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Abstract

Research on psychological contract breach has generally employed social exchange theory as its dominant theoretical foundation. In this paper, we draw insights from affective events theory as a theoretical extension to explain employees’ negative workplace attitudes and behaviors in response to a breach of their psychological contract. The study also extends previous research on affective commitment by investigating its proposed mediating role on the relations between psychological contract breach and workplace behaviors. This paper sets forth a conceptual framework, followed by a brief discussion of its main contributions and implications for organizations. Theoretically, this research should impact the body of knowledge in several ways, the main contribution being the identification of the theoretical mechanism through which breach affects work-related outcomes.

Keywords: Employee Relations, Personnel Psychology, Emotions, Attitudes, Psychological contracts, Employee behaviors

In the early 1960s, a number of scholars introduced and defined the term ‘psychological contract’ as comprising expectations about what each party in the employment relationship is entitled to receive, and obligated to give, in exchange for the other party’s contributions (e.g. Argyris, 1960; Kotter, 1973; Levinson, Price, Munden, Mandl & Solley, 1962; Schein, 1965). However, in several significant publications over the last decade, Rousseau (1989, 1990) claimed that the psychological contract comprises an individual’s beliefs about mutual obligations that arise from promises made in the context of a relationship. Basically, employees believe that they are entitled to receive, or should receive, because they perceive that their employer promised, either implicitly or explicitly, to provide those entitlements (Robinson, 1996; Rousseau, 1989). However, when employees perceive a discrepancy between what was either explicitly or implicitly promised to them and what they were actually provided by the organization, psychological contract breach occurs (Morrison & Robinson, 1997; Rousseau, 1995). Consequently, employees can feel betrayed and mistreated, causing them to react negatively towards their employer (Morrison & Robinson, 1997; Robinson, Kraatz & Rousseau, 1994).

Given that psychological contracts help to define and understand the present-day employment relationship, empirical research in this area has grown at a remarkable pace over the last 15 years, with many studies examining the negative consequences of breach (Suazo, 2009; Zhao, Wayne, Glibkowski &
Bravo, 2007). However, a limitation of such prior research is that the work-related outcomes examined “lack a theoretically based organizing framework” (Zhao et al., 2007). In fact, prior research emphasized bivariate associations between breach and outcomes, neglecting the theoretical differences and relationships among the outcomes. Recognizing this limitation, both Sua zo (2009) and Zhao et al. (2007) propose that employees’ emotions or affective reactions may play a part in the relations between psychological contract breach and work-related outcomes. Thus, this paper will develop a conceptual framework, based on the theoretical model proposed by Zhao et al. (2007), to highlight the mediating mechanism between psychological contract breach and work-related outcomes.

THEORETICAL LITERATURE ON THE EFFECTS OF BREACH ON WORK OUTCOMES

- **Social Exchange Theory (SET)**

Research on the impact of psychological contract breach on employee attitudes and behaviors has generally been explained by social exchange theory (Robinson & Morrison, 1995; Rousseau, 1995). In a social exchange, the norms of reciprocity dictate that when one individual voluntarily provides a benefit to another, the other party is obliged to reciprocate by providing some benefit in return (Blau, 1964; Gouldner, 1960). According to SET, employees make contributions, in the form of loyalty and effort, to their organizations, in return for organizational inducements, such as pay and/or socio-emotional support (Blau, 1964). In such exchanges, employees strive to maintain a reciprocal or balanced relationship with their organization (Blau, 1964). However, when employees feel that their organization has failed to provide what they perceive to be their entitlement (i.e. psychological contract breach), the perception of an imbalance in the social exchange relationship is created (Suazo, Turnley & Mai-Dalton, 2005). Consequently, employees will respond to this imbalance by withholding their contributions to the organization (Restubog, Bordia & Tang, 2007).

Although social exchange theory has been the dominant theoretical framework in psychological contract research, Zhao et al. (2007) pointed out that this theory neither differentiates between attitudes
and behaviors nor details the theoretical mechanisms through which breach affects attitudinal or behavioral outcomes. They also highlighted that SET assumes that breach simply evokes cognitive and objective judgments, disregarding the role of emotions. To overcome these deficiencies, a more fine-grained theory, such as Weiss and Cropanzano’s (1996) affective events theory, should be used to explain the relations between psychological contract breach and attitudes and behaviors.

