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The recent managerial psychology literature suggests dramatic changes in the relationships between employers and employees (Arnold & Cohen, 2008; Clarke, 2008). The ‘old deal’ employment relationship in which employee loyalty was rewarded by job security has been said to be replaced by a ‘new deal’ where organizations (should) offer their employees ample opportunities for skills development, so that they can uphold both their internal and external employability in the face of today’s volatile labor market environment (Thijssen, van der Heijden, & Rocco, 2008; Van Buren, 2003). Interestingly, different streams of the literature have adopted very different views on the same phenomenon. Where the careers literature promotes a focus on free agency, enthusiastically spelling out the benefits of employability development for employees, employers, and labor markets (e.g. Fugate, Kinicki, & Ashforth, 2004; Van Dam, 2004; van der Heijde & van der Heijden, 2006), voices in the human resource management (HRM) literature fear that developing employability in employees might cause perverse effects in the form of higher turnover (e.g. Baruch, 2001; Sieben, 2007). The assumption of a negative impact on employee loyalty is problematic for HRM scholars, who advocate the establishment of long-term employment relationships between organizations and their most valuable employees (Lepak & Snell, 1999) In fact, it is highly likely that organizations will want to retain their highly employable employees the most (Baruch, 2001).

The current paper seeks to integrate these different perspectives. Specifically, it explores the empirical validity of some of the conjectural assumptions held in theory and practice about the relationship between employability and the beliefs employees hold about their relationship with their employer. This latter variable is operationalized as employees’ perceptions of their own, and their organization’s psychological contract obligations in regard

to the time frame and performance requirements of the employment relationship (Rousseau & Wade-Benzoni, 1994). Although much discourse exists about the relationship between employability and the psychological contract (Clarke & Patrickson, 2008), it has rarely been empirically examined, with only a handful of publications considering both the interests of individual employees and the organizations employing them (e.g. Baruch, 2001; De Cuyper *et al.*, 2011). Hardly any research on perceived psychological contract obligations has taken organizational factors into account (Suazo, Martínez, & Sandoval, 2009). In this study, we examine the extent to which organizational ratings of potential, through their ‘signaling’ function, might serve as a buffer between self-perceived employability and psychological contract perceptions (e.g. Höglund, 2011; Sieben, 2007). A particular strength of our study that deserves special mention is its combination of self-report data and data reported by the HR departments of the participating organizations. The vast majority of studies on perceived psychological contract obligations (e.g. Granrose & Baccili, 2006; Ho, Rousseau, & Levesque, 2006), as well as on employee potential (e.g. Björkman, Ehrnrooth, Mäkelä, Smale, & Sumelius, 2012; Spreitzer, McCall, & Mahoney, 1997), have relied solely on single-source data.

### **Self-perceived Employability Resources**

Employability refers to the likelihood to obtain or retain a job (De Cuyper *et al.*, 2011; Fugate *et al.*, 2004). Originally considered a topic of concern mainly to unemployed people, in today’s literature employability is seen as important to the entire working population. It is said that as most employers can no longer guarantee employment security, they should offer employability security instead, in the form of continuous transferable skills development (Clarke & Patrickson, 2008).

As regards the nomological network of employability, previous work has both compared and contrasted it to movement capital (i.e., the skills, knowledge, competencies,

and attitudes influencing an individual's career mobility opportunities; e.g. Forrier, Sels, & Stynen, 2009), ease of movement (i.e., the perception of attractiveness and availability of alternative employment opportunities; e.g. Trevor, 2001), career proactivity (i.e., taking initiative in improving current circumstances or creating new ones; e.g. Seibert, Kraimer, & Crant, 2001), and careerism (i.e., the degree to which employees view their current employment as a stepping stone to better jobs elsewhere; e.g. von Treuer, 2012).

As is demonstrated by these related constructs, employability can be conceptualized both as an outcome and an antecedent. Outcome-based measures of employability tend to study objective factors representing the likelihood a person can obtain or retain a job (McArdle, Waters, Briscoe, & Hall, 2007). According to this approach, individuals are employable when they can prove that they can find employment (which is measured, for example, by employment status; Mancinella, Mazzanti, Piva, & Ponti, 2010). Other authors within the outcome approach measure the employability construct subjectively, asking people to rate their own likelihood of obtaining and retaining employment (i.e. 'perceived employability'; e.g. De Cuyper *et al.*, 2011).

