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Knowledge Acquisition and Effective Socialization: The Role of the Psychological Contract

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Abstract

Although studies reveal that acquiring knowledge about a new workplace during organizational socialization leads to better integration, the pathway through which this occurs is not well understood. Previous research has explored the psychological contract as an outcome of socialization. This study explores its role within the socialization process. 161 organizational newcomers undertook surveys at months one and three of tenure, with data used to test a model within which four psychological contract dimensions mediate the relationship between knowledge acquisition and employee outcomes. At month one, organizational and employee promise strength mediated the relationship between knowledge and outcomes. At month three, organizational and employee promise fulfilment mediated this relationship. Findings confirm the role of the psychological contract in the socialization process and suggest that effective integration requires extensive knowledge provision and active employee knowledge acquisition.

Keywords: Psychological contract, Organizational socialization, Integration

Practitioner Points

- Acquisition of knowledge about a new work environment during the very early stages of tenure can positively affect newcomers' attitudes and perceived employment relationships.
- Learning leads to mutual promises that are perceived to be stronger and more likely to be fulfilled, as well as reduced stress, greater commitment and greater service quality behaviour.
- Employers should provide newcomers with information about their role, team and organization, whilst newcomers should be encouraged to ask questions.

Knowledge acquisition and effective socialization: the role of the psychological contract

Organizational socialization has been defined as the "process by which individuals become part of an organization's pattern of activities" (Ashforth, Slus and Harrison, 2007:1). A particularly important stage of socialization is encounter, which begins at day one and involves learning about the realities of organizational life. Whilst this learning is related to better integration, evidenced by a range of employee outcomes (Bauer, Bodner, Erdogan, Truxillo and Tucker, 2007), limited attention has been paid to the underlying mechanism at work.

This study aims to explore the role of one under-examined construct in the socialization process, namely the psychological contract, defined as the "individual beliefs, shaped by the organization, regarding terms of an exchange agreement between the individual and their organization" (Rousseau, 1995: 9). Although some previous studies have shown that perceptions of the content (Thomas and Anderson, 1998) or fulfilment (De Vos and Freese, 2011) of the psychological contract change during socialization, these have treated the psychological contract as an outcome of socialization. This study treats the psychological contract as an intervening variable in the socialization process, focusing on its role in the crucial encounter phase during the initial months after entry.

Theoretical basis and hypotheses

We propose that two psychological contract dimensions are critical for organizational socialization: newcomers' perceptions of how clearly and explicitly a promise has been made ("promise strength"), and the extent to which employees or employers are perceived to deliver perceived promises ("promise fulfilment"). The core of our theoretical approach is that socialization involves a period of uncertainty reduction and sensemaking, when newcomers are driven to make sense of their environment through a process of social

exchange. This process results in the formation of the psychological contract and, subsequently, determines employee outcomes. All hypotheses are shown in Figure 1.

Upon organizational entry, newcomers absorb information about their environment to reduce stressful uncertainty (Louis, 1980). The resulting socialization knowledge represents the content of what has been learnt during socialization. Three types of knowledge are necessary for effective integration, concerning the role, team and organization (Ashforth et al., 2007). Acquiring this knowledge enables newcomers to better understand the behaviours that are expected and inducements that are offered by the organization. This understanding takes the form of a cognitive schema, or psychological contract (Rousseau, 2001). Where employees have greater knowledge of their new environment, the promises that make up this perceived deal are more firmly encoded, reflected in perceptions of stronger two-way promises:

H1a: Socialization knowledge is positively related to organizational promise strength.

H2a: Socialization knowledge is positively related to employee promise strength.

Since the development of perceived promises reduces stressful uncertainty, we expect organizational promise strength to be related to a reduction of reported stress at three months. Additionally, we expect newcomers to more fully engage in pro-organizational behaviours when they are made strong promises, as they seek to return expected organizational contributions through the mechanism of social exchange:

H1b: Socialization knowledge is negatively related to experienced stress through the mediating role of organizational promise strength.

H2b: Socialization knowledge is positively related to employee service quality behaviour through the mediating role of employee promise strength.

After very early employment, information acquisition slows and perceived promises are altered less frequently (Shore and Tetrick, 1994). Socialization knowledge now influences

perceived organizational promise fulfilment, by determining congruence between the perceptions of newcomers and organizational agents (Morrison and Robinson, 1997). Likewise, we expect knowledge to clarify employees' own promises and increase employee fulfilment, since the norms of the new environment are more regularly reinforced and promises contain less ambiguity:

Hypothesis 3a: Socialization knowledge is positively related to perceived organizational promise fulfilment.

