The aim of this study is to examine the impact of employee-organization relationship (EOR) on individuals’ behavioral outcomes with the reference explanation of social exchange theory. Among the behavioral outcomes of the employees, task performance, contextual performance and turnover intention are identified. The analyses reported that EOR significantly and positively impacted both task-related performance and contextual performance, however significantly and negatively impacted intention to turnover. The implications of research and theory are discussed and future research suggestions are identified.

**Key Words:** Employee-Organization Relationship, Task-Related Performance, Contextual Performance, Intention to Turnover, Social Exchange Theory

**JEL Classification:** M19

1. **INTRODUCTION**

This study focused on the investigation of how employee-organization relationships (EORs) impact individuals’ behavioral outcomes of task performance, contextual performance and turnover intention.

1.1. **Literature Review and the Definitions**

**Employee-Organization Relationships (EORs)**

Cutlip et al. (1985) indicated that EORs are the most important among all the relationships organizations have with their employees and publics. Being the pioneers of the conceptualization of EORs, Tsui et al. (1995) used the term
employee-organization relationship strategy to capture the employer’s perspective on the employment relationship. It was also added that this relationship is founded and continued with the parties of organization (the organizational entity, employers, managers, subsystems, HR function etc.) and employees (Jiang, 2012). In an EOR, the behaviors of one party result in consequences upon the other in different states of the relationship (e.g., Hon and Grunig, 1999). EOR defines formal or informal, economic, social and mental link between employee and employer (e.g., Tsui, et al., 1995; Hom, et al., 2009; Shih et al., 2011). Shih et al. (2011) implied that an EOR strategy includes the employer’s expectations about specific contributions that it desires from employees and the inducements that it uses to effect the desired contributions. In EOR research, the assumption is made that employees view all possible agents and contract makers (administrative contract makers such as HR resource policies) collected into one “humanlike” contract maker in such a way that the employee has a relationship with a single entity (i.e., the organization) (Coyle-Shapiro and Shore, 2007:4). Distinct from its antecedents and consequences, an EOR is dynamic and can be measured using perceptions of either or both parties regarding four “indicators representing the quality of EORs” or “relationship outcomes”, i.e., satisfaction, trust, commitment, and control mutuality (Grunig and Huang, 2000:42). These two frameworks have been widely adopted as the basis for EOR research. A number of studies incorporated the employer’s perspective into the EOR. Wang et al. (2003) examined the employment relationship by focusing on inducements and contributions between the employer and a group of employees. Supporting an organization-focused (high inducements/high contributions) approach, they stated that the employment relationship adopted by organizations would have an effect on organization’s success and performance (Wang et al., 2003). Tsui et al. (1997:1090) examined EORs by focusing on the employer’s perspective on the employment relationship. Bell and Menguc (2002) indicated that from the perspective of employees, the positive perceptions of EORs lead to higher employee OCB and positive individual outcomes. Considering these arguments, it can be suggested that EOR from both the employer’s and employee’s perspective has implications for both organization and individual outcomes.

**Toward A Theory on EORs: Social Exchange Theory**

The extant research on EORs has focused on the systems theory (e.g., Broom et al., 1997; Grunig and Huang, 2000) while explaining the framework of EOR and
its relationship with employee and organizational outcomes. Originated in psychology and sociology, “social exchange theory” (SET) was used for relational communication and obligated relationships (Blau, 1964; Roloff, 1981; Liska and Cronkhite, 1995). In essence, three aspects are fundamental to social exchange: relationship, reciprocity and exchange (Coyle-Shapiro and Shore, 2007:3). The extant literature indicates that SET explains the process how EOR leads to employee reactions and addresses that EORs may have implications for how employees involve in reciprocation upon social exchange (e.g., Tsui et al., 1997; Shore and Coyle-Shapiro, 2003; Zhang et al., 2008; Wu et al., 2010; Shih et al., 2011; Audenaert et al., 2012; Wikhamn and Hall, 2012). Farh et al. (2007) provided studies including application of social exchange-based explanations for employee attitudes and behaviors. Based on the theoretical foundations, SET provides a solid explanatory background for determining why self-comparisons that stem from an employee’s perception of EORs lead to different outcomes, depending on the self perception generated.