In the current paper, however, we are not so much interested in employability as an outcome, but rather, in the amount of employability resources people *believe themselves to have*. Contrary to outcome-based approaches, antecedent-based approaches of employability focus on the resources (i.e., skills, abilities, attitudes, and behaviors) that may help people find (new) employment or remain in employment (e.g. Fugate *et al.*, 2004; Van Dam, 2004; van der Heijde & van der Heijden, 2006). In keeping with the focus on individual agency in the contemporary careers literature (Forrier *et al.*, 2009), we adopt self-perceived employability resources as our central construct.

### **Perceived Psychological Contract (PC) Obligations**

Defined as the beliefs employees hold regarding the terms of their relationship with their employer (Rousseau, 1995), the psychological contract (PC) deals with an individual's perceptions of his or her obligations to the employer and the obligations their employer owes in return (Ho *et al.*, 2006). Although perceived reciprocity between employer and employee obligations is a defining element of the psychological contract, typically, PC obligations are studied solely from the perspective of the employee (Robinson, 1996). Whether or not these perceptions are accurate from the perspective of their employer is irrelevant in determining the attitudinal and behavioral reactions of the individual employee (Rousseau, 1989).

To date, most research on the psychological contract has focused on fulfillment, breach or violation of employer obligations as perceived by employees (Freese & Schalk, 2008). Much less research has been done on the features of psychological contracts (Rousseau, 2011). As a main distinction, Rousseau & Wade-Benzoni (1994) propose two dimensions of features on which psychological contracts can differ: time frame (i.e., open-ended versus short-term), and performance requirements (i.e., unspecified versus highly specified). A psychological contract is seen as more 'relational' (as opposed to 'transactional') when it is perceived as encompassing mutual obligations implying a long-term relationship (i.e. loyalty, employment security), and unspecified performance-reward contingencies (i.e. opportunities for skills development, a challenging job) (Montes & Irving, 2008). Both of these features have been found to be particularly strong predictors of affective organizational commitment (Rousseau, 2011).

### **Relationships between Self-perceived Employability Resources and Perceived PC**

#### **Obligations**

The main aim of this study is to examine the relationship between self-perceived employability resources and the perceptions employees have about their employer's, and their own, PC obligations in relation to the time frame and the performance requirements of the

employment relationship (Rousseau, 1995). In line with social exchange theory (Blau, 1964), we hypothesize that *within* a given dimension people will aim for an equitable balance between what they put into the employment relationship versus what they expect from their employer (Rousseau, 2011). However, we expect differential results *between* both dimensions. Specifically, we expect self-perceived employability to have a negative relation to beliefs about the perceived time frame of the employment relationship, but a positive relation to perceived performance requirements.

**Time frame of the employment relationship.** Several authors have posited that increased levels of employability pose a potential threat to employers worldwide, given its predictive validity for turnover intentions (Elman & O’Rand, 2002; De Grip, van Loo, & Sanders, 2004) – in the turnover literature, perceived ease of movement (which, as previously discussed, is a construct related to self-perceived employability resources) is seen as one of the main predictors of actual turnover (De Cuyper *et al.*, 2011). Relatedly, Ng and Feldman (2008) found that perceptions of the external labor market are related to employees’ organizational commitment. In addition, self-perceived employability resources are also believed to be associated with careerism, i.e., the intention to change employers regularly throughout one’s career (De Vos, De Stobbeleir, & Meganck, 2009). Therefore, employees who perceive themselves as having many resources for building a career independently from any employer might be less inclined to establish long-term employment relationships with their current one.

First of all, employees with more self-perceived employability resources are more likely to see themselves as the primary responsible actor in exploring and creating career opportunities (De Vos & Soens, 2008), depending less on the organization to establish a framework for their long-term career goals (Baruch, 2001). Second, employees who see themselves as highly employable, who want to remain employable, may believe that working

for the same employer for a long period of time will leave them with less marketable skills (Rousseau, 2011). Following social exchange theory (Blau, 1964) – the basic tenet of which is that a universal norm of reciprocity underlies all social exchanges between people (Gouldner, 1960) – we hypothesize that employees who perceive themselves as more employable are likely to expect less of their employers in terms of offering long-term job security, and that they will reciprocate in kind by demonstrating a lowered intention of staying with the organization indefinitely. Less employable employees however, who are much more in need of employment security, will perceive more obligations on the side of their employer to keep them, and exhibit more loyalty in turn.

*H<sub>1</sub>*. Employees who perceive themselves as having more employability resources will (a) perceive *weaker* PC ‘time frame’ obligations of their employer towards them, and (b) *weaker* PC ‘time frame’ obligations of themselves towards their employer.

