

EFFECTS OF THE PSYCHOLOGICAL CONTRACT ON AUDITORS' AFFECTIVITY AND JOB SATISFACTION

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ABSTRACT

In addition to formal contracts between employees and employers, there are psychological contracts regarding individual beliefs on reciprocal obligations. The goal of this study is to verify the effects of the psychological contract on job satisfaction, mediated by the auditors' perception of affectivity. A survey was carried out with a population of auditors in *Big Four* companies, where a sample of 116 valid answers was obtained. Structural Equation Modeling (SEM) technique was applied to the data of the research. The results show that the perceptions of employee's obligations towards the company do not present significant relationship with any variable of the research (positive affectivity, negative affectivity and job satisfaction), while psychological contracts, in the perspective of employer's obligations, influences the positive affectivity and the job satisfaction. It was also observed that positive affectivity mediates the relationship between psychological contract of employer's obligations and job satisfaction. Thus, it is confirmed the belief that obligations in the contractual relationship can provide stability and develop the auditor's professional side, resulting in positive feelings and satisfaction in performing the activities, which is supposed to lead to better individual and organizational results. It is concluded that the psychological contract in the perspective of employer's obligations triggers positive affects in the auditors' work environment which, in turn, is reflected in higher levels of satisfaction, but instigates non-significance for the employee's perceptions of obligations towards the company, which may be the subject of future investigations.

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1 INTRODUCTION

Psychological contract represents "individual beliefs on mutual obligations between employees and employers" (Rousseau, 1990, p. 389). Beliefs are considered contractual when individuals believe they owe the employer contributions in the form of obligations (heavy duty, loyalty sacrifices) in exchange of incentives (high wages, performance rewards), thus posing as behavior drivers. Obligations perceived are outlined by promises and beliefs. This concept of psychological contract, restructured by Rousseau (1989), is different from the general concept of expectations created in a causal relationship, where contracts are promissory and reciprocal.

The psychological contract is one of the most useful and popular concepts for understanding the employment relationship (Conway, Guest & Trenberth, 2011). Posing as an *explanatory framework* for comprehending this relationship, a central element is constituted in order to understand employee's attitudes and behaviors, however, it remains theoretically undeveloped, and empirical efforts present a rather limited scope. (Conway & Briner, 2002). Overall, studies focus on the development of the concept, the contents of psychological contracts and the investigation of its effects on the behavior of individuals at the workplace (Menegon & Casado, 2012).

According to Rousseau (1990), the psychological contract is determinant of behaviors present in organizations. The organizational environment demands permanent review on the behavior and attitude of staff members (Rousseau, 1989). This study examines the psychological contract from the employee's perspective, based on the movement initiated by Rousseau (1989) that the contract varies according to the reader's perspective, therefore abstract entities cannot establish a psychological contract, only their representatives or agents, which may even be their owners, but that are acting as representatives and become a party in the psychological contract (Rousseau, 1989).

Insofar as individuals adapt to new structures in response to the social, political, economic and technological changes, the formal employment contracts are no longer suitable, given the way these affect the organizational behavior (Menegon & Casado, 2012). This has triggered a change in employment relations and their relevant psychological contracts established by the perceptions of employees regarding what they owe their employers and what employers owe them, in line with the inclusion of subjectivity in construing psychological contracts (Rousseau, 1989), conceiving contractual unilaterality (non-mutuality). Such changes make the parties less likely to understand the agreements. Therefore, organizations may reduce their ability to fulfill all their promises (Robinson, 1996).

This exposure to arbitrary acts is an intrinsic characteristic of the contracts. Each party believes there is an agreement, but it does not necessarily imply the existence of a real agreement where they share the same understanding of the contract (Menegon & Casado, 2012). In this sense, this study seeks to investigate the consequences (affectivity and satisfaction) of psychological contract present within the context analyzed hereunder, in addition to addressing the existing contracts. There are several analysis of breach of contract in literature, but only few address the fulfillment of the contract; and empirical studies, in general, are limited to affirm both possibilities have similar, but opposite effects (Conway, Guest & Trenberth, 2011). A more extensive knowledge of both analysis is of utmost importance to manage psychological contracts.

The possibility to manage psychological contracts may explain their inclusion in organizational research. Accordingly, the following research question is sought to be answered: What are the effects of the psychological contract on job satisfaction mediated by the auditors' affectivity perception? To this end, the study aims to evaluate the effects of psychological contract on job satisfaction mediated by the auditors' affectivity perception. The psychological contract, which represents the auditors' beliefs regarding obligations towards their companies arising from formal contracts, are believed to influence their job satisfaction and affectivity (both positive and negative).

Relationships between job satisfaction and affectivity measures are confirmed by several

studies, as clarified in the meta-analysis by Connolly and Viswevaran (2000). However, no reference is made to the psychological contract, and none of them had auditors as object of analysis. Several studies support a relationship between psychological contract and job satisfaction. But short-term affective responses have been neglected in empirical researches (Conway & Briner, 2002). In recent study, Jusoh, Ahmad and Omar (2014) present a theoretical model with three aspects (psychological contract, affectivity and job satisfaction) for the work-family relationship context as regards the benefits of dealing with the imbalance thereof. This study proposes that psychological contracts mediate the relations between affectivity and job satisfaction.

