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## **An Investigation of the Relationship between Psychological Contract Breach and Counterproductive Workplace Behaviours**

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### **Abstract**

*The psychological contract is one of the most important concepts in organizational context. Simply, psychological contract mean unwritten agreement between employee and employer. Several reasons cause to breach the psychological contract and breaches of the psychological contract generated many negative consequences to organizations such as, reduce organizational commitment, citizenship and increase counterproductive behaviours in the workplace etc. Among above mentioned consequences, counterproductive behaviors in the workplace have significant importance in the organization. Hence, this paper focuses on investigate the relationship between psychological contract breach and counterproductive workplace behaviors. To test the relationship, a standard questionnaire was developed and the questionnaire was pre-tested, modified and used to capture the relevant data. This questionnaire is distributed among 100 students in Faculty of Postgraduate, University of Sri Jayewardenepura. Accordingly, the research subjected to 53 percent response rate. Collected data is analyzed using quantitative method. Findings revealed that, psychological contract breach was positively correlated with counterproductive workplace behavior.*

**Keyword:** *Psychological contract, Psychological contract breach, Counterproductive workplace behaviors*

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### **Introduction**

The psychological contract is mutual obligation between employer and employee towards each other (Rousseau, cited in Chao, Cheung & Wu 2011). The psychological contract refers to “the idiosyncratic set of reciprocal expectations held by employees concerning their obligations (what they will do for the employer) and their entitlements (what they expect to receive in return)” (McLean, Kidder & Gallagher 1998). The psychological contract concept was derived from social exchange theory and equity theory (Anderson & Scalk 1998). Simply above theories explain that people are rational and always they try to compare the return with their contribution. Employees try to compare their contribution with their return, if employees perceived that organization cannot meet their expectation, it cause to psychological contract breach (Morrison & Robinson 1997). The social exchange theory explained about the norm of reciprocity. It implies that “employees reciprocate the treatment they receive from their employer by adjusting their perceived obligation and fulfillment to the employer” (Robinson & Rousseau 1994). Morrison & Robison (1997) define psychological contract breach as the cognition that one’s organization has filed to fulfill one or more obligations comprising the psychological contract.

Previous researches suggested that psychological contract breach is likely to have pervasive negative impact on employees work attitudes and behaviors. For example prior research indicates that psychological contract breach is negatively related to job satisfaction, positively related to intent to quit, and negatively related to employee’s self-reports of their in- role and extra performance (Robinson & Morrison 1995; Lester et al. 2002).

Counterproductive work behavior refers, employee misbehave and violate the organization's disciplines intentionally and try to harm its members well-being (Sackett & Devore 2001). "Counterproductively workplace behavior is behavior that is intended to have a detrimental effect on and their members. It can include overt acts such as aggression and theft or more passive acts, such as purposely failing to follow instructions or doing work incorrectly. The common theme is that these behaviors are harmful to the organization by directly affecting its functioning or property, or by hurting employees in a way that will reduce their effectiveness (Fox, Spector & Miles 2001, p.308).

Robinson & Morrison 2000 and Chao et al. 2011 discussed there is a significant positive relationship between the psychological contract breach and counterproductive workplace behaviors. According to Jensen, Opland & Ryan (2009) transactional and relational contract breach has differential effects on counterproductive workplace behavior.

There were many studies has been done with regarding psychological contract and psychological contract breach. The majority of research on psychological contacts has been done within the Western countries. Recently, most Asian people have given attention to this area. Therefore, I try to contribute to the literature of the subject by examining the relationships between the variables in this in Sri Lanka. In this study, I aim to examine the influence of psychological contract breach perception on employees' engagement in counterproductively workplace behavior.

### **Problem Statement**

The level of psychological contract breach which is experienced by person at work is likely to be a result of the counterproductive workplace behaviors. Psychological contract breach makes huge impact to the employees as well as on organization. Hence, The problem statement of this research will investigate the Relationship between psychological contract breach and counterproductive workplace behaviors.

