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Deposited in *Repositório ISCTE-IUL*:

2024-07-10

Deposited version:

Accepted Version

Peer-review status of attached file:

Peer-reviewed

Citation for published item:

Arias, D. & Costa, S. (2023). Flexible work arrangement expectations: The impact on psychological contract breach and work outcomes. In Sonia Taneja (Ed.), *BAM 2023 Conference Proceedings*. University of Sussex: British Academy of Management.

Further information on publisher's website:

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Flexible work arrangement expectations: The impact on psychological contract breach and work outcomes

Abstract

The main goal of this paper is to understand the impact of flexible work arrangements expectations in the reality of post Covid-19 have on organizational commitment, job satisfaction, and work-life balance. Moreover, we examine the mediating role of psychological contract breach. In a sample of one hundred and thirty employees, findings show that there is a discrepancy between what employees expect and receive in terms of flexibility, which has a positive relationship with psychological contract breach. Moreover, results also show a negative relationship with organizational commitment, job satisfaction, and work-life balance. Our findings are relevant to managers and organizations as they stress the need to recognize that offer different form of flexibility contributes to a more positive relationship with the organization and job. Additionally, it allows employees to have balance between their personal and professional lives.

Keywords: Flexible work arrangements, psychological contract breach, work-related outcomes

Track: Organizational Psychology

Word count: 1995

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INTRODUCTION

Covid-19 pandemic forced companies to quickly adapt by offering flexible options to their employees in order to survive to the new global situation. Before the pandemic, as of 2019, only 5.4% of employees in the EU-27 usually worked from home – a share that remained rather constant since 2009 (European Commission, 2021). Due to technology advancements and the pandemic, organizations were required to find a way for their employees to work from home. Consequently, early estimates suggested that close to 40% of those currently working in the EU began to telework full-time because of the pandemic (Ahrendt, et al., 2020). Interestingly, results from a study in a variety of industries showed that only 36% are expecting things to go back to normal (pre-Covid-19 conditions) whereas 64% are presuming that they will have the option to completely work from home. Also, more than half of the respondents supported the idea of a hybrid model, that is, half of the time working from home and the other half from the office. Lastly, 38% of respondents supported the notion of more flexible working hours after the pandemic. The study establishes that most respondents are hoping for changes to the conventional work expectations (Diab-Bahman & Al-Enzi, 2020). Moreover, it has been reported that the number of teleworkers in the spring of 2021 fell as more workers returned to the office (Ahrendt, et al., 2020). Despite this, the desire to telework has not waned as most EU workers expressed a preference to work from home several times per week in the long-term. In support of these results, Kossek et al. (2021) explain that: yet coming out of the pandemic, a growing number of companies have announced that they plan to “embrace flexibility”, particularly in a hybrid working model. Three key reasons are pointed out: First, businesses believe that the 24/7 remote-work form of flexibility can be leveraged to support productivity. Second, employees — especially Millennials — are threatening to quit unless they are granted flexible working options. Third, some leaders assume that when employees are permitted to work flexibly, they automatically experience more harmony in their work-life balance.

In this context, understanding workers' new expectations about work flexibility, in contrast to traditional work models, is critical to provide insights to employers, so they can fulfil workers' needs, motivate, and retained them. New expectations about flexible work arrangements (FWAs) challenges both employees and organizations, by creating new expectations for each party. Expectations inform us about the likelihood of future events, but they can also influence expectancy-related outcomes (Olson, Roese, & Zanna, 1996). Expectations guide behaviors and decisions, without necessarily being aware of doing so. Such expectations can yield expectancy-confirming effects (Tamir & Bigman, 2018). Therefore, expectations have consequences in work relationships as they are part of employees' psychological contract. Specifically, the psychological contract outlines the individual's beliefs (expectations) concerning the reciprocal obligations that exist between the employee and the organization (Rousseau, 1989). Based on social exchange theory (Blau, 1964) and on the norm of reciprocity (Gouldner, 1960), previous literature shows that when employees believe that they are not receiving what they expect, a psychological contract breach occurs (PCB; Robinson & Rousseau, 2000). As such, when employees expect to receive FWAs, but the organization is not offering them, a breach is likely to occur. PCB are associated with a variety of negative outcomes such as lower performance, OCBs, commitment, and satisfaction (Zhao et al., 2007).

