Age, work experience, and the psychological contract

THOMAS W. H. NG1* AND DANIEL C. FELDMAN2
1The University of Hong Kong, Hong Kong
2The University of Georgia, Georgia

Summary The purpose of the current paper is to examine the ways in which age and work experience shape how individuals experience psychological contract breaches. We first introduce the concepts of contract malleability (the degree to which individuals can tolerate deviations from contract expectations) and contract replicability (the degree to which individuals believe that their psychological contracts can be replicated elsewhere). Next, we discuss the variety of reasons why contract malleability and replicability become greater with age and work experience and how contract malleability and replicability may temper negative reactions to psychological contract breaches. We also address the different ways contract malleability and replicability mediate the relationships between age and work experience, on one hand, and exit, voice, loyalty, and neglect behaviors on the other. We consider the moderating effects of age similarity and dissimilarity here as well. The paper concludes with a discussion of the implications for future research designs and for managing older and more experienced workers. Copyright © 2009 John Wiley & Sons, Ltd.

Introduction

Psychological contracts are critical in understanding how individuals experience their employment relationships (Shore & Barksdale, 1998). Psychological contracts consist of employees’ expectations about what they owe their employers and about what their employers owe them in return (Rousseau, 1989, 1995). Because of their impact on the quality of employment relationships, psychological contracts have received a great deal of attention from researchers, particularly on how they are formed, developed, and broken (Morrison & Robinson, 1997; Robinson, Kraatz, & Rousseau, 1994).

With some exceptions (e.g., Turnley & Feldman, 1998), most of the research on psychological contracts has focused on relatively young employees and those with relatively little work experience. Researchers have largely honed in on the unmet expectations that younger workers experience when they first enter the labor market (Webber, 1976). In the 1980s and 1990s, in particular, researchers were especially attuned to ways in which fewer guarantees of lifetime job security, greater feelings of entitlement among new graduates, and greater awareness of “boundaryless careers” led to widespread

In contrast, there has been little theoretical work on how and why age and work experience influence the ways in which employees react to psychological contract breaches. Such research, however, is timely and important given that the largest segment of world’s working population today is the age 40–44 cohort (International Labor Organization, 2005). We propose here that age and work experience may temper the intensity of reactions to psychological contract violations and the ways in which workers respond to those violations. For instance, empirical research has demonstrated that, as people age, there are significant changes in their self-concepts, emotional intensity, social interaction patterns, altruistic attitudes and behaviors, life goals, and coping strategies (Heckhausen & Brim, 1997; Lebouvie-Vief & De Voe, 1991; Steverink & Lindenberg, 2006; Underwood & Moore, 1982). These changes, when taken together, affect the ways employees develop job expectations and react when those expectations are unmet.

The purpose of this theoretical paper, then, is to consider how age and work experience affect reactions to psychological contract breaches. We introduce two new concepts to explain this phenomenon, namely, contract malleability and contract replicability. Contract malleability refers to the degree of tolerance an employee has for unfulfilled promises, while contract replicability refers to how likely the current psychological contract could be replicated in the open labor market. We propose that the psychosocial changes brought about by aging and the accumulation of more work experience alter individuals’ beliefs about contract malleability and contract replicability, which in turn affect the ways employees react to breaches of psychological contracts.

Theoretical Background

Age

Who is considered an “older worker” has been debated in the literature for quite some time. In the retirement literature, older workers are often identified as having reached retirement age or by years needed to reach retirement age (Beehr, 1986). Using the U.S. Age Discrimination in Employment Act of 1967 as a guide, Ng and Feldman’s (2008) recent review defines older workers as those who are age 40 or older.

However, as Cleveland and Shore (1992) note, age can be defined in terms of an employee’s chronological age, the employee’s subjective age (the individual’s self-perception of age), the employee’s social age (others’ perceptions of the employee’s age), and the employee’s relative age (degree to which the individual is older than others in the work group). Thus, the meaning of “old” depends, to some extent, on the demographic profiles of the organization or occupation (Shore, Cleveland, & Goldberg, 2003).

Age is a continuous variable and, in this paper, we do not adopt a specific cutoff age for defining older workers. Instead, we examine the aging process across a wide age range for two reasons. First, because aging does not start and stop at one particular point in time, there is no obvious cut-off when the effects of aging on work behavior would stop, either. Second, as the average age of the world’s working population today continues to increase and more and more individuals continue to work after typical retirement ages (e.g., 8% of the American workforce is above the age of 60; International Labor Organization, 2005), the issues surrounding age in the workplace affect a much larger and broader segment of the population. Indeed, with the largest segment of the working population now aged 40–44,
the mean of the entire working population would be considered “older workers” if the conventional age-40 cutoff were used.

**Age similarity**

In addition to chronological age, we will also be examining age similarity between a worker and his/her colleagues. Previous research on relational demography has suggested that whether one has the same demographic characteristics as other individuals in the work group might also be a key determinant of perceptions about work (Riordan & Shore, 1997). For example, when an individual is older than most of the others at work, she/he may have poorer work attitudes and receive less favorable treatment from others because of a “homophily bias” (Milliken & Martins, 1996). Conversely, when individuals are working with people who are similar in age to themselves, they might have more positive perceptions of themselves and their work environments (Cleveland & Shore, 1992).

**Work experience**

Work experience is the amount of job-related experience an individual has accumulated over the course of his/her career (Tesluk & Jacobs, 1998). Quinones, Ford, and Teachout (1995: 890) suggest that work experience consists of “events that are experienced by an individual that relate to the performance of some job.” In general, then, older workers will also be more experienced workers.

However, while age and work experience are positively correlated, they are theoretically distinct constructs. The process of aging typically refers to physiological changes, underlying changes in emotions, and changes in psychosocial needs across an individual’s lifespan (Avolio & Waldman, 1994). These changes affect most domains of an individual’s life. In contrast, the accumulation of work experience is more likely to influence cognitive and affective reactions to the workplace specifically (Forteza & Prieto, 1994). Moreover, given the changing shape of career paths, some older individuals might have very little work experience in an industry if they have had multiple careers in multiple fields (Arthur & Rousseau, 1996). Thus, the amount of work experience is not necessarily commensurate with chronological age.

