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IMPACT OF CAREER CHANGE ON EMPLOYEE–ORGANIZATION RELATIONSHIP: A CASE OF JAPANESE COMPANY

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ABSTRACT

In this paper, we examine the evolving nature of employee–organization relationship (EOR) in a Japanese company from the perspective of psychological contracts and organizational commitment, using empirical methods on data from 3,789 employees of a large Japanese pharmaceutical company.

The results show that how affective commitment, continuance commitment, and psychological contracts change differ. On the one hand, psychological contracts and continuance commitment can change both incrementally and discontinuously.

On the other hand, employees' affective commitment can change only when they experience discontinuous career change (vertical movement, functional movement, and radial horizontal movement). Implications for Japanese organizations managing EOR and perspectives on future research are discussed.

INTRODUCTION

Recently, employment relationship has gained popularity in Japan, in large part due to changes in the employee–organization relationships (EOR) in Japanese organizations. Confronted with the low productivity of white-collar employees and Japan's low economic growth, many Japanese organizations were forced to examine their own EOR. According to a 2001 survey conducted by the Japanese Ministry of Health, Labour and Welfare, 62.3% of organizations have adopted pay-for-performance schemes for their middle and senior managers. Further, a survey by the Institute of Labor Administration revealed that the proportion of organizations that have introduced demotion systems has also been increasing. The externalization of employment has also been increasing at a considerable rate in Japan, as it has in other industrialized nations. According to the Japanese Statistics Bureau, the ratio of part-time, temporary, and other limited-contract employees has been on the rise. Japanese organizations have begun to sort employees into various categories with different levels of employment protection.

Although the abovementioned changes have been occurring widely, there are strong appeals for long-term employment, which constitutes Japanese management (Abegglen, 1958). The fact that long-term employment still enjoys long-standing importance in Japanese organizations has been clarified by many theoretical and empirical studies (Clegg and Kono 2002; Jacoby 2005).

The EOR theories include both macro perspectives such as transactional cost theory and micro perspectives such as psychological contract (PC) and OC (Coyle-Shapiro and Shore 2007). Research on long-term employment, however, has mainly been conducted from the perspective of economic theory and human resource management (i.e., macro perspectives). Although several views exist, there is consensus among theorists that long-term employment enables organizations and employees to make a relation-specific investment with low risk. On the other hand, there are few researches concerning long-term employment from the micro perspective. Then, the purpose of this paper is to examine the evolving nature of EOR from the perspective of OC and PC. In more detail, this paper examines the effects of several career change variables such as tenure, vertical, functional, and horizontal career change in organization on OC and PC.

REVIEW

Economic rationality of long-term employment

The most researched topic in Japanese EOR is the economic rationality of long-term employment. The assumptions of transaction cost theory (TCT) and agency theory (AT) lie at the heart of this line of research. Because it is difficult for contract parties in the market to monitor each other, this raises the possibility of opportunistic actions (Williamson 1975). In order to reduce such actions, TCT argues that the each party's incentives need to be aligned with the other party's. Further, this can be accomplished by developing an employment contract (Williamson 1975). Long-term employment enables organizations to avoid losses in their investment toward human resources and to have a stable and predictable stock of capabilities (Pfeffer and Baron 1988). For employees, long-term employment reduces their risk of unemployment and enables them to invest more in firm-specific abilities.

Although such findings have yielded important insights, they have overlooked the fact that EOR could change over time as employees develop their career and they and organization improve their knowledge of each other. As employees' careers develop, their understanding of what their organizations require of them and their benefits as employees changes (Schein 1978). Thus, EOR can change with time.

Organizational commitment and psychological contract

This paper investigates the evolving nature of EOR from the perspective of OC and PC. As micro concepts concerning EOR, both concepts have gained significant popularity among researchers and practitioners. However, although both concepts are closely related to each other, they are conceptually and empirically different (Millward and Hopkins 1998; Rousseau 1989).

Meyer, Allen, and Smith (1993) defined OC as "a psychological state that (a) characterizes the employee's relationship with the organization and (b) has implications for the decision to continue or discontinue membership in the organization" (p. 539). OC describes an individual's belief about the "strength" of the EOR. Although OC research has been conducted in various topics, there is consensus among theorists that it impacts the employee's intention to remain a member of the organization.