In this paper, we propose that employees expect to receive FWAs and when there is a discrepancy between what they expect and receive they will perceive a PCB, which in turn

will be negatively associated with commitment, job satisfaction and work life balance. Our hypotheses are:

Hypothesis 1: Discrepancy between FWAs expectations and what is provided by the organization is positively related to PCB.

Hypothesis 2: Psychological contract breach mediates the negative relationship between FWAs discrepancy and organizational commitment (H2a), job satisfaction (H2b), and work-life balance(H2c).

METHOD

Sample and Procedure

The sampling method used was the snowball technique, in which participants are expected to invite people around them who have the characteristics needed to participate in the research. To gather responses from participants, data collection was carried out using an online survey on the Qualtrics platform, that included questions related to each variable that wanted to be measured. To avoid bias, questions were randomized. Two hundred and seven people participated in this study, which was carried out on employees in America and Europe, with a minimum age limit of 18 years old. The criteria of selection to be suitable for the study was to be currently working, which reduced the sample to a total of one hundred and thirty. The subjects of study, the age ranged from 21 to 68 years old (mean=30.6 and $SD = 6.9$). As for gender, 34% of participants were male, 64% were female and 2% were considered non-binary. Finally, 79.86% of the participants reported not having any children.

Measures

Unless otherwise stated, all scales used to measure the constructs used a five-point Likert ordinal scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Flexible work arrangement discrepancy. We developed a measure for FWA discrepancy based on Kossek et al. (2015) description of flexibility types. First, we asked participants what they expect to receive in terms of flexibility (time, location, workload, leave periods). They could select any option or a combination. We also asked what is currently being offered by the organization. We then calculated the discrepancies between what they expected and received, with zero representing no discrepancies ($\alpha=.98$).

Psychological contract breach. We used Robinson and Morrison's (2000) five-item scale to assess PCB, "So far my employer has done an excellent job of fulfilling its promises to me", "I feel that my employer has come through in fulfilling the promises made to was hired" ($\alpha=.87$).

Job satisfaction. We measured job satisfaction with Schriesheim and Tsui's (1980) five-item scale including satisfaction with colleagues, supervisors, income, and overall job satisfaction ($\alpha=.80$).

Work-life balance (WLB). We used Fisher et al.'s (2009) 15-item scale and it included work interference with personal life, personal life interference with work, and work/personal life enhancement questionnaire ($\alpha=.77$).

RESULTS

Descriptive statistics and correlations are presented in table 1.

Hypothesis testing

BM SPSS V.28.0.0 was used to perform all the analyses. The first hypothesis was examined through a simple linear regression. Then we used macro Process for SPSS for testing the mediation models. Hypothesis 1 stated that discrepancies between FWAs expectations and what is provided by the organization is positively related to PCB. Results from the simple linear regression support this hypothesis ($B = .39, p < .01$). The adjusted R^2 shows that 13.9 % of the variation of the PCB is explained by FWAs discrepancies. Hypothesis 2 states that PCB mediates the negative relationship between FWAs discrepancies and the outcomes (H2a - commitment, H2b – satisfaction and H2c - WLB). We first assessed the direct effect of FWAs discrepancies on each outcome. We then tested the joint effect of FWAs discrepancies and PCB on each outcome with a multiple linear regression. Finally, we examine the indirect effect of FWAs discrepancies on each outcome via psychological contract breach. Results showed a negative relationship between FWAs discrepancies and job satisfaction ($B = -.28, p = .01$). The results were not significant for organizational commitment ($B = -.15, p = .15$), or work-life balance ($B = -.15, p = .16$). We then move the test of the mediation as the direct relationship between independent variable (FWAs) and the outcomes is not required to perform the analysis (MacKinnon et al., 2002). Multiple regression showed that FWAs discrepancies were not directly and significantly related to the outcomes ($B = .06, p = .51$; $B = -.02, p = 0.83$; $B = .00, p = 0.98$, respectively), when PCB is in model ($B = -.56, p < .01$; $B = -.65, p < .01$; $B = -.49, p < .01$). The standardized indirect effects of flexible work discrepancies on organizational commitment, job satisfaction and work life via PCB were all significant (indirect effect = $-.18, 95\%CI = [-.30, -.07]$; indirect effect = $-.25, 95\%CI = [-.37, -.13]$; indirect effect = $-.16, 95\%CI = [-.26, -.07]$, respectively), which supports our hypotheses H2a, H2b, and H2c.