**Task-Related Performance and Contextual Performance**

Most researchers focused on Katz’s (1964) and Katz and Kahn’s (1966) second category of behavior that was literally referred to as in-role behavior, prescribed behavior, task-related performance, or role performance (e.g., Borman and Motowidlo, 1997; Motowidlo, 2000; Bordin et al., 2007). Van Dyne et al. (1995:216) pointed out that organizational roles function to describe expected behaviors, and form the foundation of job descriptions and formal expectations. Additionally, these behaviors are used in formal reward systems and required job descriptions (Van Dyne and LePine, 1998). As such, task performance consists of the in-role behaviors, required components of the job which are found in an employee’s job description (LePine et al., 2001:54). However, it has been also indicated that task performance behaviors are not the only behaviors that establish the role behaviors construct and help the organizations to reach their goals. That argument leads the importance of studying contextual performance behaviors which are also associated with organizational effectiveness and success (Podsakoff et al., 1997; Ehrhart et al., 2006; Yücel and Demirel, 2012). As opposed to task performance, contextual performance includes behaviors that are neither formally written for nor expected of an employee (Borman and Motowidlo, 1997; Taştan and Serinkan, 2013). Contextual performance behavior is also described in Katz’s (1964) third type of behavior, which refers to extra-role
behavior. In addition, behaviors in contextual performance are referred as citizenship behaviors by Organ (1988). Mersman and Donaldson (2000:303) indicated that contextual behavior is neither required by the individual’s job description, nor directly rewarded by a formal reward system. Furthermore, it was designated that contextual performance behaviors include discretionary, noncontingent, prosocial, and spontaneous work behaviors and contribute to the performance of the organization (Motowidlo and Van Scotter, 1994).

**Intention to Turnover**

Rusbelt et al. (1988) conceptualized intention to turnover as the employees’ inner thoughts about leaving their current assignment possibly as a result of potential negative feelings regarding the job, organization, or current work environment. Vandberg and Nelson (1999 as cited in Van Schalkwky et. al., 2010:3) defined intention to turnover as individuals’ own estimated probability that they are constantly leaving the organization at some point in the near forthcoming. Intention to turnover was defined as “an employee’s subjective probability that he/she is permanently leaving the employer in the near future and captured the last in a series of withdrawal cognitions that also included thoughts about quitting and the search for alternative employment” (Tepper et al., 2009:157).

**1.2. Theoretical Framework and Hypotheses**

**EORs and Employees’ Behavioral Outcomes**

Shore et al. (2009) and Song et al. (2009) investigated the role of social exchange relationships in explaining employee behavioral consequences in EOR context in different cultural settings. Both conceptual and empirical articles examined the relationship between perceived EORs and exchange related constructs of employee behaviors and attitudes (e.g., Tsui et al., 1997; Shore and Barksdale, 1998; Masterson and Stamper, 2003; Shore and Coyle-Shapiro, 2003; Shore et al., 2004; Kuvaas, 2008; Shen, 2009; Audenaert et al., 2012). More specifically, EOR literature provides evidences regarding the EORs impact on individuals’ behavioral outcomes of job performance and turnover intention. In the EORs literature, the effects of perceived EOR are wide-spread, affecting outcomes ranging from contextual performance behaviors to attitudes about the workplace. Most notably, Tsui et al. (1995) demonstrated that employees had better job performance and were more committed when their organizations invested more in the EOR. Shore and Tetrick (1994) proposed that an employee’s perception of exchanged relationships in the EOR context is likely to play an important role in
shaping an individual’s psychological contract and work-related outcomes. Kuvaas (2008) examined how EOR influenced the relationship between employee perception of HR practices and employee outcomes involving turnover intention. Aryee et al. (2009) investigated EOR, emphasizing its relation to contextual performance and psychological ownership and their results showed that EORs quality positively influenced contextual performance. Wu et al. (2010) proposed a model based on a dual perspective of EORs and found that employees’ perceived EOR influenced their job satisfaction. Shih et al. (2011) revealed that EORs had positive impact on employees’ job performance. Shore et al. (2012) concluded that the employers’ investment in EORs and the positive perceptions of EORs lead employees to exhibit higher performance and commitment. Furthermore, the extant literature revealed various organizational and individual determinants of intention to turnover. Formerly, Mobley et al. (1979) and Muchinsky and Morrow (1980) investigated the multidisciplinary model of employee turnover intention with the potential predictors involving exchange relationships between employee and the organization. Mueller and Price (1990) and Mba and Ikemefuna (2012) examined the organization and employee relations as being the economic, psychological, and sociological determinants of intention to turnover. Additionally, the researchers of psychological school, Price (2001) and Morrell et al. (2001) examined the employee-employer relationships as being the determinants of turnover intention. In addition, EORs and psychological contract have been revealed as the indicators of turnover intention (Perez, 2012).