**Psychological contracts**

Psychological contracts consist of employees’ beliefs regarding the mutual obligations between them and their employers (Rousseau, 1989, 1995). Stated differently, psychological contracts consist of employees’ beliefs regarding what employers owe them and what they owe their employers in turn. For example, employers provide inducements (e.g., pay) to encourage employees to exert maximum effort and to stay with those employers (Lambert, Edwards, & Cable, 2003; Turnley & Feldman, 2000).

Social exchange theory (Blau, 1964) suggests that reciprocity is an important characteristic of social relationships. Individuals who perceive that they are valued and respected are likely to reciprocate with trust and emotional engagement in social exchanges. Thus, when organizations demonstrate care and support for employees by fulfilling their obligations to them, employees are likely to reciprocate with favorable job attitudes, job performance, and citizenship behaviors (Coyle-Shapiro & Conway, 2005).

These promises and reciprocal obligations underlie the nature and strength of employment relationships (Shore & Barksdale, 1998). When employees define and interpret their obligations strictly and view the employment relationship in purely short-term economic terms, psychological contracts
are referred to as transactional in nature (Robinson & Rousseau, 1994). Relational contracts, on the other hand, are said to exist when employees define and interpret their obligations openly and broadly. With relational contracts, individuals view employment as a socially-satisfying exchange relationship and take a long-term orientation to it (Robinson & Rousseau, 1994).

**Contract breaches**

Psychological contract breaches occur when employees perceive that their employers have failed to fulfill at least one obligation or promise implied by their employers (Morrison & Robinson, 1997; Restubog, Bordia, & Tang, 2006; Turnley, Bolino, Lester, & Bloodgood, 2003). In some cases, these breaches consist of non-fulfillment of promises (e.g., not receiving a promotion). In other cases, these breaches consist of delays in fulfilling promises (e.g., deferring a pay raise by 6 months). While some recent research has begun to examine situations in which employers over-fulfill their obligations (e.g., Lambert et al., 2003; Turnley et al., 2003), the predominant focus in this stream of research has been on the under-fulfillment of obligations. That will be the major focus of this paper as well.

When breaches occur, employees are more likely to see themselves in a state of inequity. To restore this equity, employees may reduce their loyalty and trust, withdraw their efforts and contributions, and in extreme cases, retaliate against their employers (Turnley et al., 2003). In fact, empirical research over the past decade has found that psychological contract breaches are negatively related to employee job satisfaction, trust, organizational commitment, job performance, and citizenship behavior, while being positively related to employee cynicism, absenteeism, and turnover (Bunderson, 2001; Conway & Briner, 2002; Deery, Iverson, & Walsh, 2006; Johnson & O’Leary-Kelly, 2003; Pugh, Skarlicki, & Passell, 2003; Sutton & Griffin, 2004).

Previous research suggests that breaches of promises on the part of employers are quite widespread. For instance, Robinson et al. (1994) observed that 55% of their managerial respondents reported their employers had, at some time, violated their psychological contract in terms of providing training, compensation, benefits, promotions, and job security. Similarly, Turnley and Feldman (1998) found that 25% of their sample reported that they had received less than what they had been promised by their employers.

**Breach severity**

The weight of the empirical evidence suggests that the greater the level of contract breach, the more negative employee reactions are (Morrison & Robinson, 1997). Empirical measures of psychological contract breaches have largely focused on the global perceptions of breaches (Robinson & Morrison, 2000) or the number of contract elements that have been breached (Turnley & Feldman, 1999). Much less attention has been paid, though, to the differences between reactions to breaches of central, important contract elements and reactions to breaches of peripheral, less critical contract elements.

To broaden the existing perspective on contract breaches, we include another concept here called breach severity. Breach severity is the extent to which employees perceive that the most important promises in their psychological contracts have gone unfulfilled. In other words, a severe contract breach occurs when firms fail to fulfill their promises on contract elements that employees value the most. Our premise is that the more severe the breach, the more likely employees are to react intensely and negatively.

It is important to note here that individuals will vary in terms of what they consider severe breaches, and those assessments might be based on qualitative as well as quantitative grounds. For instance, a
breach of a pay raise of $5,000 may be seen as severe for a blue-collar worker but minor for an executive. Similarly, a breach of a promise for flexible scheduling may be seen as severe for working parents but as minor for other employees. Therefore, breach severity is conceptually distinct from the general perceptions of whether organizations have fulfilled their promises. Instead, it focuses on employee perceptions about the fulfillment of promises they value most.

Theoretical Model

The key proposed relationships are displayed in Figure 1. In the sections below, we explain these proposed relationships in more detail. As noted above, breach severity has an impact on how strongly employees reciprocate negatively when they experience contract breaches. However, how employees respond to breaches will also depend upon how much they can tolerate deviations from expectations and how readily they perceive they could find equal (or better) deals elsewhere. To address these issues, we introduce the constructs of contract malleability and contract replicability. We also propose that both age and work experiences influence contract malleability and contract replicability.

Contract malleability

Definition

Contract malleability refers to the extent to which employees can tolerate deviations from expectations without reciprocating negatively in turn. In other words, employees vary in the extent to which they can tolerate deviations in contract fulfillment without perceiving the psychological contract as violated. Consistent with the scope of breach severity, employees may be able to tolerate some unfulfilled promises but not others or tolerate unfulfilled promises to a greater or lesser degree. The tolerance of an employee for deviations from expectations, aggregated across psychological contract elements, contributes to his or her global perceptions of contract malleability.

Figure 1. The proposed theoretical model
We expect that, some employees, such as those who have high organizational identity, may take contract violations in stride and realize that, as organizations change, their expectations may have to change as well. For instance, these employees may find it acceptable that a pay raise of 5% is deferred for 6 months because of significant profit declines. In contrast, other employees may have little or no tolerance for deviations from expectations. For example, some employees who have been promised a 5% pay raise in January may conclude there has been a serious contract breach when the organization phases in the pay raise, giving half effective January 1 and half effective June 1. These employees would argue that a promise is a promise and, once extended, cannot be unilaterally altered.