DISCUSSION

The main goal of this study was to evaluate if there are expectations about flexible work arrangements in the post Covid-19 context, and whether these expectations impact organizational commitment, job satisfaction, and work-life balance. Moreover, this study assesses the role of psychological contract breach as a mediator in the relationship between discrepancies and the outcomes. Hypotheses were confirmed which shows that FWAs discrepancies are negatively related the outcomes and that these relationships are fully mediated by PCB.

The discrepancy between expectations and what employees get in terms of FWAs, means employees want more and different flexible work arrangement options, and this occurs because workers used to think flexible work was just work from home and was used for a specific sector like freelancers (Diab-Bahman & Al-Enzi, 2020), but the Covid-19 pandemic showed that many jobs can be performed from home or from everywhere, and it also had an impact in other forms of FWAs (CIPD, 2021). Thus, the pandemic pushed companies and employees to adopt new behaviors, accelerating the existing trends of flexible work arrangements (Lund, et al., 2021). When employees do not receive what they expect in terms of FWAs, they will reciprocate accordingly by lowering their commitment to the organization and satisfaction to their job. This finding reinforces the idea that psychological contract breach affects negatively not only the employment relationship quality (Zhao et al., 2007) but, in the case of FWAs, it also undermines the satisfaction with one's job and the balance between one's job and personal life.

Our study contributes to the literature on FWA and psychological contract showing that flexibility is critical for how employees assess their employment relationships. If employees have expectations about flexibility that are not materialize in real flexible options,

this will generate broken expectation which in turn will affect employees' attitudes and behaviors. As a practical implication, managers and organizations need to fulfil employees' expectations if they want to create positive employee-organization relationships. FWAs should be seen as a holistic package of components, where the amount of work and leave periods are still important for workers, for several reasons, such as the fact of avoiding burnout and stress from an overload of work, decreased work-family conflict, and employers are not taken care employees expectations as they want, having in mind that they could also benefit with less turnover and retention of quality of employees (Kossek et al., 2015). For this reason, organizations should implement flexible working options based on their employees' preferences, to prevent psychological contract breach and minimize the negative effects on the outcomes.

Plan to develop the paper: Test moderators – number of children, FWA perceptions, type of work. Develop a 2nd study using a time-lagged design.

Table 1 – Descriptives and correlations

	α	M	SD	1	2	3	4	5	6	7
1. FWD	0.981	1	1.13	1						
2. PCB	0.868	2.14	1.01	0.386**	1					
3. OC	0.844	3.10	0.93	-0.147	-0.531**	1				
4. JS	0.801	3.56	0.86	-0.282**	-0.657**	0.704**	1			
5. WLB	0.773	3.53	0.73	-0.150	-0.408**	0.232*	0.335*	1		
6. Gen.	-	-	-	-0.092	-0.053	-0.150	0.066	-0.015	1	
7. Age		30.60	6.90	-0.189*	-0.024	-0.015	0.044	0.199	-0.101	1
8. Child	-	-	-	0.025	-0.033	0.377	-0.078	-0.086	-0.091	-0.493**

FWD: Flexible work discrepancies, PCB: Psychological Contract Breach, OC: Organizational Commitment, JS: Job satisfaction, WLB: Work-life Balance
 Gen.: Gender, α : Cronbach alpha, SD: Standard deviation.
 *Significant at 0.05, **Significant at 0.01

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