### **Literature Review**

#### Psychological contract and psychological contract breach

The concept of psychological contract was first used by Argyris (1960) and has been discussed and developed many times since then. The most general description of a contract is the belief in obligations existing between two or more parties (Krishnan 2011). The psychological contract refers to "the idiosyncratic set of reciprocal expectations held by employees concerning their obligations (what they will do for the employer) and their entitlements (what they expect to receive in return)" (McLeanParks, Kidder & Gallagher 1998). The employer and employee may have different viewpoints regarding the content and the extent to which their mutual obligations have been fulfilled (Krishnan 2011). The employees derive the terms of their psychological contracts in three main ways. First, interaction either through oral or written communications, which may take the form managers, coworkers, recruiters, etc. Second, observation of the behaviors of the coworkers, managers and other members and how they are treated by the organization, provides social cues that inform the employee of his/her contractual obligation. Third, the organization provides structural signals that convey information through the HR practices like formal compensation and benefits, performance review and organizational literature like handbook and mission statement (Rousseau 1995).

According to Rousseau (1995) there are two major types widely used in literature on psychological contract. There are transactional and relational contract. Closed-ended time

frame, exchange of economic resources, unambiguous performance standards and limited mutual investment between employer and employee are the characteristics of transactional obligations (Rousseau 1995). Relational contracts include following characteristics, open ended, long term relationship involving considerable investment by both employees (company specific skills and loyalty) and employers (extensive training and development) (Rousseau 1995).

Morrison & Robison (1997) defined psychological contract breach as the cognition that one's organization has failed to fulfill one or more obligations comprising the psychological contract. Morrison & Robison (1997) suggested that there are three main reasons that psychological contracts go unfulfilled; renegeing, disruption and incongruence. Renegeing occurs when purposely and knowingly fails to keep all of their promises to employees. Disruption arises when the organization is unable to live up to its prior commitments due to the fluctuating economic or environmental factors. Incongruence occurs when the employee identifies that there has been an honest misunderstanding regarding the terms or conditions of the employment relationship. The psychological contract concept was derived from social exchange theory and equity theory (Anderson & Scalk 1998). Simply above theories explain that people are rational and always they try to compare the return with their contribution. Employees try to compare their contribution with their return. If employees perceived that organization cannot meet expectation, it cause to psychological contract breach (Morrison & Robison 1997). The social exchange theory explained about the norm of reciprocity. It implies that *"employees reciprocate the treatment they receive from their employer by adjusting their perceived obligation and fulfillment to the employer"* (Robinson & Rousseau 1994, p.247). *"If organization fails to fulfill the reciprocate returns, employees may perceived that organization breach the expected exchange relationship such as psychological contract and do not tempt to meet their obligation to the organization"* (Balu cited in Chao et al. 2011, p.765).

#### Counterproductive Workplace Behavior

Counterproductive work behavior refers, employee misbehave and violate the organization's disciplines intentionally and try to harm its members well-being (Sackett & Devore 2001). Counterproductively workplace behavior is behavior that is intended to have a detrimental effect on and their members. It can include overt acts such as aggression and theft or more passive acts, such as purposely failing to follow instructions or doing work incorrectly. Counterproductive work behavior is any purposeful undesirable behavior that has the potential to have negative consequences to an organization and the staff members within that organization. These activities include acts such as theft, calling in sick when you're not sick, fraud, sexual harassment, violence, drug and alcohol use, and inappropriate use of the internet (Instone n.d.). There are many different factors that can lead to counterproductive work behaviors. Sinangil & Viswesvaran (2001) grouped counterproductive workplace behaviors in to two broad categories; the first is property deviance involving misuse of employer assets. Examples include theft, property damage and misuse of discount privileges. The second is production deviance involving violating norms about how work is to be accomplished. This includes not being on the job as scheduled (Absence, tardiness, long breaks) and behavior that weaken from production when on the job (Drug and alcohol use, intentionally slow, sloppy work). The common theme is that these behaviors are harmful to the organization by directly affecting its functioning or property, or by hurting employees in a way that will reduce their effectiveness (Fox, Spector & Miles 2001).