Differences from related constructs
It is important to note here that contract malleability is conceptually distinct from equity sensitivity. Equity sensitivity is an individual difference that characterizes how sensitive people are to under-reward and over-reward situations (Huseman, Hatfield, & Miles, 1987). Contract malleability, on the other hand, does not address whether or not a breach has occurred, but rather the individual’s degree of tolerance after a breach has occurred (or is believed to occur). Furthermore, while we expect that contract malleability will be affected, in part, by personality traits, it is also likely to be heavily influenced by situational factors, too. For instance, Pugh et al. (2003) observed that psychological contract breaches with previous employers contributed to employees’ cynicism about new and future employment relationships. That is, employees who feel they have been burned before in terms of receiving unfair treatment are likely to have unmalleable expectations going forward.

Contract malleability is also conceptually distinct from transactional and relational psychological contracts. While transactional and relational contracts address the nature of obligations (e.g., short-term vs. long-term) (Robinson & Rousseau, 1994), contract malleability addresses individuals’ degree of tolerance when those obligations are unmet. We do expect, though, that the nature of obligations prescribed by transactional or relational contracts may determine individuals’ levels of contract malleability. Those individuals who have relational contracts might be willing to tolerate contract violations because of the expectation that the employment relationship is going to be long-term and disappointments will ultimately be reversed. Conversely, those who view the employment relationship as transactional in nature might have little tolerance for contract violations since their time-frame for recouping perceived losses is much shorter.

Relationship to outcome variables
We propose here that different levels of contract malleability will lead to different outcomes when psychological contract breaches occur. To the extent that employees can tolerate deviations from expectations, unfulfilled promises on the part of the organization will be less likely to lead to negative reactions from employees. These employees may be more psychologically prepared for the occurrence of psychological contract breaches and/or more willing to make external attributions about their causes. Because of this willingness to tolerate deviations from expectations, employees who view their contracts as malleable are likely to respond less intensely even when faced with severe contract breaches. Conversely, employees who perceive their psychological contracts as unmalleable are more likely to view these breaches as purposeful, intentional, and personal. Thus, we propose that perceptions of contract malleability will moderate the relationships between breach severity and negative employee reactions.

**Proposition 1**: Individuals who perceive their psychological contracts as highly malleable will react less negatively to severe contract breaches than will individuals who view their contracts as unmalleable.
Contract replicability

Definition
Because psychological contracts have been viewed primarily as social exchanges between participants in the same organization, relatively little attention has been paid to whether employees view their psychological contracts as replicable in other organizations. That is, employees may believe some aspects of their psychological contracts (e.g., work hours) are more readily replicable than other promises over the others (e.g., training, development, and promotion opportunities). The aggregation of these beliefs about replicability, across the array of psychological contract elements, contributes to employees’ global perceptions of contract replicability.

As careers become characterized by greater job mobility (Cavanaugh & Noe, 1999; Sullivan, 1999), however, perceptions about the external market may increasingly influence perceptions of current psychological contracts. Labor statistics show that Baby Boomers in America changed jobs frequently, holding an average of 10 jobs from the ages of 18 to 38 (US Department of Labor, 2004). Longitudinal studies of job attitudes have also shown that there is a tendency for organizational commitment to decline as organizational tenure increases (Bentein, Vandenberg, Vandenbergh, & Stinglhamber, 2005; Lance, Vandenberg, & Self, 2000). Collectively, the research evidence suggests that more employees are loosening their bonds to their employers over time.

Here we argue that employees’ perceptions of their “deals” as rare in the external labor market will influence how individuals will react to breaches. While social exchange theory focuses on reciprocity for past contributions, relative deprivation theory suggests that employees also use other standards to judge the fairness of their employment arrangements (Feldman, Leana, & Turnley, 1997). The seminal work on relative deprivation (Crosby, 1982, 1984) suggests that individuals’ satisfaction with their job situations also depends on what employees want and feel entitled to. Consequently, perceptions of the external labor market come into play in the assessments of psychological contracts ex post, even if they do not come into play in the development of those contracts ex ante.

Differences from related constructs
Contract replicability is different from idiosyncratic deals (“I-deals”), which are voluntary, personalized agreements that are negotiated between individual employees and their employers and not available to other coworkers (Rousseau, Ho, & Greenberg, 2006). They are geared to specific individuals’ needs, often addressing non-standard work arrangements or benefits typically absent from formal employment contracts (e.g., telecommuting opportunities or special promotion tracks) (Hornung, Rousseau, & Glaser, 2008; Miner, 1987). Therefore, idiosyncratic deals address the differences in psychological contracts across coworkers or peers whereas contract replicability addresses the differences between one’s current psychological contract and what is perceived to be available in the external market.

Contract replicability is also different from perceived job alternatives. The concept of perceived job alternatives is typically viewed as the probability of being able to get another job in the external labor market (Thau, Bennett, Stahlberg, & Werner, 2004). In contrast, contract replicability refers to employee perceptions about the likelihood of getting the same (or better) psychological contract elsewhere. Thus, individuals may believe they could find alternative jobs elsewhere, but not be able to get the same kind of deal they have elsewhere (in terms of mentoring, training, scheduling flexibility, etc.).

Like contract malleability, contract replicability is conceptually distinct from transactional and relational psychological contracts. Transactional and relational psychological contracts address the nature of obligations between two key parties (employees and employers) (Robinson & Rousseau, 1994). In contrast, contract replicability addresses exchanges among three key parties: Employees themselves, current employers, and potential employers elsewhere. Further, transactional and
relational contracts focus on present and past fulfillment of obligations from the current employer. In contrast, replicability focuses on other employers’ ability to fulfill individuals’ expectations in the future. The nature of obligations (transactional or relational contracts), though, may partially influence individuals’ levels of contract replicability. We propose that individuals who believe that their relationships with current employers involve open and long-term obligations would be less likely to feel they could replicate the quality of those employment relationships elsewhere (i.e., with the same degree of mutual trust and emotional engagement). On the other hand, we suggest that individuals who have transactional contracts might be more likely to believe that their current employment relationships, which involve short-term and clearly specified obligations (Robinson & Rousseau, 1994), reflect standard practices in the industry. As a result, they would be more likely to perceive that their psychological contracts would be readily replicable elsewhere.

**Relationship to outcome variables**

Employees are likely to react particularly positively when organizations offer them inducements that are unique and non-replicable in the external market (Hornung et al., 2008). However, non-replicable contracts can be a double-edged sword, since employees with these contracts may react particularly negatively when these unique employment deals are breached.