In this context, the empirical evidences of the extant literature seems to support the present study’s assumption that the employees in the EOR orient their behaviors towards a general norm of social exchange and employees’ perceptions of EORs may influence their task-related and contextual performance and intention to leave. Therefore, the present study chose to focus on the employee’s perspective because this is where most of the social changes have been observed and although some reciprocal expectations do occur, it is usually the employee who attributes the content of EORs and adds to workplace behaviors.

As such, on the basis of the literature, the following hypotheses are generated:

H1: The employees’ perceptions of EOR quality will have a significant positive impact on their task-related performance.
H2: The employees’ perceptions of EOR quality will have a significant positive impact on their contextual performance.
H3: The employees’ perceptions of EOR quality will have a significant negative impact on their intention to turnover.

2. METHODOLOGY

2.1. Sample and Procedure
Sample of the study consisted of health-care staff working in private hospitals/health-care entities located in Istanbul. 300 questionnaires were distributed and 240 usable surveys from 7 hospitals and 4 health-care entities were returned (with a response rate of 80%). The study was designed as cross-sectional and the unit of analysis was individual-level. As this study aimed to use employees’ perceptions to represent the employee (E) side of EORs, it was necessary to justify the aggregation of individual-level data.

2.2. Instruments
The questionnaire was composed of five-point likert scales measuring totally 62 items (from 1=Strongly Disagree to 5=Strongly Agree).

Measurement of Employee-Organization Relationships: To measure employees’ perceptions of relations with their organizations, the items developed by Wang et al. (2003) to measure organizational inducements and the items developed by Hon and Grunig (1999) and Jiang (2012) to measure employees’ social-psychological acquisitions were used. 15 items measured two dimensions of inducement: developmental inducements (10 items) and economic inducements (5 items). 18 items measured social-psychological acquisitions. The respondents were asked to indicate to what degree their organization provided higher level of inducements for the them and to what degree they perceive social-mental link.

Measurement of Task-Related Performance: Items adapted by Tsui et al. (1997) and also used by Wu et al. (2010) were used to measure task performance. 6 items were adopted for the employees to assess their self rated task performance in terms of quantity, quality, and efficiency as a one-dimensional construct.

Measurement of Contextual Performance: The scale with 20 items developed by Farh et al. (1997) was used to measure five dimensions of contextual performance: boosterism, altruism, conscientiousness, interpersonal harmony, protecting company resources. The respondents were asked to assess the extent to which they performed these behaviors. Measurement of Intention to Turnover: The scale of Cammann et al. (1979) with 3 items was used for measuring intention to turnover of the respondents.
3. FINDINGS

3.1. Descriptive Findings
The sample comprised of 240 employees working in health care organizations. 66% of the respondents were female, 71.5% were married; 75% were between ages 25–45. Majority of the samples (63.8%) had a university degree and 30.5% had occupational education on health-care. 78% of the respondents were working for 1–12 years in their current organization.

3.2. Factor and Reliability Analysis
The relevant items for three dimensions of EORs were averaged to create what we label as general EORs quality construct. The Cronbach alpha values for these dimensions (developmental inducements, economic inducements, social-psychological acquisitions) were 0.88, 0.85, and 0.79. Next, the items of task performance, contextual performance, and intention to leave were averaged as one-dimensional constructs. The Cronbach alpha value for task performance was 0.83; for contextual performance was 0.87; and for intention to turnover was 0.91. The items of the scales were averaged and analyzed as a total construct.

