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Effects of Perceived Psychological Contract Breach on Turnover Intention: Intermediary Role of Loneliness Perception of Employees

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Abstract

The present study was conducted to determine the effects of perceived breaches in two types of psychological contracts (relational and transactional) on turnover intention and to determine the intermediary role of loneliness perception of the employee (social and emotional loneliness) in those effects. Along with these objectives, a research was conducted on manufacturing industry businesses operating in Kayseri Organized Industrial Region. Survey results revealed a positive relationship between relational psychological contract breach and turnover intention, however a relationship was not observed between transactional contract breach and turnover intention. Intermediary role of emotional loneliness on turnover intention of employees feeling a contract breach in their work places was also determined and emotional loneliness perception had augmenting impacts on turnover intentions.

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1. Introduction

The issue of globalization has made essential the various structural changes in organizations such as restructuring, downsizing and individualization. Such changes have resulted in revise of employment relationships. Then, the concept of psychological contract has emerged to evaluate the reciprocal relationships among rights, responsibilities, promises and obligations. An individual belief system is expressed by psychological contract about the conditions of exchange relationships between an individual and its organization (Rousseau, 1989; Rousseau, 1995). Such a system focuses on agreements existing in between the individuals of an organization but not clearly stated and allows the assessment of employment relationships (Guest, 2004). Within the frame of unwritten agreement system of the organization, there sometime may be broken promises and obligations. Such a case is defined as the breach of psychological contract and results in negative attitude development of the employee. It was reported in previous literature that psychological contract breaches decreased job satisfaction (Robinson and Rousseau, 1994; Wayne et al., 2007; Ballou, 2013; Agarval and Bgarvala 2013), organizational commitment (Cassar and Briner, 2011),

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organization citizenship behavior (İşçi 2010; Ballou, 2013) and perceived organizational support (Coyle-Shapiro and Kessler, 2000; Kiewitz et al., 2009; Büyükyılmaz and Çakmak 2013) and increased turnover intention (Robinson and Rousseau, 1994; Turnley and Feldman, 2000; İşçi 2010; Ballou, 2013; Büyükyılmaz and Çakmak 2013; By Chin and Hung (2013)), violence trends in organizations (Wayne et al., 2007; Büyükyılmaz and Çakmak 2013). Psychological contract breach is also perceived as a psychological issue by the employees and results in organizational distrust (Wayne et al., 2007; İşçi, 2010).

Psychological contract is subjective in nature and it depends on reciprocal promises and obligations between an employee and the organization. The psychological contract breaches in case of broken promises and obligations in mutual relationships between the employee and the employer direct the employees to negative organizational outcomes. Right at this point, employees are not satisfied with their jobs, their organizational commitments decrease and ultimately they may intend to turnover. At another dimension of such cases, employees may sometimes either exhibit violent tendencies based on their personalities (Wayne et al., 2007; Büyükyılmaz and Çakmak 2013) or may experience social and/or emotional loneliness within the organization, in other words may prefer to go into their shells. The individuals with problems in creating social relationships and taking social support in work life may experience the feeling of social exclusion and isolation. Such isolated individuals initially harm their organization through not sharing opinions, knowledge and experiences, then themselves through not communicating with their colleagues and executives and ultimately may think of quitting their job.

The studies about psychological contract breaches mostly focus on organizational outcomes such as job satisfaction, organizational commitment and turnover intention. On the other hand, there aren't any studies carried out to investigate the premises of turnover intentions and the relationships between psychological contract breaches and social - emotional loneliness perceptions of the employees. From this point forth, the present study was conducted to investigate the intermediary role of loneliness perceptions in the effects of psychological contract breaches on turnover intentions. In this context, the study begins with a literature review of psychological contract and psychological contract breach, turnover intention and loneliness, then will go on with the development of hypotheses. Research methodology, research model and analyses results will be provided in the second section. The results of the analyses will be discussed and recommendation will be provided for managers and academician at the last section.