Rousseau (1989) defined PC as "an individual belief regarding the terms and conditions of a reciprocal exchange agreement between the focal person and another party" (p. 123). The four key concepts—individual belief, agreement, terms, and obligation—that characterize Rousseau's concept of a PC are delineated in this definition. Rousseau (1989) did not view PCs as one involving the perspectives of two interconnected parties. Instead, she posited it as an individual-level, subjective phenomenon. This holds true irrespective of whether or not the contract is legal/written or unwritten. All types of promises are deemed PCs. Consistent with this view, Rousseau (1989) suggested that "agreement exists in the eye of the beholder" (p. 123). Further, although agreements are not general concepts such as OC, they are comprised of concrete contents (e.g., high pay, training). Finally, she emphasized the binding power of PCs, suggesting that parties are bound by a set of reciprocal obligations when agreements are signed.

In short, OC focuses on the "strength" of EOR and PC focuses on the "contents" of EOR.

Impact of career changes on organizational commitment and psychological contracts

Incremental Career Change Effect

In this paper, we examine the career change effects on EOR. For this purpose, we begin with distinguishing several types of career changes. First, we distinguish two types of effects—incremental change effect and discontinuous change effect (George and Jones 2000). For detecting incremental change effect, we incorporated organizational tenure. Increase in organizational tenure occurs only with the passage of time (i.e., it occurs in an incremental manner).

In many studies, OC was conceptualized through the use of a multidimensional perspective of commitment (Bentein et al. 2005). As many researchers suggested, OC consists of at least two distinctive dimensions—affective and continuance commitment. Affective commitment represents the idea that one's commitment to the organization is due to his (her) emotional attachment to and identification with the organization. Continuance commitment, on

the other hand, represents the perceived costs of not continuing with employment. It develops as a function of the magnitude of investments employees make in an organization.

Several studies revealed that continuance commitment and affective commitment change differently throughout employee's career. Results of several studies concerning continuance commitment are consistent. Many researchers suggest that continuance commitment increases with tenure (Ritzer and Trice, 1969; Hrebiniak and Alutto 1972; Alutto, Hrebiniak, and Alonso, 1973; Stevens et al. 1991). Findings obtained in these studies suggest that tenure are one of the most efficient and direct predictors of continuance commitment. Then,

H1a Tenure will positively relate to continuous commitment.

For affective commitment, however, the results of several studies are inconsistent. Although some researchers suggest that affective commitment decreases with tenure and career stages (Beck and Wilson 2000; Bentein et al. 2005; Lance et al. 2000), other researchers suggested that affective commitment increases with tenure (Allen and Meyer 1993; Gregersen 1993). In the Japanese context, Kanai, Suzuki, and Matsuoka (1998) examined the change in employees' affective commitment in the initial few years in a large retailing organization. They found that affective commitment increases only discontinuously with several career event such as promotion and functional change. Although we could not find consistent pattern about affective commitment changes across studies, many researchers agree that among several variables the strongest and most consistent correlations with affective commitment is positive work experiences (Mathieu and Zajac, 1990). This may implies that the way affective commitment change is discontinuous one rather than incremental.

H 1b Tenure will not relate to affective commitment

PCs between employees and employers will change incrementally with tenure. This can be better understood by considering it on a schema of an EOR (Rousseau, 1995). As Rousseau (2001) suggested, "psychological contracts themselves can form schema" (p. 515). A schema is a cognitive organization or mental model of conceptually related elements. We gradually develop a schema from past experience, and it subsequently guides the manner in which information is processed. And once a schema is formed, we tend to maintain it and new information tends to be interpreted in light of the schema (Rousseau, 2001). For example, gathering information about organization and their jobs, employees with initial few years try to establish and clarify their identity within organization (Schein, 1978). They may use several types of information to fine-tune their understanding of PC regarding what they can expect and what they need to contribute. Within few years, PC can evolve from discrete perceptions of many obligations to elaborately

organized schemas (Schein, 1978). Employees with long tenure will develop stable and fine-tuned PC.

