99 | -.005 | .094* | .094* | .138** | .061 | - | | | | | | | |
| 7 | Tenure | 1.83 | 1.33 | .099* | .045 | -.003 | .049 | .038 | .071* | - | | | | | | |
| 8 | Age | 34.93 | 8.50 | .035 | -.011 | -.030 | .046 | -.019 | .056 | .648** | - | | | | | |
| 9 | Gender | 1.35 | 0.48 | .059 | -.013 | .009 | -.087* | -.069 | -.043 | -.103** | -.176** | - | | | | |
| 10 | [4]Edu. | 4.12 | 1.13 | .011 | -.021 | .094* | .114** | .011 | -.059 | .140** | .390** | -.129** | - | | | |
| 11 | [5]T. Exp. | 2.23 | 1.57 | .035 | .043 | .022 | .101** | .040 | .066 | .749** | .706** | -.176** | .285** | - | | |
| 12 | Pay Scale | 4.48 | 1.92 | .017 | -.011 | .137** | .189** | .052 | -.036 | .285** | .541** | -.140** | .769** | .430** | - | |
| 13 | [6]No.Dep. | 2.67 | 2.10 | .048 | .047 | .051 | .169** | .073* | .015 | .308** | .454** | -.242** | .207** | .400** | .361** | - |
| 14 | [7]Fin. Res. | 1.76 | 1.01 | -.107** | -.046 | -.047 | -.080* | -.018 | -.016 | -.028 | -.069 | .090* | .032 | .009 | -.102** | -.032 |

*Note*: * $p < .05$; ** $p < .01$

[1]PC Rel.= Relational Psychological Contract, [2]Stim.=Stimulation, [3]B. Con.=Behavioral Confirmation, [4]Edu.=Education, [5]T. Exp.=Total Experience, [6]No.Dep.=Number of Dependents, [7]Fin.Res.=Financial Resources

Table 2. *Multiple Regression of Goals on Relational Contract and 3-way Interactions of Goals-Tenure-Age*

| | *Model 1: Comfort* | | | *Model 2: Stim.* | | | *Model 3: Status* | | |
|---|---|---|---|---|---|---|---|---|---|
| *Variables* | *B* | *SE* | *t* | *B* | *SE* | *t* | *B* | *SE* | *t* |
| ***Main effects:*** | | | | | | | | | |
| Comfort | .52*** | .15 | 3.45 | | | | | | |
| Stimulation | | | | .61*** | .17 | 3.48 | | | |
| Status | | | | | | | -.35** | .14 | -2.50 |
| Tenure | .41 | .38 | 1.09 | .34 | .38 | .89 | .52 | .39 | 1.34 |
| Age | .00 | .05 | .02 | .02 | .05 | .34 | .01 | .05 | .17 |
| ***Two-way interactions:*** | | | | | | | | | |
| Goals*Tenure: Int-1 | -.43** | .15 | -2.81 | -.39* | .18 | -2.21 | -.41* | .18 | -2.34 |
| Goals*Age: Int-2 | .00 | .02 | -.29 | .00 | .02 | -.10 | .03# | .02 | 1.74 |
| Tenure*Age: Int-3 | .03 | .02 | 1.54 | .03 | .02 | 1.53 | .02 | .02 | 3.09 |
| ***Three-way interactions:*** | | | | | | | | | |
| Goals*Tenure*Age: Int-4 | .04*** | .01 | 3.86 | .03** | .01 | 2.47 | .03** | .01 | 3.09 |
| ***Control variables:*** | | | | | | | | | |
| Gender | 1.01* | .52 | 1.94 | .87 | .53 | 1.65 | .92# | .52 | 1.77 |
| Education | .50 | .34 | 1.48 | .39 | .34 | 1.14 | .41 | .34 | .34 |
| Total Experience | -.29 | .26 | -1.12 | -.33 | .26 | -1.24 | -.31 | .26 | -1.18 |
| Basic Pay Scale | -.34 | .22 | -1.51 | -.29 | .22 | -1.28 | -.38 | .23 | -1.66 |
| No. of dependents | .12 | .13 | .92 | .12 | .13 | .87 | .12 | .13 | 0.87 |
| Financial Resources | -.65** | .24 | -2.68 | -.59* | .25 | -2.43 | -.62** | .24 | -2.54 |
| Comfort | | | | .79*** | .14 | 5.59 | .77*** | .14 | 5.42 |
| Stimulation | .79*** | .16 | 4.92 | | | | .81*** | .16 | 5.05 |
| Behavioral Confirmation | .02 | .16 | .15 | -.01 | .16 | -.07 | .04 | .16 | .27 |
| Affection | -.31* | .15 | -2.14 | -.30* | .15 | -2.02 | -.31* | .15 | -2.13 |
| Status | -.11 | .12 | -.87 | -.09 | .12 | -.74 | | | |