First, we expect that individuals will be especially disappointed that they are not receiving the rare resources and rewards they have been promised, particularly since the promise of those rare resources and rewards might have swayed them to join the organization in the first place. Second, employees will be especially discouraged about the probability of being able to rectify these contract breaches simply by going elsewhere since, by definition, these deals would be very hard to find in the external market. Third, non-fulfillment of the unique parts of their psychological contracts may make employees more pessimistic that even the “ordinary” elements of their contracts will be honored.

Thus, we propose that perceptions of contract replicability will moderate the relationships between breach severity and negative employee reactions. Those relationships will be stronger when employees view their psychological contracts as non-replicable in the external labor market. When breach severity is high, employees who view their contracts as non-replicable will respond particularly intensely.

Proposition 2: Individuals who perceive their psychological contracts as non-replicable will react more negatively to severe contract breaches than will individuals who view their psychological contracts as replicable.

**The impact of age and work experience on contract malleability**

**Age and contract malleability**

We propose that, as individuals age, they will perceive that their psychological contracts are more malleable. As we discuss below in more detail, these shifts occur as the result of changing emotions and social relationships.

**Emotions**

As individuals grow older, the emotions they experience—and the intensity of those emotions—also change. More specifically, researchers have found that, over the lifespan, individuals’ emotional reactions tend to become less intense (Gross, Carstensen, Pasupathi, Tsai, Skorpen, & Hsu, 1997; Lawton, Kleban, Rajagopal, & Dean, 1992; Lebouvie-Vief & De Voe, 1991; Lebouvie-Vief, Hakim-Larson, De Voe, & Schoeberlein, 1989). Further, empirical studies have shown that older adults are better able to understand and control their emotions. For instance, Lawton et al. (1992) sampled three
large groups of healthy adults about their emotional experiences. These authors found that, compared with younger adults (aged 18–29), middle-aged (30–59), and older adults (60 or above) demonstrated a greater ability to regulate emotions. Similarly, Chapman and Hayslip (2006) found that older adults (mean age = 49), when compared to younger adults (mean age = 20), were more likely to use optimism as a strategy to regulate their emotions.

In addition, older adults are more likely to process positive emotional information more deeply than negative emotional information. For instance, older adults (62 or above) recall more positive than negative information when compared to young adults (below age 39) (Lockenhoff & Carstensen, 2007). Thomas and Hasher (2006) have also found that, compared to young adults (aged 18–28), older individuals (60 or above) are more likely to cognitively strengthen positive information in memory and diminish negative information in memory. These results have even been indirectly supported by brain imaging research, which shows that extreme negative images cause much stronger brain activity in young adults (aged 19–21) than do extreme positive images (Wood & Kisley, 2006). Because older employees have a stronger ability to regulate emotions and to process positive information more deeply, we expect that they will also be able to tolerate deviations from expectations better.

Social interactions
Older adults, as a group, also strive for strong interpersonal relationships (Sorkin & Rook, 2006). Ryff (1989) has observed that both middle-aged adults (mean age = 53) and older adults (mean age = 74) rate quality social relationships as critical to well-being. For many older adults, having quality social relationships with spouses, family, and friends is key to making the transition to the old age, largely because these social relationships offer fulfillment of their needs for status and affection (Steverink & Lindenberg, 2006). In contrast, younger employees appear to place more importance on work-life balance, opportunities to develop skills, and pay linked to individual performance (Finegold, Mohrman, & Spreitzer, 2002).

Moreover, when compared to young adults, older adults are less likely to have problems with social relationships (Birditt & Fingerman, 2005). For instance, researchers have found that middle-aged (40–59) subjects reported less intense emotional reactions to tense social situations than did younger subjects (25–39). Similarly, adults age 60 and older reported less intense emotional reactions compared to middle-aged subjects (Birditt, Fingerman, & Almeida, 2005). In another study, Birditt and Fingerman (2003) examined differences across five cohorts (13–16, 20–29, 40–49, 60–69, 80, and above). They found that older cohorts were more likely to remain loyal to relationships in tense interpersonal situations than were their younger counterparts. Erber, Szuchman, and Prager (2001) also found that older adults (56 or above) are typically more forgiving of misconduct than are younger adults (aged 18–36).

Carstensen (1991) uses a “socioemotional selectivity perspective” to explain these findings. Specifically, she suggests that, as people increasingly realize that their time on earth is finite, they focus more on the enjoyment of social relationships than on utilitarian activities like acquiring money. Empirical studies also provide support for this socioemotional selectivity perspective. For instance, adult development research has shown that as people age, they tend to become more altruistic, generous, and better able to understand the perspectives of others (Midlarsky & Hannah, 1989; Underwood & Moore, 1982). Taken all together, then, the evidence suggests that age will be positively related to contract malleability.

Proposition 3a: Age and perceptions of contract malleability are positively related.
The moderating role of age similarity

While perceptions of contract malleability are likely to increase with aging, the extent of that growth may depend upon the degree of age dissimilarity between a focal employee and his/her colleagues. When an individual is older than most of his/her co-workers, she/he occupies a minority status within the group (Riordan & Shore, 1997). This lower status position might influence how relatively older workers perceive their psychological contracts (Guinote, Brown, & Fiske, 2006; Uotomo, 1986). Specifically, we suggest that older workers who are age-dissimilar from their colleagues will view their psychological contracts as more malleable than older employees working with similarly-aged colleagues.

As noted before, older workers tend to have a more positive emotional outlook and a stronger preference for social relationships, both of which contribute to higher perceptions of contract malleability. These psychosocial changes brought by aging may be intensified when an older individual work with age-dissimilar employees. For example, research on learned helplessness suggests that minorities, who have been previously exposed to more uncontrollable conditions, learn to react less intensely to adverse stimuli (Garber & Seligman, 1980). Thus, older individuals in age-dissimilar environments may have even less intense emotional responses to unfulfilled promises.

In addition, cognitive dissonance theory (Festinger, 1957) would predict that relatively older workers, who feel insufficiently powerful to demand contract fulfillment, may start viewing their psychological contracts as more malleable instead. Because older workers value social relationships, they are less confrontational when faced with adversity (Birditt & Fingerman, 2005) and are more likely to adjust their goals to suit the circumstances (Brandstader & Renner, 1990). As a result, older workers in age-dissimilar environments may accept their minority status more readily.