- **Affective Events Theory (AET)**

Weiss and Cropanzano (1996) developed affective events theory in order to explain how affective states emerge from work events and, in turn, give rise to attitudes and behaviors (Guerrero & Herrbach, 2008). According to AET, elements of the work environment influence the occurrence of positive or negative “affective events” (Dasborough, 2006). According to SET, if an employee feels that the organization is not reciprocating his or her contributions, the employee’s beliefs in the existence of a mutually beneficial employment relationship are likely to be eroded (Bellou, 2008; Turnley & Feldman, 1999). Thus, employees may perceive psychological contract breach as a negative work event (Bal, De Lange, Jansen & Van Der Velde, 2008; Zhao et al., 2007). After such a negative workplace event is experienced, AET maintains that individuals will not immediately appraise the situation rationally or objectively, but would typically respond in terms of negative emotional stirrings such as anger, fear or frustration (Weiss & Cropanzano, 1996). Such negative emotions would then influence the individual’s cognitive evaluations of his or her job, causing negative job attitudes (Thoresen, Kaplan, Barsky, Warren & de Chermont, 2003). This latter notion has been supported both theoretically by Forgas and George’s (2001) affect infusion model (AIM) as well as by empirical research that shows strong links between negative emotions and negative job attitudes (Judge, Scott & Ilies, 2006; Thoresen et al., 2003).

Thus, AET imparts a more useful theoretical framework for understanding the effects of breach on work outcomes as it emphasizes employees’ emotional reactions in the workplace as an important link between workplace features and employee attitudes and behaviors (Mignonac & Herrbach, 2004).
• **Theory of Planned Behavior**

Fishbein and Ajzen’s (1975) theory of planned behavior has often been used to abet the view that attitude can help predict subsequent intention and behavior. An attitude reveals the degree to which the person holds a favourable or unfavourable evaluation of the entity in question, whereas behavior comprises one or more observable actions performed by the individual and recorded in some way by the investigator (Ajzen & Fishbein, 1977). Attitudinal and behavioral entities may be viewed as consisting of four different elements – the action, the target at which the action is directed, the context in which the action is performed, and the time at which it is performed. It is then predicted that an attitude towards a certain target would induce an assortment of behaviors towards that target, given that the same target elements are involved (Ajzen & Fishbein, 1977). Empirical research has supported the perspective that it is possible to predict behavior from attitude, as long as there is high correspondence between at least the target and action elements of the measures employed (e.g. Becker, Billings, Eveleth & Gilbert, 1996; Harrison, Newman & Roth, 2006; Restubog, Bordia & Tang, 2006).

• **Theoretical model of the effects of psychological contract breach on work-related outcomes**

The theoretical framework presented in this paper was developed by employing social exchange theory, affective events theory, and the theory of planned behavior discussed above. The fundamental premise of this framework is that psychological contract breach is a significant negative workplace event that triggers negative affective reactions of psychological contract violation and distrust. These negative emotions, in turn, will predict the work attitude of affective commitment, which consequently will anticipate an employee’s in-role performance, civic virtue behavior, turnover intention and potential to spread negative word-of-mouth. These relationships are illustrated in the proposed model shown in Figure 1 below.

![Figure 1 – Theoretical model](image-url)
EMPIRICAL RESEARCH ON PSYCHOLOGICAL CONTRACT BREACH

• Psychological contract breach as an antecedent to work-related outcomes

When an employee believes that there is a discrepancy between what he or she perceives was promised and what the organization carried through, he or she is likely to feel deceived by the organization’s failure to live up to its perceived obligations. Hence, the employee is convinced that by reducing his or her contributions to the organization, balance to the social exchange relationship can be restored. For instance, Robinson (1996) found that psychological contract breach convinces employees that the organization does not care about their welfare and that it cannot be trusted to fulfill its perceived obligations. Likewise, Robinson and Rousseau (1994) and Tekleab, Takeuchi and Taylor (2005) found that psychological contract breach was negatively related to job satisfaction. Prior research has also suggested that psychological contract breach is negatively related to employees’ affective commitment and positively related to employees’ intention to quit (Bunderson, 2001; Lester, Turnley, Bloodgood & Bolino, 2002; Raja, Johns & Ntalianis, 2004; Suazo et al., 2005). Employees also reduce their contributions by lowering their in-role job performance and organizational citizenship behaviors (Lester et al., 2002; Robinson, 1996; Suazo et al., 2005; Turnley & Feldman, 1999).

This paper categorizes the work-related outcomes examined into attitudes and behaviors. Affective commitment was chosen as the attitudinal outcome due to its inherent affective nature and its predominance in the literature (Hackett, Bycio & Hausdorf, 1994). The behavioral outcomes examined are drawn from Katz’s (1964) conceptualization of the behavioral requirements for a functioning organization. These behaviors are in-role performance, turnover intentions, and organizational citizenship behaviors.