**Performance requirements of the employment relationship.** In contrast to the negative relation to time frame, we expect a positive relationship between self-perceived employability resources and perceived PC obligations in regard to performance requirements. This type of assumption fits within the notion of employability security (Kanter, 1993), which states that a decrease in employment security with a single employer can be compensated for by a focus on transferable skills development on both ends of the employment relationship (Clarke & Patrickson, 2008).

People who perceive themselves as highly employable tend to display a higher need to demonstrate competence through work, and to engage in work they see as meaningful, than the ‘average’ employee (Spindler, 1994). Furthermore, it has been said that self-perceived employability is positively related to performance and productivity, given its connection to continuous skills development (Fugate *et al.*, 2004; Rousseau, 2011). Empirical studies have

also demonstrated positive relationships with job crafting (Tims, Bakker, & Derks, 2012) and the negotiation of developmental ‘i-deals’ (i.e., individualized agreements that allow employees to further develop their competencies and pursue their career goals; Willemse, De Vos, & Buyens, 2012). In return for their own investments in their employability resources, however, highly employable people are also more likely to believe that their employer owes them ample opportunities for skills development and interesting work (De Vos *et al.*, 2009) – these are likely to be their terms for the exchange relationship ‘while it lasts’ (Kanter, 1993).

*H<sub>2</sub>*. Employees who perceive themselves as having more employability resources will (a) perceive *stronger* PC ‘performance’ obligations of their employer towards them, and (b) *stronger* PC ‘performance’ obligations of themselves towards their employer.

### **Ratings of Potential as an Organizational PC ‘Signal’**

In general, there has been a lack of research on how organizational factors relate to employees’ perceptions of PC obligations (Guzzo & Noonan, 1994; Suazo *et al.*, 2009). In the current paper we aim to address this gap by including a variable into our model that is reported on by the HR departments of the participating organizations (i.e. organizational ratings of potential), signaling the extent to which an employer values its employment relationship with a given employee (Rousseau & Parks, 1993). Our main argument is that being knowingly identified as a ‘high potential’ by one’s employer will have implications for an employee’s perceived PC – rendering it more relational both in terms of time frame and performance requirements (Dries & Pepermans, 2008).

By studying the relationship between organizational ratings of potential and employees’ PC perceptions we do not only contribute to the literature on psychological contracts, but also to the literature on high-potential employees. Empirical research on this topic has been very scarce in spite of considerable interest from HR practitioners.

Theoretically, it is typically approached from a workforce differentiation (e.g. Becker, Huselid, & Beatty, 2009), or a resource-based view (RBV) (e.g. Lepak & Snell, 1999) perspective. Hardly any academic attention has been paid to the psychological effects of identifying a limited proportion (typically around 5 percent) of an organization's workforce as high potentials whilst implicitly communicating to all those not selected for the program that they are 'non-high potentials' (Dries, Van Acker, & Verbruggen, 2012). We propose that examining the psychological dynamics of being identified as a high potential (or not) is essential for understanding the implications of this type of HRM practices – humans, after all, are not impersonal resources in the RBV sense of the word (Inkson, 2008).

One particular framework that might be useful to explain the potential psychological implications of certain types of HRM practices is signaling theory. Signaling theory proposes that HRM practices, through their impact on employee perceptions of the organization, play a central role in shaping perceived PC obligations (Suazo *et al.*, 2009). More specifically, training programs, performance appraisals, and promotion systems – and, we propose, the practice of identifying a selected group of individuals within the organization as high potentials – are believed to serve as organizational 'cues' that inform employee's psychological contracts (Guzzo & Noonan, 1994; Höglund, 2011).

**Time frame of the employment relationship.** In general, being identified as a high potential implies larger investments on the side of the organization in a person's internal career development (Dries & Pepermans, 2008; Rousseau & Parks, 1993). The underlying assumption is that organizations should target their commitment-based HRM practices specifically at those employees they are least willing to lose – i.e. those who are of high value to the organization, and most difficult to replace (Lepak & Snell, 1999).

Unlike self-perceived employability resources, organizational ratings of potential signal an employee's value to his or her current organization, but not elsewhere (Dries &



Pepermans, 2008). Employees identified as high potentials, even when faced with external career opportunities, are generally aware of the fact that they would most likely be worse off changing employers (Lazear, 2009). One reason lies in the fact that employees may doubt that they can replicate their favorable treatment in another organization (Ng & Feldman, 2008). Another reason might be that perceiving many entitlements makes high-potential employees feel adequately rewarded in reference to their market value – and so there is no incentive to try to better themselves (De Cuyper *et al.*, 2011). Consequently, we hypothesize that organizational ratings of potential signal perceptions of a mutual long-term commitment to the current employment relationship.