And once a stable PC is formed, employees gradually do not actively seek information and are unconcerned about EOR (Ashford, 1986). This is because employees' awareness of luck of change. As organization socialization theorist suggest, for employees with long tenure it is likely that everything will eventually seem routine and habitual, which result in a sense of lack of change in everyday work (Schein, 1978). Such an awareness of "career routine" (Hall, 1988) give rise to the employees' no longer thinking about employer and their own obligations. Accordingly,

H 2 Tenure will negatively relate to employees' perceptions of psychological contracts.

Discontinuous Career Change Effect

For detecting discontinuous change effects (George and Jones, 2000), we used three types of career movement according to Schein (1978) — (1) vertical movements, (2) functional movements, and (3) radial or horizontal movements. Vertical movement means advancing people on vertical or upward ladders. In many Japanese organizations, career structures in an organization traditionally focused on advancing people on vertical ladders, in line with the belief that a successful career involves successive movement up the organizational career ladder. Functional movement involves a change in function (e.g., sales to research and development [R&D]) but not necessarily a change in rank. Finally, radial or horizontal movement means change in degree of inclusion in the organization. For example, an employee with knowledge of or access to classified information and with high responsibility is highly included in the organization.

As discussed above, continuance commitment can develop as a result of increasing in the cost of leaving the organization. As many researchers suggest, continuous commitment develop as a function of investments that an employee makes in organization such as tenure and age. This implies that the way continuance commitment change is mainly incremental rather than discontinuous. Thus,

H3a. Vertical movements will not relate to continuance commitment
H3b. Functional movements will not relate to continuance commitment.
H3c. Radical / horizontal movements will not relate to continuance commitment.

As mentioned above, among several variables the strongest and most consistent correlations with affective commitment across studies is work experiences (Mathieu and Zajac, 1990). Specially, across many different samples, affective commitment has been positively related with individual's role in focal organization. For example, Kanai et al. (1998) suggested that affective commitment increases only discontinuously change with several career event such as promotion and functional change. In line with this,

positive career movements discussed above may have positive impact on affective commitment.

H4a. Vertical movements will positively relate to affective commitment.
H4b. Functional movements will positively relate to affective commitment.
H4c. Radical / horizontal movements will positively relate to affective commitment.

Finally, PCs between employees and employers will change discontinuously. Although employees gradually do not actively seek information with time passes, active information gathering will be triggered when an individual feel the need for it (Ashford, 1986; Rousseau, 1995). As many researchers said, several role changes in organization involve re-socialization into the new role and setting (Ashford, 1986). For, example, becoming a manager forces an employee to rethink their identity within organization (Schein, 1978). Also, changing their function and having more and more high responsibility may involve re-socialization process. Accordingly,

H5a. Vertical movements has positively related to employees' perceptions of psychological contracts.
H5b. Functional movements has positively related to employees' perceptions of psychological contracts
H5c. Radical / horizontal movements has positively related to employees' perceptions of psychological contracts

METHOD

Sample

The population sampled for this study consisted of employees in a large Japanese pharmaceutical company. We conducted a web-based survey of all employees in this company in July 2008. A total of 3,789 employees responded to the questionnaire. The average age of the participants at the time of the study was 39.81 years (S.D. = 8.716), their average tenure (length of employment with current employer) was 12.46 (S.D. = 9.14), and the percentage of women was 17 percent. Because our data represent only a cross-sectional view of what has been presented as longitudinal phenomena, we must be cautious when interpreting the results of this study.

Measures

Psychological contracts. Hattori (2010) developed Japanese version of PC scale consisting of 39 items (24 items related to an organization's obligations and 15 items pertaining to an employee's obligations). In this scale, with regard to the employer's obligations, participants were asked to indicate the extent to which their employer was obligated to provide them with a set of items. With regard to the employee's obligations, participants were asked to

indicate the extent to which they were obligated to provide a set of items to an employer. Participants were provided with a five-point Likert-type scale, ranging from "not at all obligated" to "highly obligated" for each item.

