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The Employment Relationships of Junior Accountants: Importance of Perceived Organizational Support

Richard Winter and Gary Monroe

Abstract

Organizational support theory (OST) and psychological contract theory (PCT) both assume employees form emotional attachments to the organization on the basis of global beliefs concerning the extent to which the organization is perceived to be able to reciprocate with desired material (e.g., salary, training and skill development) and socioemotional resources (e.g., help with problems, trust and respect, job security). This study utilizes OST and PCT to examine the employment relationships and work attitudes of junior accountants in Australian accounting firms – a cohort in which there is considerable industry churn each year. On the basis of social exchange theory, we expected junior accountants to report higher levels of perceived organizational support (POS), higher levels of affective commitment, and lower turnover intentions when they believed the organization had fulfilled its obligations to them under the psychological contract. As hypothesized, fulfillment of psychological contract obligations exerted significant positive effects on POS, and POS mediated the psychological contract fulfillment-work attitudes relationship. Findings indicate training and development contributes significantly to the degree of organizational support young accountants perceive at work. Implications of study findings are discussed with reference to related theory and characteristics of the target group.

Introduction

For many years, organizational theorists (e.g., Argyris, 1960; Etzioni, 1961; Levinson, 1965; Mowday, Porter, & Steers, 1982) have viewed the employee-employer relationship as a social exchange process based on the norms of reciprocity (Gouldner, 1960) and mutual support (Blau, 1964). A mutually supporting and productive employment relationship may exist where employees perceive they owe the
organization a great deal and the organization is highly obligated to them (Shore & Barksdale, 1998). In such a relationship, employees freely exchange their time, effort, skills, and commitment in return for the organization’s provision of desired monetary and socioemotional benefits (Meyer & Allen, 1997; Mowday et al., 1982; Rhoades, Eisenberger, & Armeli, 2001).

As a social exchange process, researchers have framed the employment relationship in terms of the psychological contract – the unwritten promises, mutual expectations and obligations existing between employees and their organizations (Rousseau, 1995), and in terms of perceived organizational support (POS) – the extent to which the organization conveys to employees their contributions are valued and the organization cares about their well-being (Rhoades & Eisenberger, 2002). Recently, Aselage and Eisenberger (2003, p.492) proposed POS and the psychological contract are mutually interdependent constructs by emphasizing both theories “assume that employees increase their efforts carried out on behalf of the organization to the degree that the organization is perceived to be willing and able to reciprocate with desired impersonal and socioemotional resources”.

Researchers have yet to fully understand the relationship between psychological contracts, POS, and individual’s work attitudes and behaviors (Aselage & Eisenberger, 2003; Coyle-Shapiro & Kessler, 2000; Coyle-Shapiro & Conway, 2005). This may be due to the fact that psychological contract and organizational support research has been conducted in two parallel streams (Aselage & Eisenberger, 2003). For instance, organizational support theory has given primary attention to the favorableness of employees’ work experiences as antecedents of POS, whilst a substantial proportion of the psychological contract research has tended to focus on the consequences of employers failing to fulfill one or more of its obligations to employees – referred to as psychological contract violation (Morrison & Robinson, 1997; Robinson & Rousseau, 1994). Relatively few studies have examined the consequences of psychological contract fulfillment (PCF) in respect to POS and employees’ work attitudes.

In this study, psychological contract theory and organizational support theory are used to gain insights into the employment relationships and work attitudes of junior accountants in Australian firms. Although researchers have utilized organizational support and psychological contract constructs in studying the employee-employer relationship, only recently have researchers made attempts at theoretical integration in empirical studies (Coyle-Shapiro & Conway, 2005; Gakovic & Tetrick, 2003). As a consequence, POS “has not been explicitly incorporated into the psychological contract framework” (Coyle-Shapiro & Kessler, 2000, p.909) and POS remains an under-developed concept despite claims for its predictive utility (Rhoades & Eisenberger, 2002). Therefore, a primary aim of this study is to understand the relative importance of perceived organizational support (POS) and psychological contract fulfillment (PCF) in explaining junior accountants’ work attitudes. On the basis of the reciprocity norm inherent in social exchange theory (Blau, 1964; Gouldner, 1960; Levinson, 1965), we expected junior accountants to report higher affective commitment to the firm and voice lower intentions to leave so long as the firm reciprocates by fulfilling their expectations of high remuneration and ongoing professional training and development (Winter, Fraser, & Monroe, 2005). It was also expected that the strength of these PCF-work attitude relationships would be mediated by the influence of POS (Allen, Shore, & Griffeth, 1998; Rhoades et al., 2001; Winter et al., 2005).