*H<sub>3</sub>*. Employees identified as high potentials by their organizations (compared to those not identified as high potentials) will (a) perceive *stronger* PC ‘time frame’ obligations of their employer towards them, and (b) *stronger* PC ‘time frame’ obligations of themselves towards their employer.

**Performance requirements of the employment relationship.** In a qualitative study examining the careers of high potentials both from their own and their HR manager’s perspective, Dries and Pepermans (2008) found that not only do employees identified as high potentials receive the majority of advancement opportunities within their organizations, but also the highest-quality training. The non-high potentials within those same organizations, consequently, could not count on employment security, nor on organizational investments aimed at improving their performance. Höglund (2011) argues that high potentials, in return for the career investments made by their employers and following the norm of reciprocity (Gouldner, 1960), can be expected to apply their skills in service of the organization. As Sieben (2007) suggests, when employers are perceived to make considerable investments in the employment relationship, this will result in a sense of obligation on the side of the employee to return in kind, for example by demonstrating increased performance.

Therefore, we hypothesize that employees identified as high potentials will perceive stronger obligations from both their own, and the organization's side to sustain a high level of performance.

*H4.* Employees identified as high potentials by their organizations (compared to those not identified as high potentials) will (a) perceive *stronger* PC 'performance' obligations of their employer towards them, and (b) *stronger* PC 'performance' obligations of themselves towards their employer.

**Interactions between self-perceived employability resources and organizational ratings of potential.** Based on the notion of psychological contracts being a function of individual, organizational, and external environment factors (Conway & Briner, 2005; Rousseau, 1995), we also propose two interaction hypotheses.

First of all, due to the fact that for employees identified as high potentials, perceived internal career opportunities are generally much greater (or at least more failsafe) than external ones (Dries *et al.*, 2012), we expect that being identified as a high potential buffers the negative relationship between self-perceived employability resources and perceived PC obligations relating to the time frame of the employment relationship:

*H5.* Organizational ratings of potential will moderate the relationship between self-perceived employability resources and perceived PC obligations, such that employees who perceive themselves as having more employability resources that are also identified as high potentials by their organizations, will (a) perceive *less weak* PC 'time frame' obligations of their employer towards them, and (b) *less weak* PC 'time frame' obligations of themselves towards their employer.

Second, we expect an intensification of perceived PC obligations in regard to the performance requirements of the employment relationship due to the positive relationship of both self-perceived employability resources and being identified as a high potential with

investments in performance at the employee and the employer level (Dries & Pepermans, 2008).

*H<sub>6</sub>*. Organizational ratings of potential will moderate the relationship between self-perceived employability resources and perceived PC obligations, such that employees who perceive themselves as having more employability resources that are also identified as high potentials by their organizations, will (a) perceive *even stronger* PC ‘performance’ obligations of their employer towards them, and (b) *even stronger* PC ‘performance’ obligations of themselves towards their employer.

## Method

### Procedure and Sample

Five large Belgian for-profit organizations, each with a national headcount of over 1,000 employees – from the advertising, distribution, foods, security, and telecom sector, respectively – participated in the study. We conducted a survey study with a case-control design. Employees identified as high potentials over the course of the past year represented the cases (i.e. the subsample demonstrating the condition of interest); the control group was composed of a matched subsample of non-high potentials. Within each participating organization, the case group was carefully selected by our point of contact (POC) in the HR department to be representative of the organization’s high-potential population in terms of age, gender, and experience level.

Only employees with full-time, open-ended contracts were selected for the study, since actual employment contract is an important precursor of PC perceptions (Spindler, 1994). Participation in the survey was voluntary, although employees were encouraged by our POCs to participate. Each participating organization sent out three follow-up emails; employees were given six weeks to respond. The study’s response rate was 42 percent.

Of the 103 participants, 48 percent ( $n = 49$ ) had been identified as high potentials at least one year prior to survey administration. 36 percent of respondents ( $n = 37$ ) were women and 64 percent ( $n = 66$ ) were men. Their mean age was 38.66 ( $sd = 8.20$ ). As for work experience, the mean was 15.99 years ( $sd = 9.19$ ), of which 11.11 years ( $sd = 8.77$ ) within the current organization. 61 (59 percent) respondents were managers and 42 (41 percent) were in non-managerial positions. Only 15 percent ( $n = 15$ ) did not have a higher education (i.e. Bachelor or Master) degree.