Affectivity is defined by how people experience emotions as a reaction to environmental conditions, which can be either positive or negative (Watson, Clark & Tellegen, 1988). This study uses the aspect conveyed by these authors to capture positive and negative affectivity dimensions, a model developed in the form of a scale to measure the two primitive dimensions of the mood; aspect validated by several studies, such as Zhai, Smyth, Nielsen and Luan (2009), which also relate affectivity to job satisfaction and validate the aspect in non-original language, within the Chinese context.

In order to enable the measurement of job satisfaction, Brayfield and Rothe (1951) have developed a tool that aims to capture this feeling, using it as measurement criterion in behavioral studies. This study uses said tool and shares the same approach of said authors, that is, "this study assumes that job satisfaction can be deduced from the attitude of individuals towards their work"; the expression of a feeling towards an object, making it possible to quantify such expression of a feeling (Brayfield & Rothe, 1951, p. 307).

Most studies on psychological contract were carried out in United States or United Kingdom, with students, without considering their working experiences (Antonaki & Trivellas, 2014). However, no researches were found investigating the relationship proposed in this study. Flower, Demir, McWilliams and Johnson (2015) have examined the relationship between the components of the psychological contract, the organizational justice and the negative affectivity with the organizational commitment, job satisfaction, depression and psychological distress of health auxiliary professionals.

Previous studies have also not investigated psychological contracts with auditors, although this is a very representative context with highly qualified professionals. Masihabadi, Rajaei, Koloukhi and Parsian (2015) have analyzed the effects of stress on auditors' organizational commitment, satisfaction and work performance. They have found that job satisfaction is negatively affected by stress, and the stress, in turn, lead to negative effects in the work performance mediated by satisfaction and organizational commitment.

2 THEORETICAL REFERENCE

2.1 Psychological Contract

According to Rousseau (1989, p. 124), "a psychological contract emerges when individuals believe the contributions made obliges the organization to reciprocity (or the other way around)". The belief that reciprocity will occur may be the trigger to a psychological contract. However, the individual's belief in such reciprocity obligation is what establishes the contract. The belief in a contract also emerges when a promise prepares the way for the employee's contribution. It is the belief in a promise of future return, a contribution is offered, and an obligation of future benefits is established. Every contract is intrinsically subjective; accordingly, psychological contracts are perceptions of each of the parts in a relationship (Rousseau, 1989).

Rousseau (1989) unleashed several criticisms for this understanding of psychological contract, under the argument of not considering the mutuality aspects, since the perception of mutuality is what gives rise to the psychological contract, and not the mutuality itself, in the conception of reciprocity (Menegon & Casado, 2012). Unlike formal or implicit contracts, the psychological contract depends on the perception; therefore, the understanding of one party may not be shared by the other (Robinson, 1996). Jusoh, Ahmad and Omar (2014) suggest that the exchange relationship depends on psychological, social and interpersonal mechanisms instead

of formalities arising from legal provisions.

Rousseau (1989) has analyzed psychological contracts between employees and employers in research applied to recently selected MBA candidates. In the study, the obligations empirically found were divided in two categories: (i) transactional obligations of high payment and promotions in exchange of heavy-duty work and (ii) relational obligations of employment stability in exchange for loyalty and the guarantee of continuing in the company. The study has found that promises of future behaviors by employers are generally contingent upon the employee's reciprocal actions and, moreover, that companies stimulate the establishment of different psychological contracts, suggesting that contractual issues may play a key role in the employment relationship (Rousseau, 1990).

Robinson (1996) has investigated the relationship between the employees' trust in their employers and their experiences of breach of psychological contract by the employer. Trust was found to be a mediator of the relationship between the breach of the contract and the employees' contributions to the company. When analyzing the performance of the psychological contract in daily routines, Conway and Briner (2002) have found that broken or supplanted promises occur regularly and in relation to any aspect of the work, and the importance of the promise significantly contributes to emotional reactions thereafter. Moreover, the effects of promises that exceed expectations are substantially lower on emotional reactions compared to broken promises.

As regards researches on psychological contracts in Brazil, Menegon and Casado (2006) have addressed the psychological contract as a tool for managing people based on investigation of the relationship between the breach of the psychological contract and levels of voluntary employee turnover in consulting companies. Menegon and Casado (2012) propose a discussion on the concept of psychological contract and its relevance for understanding the working relations through a review on literature and focus on international authors. The study by Agapito, Cardi, Vicente, Guimarães, Lacerda and Freitas (2013) also stands out, which have analyzed psychological contracts and job satisfaction.

Currently, the topic most widely discussed in the psychological contract literature is the breach thereof, with most productions originated in the USA (Menegon & Casado, 2012). There are three ways to operationalize the standardized and quantitative measures of the contract (Menegon & Casado, 2012). The conditions, in the form of obligations that the individuals perceive to owe (such as extra hours) their employers, must reward them (with, for example, a promotion). Composed of conditions, are measurements of the contents of a global contract, a scale of contractual conditions. And nominal rating, are typologies where respondents indicate the category that represents their understanding of employment relationship. The nominal rating has been widely used within this context, including in this study.

Conway, Guest and Trenberth (2011, p. 274) argue that, "there is an urgent need to discuss and to identify concepts within the Theory of psychological contracts that lead to positive results". In this sense, this study seeks to contribute to the observed gap identified by analyzing to which extent the fulfillment of a psychological contract (employer-employee obligations) can be used to promote, rather than merely maintaining, affection, positive behaviors and attitudes, which are referenced as the exercise of the psychological contract as part of a positive psychology to increase the organizational well-being and to enable organizational productivity.