The Employment Relationships of Junior Accountants

In Australia, accounting firms are perhaps facing their greatest challenge: to attract and retain junior accountants in an environment of almost full employment and severe skills shortages across the profession (Ross, 2005). Each year, the Big 4 accounting forms (i.e., KPMG, PricewaterhouseCoopers, Ernst & Young, Deloitte) spend significant amounts of funds recruiting and training staff from interstate and overseas in an attempt to stem the exodus of “young, talented people” (Ross, 2005, p.44). Comments from junior accountants working in the audit, tax and insolvency divisions of Big 4 firms suggest they are actively looking for other job opportunities when their firms fail to fulfill one or more of their obligations in respect to salaries and compensation for staff overtime (Winter & Monroe, 2004). Although junior accountants may feel overwhelmed by the pressures of overtime and tight schedules, studies of graduates suggest many will continue...
to exhibit high levels of organizational commitment and produce positive results for clients provided firms meet their expectations for training and career development opportunities (Arnold & Mackenzie Davey, 1999; Sturges, Guest, Conway, & Mackenzie Davey, 2002).

Insights into junior accountants’ employment relationships need to take account of this cohort’s work-related expectations and values (Loughlin & Barling, 2001; Moodie, 2004; Smola & Sutton, 2002), characteristics of the new employment relationship (Roehling, Cavanaugh, Moynihan, & Boswell, 2000), and specifically, the concept of employability (Dench, 1997; Garavan, 1999). In the new employment relationship, Generation X and Y employees (i.e., those born after 1964 and 1980 respectively) are expected to develop ‘boundaryless careers’ (Arthur & Rousseau, 1996) and assume responsibility for developing and maintaining skills that produce positive results for customers (Roehling et al., 2000). In exchange, employers are expected to provide employees appropriate training and assistance with career management (e.g., mentors, coaches) (Rousseau, 1996). In making these new deals (Cappelli, 1999; Herriot & Pemberton, 1997; Rousseau, 1996), younger employees are expected to exchange skill flexibility for short-term contracts and employability based on results (Garavan, 1999). This means possessing not only specific technical skills, but a range of analytical and communication skills that are current and marketable. In this fluid employment relationship, training and personal development is highly valued by younger employees since these opportunities allow knowledge and skills to be expanded (Jackson, 2004).

**Psychological contract**

Argyris (1960) introduced the concept of a psychological work contract to describe a hypothesized exchange relationship between employees and supervisors in two factories under study (i.e., employees will maintain high production in exchange for supervisors guaranteeing adequate wages and secure jobs). The concept was further expanded by researchers highlighting the unwritten, implicit nature of the psychological contract whereby both employer and employee tacitly accept the others’ mutual expectations and implied obligations (Levinson, Price, Munden, Mandl, and Solley, 1962). Contemporary research has retained these core elements defining the

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**Figure 1. Hypothesized model**

**Psychological Contract Fulfillment (PCF)**
- Transactional
- Training and Development

**Perceived Organizational Support (POS)**

H1 – PCF is positively related to POS

H2 – PCF is positively related to affective commitment and negatively related to intentions to leave

H3 – POS is positively related to affective commitment and negatively related to intentions to leave

H4 – POS mediates effects of PCF on work attitudes

**Work Attitudes**
- Affective Commitment
- Intentions to Leave
psychological contract as dependent on “promises, reliance, acceptance, and a perception of mutuality” (Rousseau, 1995, p.22). Adopting Rousseau’s (1995) cognitive-perceptual definition of the concept, researchers have highlighted the importance of individual perceptions of obligations. Thus, an individual employee can have a “unique experience regarding his or her exchange with an employer” (Rousseau & Tijoriwala, 1998, p.680). Since the psychological contract is essentially a subjective perception which differs between individuals, the experience will differ according to each employee’s work-related expectations (Loughlin & Barling, 2001) and employment goals (Shore & Barksdale, 1998). For example, an employee seeking to build a career with an organization will be inclined to seek out extensive information conveying what the organization values in terms of employee contributions. Conversely, an employee with a short-term interest in working for the organization may seek out limited information and form a contract around salary concerns and working conditions (Shore & Tetrick, 1994). Reciprocity is also a central feature of the psychological contract. According to Rousseau (1989, p.124), psychological contracts form when “an individual perceives that contributions he or she makes obligate the organization to reciprocity (or vice versa)”. It is the belief in this obligation of reciprocity, although unilateral, that constitutes the psychological contract. Thus, from a social exchange perspective, an employee’s psychological contract consists of employee perceptions of the mutual obligations between employee and employer (Rousseau, 1989, 1990; Shore & Barksdale, 1998). When the employee perceives the employment relationship is balanced, the employee perceives “that they owe the organization a great deal (i.e., they feel highly obligated to fulfill a wide variety of contract terms) and that the organization is also highly obligated to them” (Shore & Barksdale, 1998, p.734). In this mutual high obligations relationship, employees report “much higher levels of perceived organizational support, career future, and affective commitment, and lower levels of turnover intention than all other types of exchange relationships” (Shore & Barksdale, 1998, p. 731).