3.3. Testing the Hypotheses
The Relationships between the Variables
Table 1 shows that all four variables of the research model are significantly related to each other. “EORs quality” had weak positive significant relationship with task performance ($r=0.526; p<.01$), had weak positive significant relationship with contextual performance ($r=0.276; p<.01$), and had moderate negative significant relationship with intention to turnover ($r=-0.534; p<.01$).

Table 1. Correlation Analysis of Variables (Pearson Correlation Analysis)

<table>
<thead>
<tr>
<th>VARIABLES:</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Employee-Organization Relationships</td>
<td>1</td>
<td>0.526*</td>
<td>0.276*</td>
<td>-0.534*</td>
</tr>
<tr>
<td>2. Task-Related Performance (TP)</td>
<td>0.526*</td>
<td>1</td>
<td>0.315*</td>
<td>-0.322*</td>
</tr>
<tr>
<td>3. Contextual Performance (CP)</td>
<td>0.276*</td>
<td>0.315*</td>
<td>1</td>
<td>-0.411*</td>
</tr>
<tr>
<td>4. Intention to Turnover (IT)</td>
<td>-0.534*</td>
<td>-0.322*</td>
<td>-0.411*</td>
<td>1</td>
</tr>
</tbody>
</table>

N:240; * $p<.01$

The Impact of EORs on Task-Related Performance, Contextual Performance, and Intention to Turnover
In order to examine the explanatory power of perceived EORs quality as the independent variable on behavioral outcomes, regression analysis was conducted. The results showed that averaged EORs had significant impact on TP ($\beta = .384; p = .000$); had significant positive impact on level of CP ($\beta = .344; p = .000$); and significant negative impact on IT ($\beta = -.322; p = .000$). Table 2 reports that EORs with all three dimensions are statistically significant (p value: $0.00 < 0.05$) in predicting the employee behavioral outcomes of TP (explaining the 44.3% of the variance in TP), CP (explaining the 33.4% of the variance in CP), and IT (explaining the 34.8% of the variance in IT). As such, it is suggested that EORs quality had significant positive impacts on TP and CP and significant negative impact in intention to turnover. These results “supported H1, H2, and H3”.

### Table 2. Regression Analysis Results

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Task-Related Performance</th>
<th>Contextual Performance</th>
<th>Intention to Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Independent Variable</strong></td>
<td><strong>Beta</strong></td>
<td><strong>t value</strong></td>
<td><strong>p value</strong></td>
</tr>
<tr>
<td>Employee-Organization Relationship</td>
<td>0.384</td>
<td>4.225</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>R = 0.464; R² = 0.443; F = 88.221; p = 0.000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. CONCLUSION

The results revealed that all variables of research model had significant relationships between each other. The regression analyses reported that EOR had significant positive impacts on both task-related performance contextual performance but significant negative impact on intention to turnover. These findings supported the previous literature evidences which have indicated that EORs had association with employee attitudes and behavioral outcomes such as job performance, commitment, turnover intention etc. (e.g. Shore and Tetrack,
1994; Tsui et al., 1997; Shore and Barksdale, 1998; Price, 2001; Masterson and Stamper, 2003; Shore and Coyle-Shapiro, 2003; Shore et al., 2004; Kuvaas, 2008; Shore et al., 2009; Aryee et al., 2009; Hom, et al., 2009; Shen, 2009; Audenaert et al., 2012; Shore et al., 2012; Perez, 2012). This present study confirmed that EOR is regarded as formal, economic, social and emotional link between employees and organizational system. Based on the “social exchange theory”, employees show higher task-related and contextual performance outcomes and lower turnover intention (Duanxu et al, 2003; Shih et al., 2011) in accordance with their perceived relations with their organization. However, as a limitation of this study, the survey was performed among the health care staff working in private owned hospitals and health-care organizations located in Istanbul/Turkey. Moreover, this study captured the employees’ perspective on EORs rather than the employer perspective. In addition, the task and contextual performance variables were measured through self-report method. It is recommended that future studies can be performed within larger samples in various sectors and regions for the reliability of the findings. Moreover, for minimizing the limitations of the study, future researchers should use supervisor-report method or multiple source method for measuring employee performance. Finally, it is recommended to investigate EORs by focusing on the perspectives of both parties of employee and employer and possibly to do comparative analyses between the parties.

BIBLIOGRAPHY