2.2 Affectivity and job satisfaction in psychological contracts

Based on the premise that the psychological contract takes place at the individual level, as a belief on exchanges within a relationship, its fulfillment becomes a mutual belief on obligations (duties and rewards). Such beliefs and obligations comprised in the psychological contract emerge from the moment of selection of employees and their start in the company (Rousseau, 1990). The Psychological contract theory suggests that employees constantly assess whether or not their contributions are mutually awarded by the organization. (Antonaki & Trivellas, 2014).

Robinson (1996) has studied the role of personality factors existent in this relationship, seeking to contribute to the construction of psychological contract literature as regards the role trust plays in such experience, and its effects on the breach of psychological contracts. The research results indicate that trust can regenerate trust, not only because it stimulates a

trustworthy behavior on both parties, but also because it influences the perception of each party on the behavior of the other. Moreover, the impacts of the breach of a psychological contract exceed the loss of expected rewards.

After employees fulfill their obligations in a mutual promise, these assume the organization will likewise fulfill its obligation, as a reward. However, it is unlikely that the employee feels too satisfied with the fulfillment of the obligation by the employer. Employees tend to be upset when the organization fails to keep its promise (Conway, Guest & Trenberth, 2011). In this case, the contractual satisfaction is upheld and do not result in unexpected behavior and attitudes, while the breach implies disappointment. However, Conway, Guest and Trenberth (2011) have investigated the affective well being within anxiety-comfort and depression-enthusiasm dimensions, providing an example of a different approach to the same aspect proposed in the present study.

This study addresses affectivity as a dual aspect, positive and negative, according to Watson, Clark and Tellegen (1988), for whom although the terms *positive affect* and *negative affect* may suggest that these two moods/states of mind are opposites, they have in fact arisen as two distinct dimensions. The positive affect reflects the extent to which a person feels enthusiastic, active, and alert. A high positive affect is understood as a state of high energy, high concentration, and pleasurable engagement, while a low positive affectivity is characterized by sadness and apathy. Negative affect is defined as a generic dimension of subjective distress and unpleasant engagement. It involves aversive state of mind like anger, contempt, aversion, guilt, fear, and nervousness. A low negative affectivity is understood as a state of calmness and serenity.

Employees with positive affectivity tend to have positive perceptions of their psychological contract. Thus, they are more likely to believe their organization will reward them for fulfilling their obligations. Employees with negative affectivity, on the other hand, have negative perceptions of their psychological contract. They may develop negative perceptions of their organization, as well as of the mutual obligations within the work environment. Employees with negative affectivity pay attention to what they do not earn or that they earn less than they think they deserve and, consequently, tend not to have positive beliefs about the organization. They develop distress and anxiety feelings, which are likely connected with negative perceptions of the contract (Jusoh, Ahmad & Omar, 2014).

As the contract is analyzed from the employee's perspective, in this study the auditors, it depends on several factors, including the subjectivity of its reader (Rousseau, 1989). The psychological contract established and experienced by the auditor is assumed to unfold (positive and/or negative) affects in the employer-employee relationship. Therefore, the first hypothesis of the research is formulated on the grounds of the foregoing theoretical assumptions.

H1: The beliefs of auditors regarding the psychological contract are reflected in affects on their employer-employee relationship.

In turn, the job satisfaction refers to the employees' assessment of their working conditions (Antonaki & Trivellas, 2014). The psychological contract provides a mechanism in which the relationships between personal factors and job satisfaction can be analyzed (Jusoh, Ahmad & Omar, 2014). In the empirical study of the psychological contracts aimed at understanding and clarifying their impacts on satisfaction and commitment in the workplace, Antonaki and Trivellas (2014) have addressed the application of the psychological contract as a framework, in order for employers to effectively manage the negative outcomes that may arise.

In the research conducted by Conway, Guest and Trenberth (2011), job satisfaction behaved in a significant and opposite way, in comparative analysis between breach and fulfillment of the psychological contract. The results also show that the extent of the increase in job satisfaction and organizational commitment have presented similar behaviors in the two situations. This reinforces the conclusion that the different effects in the two situations are related to the psychological contract, at least when compared to changes in job satisfaction.

According to Antonaki and Trivellas (2014), several researches have found a negative relation between the breach of psychological contract and attitudes, job satisfaction and organizational commitment, whose studies have been mostly prepared from the perspective of social exchange and equity theory, suggesting that individuals seek balanced trust relationships. In a sample with bankers, Antonaki and Trivellas (2014) have confirmed the mediating role of job

satisfaction between specific elements of the breach of psychological contract and the organizational commitment. The awareness of the negative results of job satisfaction elements by managers (employers) shall enable them to take decisions aimed at promoting the feeling of stability and motivating employees to carry out their tasks (Agapito *et al.*, 2013).

Zhai *et al.* (2009) have investigated the relation between positive affectivity, negative affectivity, job satisfaction and life satisfaction. The results show that affectivity is the source of both satisfactions, that job satisfaction is positively related to life satisfaction and that it partially mediates this relationship. Moreover, the results also indicate that the positive affect is positively related to job satisfaction and life satisfaction, while negative affect is negatively related thereto. Affectivity and job satisfaction represent a difference of 25% in life satisfaction.