• In-role performance

In-role performance consists of duties and responsibilities entrusted to an individual, stipulated in his or her formal employment contract, and recognized by the organization’s formal reward systems (Katz & Kahn, 1978; Williams & Anderson, 1991). Prior research has generally supported the notion that
psychological contract breach is negatively related to employees’ in-role performance. By reducing their efforts in the workplace that benefit the organization, employees are able to restore balance to the employment relationship after psychological contract breach occurs (Lester et al., 2002). For example, Robinson (1996) found that breach was negatively related to employees’ self-reports of their work performance, while Turnley and Feldman (1999) observed that breach was positively related to employees’ neglect of their in-role job duties. Thus, as in previous research on psychological contract breach, it is anticipated that:

\[ \text{Proposition 1: Psychological contract breach will be negatively related to in-role performance.} \]

- **Organizational citizenship behavior (OCB) – Civic Virtue**

Organ (1988) defined OCB as extra-role behavior that is voluntary, intended to benefit the organization, and not formally recognized or rewarded during performance appraisal. Civic virtue is one of the five dimensions of OCB that is directed exclusively to the organization and is a more useful contribution to the organization by an employee (Robinson, 1996). Such behavior indicates that the employee responsibly participates in, and is concerned about, the life of the company (MacKenzie, Podsakoff & Ahearne, 1998). Prior research suggests that because such behavior is voluntary and its non-performance is likely to go unpunished, in the case of psychological contract breach, employees are very likely to withhold displays of civic virtue in an attempt to restore balance between their contributions and those of the organization (Bellou, 2008; Robinson, 1996). Thus, the expectation is that:

\[ \text{Proposition 2: Psychological contract breach will be negatively related to civic virtue behavior.} \]

- **Turnover intention**

One primary means of dealing with perceived inequities that exist in an employment relationship is through withdrawal from that relationship. After a psychological contract breach occurs, continuing to work for the employer is seen as a contribution that increases employees’ perceived entitlements and decreases their perceived debt, and is thus seen as an unfair exchange (Bunderson, 2001; Lo & Aryee, 2003; Robinson & Morrison, 1995). Research has tended to support this hypothesis, finding that
psychological contract breach is accompanied by thoughts of quitting and actual turnover (Bellou, 2008; Robinson, 1996; Turnley & Feldman, 1999). Hence, after a breach of psychological contract is perceived, it is anticipated that employees tend to, at least, entertain thoughts of quitting.

**Proposition 3:** Psychological contract breach will be positively related to turnover intentions.

- **Negative word-of-mouth**

In a recruitment context, people who have personal experiences with the recruiting organization such as current or former employees provide word-of-mouth information, known as employee referrals, because they are more involved with the organization (Mangold, Miller & Brockway, 1999; Shinnar, Young & Meana, 2004; Zottoli & Wanous, 2000). When such employees perceive that their organization has not fulfilled its perceived obligations, they are likely to conjure a negative image of their employer, which might prompt them to make negative word-of-mouth comments about their organization as a potential employer (Van Hoye & Lievens, 2009). Indeed, research by Van Hoye (2008) has shown that a positively-perceived employer image increases nursing employees’ willingness to recommend their employer to others and to testify in their employer’s recruitment materials. Thus, it is anticipated that:

**Proposition 4:** Psychological contract breach will be positively related to negative word-of-mouth.

- **Affective commitment**

Meyer, Allen and Smith (1993) suggest that of the three dimensions that comprise the organizational commitment construct, the affective commitment dimension (i.e. the degree to which employees experience emotional attachment to their organization) is the most relevant in the context of psychological contracts. An employee may be motivated to reduce his or her affective commitment to the organization in order to restore balance to the employment relationship, after psychological contract breach occurs (Lester et al., 2002). Empirical studies have provided compelling evidence that psychological contract breach is negatively related to an employee’s organizational commitment (Bunderson, 2001; Chen, Tsui & Zhong, 2008; Lester et al., 2002; Raja et al., 2004; Restubog et al., 2006). Thus, it is anticipated that:

**Proposition 5:** Psychological contract breach will be negatively related to affective commitment.


**Breach and Affective reactions**

Explaining cognitions of breach helps to only partly justify employees’ responses to a perceived breach of psychological contract. However, Zajonc (1998) explains that unless they first bring out any sort of emotion, cognitions alone cannot trigger instrumental process. Therefore, based on affective events theory, it is proposed that psychological contract breach is a significant workplace event that creates employee affective reactions (Zhao et al., 2007). Examined in this paper as two reactions immediately experienced upon psychological contract breach are psychological contract violation and distrust.

