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The Effects of Psychological Contract Breach on Job Satisfaction Among University Employees in Pakistan: Moderating Role of Perceived Organisational Support

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Abstract
This paper investigated the relationship between psychological contract breach (PCB) and job satisfaction (JS) having perceived organisational support (POS) as a moderator. This study employed social exchange theory and organisational support theory to examine PCB, JS and POS relationship. Data collection was made with the help of a self-administered questionnaire from five public sector universities across Pakistan. A sample of 1230 was used for this research study. About 739 valid respondents participated in this research. Structural equation modelling and IBM AMOS was used to carry out analysis. Results showed that PCB led to job dissatisfaction; however, POS did not moderate this relationship. Limitation of this research was its being cross-sectional. A longitudinal study is proposed. Researchers, practitioners are urged to understand PCB, JS and POS relationship in order to have a good employee-employer relationship much needed for the high performance work systems (HPWS).

Keywords: Psychological Contract Breach, Job Satisfaction, Perceived Organisational Support, Structural Equation Modelling, Universities in Pakistan.

Introduction
Human capital (knowledge, skills and abilities – KSA of the employees) is deemed as competitive advantage for an organisation (Razouk, 2011). Employees have always been important for organisations (Apoi & Latip, 2019). Organisations get legal contracts signed with employees; however, psychological contracts (PCs) get ignored at workplaces. Since employee-employer relationship is vital, therefore, PCs have gained popularity in academic research vis-à-vis management science (Singh, 2019). Rousseau (1989) explains PCs as "Psychological contracts are individual beliefs in a reciprocal obligation between the individual and the organization". PCs explain employee-employer relationship in organisations (Höglund, 2012). Rousseau (1995) states that PCs have two types (transactional and relational). Transactional contracts are economic relations that are short lived and are purely based on only ‘give and take’, which is a primary consideration; whereas relational contracts are long-term, open-ended, on-going and give and take is a secondary consideration. PCB makes employees have negative attitude i.e. job dissatisfaction (Shah, 2017; Khalid, 2020).
A number of studies have investigated PCB (Robinson, Kraatz & Rousseau, 1994; Robinson & Morrison, 2000; Conway & Briner, 2002; Lester, et al., 2002; Johnson & O’leary-Kelly, 2003; Tekleab, Takeuchi, & Taylor, 2005; Zhao, et al., 2007; Bal, et. al., 2008; Parzefall & Coyle-Shapiro, 2011; Chin & Hung, 2013; Ahmad & Khan, 2015; Gupta, Agarwal & Khatri, 2016; Saboor, Malik & Pracha, 2017; Khan, et al., 2018; Westhuizen, Scheepers & Kele, 2018; Ma, et al., 2019) inter alia others. All of these studies have established that psychological contract breach leads to negative attitudes and behaviours.

This empirical paper discusses PCB, its evolution, effects on job satisfaction and moderating role of POS. This paper also discusses the empirical, methodological and theoretical gaps. Social exchange theory has widely been used to study PCB (Piccoli & De Witte, 2015; Li & Chen, 2018). Literature shows that triangulation of social exchange theory (SET) and organisational support theory (OST) has little been employed to explore and understand PCB, JS and POS relationship. The conceptual framework shown in Figure. 1 postulates that perceived organisational support moderates the relationship between PCB and JS.

**Literature and Hypothesis Development**

**Psychological Contracts:** The term psychological work contract was introduced by Argyris (1960). Said that PCs are used to study workplace ties (Rousseau, 1989). Levinson, et al. (1962) viewed that PCs are "a series of mutual expectations of which the parties to the relationship may not themselves be even dimly aware but which nonetheless govern their relationship to each other". Employee-employer relationship is significant. Employee-employer relationship is based on mutuality (Conway & Briner, 2005). PCs may be relational or transactional (Rousseau, 1995). There are three dimensions of these contracts i.e. psychological contract fulfilment, psychological contract violation and psychological contract breach.

**Psychological Contract Breach:** PCB is considered an organisational lapse regarding promises extended to employees (Rousseau, 1989). PCB leads to negative job attitudes and behaviours (Malik & Khalid, 2016) and affects performance of employees (Hussain, et al., 2016). The negative attitudes and behaviours as outcomes of breach are many (Conway & Briner, 2002; Raja, Johns & Ntalianis, 2004; Zhao, et. al., 2007; Bordia, Restubog & Tang, 2008; Ahmad & Khan, 2015). The breach aspect has wide range (Agarwal & Bhargava, 2013) in the Asian context as well (Restubog, Bordia & Robert, 2006). Little has been explored regarding psychological contract breach in the Asian context considering demographic factor (Ahmad & Khan, 2015).