Hypothesis 4a: Socialization knowledge is positively related to perceived employee promise fulfilment.

Perceived fulfilment in turn affects employee outcomes. In line with social exchange theory, employees are expected to invest more in the relationship where the organization has upheld its side of the deal (Coyle-Shapiro and Kessler, 2000), reflected in increasing commitment across the encounter stage. Additionally, where employees fulfil their promises, it is expected they will have positive perceptions of their own behaviour, reflected, inter alia, in high quality service behaviour across this time period:

Hypothesis 3b: Socialization knowledge is positively related to affective commitment through the mediating role of perceived organizational promise fulfilment.

Hypothesis 4b: Socialization knowledge is positively related to employee service quality behaviour through the mediating role of perceived employee promise fulfilment.

In order to assess the hypotheses, a two-wave within-subjects design survey study collected data on the constructs of interest.

Methods

Participant characteristics

Participants were new members of staff in a large UK hospital. Of the 345 newcomers who completed a survey at time one and consented to be contacted, 162 (47%) responded at time two. Of these, 53.7% were nursing staff, 27.1% other health professionals and 19.2% administrative staff. Males made up 14.1% of the sample, and 41.4% were from a black and minority ethnic background. Participants ranged in age from 20 to 59 years, with a mean age of 33 years.

Design and Procedure

Participants were recruited into the study with an initial survey during a number of organizational induction sessions that each newcomer is required to attend during their first month. A further survey was sent by email or post to participants following three months service. This is generally considered an acceptable time to assess the encounter stage (Bauer et al., 2007). All surveys were completed between 2010 and 2012.

Measures

Details of all scales used, which were based upon previously validated measures, are shown in Table 1. In all cases, five-point response scales were used. Psychological contract measures were based upon those of Guest, Isaksson, and De Witte (2010), and were refined through pilot interviews[1]. Promise strength was assessed by asking participants the extent to which they (or their organization) had promised, either formally or informally, to provide various activities. Promise fulfilment was assessed by asking participants the extent to which each activity had been delivered. In line with previous accounts of socialization (e.g. Ashforth et al., 2007), newcomer socialization knowledge was assessed by asking

participants about their level of understanding of aspects of their role, team and organization, using ten items from Haueter, Macan and Winter (2003).

Experienced stress was assessed using three items developed by Smith (2001) and organizational commitment was assessed using four items from Meyer and Allen's (1997) Affective Commitment Scale. Service quality behaviour was assessed using five items adapted from Daniel and Darby (1997), concerning the extent to which participants engaged in context-specific service quality behaviours.

Findings

Hypotheses were tested through four mediated regression analyses, each consisting of two regression models (path *a* and *b*). The results of these analyses are shown in Table 2. For each of the *a* paths, socialization knowledge is positively associated with the corresponding psychological contract (mediating) variable, supporting Hypotheses 1a, 2a 3a and 4a. Analysis of *b* paths also shows significant associations between each psychological contract (mediator) variable and each outcome variable.

For each of the four mediation models, bootstrapping analysis using 1000 samples was undertaken to assess the strength of any indirect effects. Hypotheses 1b, 2b and 3b are fully supported, since the strength of the indirect effect is significantly different to 0 at the 95% confidence level. Hypothesis 4b is also supported, although the relationship between promise fulfilment and service quality is significant only at the 90% confidence level.

Discussion

The overarching aim of this study was to investigate the role of the psychological contract as an intervening variable in the relationship between early knowledge acquisition and later employee outcomes. Analysis of the two-wave survey data supports all hypotheses. Perceived organizational promise strength mediates the relationship between knowledge

acquisition and stress, whilst perceived organizational promise fulfilment mediates the relationship between knowledge acquisition and commitment. Both the perceived strength and fulfilment of employee promises mediates the relationship between knowledge acquisition and service quality behaviour.

Implications for theory

The first implication of this study concerns the process of socialization. The psychological contract has previously been treated as an indicator of adjustment (e.g. De Vos and Freese, 2011; Thomas and Anderson, 1998). This study shows that the psychological contract is a crucial intervening variable during socialization, with perceived promise strength related to stress and service quality behaviour during early tenure, and promise fulfilment related to commitment and service quality behaviour at a later time.

