

Upshots of Psychological Contract Breach

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Abstract

The present study examined the effects of psychological contract breach on attitudinal and behavioral job outcomes including job satisfaction, intention to remain with one's organization, perceived organizational support, and organizational citizenship behaviors. This study is based on banks and organizations of d g khan business hub. Additionally, the present study also examined whether the effect of the psychological contract breach on these job outcomes varied based on the type of psychological contract an employee had (i.e., transactional or relational). A total of 30 full-time employees participated in this study. Results showed that the breach of one's psychological contract had a significant effect on one's job satisfaction, intention to remain, and perceived organizational support. Additionally, there was a significant interaction between psychological contract breach and psychological contract type such that when employees experienced a breach of their psychological contract, the effect of the psychological contract breach on perceived organizational support and organizational citizenship behaviors varied depending on psychological contract type.

Introduction

When an individual becomes employed at an organization, many paper contracts are signed where both the employee and the organization develop expectations of each other. What many employees do not realize is that they are also forming another contract that is not written on paper nor articulated. This contract is called a psychological contract. A psychological contract plays a vital role in how employees perceive their organizations as well as how they will perform. However, research has not thoroughly examined the effects that the breach of a psychological contract may have on employees and their view of the organization. Being able to better understand how psychological contract breach affects employees would help organizations prepare themselves for when a psychological contract breach does occur. Reactions to a psychological contract breach can range from attitudinal to behavioral. These reactions then translate into different job outcomes that affect the overall wellness of the organization. The purpose of this study was to examine the effect of psychological contract breach on attitudinal and behavioral job outcomes including job satisfaction, intention to remain, perceived organizational support, and organizational citizenship behaviors.

Many researchers have sought to define a psychological contract and most of these definitions have echoed similar themes, which include expectations, beliefs, reciprocity, and obligations. For the purpose of this research, the definition that will be utilized states that a psychological contract is an employee's belief in a mutual obligation between the employee and the organization (Rousseau, 1989). Researchers have agreed that a psychological contract is subjective in nature in that it depends on the employee's point of view regarding what obligations the organization must fulfill (Bellou, 2009; Rousseau, 1989; Rousseau, 1995). As Rousseau (1989) contends, this contract becomes an essential element to the relationship between the employee and the organization because it affects employee job outcomes. The development of a psychological contract begins with subjective points of view that the job applicant holds and can be predicated by the belief that there will be reciprocity once the job applicant is hired (Hess & Jepsen, 2009). Rousseau (1989) first defined the nature of a psychological contract, how a contract develops and evolves, what is needed to maintain a contract, and how a psychological contract can be violated. Rousseau noted that during the initial development of a psychological contract, the organization has either paid for or has offered some sort of consideration in exchange for the promise that the employee will reciprocate. An example of this initial exchange would be the early interaction between the job applicant and the organization in which there is an offer of a job and the job applicant's acceptance of employment.

The promises and consideration are both subjective, and the employee normally assumes that the contract is made in good faith, fair dealing, and trust. As part of this interaction, the organization is remunerating an employee to fulfill a set of responsibilities and the hiring manager assumes the employee has been truthful in his or her representation of skills and abilities in order to fulfill a particular role in the company. This initial

exchange of promise and consideration sets the stage for the relationship between the employee and the organization. After the employee begins working at the organization, reciprocal expectations are formed and may contain a range of assumptions, including a mutual understanding that hard work will result in continued employment. Consistent patterns of inducements and contributions over time reinforce the mutual understanding and then lead to the building of trust between the employee and the organization. This leads to the employee's belief that the organization is obligated to continue employment into the future as long as the employee performs well and contributes to the organization's wellbeing (Rousseau, 1989).