Therefore, we suggest that individuals who are chronologically old and are relatively older than most of their colleagues will react less intensely to psychological contract breaches than older individuals working with age-similar colleagues. That is, age dissimilarity will moderate the relationship between age and perceptions of contract malleability.

Proposition 3b: Age similarity moderates the relationship between chronological age and contract malleability. Chronologically older employees who are also relatively older than their colleagues will be more likely to perceive their contracts as malleable.

Work experience and contract malleability

The accumulation of work experience often reinforces the emotional changes that accompany aging. For example, job attitudes are usually higher among workers with more work experience, both because of the greater rewards they receive due to seniority and because their expectations of work become more realistic over time (Eichar, Brady, & Fortinsky, 1991; Quarstein, McAfee, & Glassman, 1992). Further, as workers gain more work experience, they become clearer in their own minds about the tradeoffs they are willing to make to find appropriate careers for themselves. Over time, these “career anchors” give experienced workers more stability in their career paths, guide them toward work situations that are more fulfilling, and steer them away from job situations which would be poor fits (Feldman & Bolino, 1997; Schein, 1990).

In addition, years of full-time work experience tends to lower individuals’ expectations of others. Early research on realistic job previews (cf. Wanous, 1981) implicitly argued that, as individuals gained work experience, their perceptions of the work world would become more realistic and change in two
ways. First, greater work experience helps individuals develop more realistic standards of what “good” and “bad” job situations look like. Second, greater work experience inoculates employees from over-reacting to inevitable disappointments. Therefore, more experienced workers are less likely to be emotionally disturbed by negative incidents (e.g., delayed pay raises) because they do not perceive the negative consequences of each and every non-fulfillment as dramatic (Bedeian, Ferris, & Kacmar, 1992). Taken all together, then, the evidence suggests that work experience will also be positively related to contract malleability.

**Proposition 3c:** Years of work experience and perceptions of contract malleability are positively related.

### The impact of age and work experience on contract replicability

#### Age and contract replicability

We propose here that age will be negatively related to perceptions of contract replicability. As we discuss below in more detail, age-related changes in contract replicability are often tied to age-related changes in self-efficacy.

Specifically, as individuals reach late middle age, they often have less self-efficacy about their ability to perform and view themselves as less likely to be successful at work (Heckhausen & Schulz, 1995). For instance, Brandstadter and Rothermund (1994) observed that, across five age groups (30–35, 36–41, 42–47, 48–53, 54–59), the oldest group of subjects reported the lowest level of confidence about their ability to change their environments. In another study, Brandstadter and Renner (1990) found that there was a general decline in the level of tenacious goal pursuit (called “assimilative coping”) and a general increase in the level of goal adjustment as individuals age (called “accommodative coping”). Rather than holding on to ambitious goals, older workers are more likely to lower their goals downward to adjust to their circumstances. Because of this weaker self-efficacy, older individuals will be more likely to believe that their psychological contracts cannot be easily replicated or negotiated in other organizations.

Empirical research evidence provides some support for the above assertion. For instance, several researchers have found that, compared with younger employees, older employees (mean age = 50) who have been laid off from similar jobs are more likely to feel dissatisfied with their replacement jobs, particularly in terms of satisfaction with pay and benefits (Mallinckrodt, 1990). The literature on underemployment and job loss, too, suggests that older workers, once laid off, are less likely to find re-employment quickly and are less likely to find the quality replacement jobs their younger colleagues do (Feldman et al., 1997). Finally, research on age discrimination indicates that older employees are often stereotyped by others as more rigid, less productive, less interested in keeping up with technology advancement, less creative, and harder to train (Shore & Goldberg, 2004). For these reasons, then, we expect that older workers will also have less reason to believe their contracts could be easily replicated elsewhere.

**Proposition 4a:** Age and perceptions of contract replicability are negatively related.

#### The moderating role of age similarity

Age similarity may also moderate the relationship between chronological age and contract replicability. As noted before, older employees may have less self-efficacy about their ability to perform well and to find comparable jobs elsewhere. When these individuals are also relatively older
than their colleagues, the declines in their self-efficacy beliefs may be even sharper. For example, Shore et al. (2003) found that, when employees are older than their managers, both self-rated and manager-rated promotability and career development assistance given to these employees were lower as well. Kirchmeyer (1995) also found that employees’ perceptions of age dissimilarity were associated with perceptions of less job challenge and work group fit. As a result, relatively older workers will be more pessimistic about being able to find equally good (or better) deals elsewhere.

A major reason why chronologically old employees who are also relatively older than their colleagues may have lower self-efficacy is the existence of social stereotypes. There has been considerable research conducted on the extent of age biases and stereotypes in the workplace (Shore & Goldberg, 2004). Because age is a surface-level characteristic, it can readily evoke stereotypes and prejudices in others (Harrison, Price, Gavin, & Florey, 1998), especially when older workers are the minority group (Riordan, Schaffer, & Stewart, 2004). The negative effects of these age stereotypes and prejudices are likely to be evident in multiple aspects of older workers’ careers, including job applications, performance evaluations, development opportunities received, and retention (Shore & Goldberg, 2004). Weiss and Maurer (2004) note that, while recent empirical research finds less evidence of age discrimination today than 30 years ago, more subtle forms of discrimination may actually have increased over the years. Chronologically older individuals who are working with typically younger colleagues are more vulnerable to this stereotyping.

For instance, Sturman (2003) found that the relationship between age and supervisor-rated task performance followed an inverted-U shape. Age is positively related to task performance for younger workers, but is negatively related to task performance for older workers. Given there is very little evidence that cognitive ability declines sharply at middle age (Greller & Simpson, 1999), one reasonable conclusion is that the curvilinear relationship observed largely reflects age bias against older adults often held by supervisors (Ferris, Yates, Gilmore, & Rowland, 1985). Therefore, we propose that older employees who also work in environments with mainly younger workers will particularly strongly believe that: (a) most organizations prefer to hire young workers, and (b) they will have fewer employment opportunities in the external labor market themselves as a result (Schindler, Staudinger, & Nesselroade, 2006).

**Proposition 4b**: Age similarity moderates the relationship between chronological age and contract replicability. Chronologically older employees who are also relatively older than their colleagues will be more likely to perceive their contracts as non-replicable compared to those old employees who are age similar to their colleagues.