A second implication concerns psychological contract formation. Previous theory suggests that the psychological contract develops through communication with organizational insiders during early tenure (e.g. Sherman and Morley, 2015). Studies have confirmed this, although these have focussed either on expectations (e.g. Thomas and Anderson, 1998) or on psychological contract-specific information (e.g. De Vos and Freese, 2011). This study shows that the knowledge that is required during socialization drives the psychological contract.

Implications for practice

In terms of practical implications, this study suggests that employers should provide newcomers with information, whilst encouraging them to ask questions, in order to foster a committed employment relationship and engender positive employee outcomes. Our research also suggests that to maximise employee outcomes, employee perceptions of both strong promises and their fulfilment is required. Whilst promises that cannot be fulfilled should not

be made, this implies that employers should communicate clearly with employees and seek to deliver upon promises, and that employees should do likewise.

Limitations and future research

There are some limitations to the current study and several potentially fruitful avenues for further research. First, this research surveyed only newcomers to one organization and examined the psychological contract only from the perspective of the employee. Future studies should examine different contexts and explore how psychological contract perceptions of organizational agents are related to integration. Second, we examined only the effects of useful knowledge, as defined by previous research, about the role, team and organization. However, it is likely that other knowledge is acquired which may hasten exit rather than engender commitment. Future research might focus on the negative side of socialization. Third, we studied socialization during the first three months of employment. This was a deliberate choice based on evidence that these early months are the crucial period, but a longer follow-up period could reveal the persistence of attitudinal and behavioural outcomes. Finally, this study examined only one indicator of learning. Future research may examine different modes of information acquisition, such as information provided by the organization versus that actively sought by newcomers, as well as the role of trust in that information.

Conclusion

In conclusion, this study provides new insights into the socialization process and in particular the role of the psychological contract in that process, shedding new light on often-neglected features of the psychological contract, thereby enhancing the richness of the concept.