### Measures

Both data provided by the HR departments of the participating organizations and self-report data were collected. Individual respondents were not informed about the inclusion of the organizational ratings of potential variable in the study in order to reduce the risk of common method variance. The original versions of the measures in the survey were translated into Dutch by way of translation-back translation. Unless specified otherwise, respondents were instructed to indicate on a seven-point Likert scale to which extent each item was true of them (ranging from 1=Not at all to 7=To a great extent). Cronbach's alphas ( $\alpha$ ) ranged between .61 and .87 (see Table I), indicating satisfactory internal consistency (Hair, Anderson, & Hair, 1998).

**Self-perceived employability resources.** Self-perceived employability resources were measured using the 25-item Dispositional Measure of Employability (DME) developed by Fugate & Kinicki (2008). The measure was chosen because it was clearly developed from a careers perspective, encompassing many elements that are considered crucial employability resources by careers scholars (Clarke, 2008) – i.e. openness to changes at work, work and career resilience, work and career proactivity, career motivation, and work identity. As Fugate and Kinicki's (2008) original analyses, extensively validated across multiple samples, revealed a factor structure with five latent factors subsumed by one higher-order factor –

which the authors state has meaning and influence above and beyond the underlying latent dimensions – in our study we also calculated a single composite score for self-perceived employability resources representing this higher-order construct. Sample items are “I have a specific plan for achieving my career goals”, “I can handle job and organizational changes effectively”, and “I stay abreast of developments in my industry”.

**Perceived psychological contract obligations.** Using 15 items adapted from the relational and transactional subscales of the Psychological Contract Inventory (PCI; Rousseau, 2000) employees indicated their psychological contract perceptions by assessing (a) the extent to which they perceived their employer to be obliged to provide each of the items to them; and (b) the extent to which they perceived themselves to be obliged in turn to provide each of the items to their employer. Items assessing perceived transactional obligations were reverse-coded (*R*), so that higher scores on all items represented stronger perceived relational obligations.

As we were interested in the distinction between the time frame and the performance requirements dimension of the psychological contract, we created four variables: (1) *Perceived employer PC obligations – Time frame*: 3 items, i.e. “Steady employment”, “Secure employment”, and “No commitments to retain me in the future (*R*)”; (2) *Perceived employee PC obligations – Time frame*: 4 items, i.e. “Plan to stay here a long time”, “Continue to work here”, “Remain with this organization indefinitely”; and “Make no plans to work anywhere else”; (3) *Perceived employer PC obligations – Performance requirements*: 4 items, i.e. “A job limited to specific, well-defined responsibilities (*R*)”, “Require me to perform only a limited set of duties (*R*)”, “Limited involvement in my organization (*R*)”, and “Training me only for my current job (*R*)”; and (4) *Perceived employee PC obligations – Performance requirements*: 4 items, i.e. “Do only what I am paid

to do (*R*)”, “Only perform specific duties I agreed to when hired (*R*)”, “Perform only required tasks (*R*)”, and “Fulfill limited number of responsibilities (*R*)”.

**Organizational ratings of potential.** Our POC within the HR department of each participating organization indicated for each of the respondents whether he or she had been identified as a high potential (1) or not (0), based on employee records. To ensure the validity of the organizational ratings of potential variable, we required that respondents had been formally assigned their label at least one year prior to survey administration. Organizations were not allowed to compose ad-hoc lists of high potentials specifically for the study. We also asked the POCs not to select below-average performers for the non-high potential control group as we wanted to avoid extreme, unrepresentative cases in our data.

**Control variables.** In order to rule out alternative explanations, a range of variables used as control variables in previous research on employability and psychological contracts were controlled for in the analyses. *Employing organization* was controlled for as organizational setting might correlate with the psychological contract an individual forms with his or her employer (Rousseau, 2011). *Organizational tenure* reflects the embeddedness of an individual within an organization and tends to create feelings of loyalty and higher intention to stay (Clarke & Patrickson, 2008; Lazear, 2009). *Job level* was controlled for as managers (compared to non-managers) are more likely to establish long-term and open-ended psychological contracts with their employers (Rousseau & Parks, 1993). Furthermore, we included *gender* as it is a standard control variable in psychological contract research; and finally, *age* since we expect older employees to perceive themselves as less employable (van der Heijde & van der Heijden, 2006).