- **Psychological contract violation as an outcome of breach and as a mediator between breach and work-related outcomes**

Morrison and Robinson (1997) referred to breach as the cognitive perception of an unfulfilled psychological contract, and violation as the fairly deep, negative emotional or affective response that derives from this cognitive perception. Violation involves disappointment, frustration, anger, resentment and distress brought about by the perceived failure to receive something that is both expected and desired, and from the knowledge that one has been betrayed or mistreated (Robinson & Morrison, 1995; Robinson & Rousseau, 1994). Breach is generally assumed to increase feelings of violation. Employees who believe that their organization has failed to provide them with something that they think that they not only deserved, but that is also important to them, will definitely feel angry, betrayed, and resentful towards their organizations (Raja et al., 2004; Zhao et al., 2007). Therefore, it is expected that:

*Proposition 6: Psychological contract breach will be positively related to psychological contract violation.*

While prior research has found that psychological contract breach has many detrimental effects on employee attitudes and behaviors, such research has also suggested that employees do not always respond negatively (Morrison and Robinson, 1997; Turnley, Bolino, Lester & Bloodgood, 2003). While psychological contract breach may not produce undesirable outcomes when employees do not experience negative emotions, employees who do endure the negative emotional state of psychological contract violation are more likely to take retaliatory measures against their organization (Dulac, Coyle-Shapiro,
Henderson & Wayne, 2008; Suazo et al., 2005; Zhao et al., 2007). Lazarus’s (1991) cognitive-motivational-relational theory of emotion also supports the proposition that violation mediates the relationship between breach and employee attitudinal and behavioral reactions (Dulac et al., 2008). Thus, psychological contract violation is expected to be a key mediating variable that helps to explain why psychological contract breach is likely to be damaging to workplace attitudes and behaviors:

Proposition 7: Psychological contract violation will mediate the relationship between psychological contract breach and affective commitment, in-role performance, civic virtue, turnover intention, and negative word-of-mouth, respectively.

Trust is defined as the willingness of one party to be vulnerable to the actions of another party based on the assumption that the other will perform a particular action to the trustor (Mayer, Davis & Schoorman, 1995). Trust is developed if an employer is perceived to have integrity and benevolent intentions (Mayer et al., 1995; Robinson, 1996). However, an employer’s failure to fulfill its obligations will be perceived as an inconsistency between his or her words and actions, and a lack of genuine concern about the welfare of the employee (Robinson, 1996). Thus, uncertainties arise about the consistency and predictability of the organization’s future actions and behavior, and the employee loses confidence in the employer’s future reciprocation of contributions made by the employee (Butler, 1991; Mayer et al., 1995; Robinson, 1996). Studies have shown that while reciprocity in exchange relations enhances trust, the absence or violation of reciprocity erodes it (Deutsch, 1958; Lindskold, 1978; Pilisuk, Kiritz & Clampitt, 1971).

Lewicki, McAllister and Bies (1998) believe that trust and distrust are separate and distinct constructs, and that it is possible to both trust and distrust another party, given different experiences within complex relationships. Therefore, disappointments such as an employer’s failure to fulfill its perceived obligations will decrease the relationship-building emotions of trust and move the employee to a level of indifference or distrust (Young & Daniel, 2003). Young and Daniel (2003) claimed that trust/distrust can be highly emotional and subjective, instead of calculative, when negative events are experienced. In such instances, the affective component of distrust would overshadow any rational and cognitive thoughts and decision-making processes (Young & Daniel, 2003). Under conditions of high...
distrust, the employee will have no confidence in the organization, but would instead be wary, skeptical, cynical, and hostile (Lewicki et al., 1998; Robinson, 1996; Zhao et al., 2007). Thus, it is expected that:

*Proposition 8: Psychological contract breach will be positively related to an employee’s distrust in his or her organization.*

In circumstances of distrust, employees will not feel motivated to invest further in the relationship with their employer by acting in ways that demonstrate mutual loyalty and support (Lo & Aryee, 2003). Robinson (1996) reported that trust in the employer fully mediated the relationship between psychological contract breach and employee behaviors of civic virtue and in-role performance, but partially mediated the relationship with turnover intention. Lo and Aryee (2003) asserted that a decline in trust would diminish the social exchange between the employee and the employer, and reduce reasons for continued employee contributions and support for the organization. Therefore, it is anticipated that:

*Proposition 9: Distrust will mediate the relationship between psychological contract breach and affective commitment, in-role performance, civic virtue, turnover intention, and negative word-of-mouth, respectively.*

- **Breach and work attitudes**
  - *Affective commitment as an outcome of affective reactions and as a mediator between affective reactions and work behaviors*