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Footnotes

[1]Full details of the measures can be obtained from the first author

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Figure 1: Study hypotheses

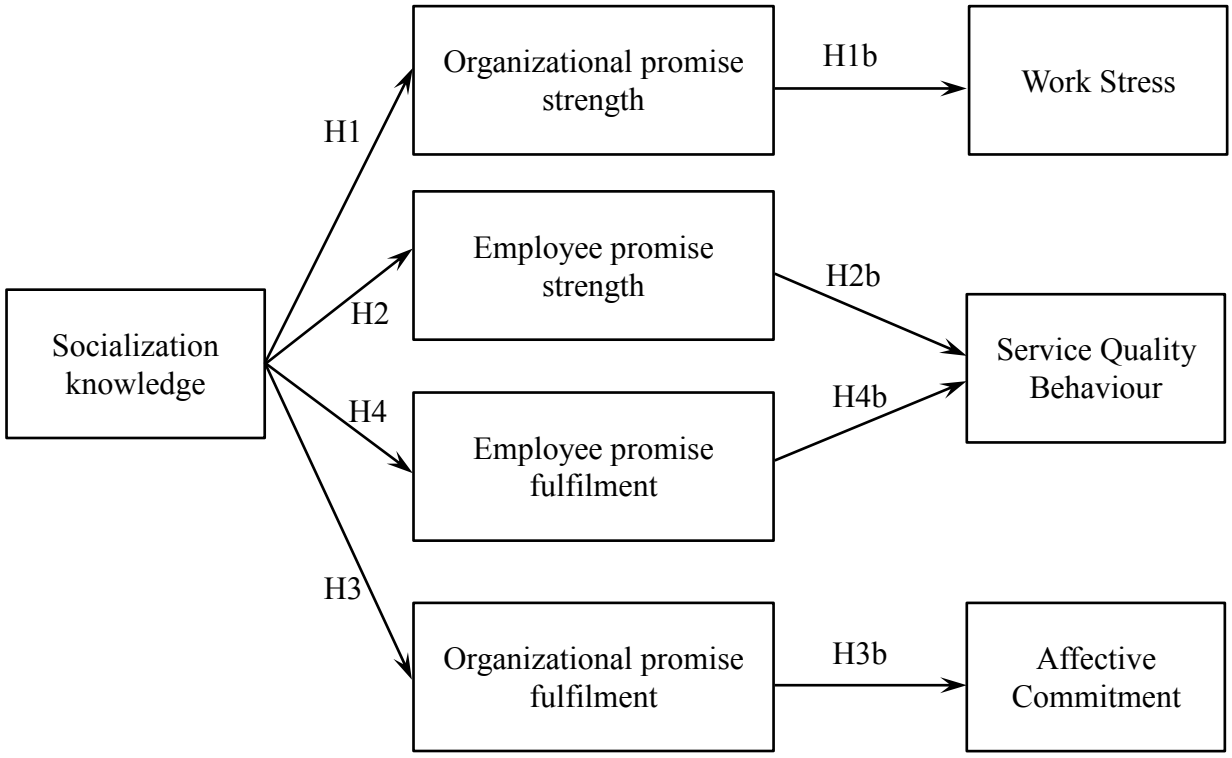

Table 1. Survey items, descriptive statistics and intercorrelations

Variable	Items	Source	Mean (SD)	α	1	2	3	4	5	6	7	8	9	10
1 Socialization knowledge (T1)	12	Haueter, Macan and Winter (2003)	4.36 (0.57)	0.92										
2 Organizational promise strength (T1)	18	Guest, Isaksson, and De Witte (2010)	4.15 (0.46)	--	.55***									
3 Employee promise strength (T1)	19	Guest, Isaksson, and De Witte (2010)	4.65 (0.46)	--	.51***	.55***								
4 Organizational promise fulfilment (T2)	18	Guest, Isaksson, and De Witte (2010)	4.12 (0.70)	--	.24***	.22***	0.11							
5 Employee promise fulfilment (T2)	19	Guest, Isaksson, and De Witte (2010)	4.66 (0.38)	--	.29***	.19**	0.11	.49***						
6 Stress (T1)	3	Smith (2001)	2.58 (0.95)	0.78	-0.12	-0.05	0.0	-.21**	-0.03					
7 Affective commitment (T1)	4	Meyer and Allen (1997)	3.53 (0.88)	0.88	.34***	.31***	0.14	0.12	.21**	-0.1				
8 Service quality behaviour (T1)	5	Daniel and Darby (1997)	4.13 (0.76)	0.82	.34***	.29***	0.1	.26***	.28***	0.16	0.08			
9 Stress (T2)	3	Smith (2001)	2.82 (1.16)	0.85	-.22***	-.21***	-.16**	-.25***	-0.13	.52***	-.20**	-0.04		
10 Affective commitment (T2)	4	Meyer and Allen (1997)	3.40 (0.96)	0.90	.28***	.26***	.17**	.41***	.26***	-0.14	.59***	0.14	-.22***	
11 Service quality behaviour (T2)	5	Daniel and Darby (1997)	4.22 (0.67)	0.80	.18**	0.15	.16**	.34***	.31***	0.02	0.1	.57**	0.0	.285***

**p<0.05; ***p<0.01

Table 2: Mediation analyses

	a path (H1) Organizational promise strength	*b path (H1b)* Stress	*a path (H2)* Employee promise strength	*b path (H2b)* Service Quality	*a path (H3)* Organizational Promise fulfilment	*b path (H3b)* Commitment	*a path (H4)* Employee Promise Fulfilment	*b path (H4b)* Service Quality
Control variables								
Age	-0.04	-0.11	0.03	0.05	0.00	-0.06	0.015	0.04
DV at T1		0.48***		0.60***		0.56***		0.56***
Independent variables								
Socialization knowledge	0.55***	-0.44	0.51***	-0.10	0.24**	0.002	0.30***	-0.08
Mediator								
Promise strength		-0.19*		0.23*				
Promise fulfilment						0.35***		0.15†
Model statistics								
N	147	141	147	118	147	141	146	117
F	31.80***	14.83***	25.50***	16.36***	4.36	31.05***	7.27**	15.49***
R^2	0.31	0.28	0.25	0.34	0.04**	0.48	0.08	0.36
Control ΔR^2	0	0.26***	0.01	0.34***	0	0.36***	0.00	0.34***
IV ΔR^2	0.31***	0.2	0.26***	0.00	0.06**	0.01	0.09***	0.00
M ΔR^2		0.24*		0.03*		0.11***		0.02†
Bootstrap CI for indirect effect[a]	(-0.48, -0.01)		(0.027, 0.182)		(0.0563, 0.301)		(0.0018, 0.1556)	

Note. DV = dependent variable; IV = independent variable; M = mediating variable; CI = confidence interval

* p<0.1 **p<0.05; ***p<0.01