**Work experience and contract replicability**

We also predict here that individuals with more work experience will perceive their psychological contracts as less replicable in other organizations. Both the literatures on person–organization fit and job embeddedness help explain why.

The fit literature suggests that, as individuals accumulate more work experience, they are more likely to hold positions which are good fits for them, personally and professionally (Schneider, Goldstein, & Smith, 1995). For example, White and Spector (1987) observed that greater work experience and job seniority gave employees greater access to better jobs (e.g., job challenge and job security) and greater mastery of required job duties. Moreover, as employees settle into jobs which are good fits for them, they are less likely to seek out disconfirming information about their present jobs (Feldman & Bolino, 1997; Schein, 1990). As a result, we expect that employees with greater full-time work experience, job
tenure, and organizational tenure will be less likely to perceive that their psychological contracts are replicable elsewhere.

Amount of work experience also influences older workers’ perceptions of how readily they could replicate their current “deal” elsewhere. As the job embeddedness literature suggests, as individuals gain more and more years of service, they become highly enmeshed in their current organizations (Crossley, Bennett, Jex, & Burnfield, 2007). Veteran employees develop stronger links to their colleagues, invest more deeply in their communities, and feel like leaving would create greater financial and personal sacrifices (Mitchell, Holtom, Lee, Sablynski, & Erez, 2001). As job embeddedness increases and external mobility decreases, perceptions of contract replicability should weaken, too.

In addition, external employers are more likely to stereotype highly experienced workers as less mobile and therefore engage in less effort to recruit them. Indeed, there are some elements of truth in this stereotype because individuals with considerable work experience are, in fact, less willing to move (Feldman & Ng, 2007). Ultimately, a self-fulfilling prophecy can emerge: Workers who have substantial work experience are less likely to see their psychological contracts as easily replicable in the external market, while employers are less likely to recruit highly experienced workers because they view them as less movable. Thus, we predict:

**Proposition 4c**: Years of work experience and perceptions of contract replicability are negatively related.

**Contract malleability, contract replicability, and job behaviors**

In addition to affecting responses to psychological contract breaches, beliefs about psychological contracts may also influence employees’ approaches to their work (Shore et al., 2004). Here, we propose that contract malleability and contract replicability partially mediate the relationships between age and work experience on one hand and job behaviors on the other hand. That is, some of the impact of age and work experience on job behaviors is due to their mediating influences on contract malleability and contract replicability.

In examining employees’ job behaviors, we utilize the EVLN (exit, voice, loyalty, and neglect) framework originally proposed by Hirshman (1970) and subsequently modified by Rusbult, Farrell, Rogers, and Mainus (1988). This typology was originally proposed to understand individuals’ responses to declining exchange relationships. As such, this typology should be particularly relevant to psychological contract research in which the focus is on the nature of the employee–organization relationships (Turnley & Feldman, 1999). In addition, the EVLN framework has seldom been utilized to understand how older and more experienced workers might respond to work disappointments and deteriorating employment relationships. Thus, its use here provides another way of understanding older employees’ performance in the workplace.

**Exit**

At its simplest level, exit refers to voluntary turnover. There is a general expectation that older and more experienced workers prefer stability in their work lives and therefore are less likely to leave their employers voluntarily (Flaherty & Pappas, 2002). However, the empirical evidence on this point has been mixed. For instance, in a quantitative review of the age-voluntary turnover relationship, Healy, Lehman, and McDaniel (1995) conclude that the relationship between age and turnover is near zero.

We propose that older and more experienced individuals will be less likely to leave their employers because they perceive their contracts as more malleable. Because they view those contracts as more malleable, they will be less infuriated by unmet expectations at work and therefore be less likely to bolt.
when faced with disappointments. Moreover, workers who are relatively older and who have more work experience may view the chances of replicating their current deals or obtaining the same amount of rewards in the external labor market as low—and as a result, be less motivated to actively search for job alternatives (Dalton & Todor, 1993; Turnley & Feldman, 1999). Both contract malleability and replicability, then, serve as mediating variables in explaining why older and more experienced workers are less likely to voluntarily leave the organizations.

**Proposition 5a**: Contract malleability partially mediates the relationships of age and work experience with organizational exit. That is, part of the negative effect of age and work experience on organizational exit is due to greater perceptions of contract malleability.

**Proposition 5b**: Contract replicability partially mediates the relationships of age and work experience with organizational exit. That is, part of the negative effect of age and work experience on organizational exit is due to greater perceptions of contracts being non-replicable elsewhere.

**Voice**

Hirshman (1970) defines voice as employee attempts to improve working conditions through discussions with supervisors or by appealing to managers higher in the chain of command. Voice is generally viewed as a response engaged in by workers who would like to remain in an organization and who are willing to be assertive in order to make improvements in work conditions possible (Rusbult et al., 1988).

Previous research has been mixed as to whether older and more experienced workers are more likely to use voice to increase the likelihood of obtaining desired outcomes. LePine and Van Dyne (1998), for example, found that age was unrelated to voice behavior, while Van Dyne, Graham, and Dienerch (1994) found that a proxy for work experience (organizational tenure) was negatively related to workplace participation. Other researchers, in contrast, have found that both age and organizational tenure are positively related to voice behavior (Naus, van Iterson, & Roe, 2007).

Examining changing perceptions of contract malleability and replicability may help clarify the relationships of age and work experience with voice. We propose that older and more experienced workers will feel less need to (and less desire to) speak to their superiors about broken promises or make suggestions to the organizations. As discussed earlier, workers with greater age and work experience will have more malleable psychological contracts. In other words, they may be more willing to accept delays of promise fulfillment or incomplete fulfillment before taking concrete action (e.g., use of voice) to change the situation. They may also be more anxious to get involved in unpleasant conversations or conflicts. Conversely, younger and less experienced employees who have less malleable psychological contracts may be more assertive in expressing their disappointment to employers. Low malleability is typically associated with a lack of voluntary compliance, which often promotes more voice behavior (Klefting & Powers, 1998).