A key element of psychological contract theory is the temporal distinction between short-term (limited obligations) economic exchanges versus long-term (open-ended obligations) relational exchanges (Rousseau and Tijoriwala, 1998). Transactional contracts entail short-term monetary exchanges such as a willingness to work overtime and/or provide high levels of customer service in return for merit pay (Robinson, Kraatz, & Rousseau, 1994) and good working conditions (McDonald & Makin, 2000). In contrast, relational contracts reflect broader socioemotional elements such as trust and respect, open-ended communication, job security, and loyalty (Cavanaugh & Noe, 1999; Lester, Claire, & Kickul, 2001). Training and career development has also been identified as a distinct component of the psychological contract (Coyle-Shapiro & Kessler, 2000; Maguire, 2002). As a key part of the new employment relationship (Roehling et al., 2000), employees are expected to exchange effort and commitment in return for the organization providing the employee appropriate training, education, and career development opportunities.

Researchers have recently turned their attention to the relationship between psychological contract theory and perceived organizational support (POS) (Aselage & Eisenberger, 2003; Coyle-Shapiro & Conway, 2005; Coyle-Shapiro & Kessler, 2000, 2002). Aselage and Eisenberger (2003) derived a number of propositions reflecting the key processes each theory has in common for describing the employee-employer relationship. In suggesting the two theories are mutually interdependent, Aselage and Eisenberger (2003) observe each theory incorporates “the exchange of socioemotional resources, promoted by the reciprocity norm, as an important aspect of the development of exchange relationships between employees and their work organization” (p.497).

A number of studies have investigated the relationship between psychological contract fulfillment and POS (Coyle-Shapiro & Kessler, 2000; Coyle-Shapiro & Conway, 2005; Gakovic & Tetrick, 2003). The fulfillment of perceived obligations by the organization is often interpreted as organizational support and a signal of the employer’s commitment to the employee. That is, employees that report higher levels of POS believe the organization has met its perceived obligations to them under the psychological contract (Eisenberger, Armeli, Rexwinkel, Lynch, & Rhoades, 2001). Coyle-Shapiro and Kessler (2000) found support for a positive association between psychological contract fulfillment and POS in their large-scale
survey of 3,230 local authority employees’ psychological contracts. In a later study, Coyle-Shapiro and Kessler (2002) reported British civil servants worked extra hours and volunteered to do extra tasks so long as they believed the organization had fulfilled its obligations to them. More recently, Coyle-Shapiro and Conway (2005) surveyed 347 local government employees on four occasions and reported psychological contract fulfillment at time 1 had a positive effect on POS at time 2. Assuming accounting firms strive to meet junior accountants’ expectations for fair pay and job-specific training and development (Jackson, 2004; Loughlin & Barling, 2001; Tang, Kim, & Tang, 2002), it might be expected such favorable treatment would be reflected in employee perceptions of organizational support.

**Hypothesis 1:** Fulfillment of the psychological contract will have a positive effect on employee perceptions of organizational support.

As members of Generation X and Y groups, junior accountants are expected to stay with the firm and help it reach its objectives so long as the organization reciprocates with high remuneration (Oddy & Grimmer, 2004; Tang et al., 2002) and ongoing professional training and development opportunities (Loughlin & Barling, 2001; Moodie, 2004; Smola & Sutton, 2002). This expectation arises from the notion of mutual benefit in that through salary, education and training organizations will accrue significant benefits in the form of increased efficiency and more innovative staff. Thus, from a social exchange perspective, junior accountants who believe their firms have met their perceived obligations for delivering on material rewards (e.g., competitive salary, paid tuition fees, leave provisions) and training and development outcomes (e.g., up to date training and development, support to learn new skills) should report higher levels of affective commitment and lower intentions to leave the organization. Support for the positive influence of training and development on the affective commitment, turnover and job performance of graduates has been reported in a number of UK studies (Sturges, Guest, Conway, and Mackenzie Davey, 2002; Sturges, Conway, Guest, & Liefooghe, 2005). Furthermore, fulfillment of psychological contract obligations has been shown to contribute substantially to the prediction of work outcomes compared to broader non-promissory expectations (Coyle-Shapiro & Kessler, 1990; Robinson, 1996).

**Hypothesis 2:** Psychological contract fulfillment will be positively related to affective commitment and negatively related to intentions to leave the organization.

**Perceived organizational support**

According to organizational support theory (Rhoades & Eisenberger, 2002), employees form emotional attachments to organizations (and their agents) on the basis of “global beliefs concerning the extent to which the organization values their contributions and cares about their well-being” (Eisenberger, Huntington, Hutchison, & Sowa, 1986, p.501). Such an attachment represents the employee’s belief the organization has fulfilled its part of the social exchange agreement to provide organizational rewards and favorable job conditions in exchange for employee loyalty and affective commitment (Rhoades & Eisenberger, 2002). Employees that experience high levels of POS should feel a strong obligation to care about the organization’s welfare and to help it reach its goals (Eisenberger et al., 2001). In this positive mood state, employees are more likely to exceed their required work responsibilities (George & Brief, 1992), express commitment to the organization (Rhoades et al., 2001), and voice lower turnover intentions (Rhoades & Eisenberger, 2002). Studies investigating the antecedents and consequences of POS have found supportive human resource management practices (i.e., fairness of rewards, supervisor support, growth opportunities) contribute to the development of POS, which, in turn, increases organizational commitment and decreases employee turnover (Allen, Shore, & Griffeth, 2003; Rhoades et al., 2001; Tansky & Cohen, 2001).