2. Literature Review and Hypotheses

2.1. Psychological Contract and Psychological Contract Breach

Psychological contract expresses personal promises and obligations arisen from reciprocal responsibilities between the employee and the organization (Rousseau and Tijoriwala, 1998: 680). Although a written contract does not exist between the employee and the organization, they are tied to each other with a psychological-type contract formed through some responsibilities and social norms. Establishment and maintenance of a sturdy psychological contract for employees depend on various factors. Psychological contract breaches also realized over those factors. Such factors include availabilities for career development opportunities, content of job (existence of interesting, diversified and challenging tasks), existence of financial rewards, existence of a collaborative working atmosphere, existence of a support including guidance and feedback for successful task performance and finally existence of respect to private life. Lack of any one of those factors may mean a setback or breach of psychological contract (İşçi, 2010).

Rousseau (1995) indicated that psychological contracts could be portrayed in two different ways: transactional and relational. Transactional contracts are evaluated within the scope of exchange economic (financial) relations and relational contracts within the scope of exchange of social relations (Millward and Hopkins, 1998).

2.2. Turnover Intention

Rusbelt et al (1988) defined turnover intention as the destructive and active actions of employees in case of dissatisfaction from the working conditions. Turnover intention is perceived as a negative factor over the efficiency and productivity of the organization since it results in several negative outcomes for the organization such as loss of an employee, interruption of organizational activities, training and orientation of new employee replacing the previous one and consequent additional costs and expenses. Therefore, researchers perform studies about the anticipation and explanation of possible turnover intentions and executives perform studies about measure generation

against possible turnover intentions (Hwang and Kou, 2006). In previous researches on psychological contract breaches, it was reported that violation of responsibilities and broken promises of organizations had negative impacts on employee attitudes and behaviors (Robinson and Rousseau, 1994; Kiewitz et al., 2009; Ballou, 2013). The employees perceiving psychological contract breach then start to questioning about whether or not to remain in the organization or whether or not the persistence in employment relations will be of their benefit (Turnley and Feldman, 1999). Thus, the following hypotheses were developed in this study:

H1a: There is a significant positive relationship between relational psychological contract breach and turnover intention.

H1b: There is a significant positive relationship between transactional psychological contract breach and turnover intention.

2.3. Loneliness

Loneliness expresses a permanent emotional affective disorder in case of alienation, misunderstanding and rejection feelings of an individual or in case of absence of social partners required in activities creating opportunities for social integration and affections (Rook, 1984). Weiss (1973) mentioned about two types of loneliness as of emotional and social. Social loneliness covers the social relations of an individual and usually occurs together with depression and distress because of lack of social network. Emotional loneliness usually originates from lack of close link to another person and covers the feelings of anxiety and emptiness.

The individuals thinking that the promises made to them were broken by the organization may feel themselves as worthless, nothing, lonely and excluded within the organization and may cut off the communications with the organization and colleagues. Thus, the following hypotheses were developed in this study:

H2a: There is a significant positive relationship between relational psychological contract breach and emotional loneliness.

H2b: There is a significant positive relationship between transactional psychological contract breach and emotional loneliness.

H3a: There is a significant positive relationship between relational psychological contract breach and social loneliness.

H3b: There is a significant positive relationship between transactional psychological contract breach and social loneliness.

Additionally, previous researches revealed turnover intentions of the employees with loneliness feeling in organizations (Ertosun and Erdil 2012; Aytaç, 2012). Thus, the following hypotheses were developed in this study:

H4a: There is significant positive relationship between emotional loneliness and turnover intention.

H4b: There is significant positive relationship between social loneliness and turnover intention.

The following hypotheses were also developed to investigate the intermediary role of social and emotional loneliness perceptions of employees in the effect of psychological contract breach on turnover intention:

H5a: Perceptions of emotional loneliness will moderate the relationship between psychological contract breach and turnover intention.