As previously stated, an employee may be motivated to reduce his or her level of affective commitment to the organization, if a psychological contract breach is perceived (Lester et al., 2002). However, as discussed above, a perception of psychological contract breach will not automatically trigger reduced levels of affective commitment unless the employee first experiences the emotions of violation and distrust (Dulac et al., 2008). Violations of employee trust create a negative image of the organization and a desire to dissociate from the organization, which reduces the employee’s commitment to the organization (Restubog, Hornsey, Bordia & Esposo, 2008). Likewise, Dulac et al. (2008) and Suazo (2009) found that psychological contract violation too lead to significantly lowered levels of affective commitment. Thus, it is expected that:
Proposition 10: Psychological contract violation will be negatively related to affective commitment.

Proposition 11: Distrust will be negatively related to affective commitment.

Furthermore, in accordance with Bellou (2008) and Restubog et al. (2006), this paper adopts Fishbein and Ajzen’s (1975) theory of planned behavior to support the mediating role of affective commitment. Researchers have generally concluded that affective commitment has a positive impact on in-role performance (Allen & Meyer, 1996; Konovsky & Cropanzano, 1991; Mathieu & Zajac, 1990; Meyer, Stanley, Herscovitch & Topolnytsky, 2002), and a negative impact on intention to leave the organization (Allen & Meyer, 1990; Labatmediene, Endriulaitiene & Gustainiene, 2007; Randall & O’Driscoll, 1997). Furthermore, several empirical studies have supported the affective commitment-OCB relationship (Moorman, Niehoff & Organ, 1993; O’Reilly & Chatman, 1986; Shore & Wayne, 1993). In fact, Meyer et al. (2002) suggest that low affective commitment may keep employees from engaging specifically in civic virtue behaviors. Therefore, the expectation is that:

Proposition 12a: Affective commitment will mediate the relationship between psychological contract violation and in-role performance, civic virtue, turnover intention, and negative word-of-mouth, respectively.

Proposition 12b: Affective commitment will mediate the relationship between distrust and in-role performance, civic virtue, turnover intention, and negative word-of-mouth, respectively.

CONTRIBUTIONS AND IMPLICATIONS

In this paper, we highlight the indirect effects of psychological contract breach on work-related outcomes, as a number of previous studies found direct relationships between breach and work-related outcomes to be weakly to moderately correlated (Suazo, 2009). This study extends research on psychological contract breach by suggesting that when breach leads to both feelings of violation and distrust, the latter two variables would be critical mediators in the relations between psychological contract breach and work-related outcomes. A second contribution of our model lies in the use of affective events theory to explain the role of affective reactions in the relations between breach and work-related outcomes, as only a few
other psychological contract researchers (e.g. Zhao et al., 2007) have used AET as a base for studying the interconnections between breach, affective reactions and work-related attitudes and behaviors. Through our model we also identify the relatively neglected, mediating role of affective commitment on the relations between breach and work-related outcomes. Finally, this paper adds a fourth workplace behavior to the three behavioral outcomes commonly examined in the literature on psychological contract breach, namely, an employee’s potential to spread negative word-of-mouth about his or her organization.

Given the negative, pervasive consequences of psychological contract breach, organizations must be able to effectively manage psychological contracts so as to increase the chances of achieving their organizational goals. The firm must ensure that the messages it sends through its managers, co-workers, and its range of human resource management policies and practices are consistent, and that all commitments made and asked for in return are repeatedly clarified so as to avoid possible misunderstandings (Rousseau, 2004). Employers must lay down clear-cut rules for establishing psychological contracts within the organization, such as those relating to interaction between the employer and employee, as well as measures that should be taken in the event that a psychological contract breach is perceived (Rousseau, 2004). In so doing, organizations would be able to honour their obligations, which would help to maintain employees’ trust and commitment over the long term that is essential for organizational success.

**CONCLUSION**

Researchers have consistently demonstrated the pervasive negative effects of psychological contract breach on employee attitudes and behaviors in the workplace (e.g. Raja et al., 2004; Robinson, 1996; Robinson & Rousseau, 1994; Suazo et al., 2005; Tekleab et al., 2005; Turnley & Feldman, 1999, 2000). Despite its apparent prevalence and serious negative implications, there is a limited understanding of the mechanism through which psychological contract breach leads to such negative consequences for organizations. In this paper, we have clarified the central mediating role of affective reactions consistent with affective events theory. In doing so, we have thus helped to provide a base for future empirical
researchers who may wish to further investigate and combine the role of affective reactions with the phenomenon of psychological contract breach.

References