**Hypothesis 3:** Perceived organizational support will be positively related to affective commitment and negatively related to intentions to leave the organization.

Prior studies have reported POS plays an important mediating role in the relationship between work experiences and work outcomes (Allen, Shore, & Griffeth, 1998; Hochwarter, Kacmar, Perrewé, & Johnson, 2003; Rhoades et al., 2001; Wayne et al., 1997; Winter et al.,
A number of positive work experiences such as fairness of rewards (Allen et al., 1998), supervisor support (Wayne et al., 1997), and job security (Rhoades & Eisenberger, 2002) have shown to have a positive effect on POS and affective commitment. Support for the mediating effects of POS on affective commitment and employee turnover have been reported in a number of studies (Eisenberger et al., 1986, 1990; Rhoades et al., 2001; Wayne et al., 1997). In addition, POS has been found to fully mediate the relationship between perceptions of politics, affective commitment, performance, and job induced tension (Hochwarter et al., 2003). Assuming the relationship between POS and felt obligations increases with employees’ acceptance of the reciprocity norm as social exchange theorists maintain (Shore & Tetrick, 1994; Wayne et al., 1997), reciprocation might take the form of increased commitment to the organization and lower turnover intentions.

Hypothesis 4: Perceived organizational support will mediate the relationship between psychological contract fulfillment and individual work attitudes (affective commitment, intentions to leave).

Method

Participants and procedure
In November 2003, questionnaire data were obtained from 219 junior accountants participating in a national training course designed to assist them in preparing for their professional exams. All participants attending the course responded to the survey and received a small gratuity for their participation. Questionnaires were collected on the same day as a check against possible response bias over time.

Of the respondent sample, 117 (55 per cent) were women. One hundred and twenty-six respondents (58 per cent) were less than 25 years of age, 78 (36 per cent) were between the ages of 25 and 29, and 14 (6 per cent) between 30 and 39 years of age. Regarding organizational tenure, 162 (74 per cent) had been with their organization between 1 and 3 years, 34 (16 per cent) less than 1 year, and 23 (10 per cent) more than 4 years. All respondents were full-time employees. One hundred and seventeen respondents (58 per cent) were employed by Big 4 firms, 58 (29 per cent) by middle-tier firms, and 27 (13 per cent) by small accounting firms.

Measures

Psychological contract fulfillment
To examine instances of psychological contract fulfillment, a 13-item measure was constructed based on transactional (3 items), relational (6 items), and training and development (4 items) dimensions of the psychological contract studied in previous research (Coyle-Shapiro & Kessler, 2000; Lester et al., 2001; McDonald & Makin, 2000; Maguire, 2002; Winter et al., 2005). Respondents were asked to indicate the extent to which the firm had fulfilled its obligations to provide “a competitive salary”, “fair pay for the responsibilities I have in my job”, and “pay increases to maintain my standard of living” (transactional contract); “trust and respect”, “some degree of job security”, “fairness and justice in personnel procedures”, “open and honest communication”, “opportunities for promotion and advancement”, and “recognition and feedback on performance” (relational contract); “up to date training and development”, “support when I want to learn new skills”, “the necessary training to do my job well”, and “assistance with career development” (training and development contract). Respondents answered on a five-point scale (1 = not at all fulfilled, 5 = very well fulfilled).

Psychological contract fulfillment and all other study measures were subjected to a principal components factor analysis with oblimin rotation to determine item retention (Kim & Mueller, 1978). Items with loadings greater than or equal to .40 on the target measure were retained so long as they did not produce a cross-loading of .30 or greater. Table 1 presents scale items and their standardized factor loadings. The three transactional contract fulfillment items emerged as a distinct factor (eigenvalue = 1.27; 6.33 per cent variance explained). After eliminating four relational contract items with low factor loadings (i.e., “fairness and justice in personnel procedures”, “open and honest communication”, “opportunities for promotion and advancement”, “recognition and feedback on performance”), one factor emerged consisting of four training and development items and the two remaining relational items. Since training and development items displayed higher factor loadings compared to the relational items “some degree of job security” and “trust and respect”, the decision was made to label this factor training and development contract fulfillment (eigenvalue =
1.02; 5.09 per cent variance explained). The alpha reliability estimate for the total sample was 0.86 for the transactional contract scale and 0.83 for the training and development contract scale.