*Note*: $N = 538$; * $p < .05$; ** $p < .01$; *** $p < .001$; # $p < .09$

Table 3. *Main (conditional) effects of the Goals on Relational Contract at values of the Tenure and Age*

| *Age$^{\$}$ (≈years)* | *Tenure$^{\$}$ (≈years)* | *Model 1: Comfort* | *Model 2: Stim.* | *Model 3: Status* |
|---|---|---|---|---|
| | | *B* | *B* | *B* |
| 25 | 1-5 | 1.29*** | 1.17*** | -.06 |
| 25 | 6-10 | .44# | .52# | -.80** |
| 25 | 11-15 | -.41 | -.13 | -1.52** |
| 35 | 1-5 | .88*** | .93*** | 0 |
| 35 | 6-10 | .46** | .54** | -.41** |
| 35 | 11-15 | .03 | .15 | -.82** |
| 45 | 1-5 | .48# | .70* | .06 |
| 45 | 6-10 | .47* | .60* | -.03 |
| 45 | 11-15 | .47* | .43# | -.12 |
| 55 | 1-5 | .07 | .5 | .12 |
| 55 | 6-10 | .49 | .6 | .35 |
| 55 | 11-15 | .91** | .71# | .58# |

*Note:* p < .05; ** p < .01; *** p < .001; # p < .09; $ actual value determined by adding mean values i.e. 1.83 to the mean centered codes of tenure, and 34.93 to the mean centered values of age*

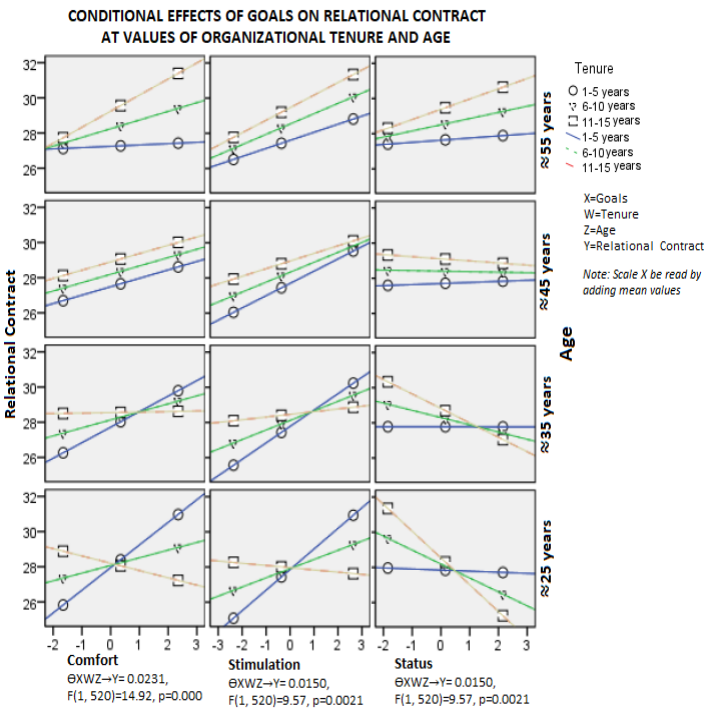


*Figure 1: Interaction between Goals, Tenure and Age in association to Relational Contract, based upon output generated by PROCESS by Andrew F. Hayes, V 3.2, using SPSS*

## Discussion and Implications

The study was designed to investigate the role of individuals' goals in developing relational contract along with their organizational tenure and age. The objective was to study the goals which cause employees to form relational contract (objective 1); to explain the difference between goals' based relational contract of younger and older workers at shorter and longer tenures (objective

2); and to suggest some practical implications for managers and policy makes for developing age specific HR policies (objective 3).

Based on SPF-SA (Steverink, 2001; Steverink et al., 1998), and psychological contract theories (Rousseau, 2000), it was hypothesized that goals of comfort, stimulation and status, are associated to relational contract, respectively H1a, H1b, and H1c. We found support for H1a and H1b for both i.e. younger and older workers but for H1c only for older workers. It is, perhaps, because comfort and stimulation are fundamental (Sharkey, 1987), and hierarchically linked to physical wellbeing, while status is hard to achieve before reaching certain position and age (Steverink et al., 1998). More clearly, we found that younger employees form relational contract with their employers, based on their goals of comfort and stimulation, to secure their physical wellbeing, while the older employees develop the same, based on all the three goals, for physical as well as social wellbeing. Hence, the objective 1 is achieved.