Researchers have been trying to connect the individual characteristics with job satisfaction. A characteristic widely studied is the affective disposition (Connolly & Viswesvaran, 2000). Researches carried out based on the Role Theory indicate that affectivity reflected in job satisfaction is pertinent and can take part in the theories of such satisfaction. Affective predispositions provide the basis for the perception by which needs are construed, perceiving them as fulfilled or not (Connolly & Viswesvaran, 2000). Thus, it is assumed that the inclusion of affectivity and job satisfaction is grounded on the context of psychological contracts and, therefore, the second hypothesis is formulated.

H2: Affect feelings expressed by auditors regarding their relationship at work influence job satisfaction.

The positive affectivity is related to the job satisfaction and frequency of pleasant events, while the negative affectivity is related to personal stress, low cooperation, health issues and frequency of unpleasant events (Watson, Clark & Tellegen, 1988). The research conducted by Conway, Guest and Trenberth (2011) have showed that breach of contract is a trigger of negative affect and negative attitudes by employees, while the fulfillment of the contract has less sharp effects. The intensity of affective reactions to promises perceived as broken depends on the interpretation process and on the several elements of such promise (Conway & Briner, 2002). The results show that 10 to 25% of the variations in job satisfaction are due to individual differences in affectivity.

In their research, Connolly and Viswesvaran (2000) have expected positive affectivity to be positively related to job satisfaction, negative affectivity to be negatively related to job satisfaction, and that affectivity would be greater in the positive relation than in the negative relation. All correlations were sustained, and the positive affectivity was higher than the negative. The results show that job satisfaction is more influenced by positive affect than negative affect, suggesting that positive and negative affectivity should be independent aspects. These results lead to another research assumption hereunder: that the relationship triggered by positive affectivity is greater than the negative affectivity. This study assumes that the dimensions of these correlations suggest that several variables affect job satisfaction, considering that the highest correlation (positive affectivity and job satisfaction) represented 25% of the variation.

The affectivity can influence the individual perception on such situations, and these perceptions impact the job satisfaction. A high perception of positive affect makes individuals more likely to perceive situations at work compared to low positive affect. Individuals remember good things about their work. A high perception of negative affect occurs when individuals have more bad perceptions of situations at work than in the case of low negative affect. Individuals who may be in unfavorable work situations tend to remember unpleasant events in their workplace (Zhai *et al.*, 2009). Based on the theoretical assumptions and the two dimensions of affectivity (positive and negative), these are assumed to influence the satisfaction of the auditors at work in opposite ways, as described in the two hypotheses set out below:

H2a: Positive affectivity has a positive influence on job satisfaction.

H2b: Negative affectivity has a negative influence on job satisfaction.

Affectivity is related to job satisfaction and the personal life of employees, with the job satisfaction representing an important predictor of life satisfaction even when affectivity is controlled (Zhai *et al.*, 2009). The affectivity (both positive and negative) represents the tendency to undertake experiences that trigger pleasant and unpleasant emotions, while job satisfaction is an internal state of the assessment of its experience (as a favorable or unfavorable measure). According to the authors, the implication of such results is that by increasing people's job

satisfaction, their quality of life increase. However, Zhai et al. (2009, 1188) point out that, "as job satisfaction is related to affective personality, it is not easy to increase the people's satisfaction through the improvement of situations at work".

Robinson (1996) supports that employees' dissatisfaction with the current situation of their contributions to the organization is an attempt to restore the perceived imbalance in the exchange relationship held with the organization. Antonaki and Trivellas (2014) have demonstrated the negative impact between the specific aspects of the breach of the psychological contract in job satisfaction and in organizational commitment, supported by the mediating role played by job satisfaction between this relationship of breach of contract and organizational commitment. They have found that employee's positive perceptions on psychological contracts seem to result in more satisfied employees, especially those with positive assessments of their relationships and the content of work, which causes employees to be more committed. Based on the foregoing, the psychological contract is considered to inversely influence the job satisfaction, mediated by opposite affectivity aspects.

H3a: From the authors' perspective, the psychological contract positively influences job satisfaction mediated by positive affectivity.

H3b: From the authors' perspective, the psychological contract negatively influences job satisfaction mediated by negative affectivity.

Based on the assumptions provided by the literature on psychological contracts, the theoretical model of Figure 1 presents the mediating effect of (positive and negative) affectivity perception in the relationships between the psychological contract – consisting of the (auditor) employee's beliefs regarding the promises assumed by him or by the employer – and the job satisfaction.

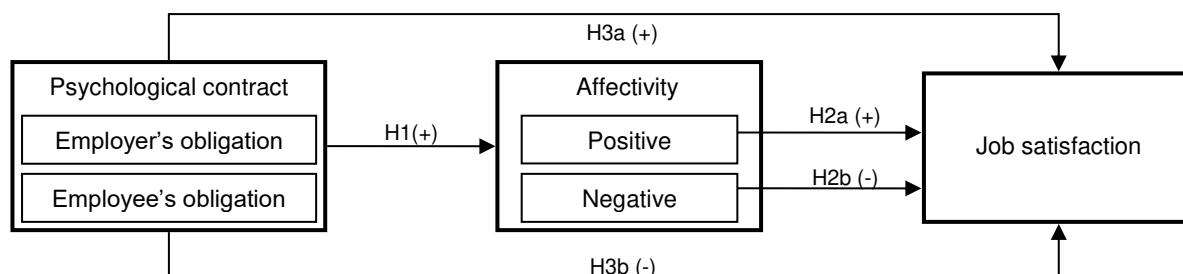


Figure 1. Theoretical Model

Source: prepared by the authors.