H5b: Perceptions of social loneliness will moderate the relationship between psychological contract breach and turnover intention.

3. Methodology

3.1. Research Goal

The present study was conducted to determine intermediary role of social and emotional loneliness perception of employees in the effects of relational and transactional psychological contract breaches on turnover intention. Questionnaire forms were created to test the developed hypotheses. The survey was conducted over 500 employees of 5 businesses operating in manufacturing industry of Kayseri Organized Industrial Region. Businesses were

selected through convenience sampling method. Three different scales were employed to gather data in this study. Those scales are:

Psychological contract breach: The scale composed of 26 statements and developed by Kickul and Lester (2001) was used. Cronbach Alpha value of the scale was 0.923.

Turnover intention: The scale composed of 3 statements and developed by Klesh (1983) was used. Cronbach Alpha value of the scale was 0.853.

Emotional and social loneliness: “Loneliness scale for work life” developed by Wright, Burt and Strongman (2006) and Turkish reliability and validity tests performed by Doğan et al (2009) was used. Cronbach Alpha value of the scale was 0.731.

4. The Results

4.1. Findings on Demographical Features

The employees of businesses in furniture industry have participated in this research (n=166). Socio-demographic characteristics of the participants are summarized in Table 1. Majority of the participants were composed of married (77.7%) males (86.1%) less than 45 years old (85%). Of the research participants, 92% has primary and secondary school education.

Table 1. Demographic Characteristics of Research Participants

Variable	Frequency	%	Variable	Frequency	%
Gender	Female	23	Marital Status	Married	129
	Male	143		Single	29
	Total	166		Divorced	8
Age	≤ 30 years	50	Education	Primary	91
	31-35 years	37		Secondary	63
	36-40 years	36		Vocational	4
	41-45 years	28		University	6
	≥ 46 years	15		Graduate	2
Total	166	100	Total	166	100

4.2. Mean Value of Research Variables and Correlation Table

Mean values of research variables, their standard deviations and correlation matrix are provided in Table 2.

Table 2. Means and Standard Deviations of Research Variables and Correlation Matrix

Variables	Mean	Std. Dev.	1	2	3	4	5
Relational Contract Breach	2.73	0.92	1				
Transactional Contract Breach	3.02	0.98	0.690**	1			
Emotional Loneliness	2.45	0.63	0.109	0.163*	1		
Social Loneliness	3.13	0.85	0.270**	0.522**	0.163*	1	
Turnover Intention	2.49	1.21	0.234**	0.322**	0.307*	0.066	1

** Correlation is significant at 0.00 level (2-tailed), * Correlation is significant at 0.05 level (2-tailed).

Table 2 reports means, standard deviations, correlations among variables and Cronbach's alpha coefficients. As it was stated in hypothesis, significant positive relationships were observed between relational-transactional contract breach and turn over intention at $p < 0.00$ level. Thus, the hypothesis of H1a and H1b were supported. While there were not any significant relationships between relational contract breach and emotional loneliness, a low level positive relationship was observed between relational contract breach and social loneliness ($R = 0.270$, $p < 0.00$). Therefore, hypothesis H3a was supported but H2a was not supported. On the other hand,

significant positive relationships of transactional contract breach with emotional loneliness ($R=0.163$, $p<0.05$) and social loneliness ($R=0.522$, $p<0.00$) were observed and consequently the hypothesis H2b and H3b were supported.

In the present study, a positive relationship was also investigated between emotional-social loneliness and turnover intentions. Results revealed that while there was a significant positive relationship between emotional loneliness and turnover intention ($R=0.307$, $p<0.00$), significant relationship was not observed between social loneliness and turnover intention. Therefore, the hypothesis H4a was accepted (supported) but H4b was rejected (not supported).

Hierarchical regression was used to test the hypotheses. Initially, the block of control variables were introduced into the model, followed by the appropriate independent and moderating variables.

