Experiencing organisational change in Greece: the impact of psychological contract, job satisfaction and organisational commitment on employees’ EVLN behaviour

Eleni Aravopoulou
Abertay University, Dundee, United Kingdom

Keywords
Organisational change, psychological contract, job satisfaction, organisational commitment, employees EVLN behaviour

Extended abstract
In 2007, the global economy was shaken by the financial crisis which started from the United States. Among the countries which have been adversely affected, and its economy still suffers the devastating consequences of the crisis is Greece. Since 2010, due to the unprecedented Greek debt crisis and the subsequent recession, the domestic economy has been struggling against bankruptcy. In response to the political pressures from the International Monetary Fund, the European Commission and the European Central Bank, as the country had to fulfil its commitments to its borrowers; and aiming to safeguard domestic financial stability, the Greek banking sector has undergone a momentous structural transformation through a series of organisational changes such as acquisitions, rationalization of branch network and personnel downsizing that radically changed the domestic banking landscape.

This paper examines employees’ behavioural responses using three predictor variables namely, organisational commitment, job satisfaction and psychological contract breach. By focusing on one of the key pillars of the Greek economy, this paper aims to advance our understanding of human behaviour in organisations by examining the impact of organisational commitment, job satisfaction and psychological contract breach on employees’ behavioural responses. To achieve this aim a questionnaire survey was conducted in order to answer the following questions:

- What is the impact of organizational commitment on employees’ behavioural responses?
- How does job satisfaction affect employees’ behavioural responses?
- What is the effect of psychological contract breach on employees’ behavioural responses?

Contrary to prior research that has extensively concentrated on examining the process of planning and implementing organisational change in organisations (see e.g. Armenakis and Bedeian 1999; Friedlander and Brown 1974; Porras and Silvers 1991; Weick and Quinn 1999); this study follows a more anthropocentric approach which has been adopted by recent research and it focuses at a micro-level on individuals within organisations by examining their attitudes, behaviours and cognitions (see e.g. Armenakis et al. 2007; Cunningham 2006; Herscovitch and Meyer 2002; Lines 2005; Rafferty and Griffin 2006; Vakola 2013). The significance of understanding individuals’ responses to organisational change is of a great importance and it has been recently highlighted by a number of authors such as Choi and Ruona (2011), Oreg, Vakola and Armenakis (2011), Oreg and Berson (2011). Their logic is grounded on the idea that individuals’ responses are determined by the extent to which they embrace a change, and therefore their responses determine the smooth and successful implementation of an organisational change.

The items measuring organisational commitment were adopted from Allen and Meyer’s (1990) scale, whilst Warr, Cook and Wall’s (1979) scale was employed for measuring job satisfaction. Psychological contract breach was measured using Rousseau’s (2000) psychological contract inventory, and the items measuring employees’ behavioural responses were adopted from Mellahi, Budhwar and Li’s (2010) scale. A questionnaire survey was conducted and 1,500 close-ended questionnaires were distributed to Greek bank employees in the second largest city in Greece, whilst 1,259 questionnaires were returned. Data was analysed using AMOS in order to carry out Structural Equation Modelling (SEM) to examine the effect
of organisational commitment, job satisfaction and psychological contract breach on Greek bank employees’ behavioural responses.

The findings reveal that organisational commitment promotes positive responses, whilst employees who are not attached and committed to the bank, they are not entrapped by exit and economic costs, and thus they are likely to display negative responses, even against the background of unemployment and the deteriorating domestic economic conditions. Similarly, job satisfaction seems to promote positive responses, whilst employees who are not satisfied with their job are likely to Neglect. Finally, our findings suggest that psychological contract breach leads to destructive responses. Therefore, the findings of this paper are not of mere interest only to academics but also to practitioners. By establishing a better understanding of Greek bank employees’ psyche and their behavioural responses towards organisational change, these findings can assist executives and policy makers in the area of reforms, to identify effective ways to retain employees, keep them engaged and improve their performance in times of crises.

References