The underlying assumptions of the psychological contract are social exchanges between the two parties, expressed in the form of promises, translated into obligations reflecting in the individual's affectivity. Similarly to the study by Connolly and Viswesvaran (2000), this research expects that positive affectivity is positively related to job satisfaction, and that negative affectivity is negatively related to job satisfaction. Several studies have further emphasized the results of the breach of the contract positively related to undesirable consequences at work – such as *turnover* intention – and negatively related to desirable results, such as job satisfaction, grounded on the premises of the Social Exchange Theory (Antonaki & Trivellas, 2014).

3 RESEARCH METHODOLOGY

Descriptive study was carried out from a survey with independent auditors. In order to determine the study population, the auditors of *Big Four* companies (Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers) were selected, once these are the world leaders in auditing and consulting. The search in *LinkedIn* was made using the term "auditor", in addition to specifying the names of the organizations, which had been previously mapped.

Initially, a request was sent to auditors inviting them to integrate a network created in *LinkedIn*. After the request was accepted, on august 2017, a *link* of the questionnaire was sent through *Google Docs*. The final sample of the survey comprised 116 respondents. The sample

size was calculated using the G*Power software (Faul, Erdfelder, Buchner & Lang, 2009), which resulted in at least 85 valid respondents, considering the following parameters: number of predictor variables (employer's obligation under the psychological contract, employee's obligation, positive affectivity and negative affectivity) on the dependent variable (job satisfaction), effect extension (average effect of 0.15), level of significance of $\alpha=0.05$ and sample power of $1-\beta = 0.8$.

Most respondents are men (85 respondents), representing 73.28% of the sample. As regards the age, 50.86% (59 respondents) are between 20 and 25 years old; 48.28% (56 respondents) between 26 and 35 years old and only one respondent is older than 50. As regards schooling, 90 respondents (77.59%) have bachelor degree; 20 post-graduation/MBA degree; 4 masters' degree and 2 doctoral degree. Respondents were graduated in several areas of knowledge, including: Accounting Sciences (82 respondents), Administration (22 respondents) and Economics (5 respondents). It is worth noting that 10 respondents reported having two bachelor degrees.

As regards function/job position in the company, the titles that can be classified were: assistant (17 respondents), auditor (30 respondents), senior auditor (54 respondents) – which presented the highest representativeness, comprising 46.55% of the sample –, supervisor (5), manager (6) and director (1). The time in the company ranged from 10 months to 25 years, with an average of 3 years and 2 months. It is further highlighted that 81.90% of respondents did not have previous experience in other auditing companies and that 21 respondents (18.10%) had from 8 months to 7 years experience in other auditing companies, with an average of 2 years and 5 months.

In the research tool, the aspect of the psychological contract related to the obligations of employers was evaluated in seven different aspects, where respondents were requested to indicate their perception of the extent to which certain elements (promotions, high salaries, payment in line with current performance, training, safety at work with long-term vision, career development, support in the event of personal problems) actually represent the obligations of their employer under the contractual relationship in a 5-point scale, where 1 represents no obligation and 5 represents high obligation. Within the aspect of the psychological contract related to the obligations of employees, respondents were requested to express their perception of the extent to which certain elements (overtime, loyalty, willingness to do tasks that are not assignable to them, notice of dismissal if joining another company, willingness to accept a transfer, refusal to support the employer's competitors, and protection of the auditing and audited company information) represent their obligations towards their employers in a 5-point scale ranging from no obligation to high obligation. The assertions of these aspects were translated from the research conducted by Rousseau (1990) and adapted, in some cases, to the auditors' work context.

The affectivity was measured based on scale developed by Watson, Clark and Tellegen (1988). A set of words representing different feelings and emotions were presented (such as: interested, distressed, upset, inspired, determined), and respondents were asked to indicate to which extent they experienced these feelings in the last week, considering a scale from 1 to 5, where 1 represents none or very slightly and 5 represents very strongly.

In order to measure the job satisfaction, respondents were presented 12 assertions taken from the research by Brayfield and Rothe (1951), where they were asked to indicate their level of agreement, in a scale from 1 to 5, where 1 represents Total Agreement and 5 represents Total Disagreement. Some assertions were presented with reverse scales. Examples of assertions are: (i) most days I am enthusiastic about my work; (ii) I definitely don't like my job (R).

The data analysis used the Structural Equation Modeling (SEM) technique, estimated from the Partial Least Squares (PLS). O PLS enables testing a set of variables aimed to assess the level of explanation of the predictive variables against the dependent variables (multiple regression elements), indicating the most important predictive variable (factorial analysis) (Klem, 2006). In addition, a step-by-step analysis of the paths was used to examine the effects of mediation, as recommended by Baron and Kenny (1986).

4 DESCRIPTION AND ANALYSIS OF RESULTS

PLS-SEM model is usually assessed in two stages, the first referred as measurement model and the second as structural model (Hair, Hult, Ringle & Sarstedt, 2014). The results of each of these stages are presented below.

4.1 Measurement model

The measurement model analyzes the reliability (both individual and composite) and the validity (convergent and discriminant) of the measurement of the aspects of the contract (Ringle, Silva & Bido, 2014). The convergent validity evaluation was performed by the *Average Variance Extracted* (AVE), where the values of each latent variable were higher than the threshold value of 0.50 (Hair *et al.*, 2014).