Literature Review

Extensive research has established that psychological contracts can be portrayed in two different ways: transactional and relational. A transactional contract is based on economic or extrinsic factors, tends to be specifically defined, and its time frame is finite and short-term (Alcover, Martínez-Iñigo, & Chambel, 2012; De Cuyper & De Witte, 2006). Employees with a transactional psychological contract may expect financial and material exchanges for their work and have a short-term commitment to their obligations. For example, sales employees may expect to receive a spot bonus if they reach their sales goals for the week. This financial incentive motivates employees to perform well in a short period of time but generally does not result in high performance in the long term. A transactional psychological contract does not vary over time, has a narrow scope, is public and observable by others, and tends to be associated with careerist motivations on the part of the employee (Rousseau, 1990).

Employees whose psychological contracts are portrayed as relational may base their contracts on status, recognition, the chance to be creative (Bellou, 2009), job security, work/lifestyle balance, training (De Hauw & De Vos, 2010), career development (Bellou, 2009; De Hauw & De Vos, 2010), and promotions (Alcover et al., 2012; Kickul & Lester, 2001; Rousseau, 1995). Some employees base their psychological contracts on status or recognition, which may simply mean that the employee expects a "good job" or a congratulatory email from his or her boss when a major project has been successfully completed. Other employees, which may include engineers or research and development teams, may base their psychological contracts on whether they get opportunities to be creative with their work. As discussed, a psychological contract is an employee's expectation that there is a reciprocal obligation between the employee and the organization. What happens when these expectations are not fulfilled? Based on several studies exploring the job outcomes of a psychological contract breach (Gakovic & Tetrick, 2003; Hess & Jepsen, 2009; Suazo, 2009; Zhao, Wayne, Glibkowski, & Bravo, 2007), there is a high likelihood that when the workplace does not meet the expectations of employees, they are more likely to feel less satisfied with their jobs. Because a psychological contract breach can have such negative effects on employees, it is important to further understand how the breach of a psychological contract can affect employees.

A psychological contract breach is defined as an employee's perception that his or her organization has failed to fulfill one or more obligations associated with perceived mutual promises (Gakovic & Tetrick, 2003). Any action that is inconsistent with the employee's belief in a reciprocal obligation has the potential to create a perception of contract breach in the eyes of the employee (Rousseau, 1989). One fictional example of a psychological contract breach occurred in the classic holiday comedy "National Lampoon's Christmas Vacation" (Hughes, Simmons, & Chechik, 1989). In this movie, Clark Griswold, the protagonist father, expected to receive a Christmas bonus from his organization in which he was employed. When employees experience a breach of their psychological contract, they can experience different reactions, ranging from attitudinal to behavioral reactions toward the organization (Kickul & Lester, 2001). A psychological contract breach can have an attitudinal effect on employees due to the fact that a trusting relationship between the employee and the organization has become broken. Because psychological contracts are employees' subjective perceptions of reciprocal obligations between the employee and the organization, if employees perceive that they have upheld their own end of the contract but the organization has not, they are likely to feel let down and betrayed (Rousseau, 1989). One of the most widely studied attitudinal job outcomes of psychological contract breach is job satisfaction (Hess & Jepsen, 2009). Research findings have consistently shown that psychological contract breach is related to lowered job satisfaction (Gakovic & Tetrick, 2003; Suazo, 2009; Zhao et al., 2007). The breach of an employee's psychological contract is also positively related to the employee's intention to leave the organization, which is another widely researched attitudinal job outcome (Hess & Jepsen, 2009). After a psychological contract breach, employees may be less willing to exert extra effort on behalf of the organization and have a lower desire to remain employees of their organization (De Hauw & De Vos, 2010). Research has found that psychological contract breach was significantly and positively related to intention to turnover (Suazo, 2009; Zhao et al., 2007).