Perceived organizational support
Perceived organizational support (POS) refers to a global belief concerning the extent to which the organization values employee contributions and cares about their well-being (Eisenberger et al., 1986, p.501). POS was measured using eight highly-loadings items taken from Eisenberger et al.’s (1986) 36-item Survey of Perceived Organizational Support. Prior studies have provided evidence for the high internal reliability and validity of this scale (Eisenberger, Fasolo, & Davis-LaMastro, 1990; Rhoades et al., 2001). One item, “the organization cares about my opinions”, cross-loaded on affective commitment and was removed resulting in a seven-item POS scale (see Table 1). The seven items showed high factor loadings and explained 41.08 per cent of the total variance (eigenvalue = 8.22). For all scale items, respondents answered on five-point scales (1 = strongly disagree, 5 = strongly agree). The reliability estimate for the seven-item POS scale was 0.85.

Affective commitment
Employee commitment to the organization was measured using Meyer and Allen’s (1997) eight-item affective commitment scale. Affective commitment refers to the employee’s “emotional attachment to, identification with and involvement in the organization” (Meyer & Allen, 1997, p.11). Five items in the eight-item commitment scale cross-loaded with relational contract and POS construct items. The items that cross-loaded and removed were “I would be very happy to spend the rest of my career with this organization”, “I do not feel like part of the family at my organization”, “I enjoy discussing my organization with people outside it”, “I think that I could easily become as attached to another organization as I am to this one”, and “I do not feel a strong sense of belonging to this organization”. Table 1 shows the three highly loading affective commitment items (eigenvalue=1.37; 6.85 per cent variance explained). All items were measured on a five-point scale (1=strongly disagree, 5=strongly agree). The reliability estimate for the three-item affective commitment scale was 0.76.

Intentions to leave
Adopting the scale suggestions of Bluedorn (1982) and Jarros (1995), intentions to leave was measured in terms of frequency (1 = never, 5 = very often) of turnover intentions and the likelihood (1=very unlikely, 5 = very likely) of leaving the organization over a common time period (i.e., twelve months). Table 1 shows one item measured frequency of intentions and two items the likelihood of turnover (eigenvalue=1.37; 6.85 per cent variance explained). The reliability estimate for the three-item intentions to leave scale was 0.91.

Demographics
Respondents were asked to indicate their age (1 = 25 years or less, 5 = 50 +) gender (1 = male, 2 = female), tenure in current organization (1 = less than 1 year, 5 = 10 +), and organization type (1 = small firm, 2 = middle tier, 3 = big four).

Analysis
The study’s hypotheses were tested using structural equation modeling (SEM) techniques. SEM provides advantages over regression by accounting for measurement error and providing an assessment of model efficacy based on its fit with the data (Bollen, 1989). Hypothesized structural models were examined using covariance matrices and the maximum likelihood (ML) estimation procedure offered by the AMOS software (Byrne, 2001). Covariances, using estimated mean values for missing data, were computed based on a sample of 219 accountants. Since the sample size of 219 was not sufficiently large to support a full measurement model, models were estimated using the ML method based on composite variables. Stone and Sobel (1990) suggest that ML estimation shows little bias in parameter estimates in small recursive SEM models (e.g., six variables) based on composite variables (i.e., no measurement model) and tested on sample sizes with as few as 100 observations. To test the study’s hypotheses, alternative structural models were specified and chi-square statistics compared. A non-significant chi-square is indicative of a model that fits the data well (Bollen, 1989). Since the chi-square statistic is sensitive to sample size, model fit indices were compared and used to assess the validity of the models. Index fits greater than 0.90 indicate an adequate fit of the model to the data (Bentler & Bonett, 1980).
Table 1. Factor analysis and item loadings