Then, the *Cronbach's alpha and composite reliability* indicators were observed. All variables presented values higher than 0.70 in composite reliability – what is considered appropriate, according to Hair *et al.* (2014). In *Cronbach's alpha*, latent variables of psychological contract of employer's obligations and psychological contract of employee's obligations presented values of 0.607 and 0.625, respectively. According to Hair *et al.* (2014), values lower than 0.70 and higher than 0.50, for reliability coefficients, can be accepted for exploration models, as in the case of this research. The individual reliability of each assertion was also assessed through factor load analysis. Assertions containing factor load lower than 0.55 were eliminated. Fávero, Belfiore, Silva and Chan (2009) have recommended factor load of at least 0.55 for samples containing 100 to 119 respondents.

Another element analyzed in the validity and adequacy of the model is the discriminant validity, which was assessed at the level of indicators (Chin, 1998) and of latent variables applying the criterion used by Fornell and Larcker (1981), which seem to be appropriate. According to the criterion by Fornell and Larcker (1981), the discriminant validity is confirmed when the square root value of AVE is greater than the absolute values of correlations with other latent variables, both vertically and horizontally (Ringle, Silva & Bido, 2014). In view of Table 1, it can be observed (diagonally, in bold) that latent variables meet this condition, that is, there is discriminant validity in the analyzed data. Therefore, it is reasonable to conclude that the measurements are reliable (individual reliability of items and aspects of the contract) and valid (convergent and discriminant validity) (Barclay, Thompson & Higgins, 1995).

Table 1
Results of the measurement model

Variables	AVE > 0.50	Cronbach's alpha > 0.70	Composite reliability > 0.70	Discriminant Validity				
				CPOE	CPOF	PA	NA	JS
CPOE	0.554	0.607	0.782	0.744				
CPOF	0.551	0.625	0.782	0.267	0.742			
PA	0.655	0.924	0.938	0.421	0.131	0.809		
NA	0.518	0.844	0.881	-0.117	-0.060	-0.415	0.720	
ST	0.561	0.912	0.927	0.252	0.138	0.514	-0.459	0.749

Note. Keys: CPOE= psychological contract of employer's obligation; CPOF= psychological contract of employee's obligation; PA= Positive Affectivity; NA= Negative Affectivity; JS=Job satisfaction.

Source: Research data.

In Table 1, the convergent and discriminant validity and the reliability indicate a positive assessment of the measurement model, in accordance with Hair *et al.* (2014). Therefore, it is possible to carry out the evaluation of the structural model. It is further found that greater correlations have occurred with positive affectivity and job satisfaction (0.514), negative affectivity and job satisfaction (-0.459), psychological contract of employer's obligations with positive affectivity (0,421), psychological contract of employer's obligations with job satisfaction (0,252). There are also relations between psychological contract of employer's obligations with psychological contract of employees' obligations (0.267). Such results indicate that affectivity can act as mediator in the relationship between psychological contract of employer's obligations and job satisfaction. Baron and Kenny (1986) have argued that, as the independent variable is assumed to cause the mediation, these two variables must be correlated.

4.2 Structural model

After checking the adequacy of the measurement model, estimates of the structural equations were carried out through *Bootstrapping* analysis, with a sample of 110 cases and 1000 re-samplings in order to evaluate the significance of the relationships between latent variables used in the study (Hair et al., 2014) and to test the hypothesis of the research. Evaluation of the structural model was also carried out based on the (i) Pearson Coefficient of Determination (R²), which substantiate the predictive validity of the model and (ii) predictive relevance (Q²) or *Stone-Geisser* indicator, where the values of endogenous variables must be higher than zero (Hair et al., 2014).

For assessing the measurement, as recommended by Baron and Kenny (1986), several regression models were estimated. The first equation was the independent variable (psychological contract) with the mediator (affectivity); the second was the independent variable with the dependent variable (job satisfaction) and the third included the research model, shown in Figure 1, where the effects of the independent variable were tested on both mediator and dependent variables. All models were tested and estimated.

Baron and Kenny (1986) sustain that the mediating effect takes place when: (i) the independent variable affects the mediator (Model 1); (ii) the independent variable affects the dependent variable in the absence of the mediating variable (Model 2) and (iii) the mediator affects the dependent variable (Model 3). If these conditions maintain the expected direction, the independent variable effect on the dependent variable must be smaller in the third equation than it was in the second. A perfect mediation is valid if the independent variable produces no effects when the mediator is inserted. The results of tests performed are shown in Table 2 by model tested, where the path coefficients, the significance and the R² and Q² statistics of the endogenous constructs are presented.

Table 2
Path Coefficients and evaluation of the structural model

Path from:	Path to:					
	Model 1		Model 2	Model 3		
	PA	NA	JS	PA	NA	JS
CPOE	0.420***	-0.216*	0.259**	0.416***	-0.109	0.049
CPOF	0.015	-0.162	0.075	0.020	-0.031	0.059
Positive Affectivity	-	-	-	-	-	0.361**
Negative Affectivity	-	-	-	-	-	-0.300***
Job satisfaction	-	-	-	-	-	-
R ²	0.180	0.092	0.067	0.178	0.015	0.344
Predictive Relevance (Q ²)	0.103	0.025	0.036	0.108	0.001	0.176

Note. N=116. ***p < 0.001, **p < 0.01, *p < 0.05.