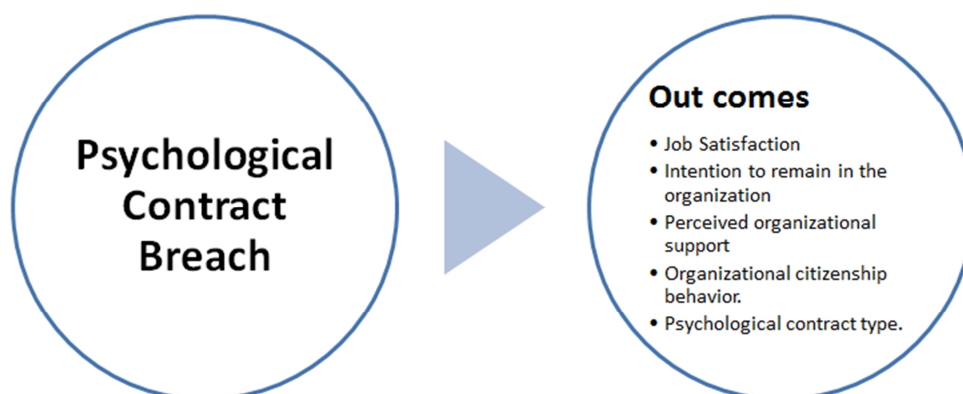
An attitudinal job outcome of psychological contract breach that has not been widely researched in the literature is perceived organizational support. Perceived organizational support is defined as the extent to which employees believe their organization values their contributions and cares about their well-being (Eisenberger, Huntington, Hutchison, & Sowa, 1986). Perceptions of the organization can be influenced by how

the organization treats employees, which ultimately affects the employees' perception of whether the organization is supportive and values them. Examining perceived organizational support from an organizational standpoint is important because research has shown that when employees perceive that their organization supports them, they are more likely to expect that their extra efforts toward meeting organizational goals will be rewarded (Eisenberger et al., 1986). Organizational citizenship behavior is one of the top researched behavioral job outcomes of psychological contract breach (Hess & Jepsen, 2009). Organizational citizenship behavior is defined as behaviors that are beneficial to the organization, discretionary, and not included in employees' formal job descriptions (Zhao et al., 2007). It is important to examine the effects of psychological contract breach on organizational citizenship behaviors because these behaviors can have a positive impact on the organization. If employees experience a psychological contract breach, they are less likely to engage in organizational citizenship behaviors (Zhao et al., 2007). This is due to the fact that organizational citizenship behaviors are not required by employees' job descriptions; as such, failure to perform them should not be negatively reflected in the evaluation of their performance (Suazo, 2009).

In summary, once employees feel that a psychological contract has not been fulfilled, they may become less satisfied with their jobs, and may change their behaviors by decreasing the amount of extra-role behaviors they perform (Jensen, Opland, & Ryan, 2009). In addition, employees may even consider leaving the organization (Alcover et al., 2012; Kickul, Lester, & Belgio, 2004). It is important to examine the effects of psychological contract breach because this breach can happen at any time with any employee whether it be a top performer or a potential employee. Because employees can have different types of psychological contracts with their organization, employees may react differently to a breach of their psychological contract depending on whether it is transactional or relational. There is a limited body of existing research that has examined the possibility that changes in employees' attitudes and behaviors when a psychological contract breach has occurred may vary as a function of whether they have a transactional or relational psychological contract (Zhao et al., 2007). Transactional psychological contracts are based on financial factors, whereas relational psychological contracts are based on socioemotional factors. Because transactional and relational psychological contracts vary in what they can be based on, employees' reactions to a perceived contract breach may vary based on the type of contract the employee has. According to Robinson and Morrison (1995), employees generally expect transactional rewards (e.g., competitive compensation) as a bottom-line obligation of their organization. In contrast, relational rewards tend to be viewed as extra, nonrequired inducements by employees. This would lead one to predict that the breach of a transactional psychological contract would elicit more intense negative attitudes than the breach of a relational psychological contract.

It is necessary to further examine job outcomes including job satisfaction, intention to remain with the organization, perceived organizational support, and organizational citizenship behaviors because these are the reactions organizations want their employees to positively experience. By understanding the outcomes of a psychological contract breach, organizations may be able to better understand how to avoid breaching employees' psychological contracts and improve job outcomes.