## Results

Table I presents the means, standard deviations, and correlations between the study variables. As we did not use the PCI exactly as originally developed by Rousseau (2000), we

conducted a CFA to assess the validity of our measurement model, using AMOS. We first assessed the fit of a four-factor model (representing the four PC subscales). Overall, the fit indices imply that the hypothesized measurement model demonstrates good fit with the data ( $\chi^2 (36, n = 103) = 112.21, p < .05, TLI = .93, CFI = .94, RMSEA = .057$ ). Following the recommendations of Kelloway (1996), we compared the hypothesized model to three alternative models. First, we tested a one-factor model, which revealed poor fit with the data ( $\chi^2 (30, n = 103) = 395.10, p < .001, TLI = .25, CFI = .36, RMSEA = .182$ ). Second, we tested a two-factor model, in which all perceived employee obligations were set to load on one factor and all perceived employer obligations on another. This model, as well, demonstrated poor fit ( $\chi^2 (30, n = 103) = 288.14, p < .001, TLI = .50, CFI = .57, RMSEA = .147$ ). Finally, we tested a two-factor model in which all perceived time frame obligations were set to load on one factor and all perceived performance requirements obligations on another. This model also demonstrated poor fit ( $\chi^2 (30, n = 103) = 239.99, p < .001, TLI = .62, CFI = .68, RMSEA = .128$ ). Taken together, these findings support the validity of our four-factor measurement model of PC beliefs.

[Insert Table I about here]

To test our hypotheses we performed four separate regression analyses, one for each of the study's dependent variables (i.e., the four types of perceived PC obligations). Results of these analyses are shown in Table II.

The beta coefficients show that the relationship between self-perceived employability resources and perceived PC obligations was only statistically significant for employee obligations concerning performance requirements ( $\beta = 0.29, p < .05$ ), thus providing support for  $H_{2b}$ . In support of  $H_{3a}$  and  $H_{4a}$ , we also found a statistically significant positive relationship between organizational ratings of potential and perceived obligations on the side of the employer with regard to both time frame ( $\beta = 0.25, p < .05$ ) and performance

requirements ( $\beta = 0.28, p < .05$ ). We found no support for our other hypotheses on the relationship between employability, organizational ratings of potential, and perceived PC obligations.

[Insert Table II about here]

### Discussion

The current paper examined the idea that there is an association between self-perceived employability resources and employee perceptions of the time frame and performance requirements of their relationship with their employer. Earlier publications (e.g. Baruch, 2001; Clarke & Patrickson, 2008; De Cuyper *et al.*, 2011) have indicated that this type of assumption is pervasive among managers, but remains to be validated through empirical research. In addition, the paper responds to calls in the literature for more research on how HRM practices relate to psychological contract perceptions (Guzzo & Noonan, 1994; Suazo *et al.*, 2009). Drawing on both self-report and data reported by the HR departments of the participating organizations, we examined whether organizational ratings of potential are associated with more relational psychological contract perceptions – thus responding to calls in the literature for more research on the psychological implications of being identified as a high potential (or not) (Dries & Pepermans, 2008; Dries *et al.*, 2012).

If anything, the findings of our study imply that fears about a negative relationship between a person's self-perceived employability and his or her loyalty towards any single employer may not be warranted. No statistically significant relationships were found between self-perceived employability resources and perceived PC obligations pertaining to the time frame of the employment relationship. We also did not find a relationship between self-perceived employability resources and perceived employer obligations relating to performance requirements. The only positive relationship that was found was between self-perceived employability resources and perceived *employee* obligations in regard to



performance requirements. Overall, these findings indicate that people who perceived themselves as highly employable hold themselves accountable for their own performance at work; and that they are not necessarily less loyal to their employer. A possible explanation for the lack of a statistically significant relationship between self-perceived employability and loyalty is the psychological phenomenon where having more alternatives can actually cause higher affective commitment to a given choice, due to the positive effects of internal attribution and self-responsibility (e.g. Mayer, Duval, & Duval, 1980).