An exploratory factor analysis of the items was conducted to reduce the item pool and to assess the factor structure in this company. First, a factor analysis (the principal factor method with promax rotation) for 24 items related to an organization's obligations was conducted. Items with loading less than .40 were deleted. Variables with eigenvalues less than one were not included in the factor structure. When items were reduced, there were no longer any cross-loadings. Two factors emerged from the items (see Table 1). The first factor was comprised of items such as "good career prospects," "support for personal problems," and "good work atmosphere." These patterns were consistent with the notion that employment can be characterized by relational issues involving the creation and maintenance of a relationship between an employee and employer; in other words, a "relational contract" (Rousseau 1995). The second factor was comprised of items such as "performance-based pay," and "high pay." Because these items reflect high extrinsic inducements (Rousseau 1995), they were termed "transactional contract." These patterns were consistent with the notion that distinct types of employment relationship can be discerned from the patterns of employee and employer obligations (Robinson et al. 1994; Millward and Hopkins 1998).

Then, a factor analysis (the principal factor method with promax rotation) for 15 items related to an employee's obligations was conducted. Items with loading less than .40 were deleted. Variables with eigenvalues less than one were not included in the factor structure. When items were reduced, there were no longer any cross-loadings. Three factors emerged from the items (see Table 2).

Table 1
Result of Factor Analysis for Organization's Obligations

Items	Factors	
	Relational contract	Transactional contract
Good career prospects	0.87	−0.05
Participation in career-related decision making	0.85	−0.02
Support with personal problems	0.81	0.01
Development of marketable skills	0.80	−0.02
Job assignments based on my experience	0.74	0.10
Good work atmosphere	0.70	0.12
Benefits for my family	0.69	0.07
Participative decision making	0.66	0.15
Adequate job support	0.65	0.23

Adequate opportunity for on-the-job training (OJT)	0.60	0.29
Frequency of feedback	0.59	0.14
Flexibility in working hours	0.58	0.05
Interesting work	0.55	0.30
Provision of adequate training	0.50	0.31
Significant task for society	0.50	0.33
Adequate job status	0.48	0.23
Adequate allocation	−0.03	0.89
Adequate difficulty of work	−0.02	0.85
Performance-based pay	−0.03	0.83
Meaningful tasks for me	0.19	0.68
High pay	0.18	0.63
Career development	0.28	0.47
Eigenvalue	12.36	11.10

Correlation among factors was 0.80.

The first factor was comprised of items such as "voluntary refrain from pro-competitor behavior," "following instructions," and "minimum length of employment." Therefore, this factor was termed "loyalty." The second factor was comprised of items concerning deviation from formally assigned roles. To put it concretely, it included items such as "behavior that is not recognized by the reward system," "willingness to go beyond the job description," and performance of a "nonrequested task on the job." Therefore, this factor was termed "nonreward work." The third factor was comprised of items such as "association with clients outside work," "acceptance of change in occupations," and "association with supervisor outside work." All of these items were related to the maintenance of relationships inside and outside the organization. Therefore, this factor was termed "maintenance of relationship.'' Results of the factor analysis were contrary to the findings of previous studies (Millward and Hopkins 1998.) Employees' obligations in Japanese organizations did not emerge as a simple dichotomy (transactional/relational), but rather as a combination of such contracts.

Table 2
Results of Factor Analysis for Employees' Obligations

Items	Factors		
	Loyalty	Nonreward work	Maintenance of relationship
Loyal to management by objective sheet	0.79	−0.06	0.02
Voluntary refrain from pro-competitor behavior	0.74	0.08	−0.21
Voluntary acquisition of skill	0.66	0.10	0.01
Following instructions	0.64	0.03	0.03
Minimum length of employment	0.47	0.04	0.12
Behavior that is not recognized by the reward system	0.01	0.92	−0.05
Willingness to go beyond the job description	0.11	0.69	−0.02
Nonrequired task on the job	0.07	0.59	0.13
Association with clients outside work	−0.13	0.08	0.62
Acceptance of change in occupations	−0.12	0.01	0.56
Acceptance of transfers	0.22	−0.15	0.55
Association with superiors outside work	0.15	0.16	0.45
Eigenvalue	3.91	3.68	2.56

Correlation between Loyalty and Nonreward work was 0.71, Loyalty and Maintenance of relationship was 0.51, and Nonreward work and Maintenance of relationship was 0.54/.

Organizational commitment. Affective commitment and continuance commitment were measured using the measure designed by Allen and Meyer (1990) and translated into Japanese by Suzuki (2002). The affective commitment scale consisted of six items and yielded a coefficient alpha of .90. The continuance commitment scale consisted of four items and yielded a coefficient alpha of .63.