Theoretical Framework



Methodology

Questionnaire were developed for the survey because Nichole Simone Ballou (2013) used close ended questions during survey for seek out the results on Job outcomes so during the survey, 50 questionnaires were distributed to full-time employees of Banks and different organizations of DG Khan hub. Unfortunately 20 questionnaires were not responded appropriately So the analysis was made based on 30 responded questionnaires. For seek out the relationship of all variables Questionnaires were based on these factors ,Psychological contract breach, job satisfaction, intention to remain with the organization, perceived organizational support, and organizational

citizenship behaviors. Regression and correlation methods are used for seek out the results of all independent results on dependent variable.

Results and discussion

psychological contract breach was significantly and negatively related to all variables except for organizational citizenship behaviors. The significant relationships between psychological contract breach and the other variables included psychological contract type, job satisfaction, intention to remain, and received organizational support. This means that individuals who perceived a higher degree of breach in their psychological contract tended to have a relational psychological contract, lower job satisfaction, a lower likelihood to remain with their organization, and a lower level of perceived organizational support. Psychological contract type was significantly and positively related to job satisfaction, intention to remain perceived organizational support, and organizational citizenship behaviors. This means that individuals with relational psychological contracts reported higher levels of job satisfaction, a higher intention to remain with their current organization, higher levels of perceived organizational support, and more organizational citizenship behaviors than individuals with transactional psychological contracts.

The job outcome scales were all significantly and positively related to each other except for job satisfaction and organizational citizenship behaviors. Job satisfaction was significantly related to intention to remain and perceived organizational support meaning if participants were satisfied with their jobs, they were more likely to intend to remain with their organization and perceive that their organization supported them. Intention to remain was significantly related to perceived organizational support and organizational citizenship behaviors.

The purpose of the present study was to examine the effect of psychological contract breach on attitudinal and behavioral job outcomes including job satisfaction, intention to remain with one's organization, perceived organizational support, and organizational citizenship behaviors. The present study also examined whether the effect of psychological contract breach on these job outcomes varied based on the type of psychological contract an employee had (i.e., transactional or relational). The findings of this study indicated that employees who perceived a breach of their psychological contract experienced lower job satisfaction, a lower intention to remain with their current organization, and were less likely to perceive that their organization supported them. The effect of a psychological contract breach was not directly related to organizational citizenship behaviors; however, as will be discussed next, this effect was moderated by psychological contract type.

Correlations

		PCB	PCT	JS	INT	POS	OCB
PCB	Pearson Correlation	1					
	N	30					
PCT	Pearson Correlation	-.20	1				
	N	30	30				
JS	Pearson Correlation	-.099	.108	1			
	N	30	30	30			
INT	Pearson Correlation	-.298	-.181	-.086	1		
	N	30	30	30	30		
POS	Pearson Correlation	-.403	.082	.126	.323	1	
	N	30	30	30	30	30	
OCB	Pearson Correlation	-.042	.000	.290	-.172	.209	1
	N	30	30	30	30	30	30

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.896 ^a	.859	.659	.48112

a. Predictors: (Constant), POS, PCT, JS, OCB, INT

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.811	5	.362	1.565	.000 ^b
	Residual	5.556	24	.231		
	Total	7.367	29			

a. Dependent Variable: PCB

b. Predictors: (Constant), POS, PCT, JS, OCB, INT

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.141	.850		.166	.050
	JS	.083	.186	.084	.447	.029
	INT	.100	.091	.219	1.097	.044
	PCT	.196	.185	.195	1.060	.020
	OCB	.178	.359	-.096	.495	.010
	POS	.326	.199	.326	1.640	.000

a. Dependent Variable: PCB

Conclusion

The focus of previous research has mainly been on psychological contract fulfillment. The present study examined whether the effects of psychological contract breach on job outcomes was dependent on psychological contract type. Although the present study provided support for previous studies' findings, new findings were made highlighting the importance of organizations fulfilling the initial promises made to employees. The consequences of a breached psychological contract can harm an organization such that employees may become less satisfied with their jobs, may want to leave their organization, may feel less supported by their organization, and may reduce their organizational citizenship behaviors. It is especially important for organizations to be aware of the differences in how employees react to a breach of their psychological contract depending on the type of psychological contract employees have because their reactions can vary dramatically and affect the organization significantly.

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