Keys: CPOE= psychological contract of employer's obligation CPOF= psychological contract of employee's obligation; AP= Positive affectivity; AN= Negative affectivity; ST= Job satisfaction.

Source: Research data.

Contrary to expectations, the results of Table 2 do not show significant relationships between the psychological contract of employee's obligations and affectivity or job satisfaction. However, significant relations can be observed between the psychological contract of employer's obligations and positive affectivity (0.420, p < 0.001 – Model 1) (0.416, p < 0.001 – Model 3), as well as negative affectivity (0.216, p < 0.05 – Model 1). These results serve as basis for the partial acceptance of H1 that, auditors' beliefs regarding the psychological contract are reflected in affects in the employer-employee relationship. It is further observed that 34.4% (R²) of the job satisfaction can be explained by the direct effects of positive affectivity (0.361, p < 0.01) and negative affectivity (-0.300, p < 0.001), and by the indirect effects of the psychological contract of employer's obligations. Thus, these results contribute to supporting H2, which predicts that affection feeling expressed by auditors towards their work influence the job satisfaction.

Moreover, a total mediation of the positive affectivity is found in the relationship between the psychological contract of employer's obligations and job satisfaction, considering that: (i) psychological contract of employer's obligations are significantly and positively related to the

positive affectivity (Models 1 and 3); (ii) psychological contract of employer's obligations affect job satisfaction in the absence of mediating variable (Model 2); (iii) positive affectivity influences job satisfaction (Model 3) and (iv) the relationship between psychological contract of employer's obligations and job satisfaction was zero in the presence of positive affectivity (Model 3). This indicates that PA has absorbed all effect of psychological contract of employer's obligations on job satisfaction, that is, there is a complete mediation, which makes the relationship non-significant, according to Baron and Kenny (1986). However, since there were no positive relationships with the psychological contract of employee's obligations, the H3a, which states that from the auditors' perspective the psychological contract has a positive influence on job satisfaction mediated by positive affectivity, is partially accepted. While H3b – which states that from the auditors' perspective the psychological contract has a negative influence on job satisfaction mediated by negative affectivity – is rejected, once there are no significant relations between the psychological contract of employer's obligations and the negative affectivity in Model 3. In the model tested, 17.8% of the positive affectivity is explained by the psychological contract of employer's obligations, while there has been no explanation for the negative affectivity in the proposed model. This indicates that psychological contract of employer's obligations may influence the negative affectivity (Model 1), but the consequent ones are others, which sets the ground for future studies.

It should be further highlighted that the total effect of the psychological contract of employer's obligations on the job satisfaction has presented a path coefficient of 0.232 ($p < 0.05$), where 0.183 ($p < 0,01$) are indirect, by positive affectivity. Therefore, based on the model tested, the psychological contract of employer's obligations are also noticed to influence the positive affectivity and the job satisfaction mediated by positive affectivity. Which indicates the affection feelings expressed by the auditors in their relationship with work influence the job satisfaction, both positively (positive affectivity) and negatively (negative affectivity).

4.3 Discussion

The theoretical-empirical evidences (Rousseau, 1990; Flower et al., 2015) point out that employee's beliefs regarding mutual responsibilities between them and their employers (psychological contract) are reflected in behaviors and results in the workplace, such as trust (Robinson, 1996), job and life satisfaction (Zhai et al., 2009), organizational commitment (Antonaki & Trivellas, 2014, Conway, Guest & Trenberth, 2011), affective well-being (Conway, Guest & Trenberth, 2011), as well as motivation to pursue a career in the company (Rousseau, 1990). This study has focused on the effects of psychological contract (obligations) on the auditors' affectivity and job satisfaction.

The results show that: (a) the employee's perceptions of their obligations towards the company have not presented significant relationships with any of the variables (positive affectivity, negative affectivity and job satisfaction). The coefficients of the correlation of this variable (Table 1) with others were very poor; (b) employer's perceptions of their obligations towards the employees, from the auditors' perspective, influence the positive affectivity and the job satisfaction, with greater the effect on positive affectivity; (c) positive affectivity mediates the relationship between the psychological contract of employer's obligations and the job satisfaction; (d) in individual models and correlations, a negative association of the employer's perceptions of obligations with negative affectivity is observed; (e) positive affectivity increases job satisfaction, while the negative affectivity decreases job satisfaction.

However, positive affects are greater predictors of this *outcome*, if compared to negative affects, in line with the results of the research by Connolly and Viswesvaran (2000), where the job satisfaction was more influenced by the positive affectivity than by the negative affectivity – suggesting that positive and negative affectivity must be considered different aspects. These results are also consistent with the study by Watson, Clark and Tellegen (1988), where positive affectivity relate to job satisfaction and frequency of pleasant events, while negative affectivity relate to personal stress, low cooperation, and health complications.

Therefore, the study results indicate that auditors are more satisfied in the workplace when they notice that employers owe them promotions rather than when they felt they owe obligations (for example: overtime, loyalty) to their employers. The feeling of being in debt does not promote

job satisfaction, but the belief that the company owes them an obligation triggers positive feelings and make individuals more satisfied. In this sense, it is possible that obligations the employees, in the case hereof the auditors, believe to owe can reflect in other behaviors, such as organizational commitment and commitment to goals.