Further, based upon various other researches on psychological contract (Dokko et al., 2009; Hunter & Thatcher, 2007), tenure based difference between younger and older workers was hypothesized that it will moderate the effect of comfort, stimulation and status on relational contract, making it stronger at shorter tenure as opposed to longer. In addition to it, in view of resource based goals' substitution assumptions of SPF-SA (Steverink et al., 1998) as well as findings of Vantilborgh et al. (2015), some intertwining effects of age, tenure and goals were anticipated. In sum, it was hypothesized that the moderating effect of age on tenure's moderation upon associations between goals and relational contract would convert these associations for older workers opposite to youngers' i.e. stronger at longer tenure as opposed to shorter, thus H2a, H2b and H2c. We found support for all, which confirms relevance of status to form relational contract (in addition to comfort and stimulation) among older workers, indicating the increasing importance of social wellbeing for them (Objective 2).

In addition, we found comfort and stimulation based overall strength of relational contract stronger for younger workers compared to older, while the status based association is stronger for older workers only. The finding is not only in line with the assumptions of SPF-SA, but also supports the suggestions of socioemotional selectivity theory (SST) (Carstensen, 2006) As such, while SPF-SA assumes availability of more resources for production of status (relates to social-wellbeing) in older age, SST suggests the older people attach more importance to social goals compared to younger. Thus, the goals' based strengths of relational contract we found in this study (Objective 2).

Moreover, the objective-2 is also found achieved, if explained in the light of assumptions of Dynamic Phase Model of PC (DPM-PC) (Rousseau et al., 2018). As such, we found the goals' based stronger formation of relational contract, among younger workers, at shorter tenure that gets less strong at longer. As per the DPM-PC , after initial creation, PC continues to stabilize until the generation and cognition of goals' consistent positive cues slows down. Faster the generation of such cues, quicker would be the cognition and consequent stabilization of PC. Therefore, the goals' based formation of

relational contract could be stronger in the beginning period of employment at shorter tenure, but gets less strong by slowing down of goals' consistent generation of positive cues, at longer tenure. However, the period of stabilization may depend upon contextual factors (Roe, 2014), which are critical for determination of effect size and explaining the PC variance (Johns, 2006). Such contextual factors may include labor laws, economic situations and societal values (Rousseau et al., 2018) and organizational tenure (Bal, De Cooman, et al., 2013).

We explicate that in context of permanent government employees in Pakistan, their PC stabilization may be slow and be prolonged until 5 years, because of probation and promotion policies, as well as provision of the linked facilities. As per rules, permanent employees' probation cannot be terminated before two years, which can also be extended. Sometimes, the provision of housing facility and some other allowances are also linked with probation termination. Further, the minimum tenure for promotion to the next position is 5 years (Establishment Division, 2019). Hence, the generation of positive cues regarding probation termination, realization of some facilities and promotion are spread over 5 years. Which, accordingly, prolongs the PC stabilization until five years, thereby allows its transition to maintenance phase to continue lifelong employment until retirement. Therefore, because of lesser information in the beginning and lesser emotional controls (Carstensen, 2006), the relational contract of permanent younger employees is stronger at shorter tenure, which gradually become stable along the generation of positive cues, at longer tenure.

However, regarding older employees, the state of creation and stabilization of relational contract is opposite because of their cumulative experience of the higher education sector as well as better emotional regulation (Carstensen, 2006). They do not strongly obligate their employer for attaining comfort, stimulation and status, unless they spend considerable period in that organization. Further, the pre-retirement attitude also force the older employees to obligate more for attaining their goals, as closer the retirement age becomes (McPherson & Guppy, 1979). Hence, the relational contract among permanent and older government employees is less strong at shorter tenure but stronger at longer (Objective 2).

*Theoretical Implications:* This research is expected to impact evaluation process of PC. As such, previous researchers postulated that differences in reactions to PC breach may depend on workers' changing emphases on different age related goals (Bal et al., 2008) and PC types (Jamil, Raja, & Darr, 2013). Based on SPF-SA, this study has disentangled those expected goals causing formation of relational contract differently for younger and older workers (based on individuals' age related goals' prioritizing behavior as suggested by SPF-SA). It can be expected that the reaction to PC breach would also be contingent upon age related strengths of associations between these goals and relational contract. Thus, shifting the PC evaluation process among younger and older workers merely from 'age based reaction to PC breach' to 'goals based reaction to PC breach with age'. As disentangled, these

goals are comfort, stimulation for younger workers, and status as well for older workers.