<table>
<thead>
<tr>
<th>Factor and item</th>
<th>Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Perceived Organizational Support</strong></td>
<td></td>
</tr>
<tr>
<td>1. Help is available from the organization when I have a problem.</td>
<td>.71</td>
</tr>
<tr>
<td>2. The organization shows very little concern for me. (R)</td>
<td>.63</td>
</tr>
<tr>
<td>3. Even if I did the best job possible, the organization would fail to notice. (R)</td>
<td>.62</td>
</tr>
<tr>
<td>4. The organization is willing to help me when I need a special favor.</td>
<td>.61</td>
</tr>
<tr>
<td>5. The organization takes pride in my accomplishments at work.</td>
<td>.60</td>
</tr>
<tr>
<td>6. The organization tries to make my job as interesting as possible.</td>
<td>.59</td>
</tr>
<tr>
<td>7. My organization strongly considers my goals and values.</td>
<td>.58</td>
</tr>
<tr>
<td><strong>Eigenvalue = 8.22; 41.08 per cent variance explained</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Affective Commitment</strong></td>
<td></td>
</tr>
<tr>
<td>1. I really feel as if this organization’s problems are my own.</td>
<td>.86</td>
</tr>
<tr>
<td>2. This organization has a great deal of personal meaning for me.</td>
<td>.66</td>
</tr>
<tr>
<td>3. I do not feel ‘emotionally attached’ to this organization. (R)</td>
<td>.66</td>
</tr>
<tr>
<td><strong>Eigenvalue = 1.80; 9.01 per cent variance explained</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Intentions to Leave</strong></td>
<td></td>
</tr>
<tr>
<td>1. How likely is it you will actually leave the organization in the next 12 months?</td>
<td>.98</td>
</tr>
<tr>
<td>2. How likely is it you will search for a position with another employer in the next 12 months?</td>
<td>.93</td>
</tr>
<tr>
<td>3. How frequently have you thought about leaving the organization over the past 12 months?</td>
<td>.68</td>
</tr>
<tr>
<td><strong>Eigenvalue = 1.37; 6.85 per cent variance explained</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Transactional Contract Fulfillment</strong></td>
<td></td>
</tr>
<tr>
<td>1. A competitive salary.</td>
<td>.92</td>
</tr>
<tr>
<td>2. Fair pay for the responsibilities I have in my job.</td>
<td>.84</td>
</tr>
<tr>
<td>3. Pay increases to maintain my standard of living.</td>
<td>.74</td>
</tr>
<tr>
<td><strong>Eigenvalue = 1.27; 6.33 per cent variance explained</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Training and Development Contract Fulfillment</strong></td>
<td></td>
</tr>
<tr>
<td>1. Up to date training and development.</td>
<td>.84</td>
</tr>
<tr>
<td>2. Support when I want to learn new skills.</td>
<td>.68</td>
</tr>
<tr>
<td>3. The necessary training to do my job well.</td>
<td>.67</td>
</tr>
<tr>
<td>4. Assistance with career development.</td>
<td>.66</td>
</tr>
<tr>
<td>5. Some degree of job security.</td>
<td>.60</td>
</tr>
<tr>
<td>6. Trust and respect.</td>
<td>.48</td>
</tr>
<tr>
<td><strong>Eigenvalue = 1.02; 5.09 per cent variance explained</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Note.** N = 219; (R) = reverse-coded. All loadings are standardized.

Results

Intercorrelations between study variables are shown in Table 2. As expected, psychological contract dimensions and POS showed significant positive and negative associations with affective commitment and intentions to leave respectively. Respondents expressed greater emotional attachment to the organization the longer their tenure in the organization.
Table 2. Descriptive statistics and correlations

<table>
<thead>
<tr>
<th>Measure</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Age</td>
<td>1.49</td>
<td>0.62</td>
<td>?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Gender</td>
<td>1.55</td>
<td>0.50</td>
<td>-17</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Tenure</td>
<td>1.97</td>
<td>0.59</td>
<td>.01</td>
<td>-08</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Organization typed</td>
<td>2.57</td>
<td>0.81</td>
<td>-.14</td>
<td>.00</td>
<td>-.09</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Transactional contract</td>
<td>3.03</td>
<td>0.97</td>
<td>.14</td>
<td>.03</td>
<td>-.03</td>
<td>-.08</td>
<td>(.86)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Training and development contract</td>
<td>3.67</td>
<td>0.72</td>
<td>-.06</td>
<td>.10</td>
<td>-.01</td>
<td>.06</td>
<td>.58**</td>
<td>(.83)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Perceived organizational support</td>
<td>3.14</td>
<td>0.66</td>
<td>.04</td>
<td>.03</td>
<td>.06</td>
<td>-.16*</td>
<td>.58**</td>
<td>(.85)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Affective commitment</td>
<td>3.75</td>
<td>0.67</td>
<td>-.06</td>
<td>.10</td>
<td>-.01</td>
<td>.15</td>
<td>.31**</td>
<td>.37**</td>
<td>.55**</td>
<td>(.76)</td>
</tr>
<tr>
<td>9. Intentions to leave</td>
<td>3.07</td>
<td>1.20</td>
<td>.01</td>
<td>.10</td>
<td>-.01</td>
<td>-.44**</td>
<td>-.50**</td>
<td>-.62**</td>
<td>-.46**</td>
<td></td>
</tr>
</tbody>
</table>

Note. N = 219. Alpha coefficients are on the diagonal in parentheses.

Mediating role of POS

To test for mediation, a four-step procedure employed by Rhoades et al. (2001) was applied. This procedure involved assessing the significance of: (1) the relationships among the antecedent and outcome variables (i.e., no mediating effects specified), (2) the relationships among the antecedents and mediator, (3) the relationships among the mediator and outcome variables, and (4) the change in relationships among antecedent and outcome variables. In the first non-mediating model, psychological contract fulfillment and POS were specified as interrelated antecedents of affective commitment and intentions to leave. This model did not fit the data well ($\chi^2(1) = 8.33; p = .004; GFI = .98; AGFI = .78; NFI = .98; TLI = .84; CFI = .98; (1-RMR) = .97; (1-RMSEA) = .82$) although it did provide a significant improvement over the null model that tests the hypothesis the variables are uncorrelated with one another ($\chi^2(10) = 458.16, p = .000$). Standardized parameter estimates for the non-mediating model indicated hypothesized relationships between psychological contract fulfillment and work attitudes were not significant in this model (betas = -.00, -.03, -.09, -.10, ns).