Surprisingly, we found that being identified as a high potential is unrelated to a person's attachment to an organization – moreover, it is also unrelated to a person's perceived obligation to perform. The former is an interesting finding given the fact that retention is a primary target of most high-potential programs (Dries & Pepermans, 2008). The latter was unexpected as high potentials are typically found to be 'overachievers', who consistently rate their own performance lower than their supervisors do (Dries *et al.*, 2012). We did find statistically significant relationships between organizational ratings of potential and perceived obligations on the side of the *employer*, however. Our results thus indicate that there is an imbalance between the obligations high-potential employees perceive their organizations to have towards them, and their own perceived PC obligations. Although these findings contradict our hypotheses – which were grounded in social exchange theory – they are in line with previous studies on high-potential programs, which found that they tend to heighten expectations about organizational support (e.g. Feild & Harris, 1991).

### **Limitations and Implications for Research**

A first limitation of our study is its cross-sectional design, which does not allow for causal inferences. Longitudinal studies controlling for changes in the level of self-perceived employability resources (and other events that may impact on employees' PC perceptions) are needed to make stronger claims about the causality of our model. In addition, future

studies could adopt multilevel designs with larger samples for each participating organization so that inferences can be made about the role of organizational setting – and to improve statistical power (which is particularly important for demonstrating interactions, see Aguinis, 1995). We did take steps to minimize the risk of common method variance (CMV) in the study. First of all, the study combined self-report data with data reported by the HR departments of their organizations, of which respondents were not aware. Second, the instructions and scale anchors for perceived PC obligations and self-perceived employability resources were quite different, which has been found to decrease CMV (see Schwarz, Rizzuto, & Schwartz, 2008).

A second limitation relates to generalizability. The study was conducted in Belgium, which might explain the lack of a relationship between self-perceived employability and PC perceptions about the time frame of the employment relationship. Cross-cultural studies on work values consistently show that Belgians tend to exhibit very high uncertainty avoidance, implying that they are risk-averse, resistant to change, and attach high value to job security. Moreover, career mobility as measured by number of career transitions and job and organizational tenure is typically very low in Belgium compared to other European countries (e.g. Dries, Van Esbroeck, van Vianen, De Cooman, & Pepermans, 2012). Future studies might consider taking such cultural variables into account when studying the relationship between self-perceived employability and the psychological contract in more detail.

### **Implications for Practice**

Our results indicate that high self-perceived employability is not necessarily related to lower intentions to stay with one's current employer for an indefinite time, a fear typically expressed by HR professionals (Baruch, 2001). In addition, more employable employees hold their organizations less accountable, and themselves more, for their own performance at work. Although more research is necessary, our findings imply that organizations should not

be hesitant to assist their employees in enhancing their personal employability resources. Authors in business ethics even go so far as stating that the maintenance of employability resources is a minimum ethical requirement of organizations that cannot offer employment security to all of their employees (e.g. Van Buren, 2003).

As for high-potential employees, ‘war for talent’-type rhetoric (Michaels, Handfield-Jones, & Axelrod, 2001) has created a fear in HR practitioners that retaining this type of employees will become increasingly difficult (Dries *et al.*, 2012). Our study results, indeed, indicate that high potentials do not see themselves as particularly obliged to reciprocate their organizations’ additional investments in them by demonstrating longer-term loyalty, or a higher performance level. One particular implication of our study, therefore, is the importance of deliberate psychological contract building with employees identified as high potentials, so as to align their PC perceptions with the organizational agenda (Suazo *et al.*, 2009). High potentials’ motives to stay with their employer are often grounded in perceived career ‘guarantees’ from the side of the organization rather than in feelings of loyalty *per se* (Dries & Pepermans, 2008; Höglund, 2011). Consequently, frustrating their expectations about the magnitude and pace of their career progression within the organization is likely to be detrimental to their commitment and engagement. Communicating openly and transparently about the organization’s high-potential program thus appears to be a crucial factor in aligning employee expectations with organizational reality. Most organizations, however, prefer to maintain a certain level of ‘strategic ambiguity’ about their high-potential programs (Dries & Pepermans, 2008; Dries *et al.*, 2012).

### **Implications for Theory**

Although there is little discussion over the fact that opportunities to pursue a stable, single-employer career are in decline, the contemporary careers literature has been said to overestimate the changes that have taken place, particularly about the capacity of individual

employees to enact their careers as free agents (Arnold & Cohen, 2008). Specifically, the careers literature tends to promote the idea that as organizations and societies move away from the idea of an employer for life, employees are ‘liberated’ from the paternalism inherent to organizational careers and thus free to pursue boundaryless, self-directed careers that hold a higher potential for self-realization (Arthur & Rousseau, 1996). Critics argue, however, that this type of discourse is only advantageous for those employees who were formerly also privileged in traditional career settings – i.e. highly motivated, highly skilled, high-potential employees (Van Buren, 2003). More nuanced paradigms – both in the careers and the HRM literature – are a necessary precondition to fully capturing the complexities of current-day career realities (e.g. Dries, 2011). A good example of nuanced theory is the ‘employability paradox’, which suggests that employability development, through its positive effect on employee perceptions of the organization’s investments in them, can also be a way to *retain* valued employees (De Cuyper *et al.*, 2011).