In addition, since older and more experienced employees are likely to believe that the outside market cannot offer them better deals, they might have greater incentives not to rock the boat in their current jobs (Finegold et al., 2002). Because using voice may increase the risk of retaliation from employers (Cortina & Magley, 2003), older and experienced employees may especially want to refrain from using voice in order not to jeopardize their job security.
In contrast, we suggest that younger workers and less experienced workers may be more motivated to use voice. Researchers have observed that employees also use voice for impression management purposes (Fuller, Barnett, Hester, Relyea, & Frey, 2007). As noted before, younger and less experienced employees often hold ordinary “deals.” By providing constructive suggestions or innovative solutions, younger employees may hope to get an edge over their peers and demonstrate they are worthy of getting better deals in the years ahead. Second, because younger employees are more likely to perceive that equally good (or even better) employment deals are available elsewhere, they may be less fearful of retaliation and therefore more likely to negotiate or fight for their demands (Cortina & Magley, 2003).

**Proposition 6a**: Contract malleability partially mediates the relationships of age and work experience with voice behavior. That is, part of the negative effect of age and work experience on voice is due to greater perceptions of contract malleability.

**Proposition 6b**: Contract replicability partially mediates the relationships of age and work experience with voice behavior. That is, part of the negative effect of age and work experience on voice is due to greater perceptions of contracts being non-replicable elsewhere.

**Loyalty**

Loyalty involves silent or passive forbearance of negative work conditions (Hirshman, 1970). While voice refers to active attempts to change work environments, loyalty refers to remaining with an organization despite contract breaches. Regarding its relationship with age and work experience, there is empirical evidence that older and experienced workers are more loyal (Birditt & Fingerman, 2005) and more committed to the organizations (Mathieu & Zajac, 1990; Riketta, 2005).

Because older and experienced workers view their contracts as more malleable, they are more likely to accept contract breaches with silence or passivity, since they believe that organizations will ultimately honor their commitments. Rusbult et al. (1988) emphasize that loyalty implies passive, but optimistic, patience for conditions to improve. This operational definition of loyalty is consistent with our conceptualization of contract malleability, which is to tolerate deviations from expectations without reciprocating negatively in turn. Thus, loyalty can be viewed as a behavioral expression of older workers’ malleability regarding unmet promises.

Indeed, Birditt and Fingerman (2005) identified important age differences in strategies used to cope with interpersonal relationship problems. In particular, older adults were more likely than younger adults to adopt a “loyalty” strategy in dealing with difficult social relationships. Moreover, older workers may have more flexible expectations because, as a group, they have more altruistic attitudes toward life (Midlarsky & Hannah, 1989; Underwood & Moore, 1982). As such, we suggest that older and experienced workers may view the aggressive pursuit of self-interest as unseemly or deviant. In such cases, older and more experienced workers may choose loyalty over other behavioral responses. In addition, the choice of loyalty might be one of necessity for older and more experienced workers. If older workers (especially those who are also older than most of their colleagues) feel their deals are not replicable elsewhere, they have all the more reason to absorb the disappointment patiently and wait for improvements in due course.

**Proposition 7a**: Contract malleability partially mediates the relationships of age and work experience with loyalty behavior. That is, part of the positive effect of age and work experience on loyalty is due to greater perceptions of contract malleability.
Proposition 7b: Contract replicability partially mediates the relationships of age and work experience with loyalty behavior. That is, part of the positive effect of age and work experience on loyalty is due to greater perceptions of contracts being non-replicable elsewhere.

Neglect

While loyalty is viewed in terms of employee citizenship (extra-role) behaviors, neglect is typically viewed in terms of employees’ counterproductive behaviors (Rusbult et al., 1988; Withey & Cooper, 1989). For example, neglect is often conceptualized in terms of lower job involvement and greater workplace withdrawal (Turnley & Feldman, 1999). There is some empirical evidence that older and more experienced workers are less likely to engage in counterproductive behavior (Lau, Au, & Ho, 2003; Ng & Feldman, 2008).

Here we propose that older and more experienced workers will be less likely to engage in neglect because they are more likely to believe their contracts are malleable within the current firm but not replicable in outside firms. Since older and more experienced employees have more malleable expectations and perceive that equity might be regained in the long run, there is less reason for them to decrease their efforts toward in-role responsibilities, at least not before they decide that they simply cannot tolerate their present situations any longer (Dalton & Todor, 1993). Also, because older workers tend to be more altruistic and better able to understand the viewpoints of others (Midlarsky & Hannah, 1989; Underwood & Moore, 1982), they will be less inclined to deliberately hurt the well-being of the organization (e.g., through neglect) unless necessary.

Moreover, simply in terms of self-preservation, neglectful behaviors and withdrawal of effort would weaken, rather than strengthen, older workers’ power to negotiate better deals with current superiors (Hornung et al., 2008). Indeed, if older workers start neglecting their work, stereotypes about the declining trajectory of older workers’ performance will be evoked, recommendations from current employers will worsen, and difficulty finding new jobs elsewhere will be greater. These age stereotypes may be especially more likely to be evoked when older workers display neglect behavior in an age-dissimilar environment (Greller & Simpson, 1999).

Proposition 8a: Contract malleability partially mediates the relationships of age and work experience with neglect behavior. That is, part of the negative effect of age and work experience on neglect behavior is due to greater perceptions of contract malleability.

Proposition 8b: Contract replicability partially mediates the relationships of age and work experience with neglect behavior. That is, part of the negative effect of age and work experience on neglect behavior is due to greater perceptions of contracts being non-replicable elsewhere.

Discussion

Research programs on aging and psychological contracts have, by and large, developed quite separately. The purpose of this paper is to integrate these two lines of research by linking psychosocial changes brought about by aging and accumulation of work experiences to employees’ perceptions of
contract malleability and replicability. In this final section, we discuss the implications of these propositions for future research and management practice.

Making the transition to empirical research

In order to move the concepts of contract malleability and replicability into the empirical literature, reliable and valid measures must be developed. We do not foresee major difficulties in being able to operationalize these concepts successfully and suggest some developmental steps below that might result in acceptable empirical measures.

First, contract malleability and replicability are psychological in nature and therefore might be arguably best measured by self-reports. At some point, it might be desirable to obtain supervisors’ perceptions of employees’ psychological contracts on these dimensions as well, but clearly self-report perceptual data will be needed at the beginning.