In the second and third models, two alternative mediating models were specified and model fit indices compared (see Table 3). In the second model, psychological contract fulfillment dimensions mediated the relationship between POS and individual work attitudes (affective commitment, intentions to leave). The model resulted in a poor degree of fit to the data ($\chi^2(3) = 89.66; p = .000; \chi^2/3 = 29.89; GFI = .86; AGFI = .32; NFI = .78; TLI = .28; CFI = .78 (1-RMR) = .92; (1-RMSEA) = .64$). In the third model, POS was specified to mediate the relationship between psychological contract fulfillment dimensions and work attitudes. The model resulted in a good fit to the data ($\chi^2(4) = 5.77; p = .22; \chi^2/4 = 1.44; GFI = .99; AGFI = .96; NFI = .99; TLI = .99; CFI = .99 (1-RMR) = .97; (1-RMSEA) = .95$). Figure 2 shows the standardized path estimates for the POS Mediating Structural Model.

Table 3. Model fit statistics with psychological contract fulfillment and perceived organizational support as mediating variables

<table>
<thead>
<tr>
<th>Psychological Contract Fulfillment</th>
<th>Perceived Organizational Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\chi^2$ (df)</td>
<td>89.66</td>
</tr>
<tr>
<td>df</td>
<td>3</td>
</tr>
<tr>
<td>p-value</td>
<td>0.00</td>
</tr>
<tr>
<td>$\chi^2/df$</td>
<td>29.89</td>
</tr>
<tr>
<td>GFI</td>
<td>.86</td>
</tr>
<tr>
<td>AGFI</td>
<td>.32</td>
</tr>
<tr>
<td>NFI</td>
<td>.78</td>
</tr>
<tr>
<td>TLI</td>
<td>.28</td>
</tr>
<tr>
<td>CFI</td>
<td>.78</td>
</tr>
<tr>
<td>(1-RMR)</td>
<td>.92</td>
</tr>
<tr>
<td>(1-RMSEA)</td>
<td>.64</td>
</tr>
</tbody>
</table>

N = 219.

Hypothesis 1 predicted that fulfillment of the psychological contract will have a positive effect on employee perceptions of organizational support. Standardized path estimates (see Figure 2) show transactional (beta = .25, p<.001) and training and development (beta = .56, p<.001)
dimensions of the psychological contract have both a significant positive effect on POS thus providing support for hypothesis 1. The covariance between the two dimensions of the psychological contract is positive and highly significant (beta = .58, p<.001) suggesting that transactional and training and development components are interdependent and thus cannot be considered in isolation when assessing the factors important to them.

The POS Mediating Structural Model indicates POS fully mediates the relationship between psychological contract fulfillment and junior accountants’ work attitudes with psychological contract dimensions accounting for 54.7 per cent of the variance in POS, and POS (beta = .55, p<.001) accounting for 30 per cent of the variance in affective commitment. Removal of the specified path between affective commitment and intentions to leave indicated POS (beta = -.62, p<.001) accounted for 38.4 per cent of the variance in intentions to leave. Thus, these results provide support for hypothesis 3 (POS will be positively related to affective commitment and negatively related to intentions to leave), and hypothesis 4 (POS will mediate the relationship between psychological contract fulfillment and individual’s affective commitment and intentions to leave). Specified structural models provide no support for hypothesis 2 (psychological contract fulfillment will be positively related to affective commitment and negatively related to intentions to leave).

![Figure 2. Perceived organizational support mediating structural model](image)

**Discussion and Conclusions**

The structural equation model proposed in this study highlights the important role perceived organizational support (POS) plays in mediating the relationship between psychological contract fulfillment and junior accountant’s affective commitment and intentions to leave. This model revealed more consistent fit statistics compared to a model that specified psychological contract fulfillment mediated the relationship between POS and individual work attitudes. The contribution of POS as a mediating variable supports the research findings of Wayne at al. (1997), Rhoades et al. (2001), and Allen et al. (2003) in which POS mediated the relationships between supportive human resource practices (i.e., organizational rewards, supervisor support, growth opportunities) and affective commitment. Moreover, POS has been found to mediate the perceived supervisor support-voluntary turnover relationship (Allen et al., 2003; Eisenberger et al., 2002). These collective findings suggest supportive human resource practices create psychological contract fulfillment conditions that contribute to POS, and ultimately, to a range of positive work outcomes including increased affective commitment (Eisenberger et al., 1990; Rhoades et al., 2001), organizational citizenship.
behavior (Coyle-Shapiro & Conway, 2005), and low turnover intentions (Eisenberger et al., 1986, 1990; Wayne et al., 1997). As a distinct component of the psychological contract (Coyle-Shapiro & Kessler, 2000; Rousseau, 1990), training and career development fulfillment contributes significantly to the degree of organizational support employees perceive at work, and hence the degree to which employees express positive work outcomes. Findings are consistent with social exchange theories that hold employees are motivated to stay with the organization, and help it reach its goals, so long as the organization reciprocates with desired training and development opportunities (Eisenberger et al., 2001; Shore & Tetrick, 1994; Wayne et al., 1997). Since intentions to leave is an important indicator of actual turnover in organizations (Griffeth et al., 2000), the fulfillment of training and development obligations by accounting firms should exert a strong positive influence in reducing the costs associated with the loss and replacement of staff – perhaps the accounting profession’s biggest and costliest problem (Dietrick & Bogart, 2000; Stimpson, 2003).