Tenure. For the incremental change of EOR, we used organizational tenure and asked each participant to state how many years he (she) had been working for the organization.

Vertical movement. We also incorporated three types of career development variables. First are vertical movements. Organizational records were used to code the respondents' ranks into binary codes. For vertical movement, an employee with promotion in past three years is coded as one, and employees with no promotion as zero.

Functional movement. Functional movement also facilitates career development (Schein 1978). To determine the employee's functional movement, we directly asked the respondents "How often have you experienced functional change in this organization until today?" Participants were provided with a five-point Likert-type scale, ranging from "not at all" to "very frequently."

Radial or horizontal movement. Radial or horizontal movement in an organization means change in the degree of inclusion in the organization. For this, we used two items: "In past three years, I moved to a position that influences an important decision at work" and "In past three years, I moved to a position that can access important information in this organization." We calculated the mean value of these items.

Other control variables. Several variables were controlled to rule out alternative explanations. For all analyses, employees' functions were controlled because they may strongly influence the employees' perceptions of the obligations. Organizational records on the job were used to code the respondents' functions into binary codes. For eight variables, we controlled two functions—the medical representative (MR) section (MR_d) and the R&D section (R&D_d). In the pharmaceutical industry, the mobility of MR and R&D staff is relatively high because of their portable skills. Thus, instead of a linear progression of upward moves or predictable regular career patterns, these employees prefer a more flexible, mobile career course, and they actually move from one employer to another. It is possible that MR and R&D staff think of employment quite differently. Then, we also controlled job-change experience (Midway_d), and asked respondents to indicate whether they have changed employers. Employees with job-change experience are coded as one, and those without job-change experience are coded as zero.

RESULTS

Table 3 presents the descriptive statistics and inter-correlations for all measures in the equation. The simple correlations' results show that there is a positive relationship between tenure and any PC. Similarly, there is a positive relationship between OC and tenure. However, these results do not consider the effects of organizational level or rank, and function. Thus, we use ordinary least squares (OLS) to consider the effects.

Table 4 shows the result of the OLS estimation for two types of commitment. All the dependent variables' estimators indicated that there was a positive association between *Tenure* and continuance commitment (β = 0.01, $p < 0.001$), which support hypothesis 1a. Supporting

Table 3
Means, Standard Deviations (SD), and Inter-correlations for the Study Variables

Variables	Mean	SD			
Tenure	13.46	9.14	1		
MR_d	.50	.50	.23***	1	
R&D_d	.20	.40	-.01	-.50***	1
Midway_d	.25	.43	-.03	-.03	-.027*
Vertical movement	.27	.44	.06***	.10***	.01
Functional movement	2.95	.89	.02	.06***	-.13***
Radical/horizontal movement	3.08	.84	.07***	.06***	-.05***
Relational contract	3.71	.83	.04**	.15***	-.032**
Transactional contract	3.73	.90	.05**	.14***	-.01
Loyalty	3.89	.65	.08***	.10***	.04**
Nonreward work	3.73	.79	.08***	.16***	-.02
Maintenance of relationship	3.15	.68	.07***	.31***	-.17***
Affective commitment	3.63	.81	.11***	.11***	-.02
Continuance commitment	2.86	.81	.12***	.012	-.00

Variables				
Tenure				
MR_d				
R&D_d				
Midway_d	1			
Vertical movement	-.01	1		
Functional movement	.01	.05**	1	
Radical/horizontal movement	.02	.10***	.18***	1
Relational contract	-.03	.08***	.13***	.42***
Transactional contract	-.03	.10***	.11***	.40***
Loyalty	-.02	.12***	.11***	.37***
Nonreward work	.01	.13***	.12***	.34***
Maintenance of relationship	-.02	.12***	.47***	.33***
Affective commitment	-.02	.13***	.15***	.58***
Continuance commitment	.01	.08***	.10***	.18***

*, **, *** denote two-tailed significance at the 10 percent, 5 percent, and 1 percent levels, respectively.

hypothesis 3a, Vertical movement did not have significant impact on continuance commitment (β =-0.05, $p > 0.05$). Functional and radical / horizontal movement, however, did have significant impact on continuous commitment (β =0.07, $p < 0.001$ for functional movement; β =0.16, $p < 0.001$ for radical / horizontal movement). Thus, hypotheses 3b and 3c was not supported.