### **Implications for Society**

Increasingly, employability plays a crucial role in informing labor market policy in the UK, the EU, and beyond (McQuaid & Lindsay, 2005). In order to advance public policy, it is important that researchers assume responsibility for the social impact of their work, and scrutinize actual facts about current-day careers rather than develop new dogmas to replace the old ones (e.g. Arnold & Cohen, 2008; Dries, 2011). The increasing popularity of concepts such as career self-management risk causing a singular focus on the individual and his or her employability resources (McQuaid & Lindsay, 2005). The interactive nature of employability, in that it is determined both by labor market policies and individual resources, should be acknowledged both in theory and practice, however. Labor market policy authors therefore stress the importance of studying both the demand and the supply side of the

employability issue, so as to strike a balance between individual and collective responsibility (de Grip, Van Loo & Sanders, 2004).

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**Table I.** Means, standard deviations, intercorrelations, and scale reliabilities

Variable	M (SD)	1	2	3	4	5	6
1. Perceived employer PC obligations – Time frame <sup>a</sup>	5.37 (1.04)	(.70)					
2. Perceived employee PC obligations – Time frame <sup>a</sup>	4.92 (1.31)	.30**	(.81)				
3. Perceived employer PC obligations – Performance requirements <sup>a</sup>	4.61 (.93)	.23*	.05	(.61)			
4. Perceived employee PC obligations – Performance requirements <sup>a</sup>	5.75 (.87)	.14	-.04	.45**	(.78)		
5. Self-perceived employability resources	5.19 (.61)	.14	.09	.05	.24*	(.87)	
6. Organizational ratings of potential <sup>b</sup>	-- (--)	.03	-.06	.11	-.07	.04	--

**Notes:**  $n = 103$ ; \*  $p < .05$ ; \*\*  $p < .01$ ; <sup>a</sup> All perceived psychological contract (PC) obligations (also the employer obligations) were measured from the perspective of the individual employee; <sup>b</sup> 0 = non-high potential, 1 = high potential (reported by the HR departments of the participating organizations); Cronbach's alphas are listed on the main diagonal; Correlations with control variables are not included in the table due to space limitations, but can be obtained from the first author.

**Table II.** Summary of regression analyses for the four types of perceived psychological contract obligations

Perceived psychological contract obligations <sup>a</sup>									
Variable	Time frame				Performance requirements				
	Perceived employer obligations		Perceived employee obligations		Perceived employer obligations		Perceived employee obligations		
	Beta	<i>t</i> -value	Beta	<i>t</i> -value	Beta	<i>t</i> -value	Beta	<i>t</i> -value	Beta
Organizational tenure	0.29	1.90*	0.20	1.17	0.11	0.73	0.07	0.49	
Job level <sup>b</sup>	0.15	1.57	-0.07	-0.66	0.28	2.94**	0.08	0.87	
Age	0.17	1.12	-0.02	0.14	0.23	1.55	0.40	2.78**	
Self-perceived employability resources	0.13	1.01	0.20	1.40	0.11	0.83	0.29	2.18*	
Organizational ratings of potential <sup>c</sup>	0.25	2.25*	0.05	0.44	0.28	2.53*	0.15	1.41	
Self-perceived employability resources x Organizational ratings of potential	0.01	0.02	-0.16	-1.13	-0.09	-0.64	-0.05	-0.41	
	<i>R</i> <sup>2</sup>	0.20	0.06		0.19		0.24		
	<i>F</i>	3.78**	1.00		3.69**		4.98**		

df            6/93                            6/93                            6/93                            6/93

**Notes:**  $n = 103$ ; \*  $p < .05$ ; \*\*  $p < .01$  ; <sup>a</sup> All perceived psychological contract (PC) obligations (also the employer obligations) were measured from the perspective of the individual employee; <sup>b</sup> 0 = non-management, 1 = management; <sup>c</sup> 0 = non-high potential, 1 = high potential (reported by the HR departments of the participating organizations); All continuous variables were centered prior to being entered into the regression model. Control variables that were not statistically significant (i.e., employing organization and gender) were removed from the final model to avoid misspecification.

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