A majority of young accountants surveyed in this study were born after 1979 and thus fit the characteristics of Generation ‘Y’ employees (Loughlin & Barling, 2001; Moodie, 2004; Smola & Sutton, 2002). In contrast to the values espoused by the currently dominant Baby Boomers, Generation ‘Y’ employees are often reported as staying with an organization only as long as the organization provides them with high remuneration (Jackson, 2004; Tang, Kim, & Tang, 2002) and adequate opportunities for professional training and development (Laabs, 1998; Finegold, Mohrman, & Spreitzer, 2002). Findings from this study suggest that for young accountants the most important determinant of intentions to leave is the perception that the organization is supporting them in their goals and desire to gain experience and skills in their chosen profession. While the transactional contract is important as a sine qua non of employment, training and development is more highly valued since it allows knowledge and skills to be expanded (Jackson, 2004). Consistent with Herzberg, Mausner and Snyderman’s (1959) suggestion that pay is not a factor in employees’ motivation, we might conjecture that only in certain circumstances (e.g., salary substantially less compared to rival accounting firms) would perceptions of a poor transactional contract impact poorly on employees’ POS which might result in them leaving the organization. Thus, accepting the time orientation distinction is a key feature of psychological contract theory (Rousseau & Tijoriwala, 1998), employees’ transactional contracts entail short-term economic exchanges, and hence do not influence turnover intentions to the extent training and development exchanges influence younger employees’ organizational commitment and career management behaviors (Sturges et al., 2002, 2005).

It is important to note the study’s limitations. First, junior accountants provided responses to psychological contract fulfillment, POS, and work attitude measures. To minimize common-method variance concerns, future studies should gather work attitude measures from independent sources such as supervisors, clients, or performance appraisal records (Podsakoff & Organ, 1986). Longitudinal research designs would also give greater confidence to the prediction of work outcomes, and provide a more exact study of the relationship between POS and psychological contract fulfillment (Coyle-Shapiro & Conway, 2005). Second, the study provided a snapshot of the employment relationship of junior accountants based on transactional and training and development components of the psychological contract identified in previous studies (Coyle-Shapiro & Conway, 2005; Coyle-Shapiro & Kessler, 2000; Rousseau, 1990). Relational dimensions of the contract failed to form a distinct factor and thus findings must be treated with caution. Future studies of professional service employees might extend psychological contract and organizational support theory by incorporating ideological-infused contracts (Thompson & Bunderson, 2003) into models that postulate relationships between POS, psychological contract fulfillment, and work outcomes. Studies of professional employees (Bunderson, 2001; O’Donohue, Sheehan, Hecker, & Holland, 2004; Winter & Monroe, 2004) suggest psychological contracts should take account of the role of work ideologies and, specifically, the extent to which values incongruence influences attitudinal and behavioral outcomes (Thompson & Bunderson, 2003). Thirdly, the study focused on psychological contract fulfillment and the junior accountant’s perceptions of whether the firm had fulfilled its contractual obligations. By not assessing the mutual obligations of both parties to the relationship, the study could not examine...
directly the reciprocal nature of the psychological contract within accounting firms.

The present study has proposed an employment relationship model that indicates POS fully mediates the relationship between psychological contract fulfillment and individual’s work attitudes. The POS Mediating Model is but one attempt to incorporate POS into the psychological contract fulfillment framework (Rousseau & Tijoriwala, 1998). These findings attest to the explanatory power of organizational support theory and psychological contract theory working in unison to predict employees’ attitudes and behaviors in the workplace (Aselage & Eisenberger, 2003). However, more research is needed in different workplace settings to investigate whether POS is an outcome or antecedent of psychological contract fulfillment. The importance of training and development as a distinct component of the psychological contract also needs further examination (Sels, Janssens, & Van den Brande, 2004).

Findings from the study suggest the junior accounting employment relationship is characterized by employers providing employees training and skill development opportunities. Roehling and his colleagues (2000) conducted a content analysis of the scholarly and practitioner employment literature and identified this employer obligation as the most frequently mentioned trait of the new employment relationship. Other frequently mentioned characteristics included assistance with career management (e.g., mentoring, coaching), performance-based compensation, and job security based on contribution. A number of these characteristics were cited by junior accountants in this study as important employer contract obligations. Assuming fulfilled psychological contract obligations is an indication of favorable treatment and such treatment creates a generalized felt obligation to help the organization achieve its goals (Eisenberger et al., 1986; Rhoades & Eisenberger, 2002), accounting firms should directly benefit from junior accountants developing and maintaining skills that produce positive results for clients.
Reference