As shown in Table 4, we could find that *Tenure* is not significantly related to affective commitment (β = 0.00, p > 0.05). Therefore, hypothesis 1b was supported. Hypotheses 4a, 4b, and 4c stated that three types of movement (vertical, functional, and radical) would positive effect on affective commitment. Supporting these hypotheses, coefficient of these variables were significant (β =0.09, p < 0.05 for vertical movement; β =0.05, p < 0.001 for functional movement; β = 0.54, p < 0.001 for radical / horizontal movement).

Table 4
OLS Estimation Results: Organizational commitment

	Affective Commitment		Continuance Commitment	
	Coefficient	t-statistics	Coefficient	t-statistics
Intercept	1.68	30.82 ***	2.04	30.83 ***
Tenure	.00	.81	.01	5.72 ***
MR_d	.15	6.03 ***	-.04	-1.38
R&D_d	.14	4.32 ***	.01	.29
Midway_d	-.05	-1.87 *	.02	.77
Vertical movement	.09	2.73 **	-.05	-1.20
Functional movement	.05	3.93 ***	.07	4.58 ***
Radical/horizontal movement	.54	41.92 ***	.16	10.19 ***
R2	.35		.05	
adj_R2	.35		.05	

*, **, *** denote two-tailed significance at the 10 percent, 5 percent, and 1 percent levels, respectively.

Table 5 and 6 shows the result of the OLS estimation for employee's perception of employer and employee obligations (i.e. psychological contract). As shown in table 5 and 6, there was a negative association between *Tenure* and any contract obligations (β = -0.01, p < 0.001 for relational contract; β = -0.01, p < 0.001 for transactional contract; β = -0.00, p < 0.05 for loyalty; β = -0.01, p < 0.05 for nonreward work; β = -0.01, p < 0.001 for maintenance of relationship). Therefore, hypothesis 2 was strongly supported. Hypotheses 5a, 5b, and 5c predicted that vertical, functional and radical / horizontal movement would have positive effect on PC. Supporting these hypotheses, coefficient of these variables were significant in relational contract (β =0.14, p < 0.001 for vertical movement; β =0.05, p < 0.001 for functional movement; β = 0.40, p < 0.001 for radical / horizontal movement), transactional contract (β =0.20, p < 0.001 for vertical movement; β =0.04, p < 0.05 for functional movement; β = 0.42, p < 0.001 for radical / horizontal movement), Loyalty (β =0.15, p < 0.001 for vertical movement; β =0.02, p < 0.05 for functional movement; β = 0.28, p < 0.001 for radical / horizontal movement), and Nonreward word (β =0.21, p < 0.001 for vertical movement; β =0.09, p < 0.001 for functional movement; β = 0.29, p < 0.001 for radical / horizontal movement), and

Maintenance of relationship (β =0.16, $p < 0.001$ for vertical movement; β =0.31, $p < 0.001$ for functional movement; β = 0.19, $p < 0.001$ for radical / horizontal movement).

Table 5
OLS Estimation Results: Employer obligation

	Relational contract		Transactional contract	
	Coefficient	t-statistics	Coefficient	t-statistics
Intercept	2.22	35.62 ***	2.21	32.30 ***
Tenure	-.01	-4.07 ***	-.01	-4.20 ***
MR_d	.29	10.07 ***	.32	10.06 ***
R&D_d	.17	4.77 ***	.24	6.18 ***
Midway_d	-.06	-2.10 **	-.06	-2.08 **
Vertical movement	.14	3.82 ***	.20	4.95 ***
Functional movement	.05	3.55 ***	.04	2.37 **
Radical/horizontal movement	.40	27.21 ***	.42	25.66 ***
R2	.20		.19	
adj_R2	.20		19	

*, **, *** denote two-tailed significance, the 10 percent, 5 percent, and 1 percent levels, respectively.