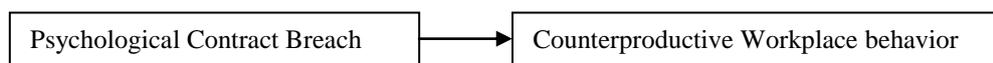
### Psychological contract breach and counterproductive workplace behavior

Research finding shows that significant relationship between psychological contract breach and counterproductive work behaviors. According to Jensen, Opland & Ryan (2009) transactional and relational contract breach has differential effects on counterproductive workplace behavior. Equity theory explain that, If employee perceive that psychological contract is breached ,they try to regain the equity by doing misbehavior such as absent from work, use company resources for personal use. Also stressed that psychological contract breach may led to create negative emotional experiences such as anger and frustration within the employees (Robinson & Morrison 2000). In a study in Chaina, demonstrated that the positive relationship between psychological contract breach and counterproductive workplace behavior (Chao et al. 2011), hence, researcher hypothesis as

H<sub>1</sub>: *There is a positive relationship between Psychological contract breach and Counterproductive Workplace behavior*

The conceptual framework of the study is given in figure 01.

Figure 1. The conceptual Framework of the research



### **Method**

The sample in this research comprised active students reading in Faculty of Postgraduate Studies, University of Sri Jayewardenepura. The respondents were selected through a random sampling method. The research was purely based on primary data. A questionnaire was used for data collection. 100 questionnaires distributed, 53 valid questionnaires were returned and used for analysis. Due to the sensitive nature of study on counterproductively workplace behavior, all questionnaires were anonymous and the confidentiality of the data and results were promised to respondents by the researcher. The majority of respondents 58.8% were males and 41.5% were female. 49.1% of participants aged between 31 to 40, 26.4% aged between 21 to 30, 18.9 % were 41 to 50 and 5.7% were over 50. Sample is subjected to income level between Rs.25,000 to Rs.50,000, 62.3%, 51,000 to 75,000, 28.3%, 75, 76,000 to 100,000, 7.5% and 1.9% were above 100,000.

### **Instruments**

Researcher measured the variables of the research by using standard questionnaires. The participants expressed their opinion on a 5 point Likert scale. For psychological contract breach 5 indicated —Received much more than promised and 1 indicated —Received less more than promised and for counterproductively workplace behavior 5 indicated —Never and 1 indicated —Very Often.

PCB: The questionnaire for measuring the fulfillment of psychological contract was a modified standard questionnaire, which is originally developed by the Robinson & Morrison 1995. It consist main six areas, Benefits, Pay, Advancement, Opportunities the work itself, Resource support and Good employment relationship. The Cronbachs' Alpha is 0.952.

CWB: The counterproductively workplace behavior inventory adopted by the Chao et al. 2011, use to measure the counterproductive workplace behaviors. Use mainly six categories to measure the employee's counterproductive workplace behavior engagement. Theft and related behavior, Misuse of information, Misuse of time & resources, Poor attendance, Poor quality work, inappropriate verbal actions. The Cronbach Alpha is 0.854

Bivariate analysis used to investigate the relationship between psychological contract breach and counterproductive workplace behavior.

### Analysis and Findings

According to the table 1 (correlation between PCB and CWB) Pearson correlation between psychological contract breach and counterproductive workplace behavior is 0.691. It demonstrates that there is a positive relationship between above mentioned two variables. The found relationship is statistically significant as correlation is significant at 0.01 levels (1-tailed). Thus; there is statistical evidence to prove that psychological contract breach and counterproductive workplace behavior are positively related.

Table 1: Correlation between PCB and CWB

	PCB
Correlation	0.691
Sig.(1-tailed)	0.000

The results of simple regression analysis of the psychological contract breach against the counterproductive workplace behaviors is given in table 2.