Another implication could be relevant to degree of balance in PC process. As such, Vantilborgh et al. (2013) found volunteer older workers reporting organization under-obligation opposite to younger, because they attach more importance to social goals. While, this study supports the increased strength of relational obligations, among older workers based on social goals i.e. status (produced to gain social-wellbeing), it also adds the notion of 'shifting obligation' to the earlier concept of 'under/over obligation'. As such, this study finds that younger workers obligate more at shorter tenure, while the older workers at longer. Thus employer's obligations, in addition to being over/under, also shift from shorter to longer tenure while growing older.

*Practical Implications (Objective 3):* Findings of this study suggest existence of different relational contract among younger and older workers based on three disentangled goals that influence their relational contract differently at shorter and longer tenures. Managers can devise HR polices in line with the study findings to win workers' trust and avoid relational contract breach.

For instance, it's been found that younger workers develop stronger relational contract at shorter tenure to achieve their goals of comfort and stimulation, as opposed to older. Therefore, in order to assure workers that their goal of comfort will be met being with this organization, manager can devise such policies that offer extrinsic rewards with decreasing ratio for younger workers, while for older workers such rewards can be offered with increasing ratio. Similarly, the younger workers can be assured meeting their goal of stimulation by incorporating more challenging tasks in their job descriptions, while job descriptions for older workers can be made comparatively less challenging. Further, the older workers can be assured meeting their goal of status by offering policies leading them to higher level jobs. Scarcity of higher level jobs can be met by adopting job crafting or early retirement policies, whichever is suitable to the older workers' need.

**Limitations and Future Research Directions**

Although, Steverink et al. (1998), discussed individuals' lifespan goal substitution behavior by embedding time horizon to SPF, however, the time horizon was discussed from an uncertainty perspective such as individuals' belief about remaining time to death. Whereas, remaining time to retirement, which attributes to certain and closing time horizon, was not considered. Retirement being important, certain and closing event in one's employment life, is different from uncertain time to death. Therefore, individuals' pre-retirement goals substitution attitude must be different, hence, their relational contract.

Further, research implication in view, while evaluating the fulfilment/breach of relational contract, future researches should undertake the influence of goals of comfort, stimulation and status for younger and older workers at shorter and longer tenures. Moreover, in order to further generalize

the results, the study should be replicated in other cultures/countries/sectors etc.

Furthermore, the study is designed around cross-sectional self-reporting survey, which cannot fully disentangle intertwining effects of goals, tenure and age (Vantilborgh et al., 2015). Therefore, for better understanding of intertwining effects, future research should undertake longitudinal or cross-sequential design in conjunction with some qualitative methods.

**Conclusion**

It is concluded that older workers develop relational contract in pursuance to their goals of comfort, stimulation and status while younger develop the same in pursuance to comfort and stimulation only (objective 1). Further, the relational contract of younger workers remains strongest at shorter tenure as opposed to longer based on their goals of comfort and stimulation, while the older workers' relational contract remains strongest at longer tenure based on the same goals. Finally, the older workers also develop stronger relational contract at longer tenure based on their goal of status (objective 2). Therefore, in order to avoid the PC breach, employers to devise their HR policies in view employees' PC development behavior prioritization behavior along age and tenure (objective 3).

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Table 4: Factor loadings all observed variables

| Construct | Item | Standardized Factor Loading | Squared Multiple Correlations |
|---|---|---|---|
| Comfort | cmft1 | 0.604 | 0.365 |
| | cmft2 | 0.757 | 0.572 |
| | cmft3 | 0.699 | 0.489 |
| Stimulation | stim1 | 0.559 | 0.313 |
| | stim2 | 0.696 | 0.485 |
| | stim3 | 0.556 | 0.309 |
| Status | sts1 | 0.657 | 0.432 |
| | sts2 | 0.722 | 0.521 |
| | sts3 | 0.559 | 0.313 |
| Affection | af1 | 0.779 | 0.606 |
| | af2 | 0.723 | 0.523 |
| | af3 | 0.517 | 0.267 |
| Behavioral Confirmation | bc1 | 0.634 | 0.402 |
| | bc2 | 0.787 | 0.62 |
| | bc3 | 0.726 | 0.528 |
| Relational | rlty1 | 0.592 | 0.35 |
| | rlty2 | 0.71 | 0.504 |
| | rlty3 | 0.704 | 0.496 |
| | rlty4 | 0.793 | 0.628 |
| | rstb1 | 0.758 | 0.574 |
| | rstb2 | 0.82 | 0.672 |
| | rstb3 | 0.772 | 0.596 |
| | rstb4 | 0.679 | 0.461 |