The mediation found in this research indicates that the psychological contract promotes positive feelings and triggers positive affects, such as persistence, interest, commitment, which, in turn, increase job satisfaction. In this sense, the perception that the employer is responsible for promotions and for the development of their careers results in more inspired auditors that strongly seek organizational goals. This makes them more active, thus increasing their job satisfaction. Therefore, the belief that there are obligations in the contractual relationship whose fulfillment can provide stability and develop the auditors' professional carrier result in positive feelings, as well as individuals more satisfied with their work, constantly searching goals to be achieved.

Locke (1969) supports that job satisfaction represents a pleasant emotional condition that results from the evaluation an individual makes of their work. Moreover, Masihabadi *et al.* (2015) have demonstrated that job satisfaction is associated to several behaviors related to the workplace, such as the work performance and the organizational commitment. The work environment in auditing companies is always very intense and dynamic, even out of the busy season. Usually, the budgets are tight, the time is tight, and the *Big Four* must compete with smaller audit firms for getting clients. However, job satisfaction is a very important element in the work relation and shall be taken into account by auditing companies. Auditors are constantly under pressure, either because of deadlines, commitment to goals, knowledge needs, preparation to deal with clients, reliability of the auditing company, update needs, lack of time and so on. These aspects may give rise to stress in the workplace and reflect negatively on performance and satisfaction, as found by Masihabadi *et al.* (2015).

Therefore, the results of this research indicate that the fulfillment of the psychological contract as regards the employer's obligations is a way to increase job satisfaction and trigger positive affectivity. Antonaki and Trivellas (2014) state that positive perceptions of the psychological contract seem to result in more satisfied workers, with positive evaluations of their relationships and their work content. They lead to a greater commitment and make individuals more willing to develop behaviors and tasks that strengthen their bonds to the organization. In this sense, it is reasonable to conclude that the managers of these companies must be cautious and fair when establishing policies and procedures for promotions, salary and career plans. The auditors' perspective of internal growth and career development provides positive affects and, consequently, is reflected in the job satisfaction. Thus, the breach of this contract, even if at individual and perceptual/proportional level, can have opposite effects. This causes organizations to rethink, re-evaluate, and revise their view of the exchange relationship existing with their employees, as reflected in their psychological contract (Antonaki & Trivellas, 2014).

5 CONCLUSIONS

The study addresses the effects of psychological contract on job satisfaction mediated by the auditors' perception of affectivity. The findings of Rousseau (1990), reinforced by Flower *et al.* (2015), that the psychological contract is a set of beliefs of the individual on the mutual responsibilities existing between them and the employer, were used as a starting point. The employer, however, may not award these beliefs. Overall, the psychological contract is established when the employees, at the individual level, believe to have the obligation to behave or to perform activities in a certain way, and also believe the employer have certain obligations towards them.

In this context, the results evidence that the obligations that auditors believe to have with the auditing companies, such as loyalty, willingness to do tasks that are not assignable to them and protection of the auditing and audited company information, do not present significant relationships with affectivity and job satisfaction. This result suggests that the auditors' belief to owe an obligation the company may be reflected in other behaviors, such as performance of tasks, which sets the ground for future studies aimed thereto.

However, the results indicate that the belief that the auditing companies owe certain

obligations (such as promotions, training, payments related to current performance) is reflected in the positive affectivity (interested, enthusiastic, committed employee) and, therefore, in the job satisfaction. Moreover, affectivity was observed to have direct influence on job satisfaction, whether negatively, by means of negative affects (disappointed, upset, anxious employee), or by expressing positive affects; these are greater predictors compared to negative affectivity.

The research results suggest certain prudence by audit firms in establishing internal policies and procedures regarding promotions, career plans, variable remuneration, relational obligations, since they can interfere in the perception of the psychological contract and, consequently, in the affectivity and job satisfaction, as they reflect in other organizational results, such as commitment and performance – as already indicated in the literature. The employees' view of the structure established by the company (promotions, for example) stimulates the construction of different contracts. Rousseau (1990) argues that employees with beliefs aligned to the expected standard of a relational contract report specific obligations to their employers, such as loyalty and commitment to the performance of work, which is reflected in a long-term relationship. Overall, it is concluded that the employer's obligations under the psychological contract triggers positive affects in the auditors' work environment, which, in turn, results in higher levels of satisfaction.

The main contribution of the study is to point out that taking the psychological contracts into consideration is of utmost importance within the auditors' organizational environment, once they influence subsequent results and behaviors; in the case hereof, the positive affectivity and job satisfaction. In this sense, this study contributes to the literature on psychological contract, particularly as regards the job satisfaction when addressing the affectivity mediating effect. Bouckenooghe, Raja and Butt (2013) warn that both positive and negative affectivities influence the main work results, as well as satisfaction, performance and turnover intention. According to the authors, affectivity is a source of energy capable of motivating people to perform well or discouraging them from doing so. In addition, this research has applied the psychological contract concepts to the auditing area, whose employees are constantly exposed to internal and external pressure, including social pressure, in view of the procedural emphasis in their area of activity.

However, as this is a cross-sectional study, the interpretation of results should be cautious, once the research strategy used is grounded on the respondents' perceptions of the formulated questions. Subjective elements may occur in the moment of the answer, and may direct it to a desired situation in the organization. Also, the moment when the survey was made may interfere in the answers, and results may differ if the survey is applied during the *busy season*, as during the closing of annual statements. Thus, carrying out longitudinal studies can contribute to the insights of this research regarding the object hereof and its consequences in the organizational environment. Finally, this study has analyzed the elements of the obligations under psychological contracts, and future studies can include compliance and violation concepts.

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