Table 6
OLS Estimation Results: Employee obligation

	Loyalty		Nonreward work		Maintenance of relationship	
	Coefficient	t-statistics	Coefficient	t-statistics	Coefficient	t-statistics
Intercept	2.81	56.67 ***	2.42	39.86 ***	1.47	32.54 ***
Tenure	-.00	-2.10 **	-.01	-2.89 **	-.01	-5.12 ***
MR_d	.19	8.11 ***	.28	9.96 ***	.42	19.87 ***
R&D_d	.22	7.62 ***	.18	5.30 ***	.08	3.16 **
Midway_d	-.03	-1.37	.02	.87	-.03	-1.38
Vertical movement	.15	4.84 ***	.21	5.72 ***	.16	5.73 ***
Functional movement	.02	2.99 **	.09	6.40 ***	.31	30.76 ***
Radical/horizontal movement	.28	23.62 ***	.29	20.01 ***	.19	17.87 ***
R2	.17		.15		.36	
adj_R2	.17		.15		.36	

*, **, *** denote two-tailed significance, the 10 percent, 5 percent, and 1 percent levels, respectively.

DISCUSSION

We investigated the effects of several career change variables such as tenure, vertical, functional, and horizontal career change in organization on OC and PC. The findings described in this paper suggest that how employees' perceived affective commitment, continuance commitment, and PC change differ from each other.

Continuance commitment changes both incrementally and discontinuously. Continuance commitment incrementally increases over time. According to Marsh and Mannari (1971), in Japanese organizations, the perceived costs of not continuing with employment for employees increase with time. The results of this paper support this notion. In addition, continuance commitment also changes discontinuously through functional movement and radical / horizontal movement. The way PC change is also both incremental and discontinuous. The direction, however, is opposite that of continuous commitment. As tenure increase, perceived obligations incrementally decrease. As time passes, employees gradually do not intentionally seek information and become less concerned about employer and their own obligations. A decrease in PCs, however, could disrupt this process. Discontinuous career changes such as vertical movement, functional movement, and radical / horizontal movement increase the perceived strength of employer and their own obligations. Contrary to continuance commitment and PCs, affective commitment can change only in discontinuous manner. As Kanai et al. (1998) and Suzuki (2002) suggested, emotional attachment to and identification with the organization may change only with career movement.

Present findings shed light on the development of EOR. As socialization theorists suggest, employees in initial few years in employment actively gather information about organization and their jobs to establish and clarify their identity within organization. They may use several types of information to fine-tune their understanding of PC regarding what they can expect and what they need to contribute.

The employee's perceived obligation, however, decreases with time and increases only when they experience discontinuous career development. Simultaneously, the employee's perceived sunk cost (i.e. continuance commitment) increases with time. They think the magnitude of their investments increases and they do not have employment alternatives. The employee's perceived attachment to organization does not change with time. It can change only when they experience discontinuous career movement. In other words, employees without vertical movement, functional movement, and radical / horizontal movement does not experience an increase in affective commitment toward the organization. As indicated above, career movement such as vertical movement, functional movement, and radical / horizontal movement increases perceived obligations and affective commitment. In this viewpoint, the frequent use of functional movement and hierarchy in Japanese organizations may imply a frequent experience of career movement. Therefore, for employees' perspective, specializations in career tracks and removing layers in hierarchy in Japanese companies may imply lack of career change experiences in their careers. Since these trends (specialization and removing layers) are

inevitable for Japanese employers, a critical issue for them is to investigate in alternative factors triggering increase in their sense of obligations and attachment.

This paper has several limitations. Since the findings reported here are not based on panel-type data but rather on cross-sectional data, we do not know what happens to employees as their tenure extends over a long period. Longitudinal studies are thus needed to address this issue. In addition, because this study is conducted within a single organization, it has certain limitations related to site specificity. Because the firm is relatively mature, well established, and has high performance, their employees can have a relatively stable career path with good prospects. Moreover, as is often the case with Japanese organizations, their employees' basic wages are partially based on their seniority. Consequently, they do not need to seek information at the start of their careers. Future research should thus examine whether the findings here can be replicated in other organizations. Finally, in this study, processes by which career changes influences EOR are not part of the empirical design. Such approach cannot rule out alternative explanations for the relationship between independent variables and dependent variables. In the future, several mediators in the relationship should therefore be clarified.

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