Table 2: Results of the Simple regression analysis

Method	Linear
R Square	.477
Adjusted R Square	.467
F	46.569
Significance	<0.000
B - Constant	3.427
B - value	.302

According to table 2, regressions equation of counterproductive workplace behavior is:

$$\text{Counterproductive Workplace Behavior} = 3.427 + .302(\text{PCB})$$

The b value of the equation, the gradient of the regression is 0.302, which is significant at 1% (Significant = 0.000). As indicated by R Squared, 47.7% of the variance of counterproductive workplace behavior is explained by psychological contract breach with the standardized beta of 0.477. The F value is 46.569, which is significant at 1% (P = 0.000), which is suggest that Psychological Contract breach has significantly explained 47.7% of the variance of counterproductive workplace behaviors.

The hypothesis testing was carried using the results of Person's Correlation analysis and the results of Regression analysis. The Pearson's Correlation coefficient between Psychological contract breach and Counterproductive Workplace behavior is 0.691. Therefore, there is a strong positive relationship existing between the Psychological contract breach and Counterproductive Workplace behavior. Hence, the Null Hypothesis, which indicate there is no positive relationship between psychological contract breach and counterproductive Workplace behavior is rejected and the Alternative hypothesis, which indicate there is a positive relationship between psychological contract breach and counterproductive workplace behavior is accepted. As per the result of simple regression analysis between the two variables the regression coefficient (b) is 0.302, which is significant at 1 % (Sig.T=0.000).

Therefore, based on the results of both tests, the Null hypothesis is rejected and the alternative hypothesis is accepted. Hence the data is support the hypothesis that there is a positive 53 relationship between Psychological contract breach and Counterproductive Workplace behavior of the active student reading in faculty of Graduate studies.

### **Discussion**

It was found that there is a positive relationship between psychological contract breach and counterproductive workplace behavior of active student reading in Faculty of Graduate studies in University of Sri Jayewardenepura. Majority of respondents of the sample are managerial level employees working in private sector organizations. The correlation between this variable was 0.691, which is significant at 0.000 level. This correlation was greater than the lower bound of strong correlation (0.5) and suggested that there is a strong positive relationship between psychological contract breach and counterproductive workplace behavior.

According to the results of simple regression analysis, psychological contract breach was found to have positive impact on counterproductive workplace behavior with the weak of b value of 0.302. As Chao et al. 2011; Robinson & Morrison 2000; Jensen, Opland & Ryan 2009 discussed about the significant positive relationship between the psychological contract breach and counterproductive workplace behaviors. The findings of the correlation and regression analysis empirically confirm the arguments given by above mentioned researchers.

Identifying the relationship between psychological contract breach and counterproductive workplace behaviors among students reading in Faculty of Graduate Studies in University of Sri Jayewardenepura was the primary objective of this study. Based on the empirical information, conceptual framework is conceptualized to identify the relationship between psychological contract breach and counterproductive workplace behavior. Results of the study, demonstrated that there is a positive relationship between independent and dependent variables.

Another objective of the study is to examine whether international empirical evidence regarding psychological contract breach and counterproductive workplace behavior are applicable to Sri Lanka. Findings revealed that international empirical evidence are valid in the Sri Lankan context.

### **Limitations**

Since, this is one of very few studies conducted in to psychological contract breach in Sri Lanka, the focusing on the research is vital. Nevertheless this research is based on the existing literature, it associates higher importance. But this research having following limitations; research study will be bounded to students reading in Faculty of Graduate Studies in University of Sri Jayewardenepura as a sample. It would be better research use bigger sample for the study. Sample mostly consisted on managerial level employees & professionals, better focus on non- managerial employees too. Independent & dependent variables will be measured using a questionnaire survey. However, it would be better; if the researcher could use mixed method approach to measure the phenomenon. Although some information about the instruments in regard to reliability and validity is known, the instruments may have limitations in measuring what they relevance to measure.

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