Second, because we suggest there will be differences in how employees react to severe and modest contract breaches, we recommend that researchers incorporate the most typical specific elements of psychological contracts into these new measures (Turnley & Feldman, 1999). For instance, instead of measuring employees’ global level of tolerance for contract breaches, researchers should consider measuring employees’ level of tolerance for broken promises on each of the seven contract elements identified in Robinson et al. (1994): Opportunities for advancement, level of pay, pay based on current performance (merit pay), training, job security, career development, and support with personal problems. These facets can be aggregated to represent overall perceptions of contract malleability and contract replicability. Moreover, such an approach would help us understand which breaches are most severe and the differences in how younger and older employees view these various breaches.

Third, to demonstrate discriminant validity, the measurement validation process should include measures of related, but independent, constructs. Perhaps the most important ones to consider here are relational contracts, transactional contracts, equity sensitivity, perceived job alternatives, and breach severity. To this end, researchers should: (a) examine the strength of the empirical relationships between contract malleability, contract replicability, and these theoretically similar variables; (b) compare the nomological network of contract malleability and replicability with those of these other correlates; and (c) use cross-lagged panel research designs, which help researchers understand the pattern of causal relationships among closely-related constructs.

Advancing research on age and performance

The relationships of age, relative age, and work experience with contract malleability and contract replicability need to be studied empirically as well. Ng and Feldman (2008) argue that researchers need to examine the effects of aging on work outcomes by tracking true intra-individual changes; the same argument can readily be applied to the accumulation of work experience, too. Therefore, longitudinal studies will clearly be needed. Fortunately, there has been much more research on psychological contracts using longitudinal designs recently (e.g., De Vos, Buyens, & Schalk, 2003; Sutton & Griffin, 2004). It is not realistic for most researchers to plan 10- or 20-year studies on the impact of aging and accumulated work experience. However, it is feasible to design studies over 3–5 year periods, especially if researchers can locate multiple samples that are in different stages of their careers (Super, 1980).

At least three quantitative reviews have been performed on the age-performance relationship over the last two decades, each with somewhat different conclusions. In the most recent review, Ng and
Feldman (2008) conclude that age is virtually unrelated to core (in-role) task performance but is significantly positively related to extra-role behaviors and significantly negatively to counterproductive work behaviors. To resolve these mixed findings on the age-performance relationship, researchers need to spend more energy examining the underlying processes through which age impacts various performance dimensions. One such process that needs to be investigated empirically is how aging influences perceptions of malleability and replicability—and how they, in turn, influence employee performance. For instance, older employees might engage in more extra-role behavior (e.g., voice, loyalty) and less counterproductive behavior (e.g., neglect) because they view their contracts as more malleable but less replicable.

More generally, researchers need to be more mindful about the roles of age and work experience in psychological contract research. In our review of the literature, we observe that most studies have treated age and work experience as control variables (e.g., Raja, Johns, & Ntalianis, 2004). Thus, while there is growing awareness of the importance of age and work experience in psychological contract formulation and evaluation, empirical research on their substantive influence is still scarce. Our proposed theoretical model provides some foundations for more empirical research in this direction.

**Implications for practice**

We hope the present paper will help organizational leaders rethink their approaches to managing older, veteran employees. As we argue here, perceptions of psychological contracts change as individuals age and accumulate more work experience. How contracts breaches should be handled for older, more experienced workers may be very different from how they are handled for young new hires.

Specifically, the provision of idiosyncratic deals has been a core recruitment and retention strategy for many large corporations hiring young new workers, such as fresh college graduates and MBAs. However, this paper highlights the potential dangers of pursuing this strategy. Inducements that are unique and non-replicable are certainly strong incentives for joining an organization, but they can also be the origin of intense negative reactions when organizations fail to honor those promises over the long haul. Given that young, less experienced workers are generally intolerant of deviations from expectations, non-fulfillment of these “I-deals” can be the source of enormous frustration and anger.

On the other hand, offering “I-deals” to older and more experienced workers might not create the same problems because, as we have argued, these workers see their contracts as more malleable. That is especially true in organizations where older employees are a minority. Older, more experienced employees may have highly flexible expectations about the fulfillment of “I-deals” and may reciprocate with stronger job performance when these deals are honored.

Ironically, older workers may be less likely than younger employees to get their psychological contracts met because of age stereotypes (Greller & Simpson, 1999; Shore & Goldberg, 2004). In addition, a self-defeating cycle might emerge because older workers are less likely to be confronting when promises are unmet. Because older workers show a higher level of tolerance for breaches, organizations may pay less attention to their concerns and concentrate their efforts of quelling the complaints of their younger, more vocal colleagues instead.

How organizations respond to unmet expectations of older workers may also depend upon the degree of age similarity (or dissimilarity) in the work group (Riordan et al., 2004). If an older worker is in a distinct minority in terms of age cohort size, she/he may be more likely to hold back from confronting a supervisor and instead view unfulfilled promises as evidence of the organization’s shifting resources to younger employees as a group. However, older workers’ tolerance for unfulfilled promises may be very short-lived if most of their colleagues are about their age. In these cases, older workers may view unfulfilled promises as being directed at them personally rather than due to generalized age stereotypes.
Thus, when older workers are the majority age group, reactions to contract breaches are likely to be especially strong. In such cases, managers need to recognize that the forbearance of older, more experienced workers is greater than that of their younger colleagues, but not infinite.

Conclusion

According to the Bureau of Labor Statistics, the median age of the American workforce has been increasing over the last 30 years: 35 years old in 1980, 37 years old in 1990, 39 years old in 2000, and 41 years old in 2006. Given the dominant role that older workers will play in the labor market over the next two decades, it is critical that we understand how to shape employment relationships to take advantage of their talents and to minimize the challenges they face on the job. By introducing the concepts of contract malleability and contract replicability and tying them to age and work experience, we hope to motivate psychological contract researchers to expand their examinations to older workers and to motivate age researchers to examine psychological contract formation and evaluation as important explanatory mechanisms of workplace behavior.

Author biographies

Thomas W. H. Ng received his PhD from the University of Georgia and is currently an Assistant Professor at the University of Hong Kong. His research interests include career development, job mobility, organizational and occupational commitment, turnover, aging, work hours, and personality at work.

Daniel C. Feldman (PhD, Yale University) is the Synovus Chair of Servant Leadership and Associate Dean for Research at the University of Georgia, Terry College of Business. His research interests include career indecision, career embeddedness, underemployment, and early retirement incentives.

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