Table 3: The Results of Hierarchical Regression Analyses: The Effect of Perceptions of Social Loneliness and Psychological Contract Breach on Turnover Intention

Independent variables entered	β	S.E.	t-value	R ²	R ² Change
<i>Model 1 F=9.452</i>				.104	
Relational Contract Breach	.024	.127	.232		
Transactional Contract Breach	.306*	.135	2.984*		
<i>Model 2 F= 12.967</i>				.244	.140
Relational Contract Breach	.006	.125	.061		
Transactional Contract Breach	.429**	.134	3.984**		
Emotional Loneliness	.361**	.133	5.173**		
Social Loneliness	.116	.116	1.238		
Dependent variables: Turnover Intention					
* $p<0.05$; ** $p<0.00$					

The results show that Model 2 was significant ($R^2=0.244$; $F = 12.967$; $p <0.00$). According to model, there was a significant positive relationship between transactional contract breach and turnover intention ($R=0.306$, $p<0.00$). The variables social and emotional loneliness, later included into the model, increased the turnover intentions by 14%. Table 3 reveals the basic reason of such an increase as the positive relationship between emotional loneliness and turnover intention. On the other hand, a relationship was not observed between social loneliness and turnover intention. Such findings approve the intermediary role of emotional loneliness, but indicate that social loneliness did not have an intermediary role. Thus, while the hypothesis H5a was supported, the hypothesis H5b was rejected.

5. Conclusion

Contract breaches and loneliness perceptions of the employees in their organizations have become significant issues in organizational behavior literature. The present study was conducted to determine the effects of perceived breaches in two types of psychological contracts (relational and transactional) on turnover intentions of employees of furniture industries operating in Kayseri Organized Industrial Region and to determine the intermediary role of loneliness perceptions of the employees (social and emotional loneliness) in those effects. At the end of the research, as it was assumed previously, there was a positive relationship between relational contract breach and turnover intention but a significant relationship was not observed between transactional contract breach and turnover intention. It was concluded that the breaches perceived in emotional and intangible factors were effective in increasing turnover intentions of the employees but the factors related to economic and tangible factors were not much effective on

turnover intentions. Such findings comply with the results of previous studies investigating the similar relationships (Zhao et al., 2007; Zhang et al., 2010). Similarly, such findings of the present study support results of Kickul and Lester (2001) indicating negative attitudes and behaviours related to relational contract breaches of organizations.

The present results also revealed increased social loneliness perceptions for the employees perceiving a breach in relational psychological contract. Similarly, perceived breaches in transactional items of the psychological contract also increased both social and emotional loneliness perceptions of the employees in their work places. In other words, in case of economic and intangible contract breaches, employees both are alienated from their social environments and isolate themselves from the society with the injustice they feel. On the other hand, in case of emotional and intangible contract breaches, individuals stayed away from the social network and experience a loneliness perception. Such findings comply with the results of previous studies indicating emotional and social discomfort, depression, distress, anxiety and loneliness for the employees in case of broken promises about tangible and intangible issues (Weis, 1974; Rook, 1984).

The present study indicated that the employees perceiving a social loneliness in their work places had usually a turnover intention. Such a finding supports the results of the previous studies (Ertosun and Erdil 2012; Aytaç, 2012).

The final finding of the present study revealed that emotional loneliness had an augmenting role over turnover intentions of the employees perceiving a contract breach in their work places. Especially the employees perceiving a breach in intangible and emotional issues together with additional emotional loneliness perception had increasing turn over intentions.

The relationships between psychological contract breaches (including relational and transactional issues) and turnover intentions were investigated and the role of loneliness perceptions in those relationships were identified in the present study and the current findings may provide significant contributions to literature since there has not been sufficient studies especially on loneliness perceptions in work places within the scope of organizational behaviour. It is hoped that current finding might provide significant information to relevant personnel and administrators.

The basic limitation of the present study is the performance of the study over a small sampling group of a single special industry. Therefore, further studies may be carried out with larger sampling groups including different industries.

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