**Job Satisfaction:** The concept of job satisfaction was given due consideration by Maslow (1943), who introduced the needs hierarchy (theory). Job satisfaction has been defined as “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences”. Job dissatisfaction and turnover intentions are positively associated (Locke, 1976). Researchers believe that “a positive emotional and cognitive evaluation of their jobs is expected to push employees into being engaged with their jobs as reciprocation for the job satisfaction enabled by the organisation” (Rayton & Yalabik, 2014). Job satisfaction, which is a very much important job attitude, which gets converted into dissatisfaction if employees experience PCB at the workplaces (Katou & Budhwar, 2012). PCB leads to job dissatisfaction (Jamil, Raja & Darr, 2013).
**Perceived organisational support (POS):** Perceived organisational support (POS) means “an employee’s perception that the organization values his or her work contributions and cares about the employee’s well-being”. Perceived organisational support leads to positive work attitudes and behaviour and thereby increases organisational performance (Eisenberger, Malone & Presson, 2016). The more the organisational support the less employees get psychologically affected (Kurtessis, et al., 2015). Organisational understanding and support reduces PCB and increases employee engagement/retention (Rodwell & Ellershaw, 2015). POS may moderate PCB and job attitudes and behaviours (Westhuizen, Scheepers & Kele, 2018).

Structural equation modelling (SEM) provides better analysis and path-understanding (Kline, 2005). A few studies has used SEM method to study PCB in relation to constructs of the present research together in relation to employees of the Pakistani universities. Besides, a few studies has used questionnaire method to research psychological contract of university administrative and teaching employees. Similarly, little is known about validation of the present study scales in Pakistan especially Pakistani universities. Therefore, this research aims to fill this gap by using SEM and a questionnaire based quantitative approach to study effects of PCB, its effects and moderating role of POS vis-a-vis the university employees in Pakistan. A research model must be supported by some relevant theories (Hair, et al., 2010). Previous research depicts that researchers have employed theories such as expectancy theory, self-determination theory, attribution theory, social contract theory, uncertainty management theory, psychological ownership theory, conservation of resources theory, control theory, affective event theory, signaling, theory, social information theory, cognitive dissonance theory, psychological contract theory, perceived organisational support theory and agency theory in order to research psychological contract.

Psychological contract studies mainly rely on only social exchange theory. Therefore, other theories may also be used to research psychological contract (Kutaula, 2014). Nonetheless, literature shows that little studies have employed together the organisational support theory and the social exchange theory to researching PCB and other constructs of the present research. A number of studies/theories have been employed in countless studies from technological advanced countries, which comes to almost no more than one-third of the world-population. Generalization and application of such theories in the non-western cultural-context seems unjustified (Bashir, 2011). Therefore, this research is an attempt to employ the social exchange and the organisational support theories together in order to better understand psychological contract mechanism. Accordingly, this research aims to overcome this shortcoming by employing social exchange and organisational support theories together to study PCB and effects and moderating role of POS.

H1: PCB has association with JS.
H2: POS moderates the relationship between PCB and JS.

**Proposed Conceptual Framework**

![Proposed Conceptual Framework](image)

*Figure 1: Proposed Conceptual Framework showing the Effects of Psychological Contract*
Breach on Job Satisfaction Among University Employees in Pakistan

The proposed conceptual framework would help scholars, practitioners and organizations better understand the psychological contract mechanism with reference to its negative attitudes and effects and also the role of POS therein so that all concerned may contribute to the society by providing a psychologically conducive work environment.

Research Methodology

Positivism suggests that the knowledge/reality in the world must be objectively viewed. Quantitative studies use positivism as a paradigm. Positivism is based on the ontology, epistemology and axiology as philosophies. Ontology means what knowledge/reality is subjective/objective. Epistemology means how to reach knowledge/reality. Axiology means that reaching the knowledge/reality must be ethical. Since positivism suggests that knowledge/reality should be objectively gathered, assessed and quantified in terms of empirical data, therefore, this study being quantitative/hypothetico-deductive in nature used positivism as its research paradigm.

Accordingly, this study used a survey questionnaire having three constructs i.e. PCB, JS and POS. A 5-item scale developed by Robinson and Morrison (2000) meant for PCB was adapted for the purpose of conducting this study. A 5-item scale developed by Brayfield and Rothe (1951) meant for JS was adapted to carry out this research. An 8-item scale developed by Eisenberger et al. (1986) meant for POS was adapted to gather data from the sample of this study.

A 5-point Likert scale from “strongly disagree” to “strongly agree” was used to measure response of the participants. In order to avoid response error in such data collection method, Harman’s (1967) single factor testing method was used wherein the scale items were entered into principle component with varimax rotation. All items were loaded on a single factor which showed that there was no bias found. Response error was tested through independent sample t-test by taking first 50 and last 50 responses. Result showed no meaningful difference in both the groups. Hence, there was no response error.

For this study, data were collected from five public sector universities in Pakistan. All variables were named and defined as suggested by the extant research (Lambert, 2015). Version 22 of the SPSS Statistical Packages for Social Sciences and Statistical Package and Service Solution was used. Version 22 of AMOS was used to carry out analysis. The use of AMOS was recommended by Hair et al. (2011) for use on the studies that test theories and have covariance between relationships.

Simple random sampling technique was used to determine sample of this study. The sample was 1230 out of which 739 participants responded. The response rate stood as 60%. Mean substitution techniques was used to treat missing data. Outliers were also detected and deleted. Z-score was used to see outliers. Data normality was checked through reliability and validity analyses and through skewness and kurtosis. The data was found normal. Construct reliability and validity were also checked. Constructs were found to be reliable and valid. In order to see apt data correlation in the data matrix, factor analyses were conducted. The data showed apt correlation. All of the items of the instrument loaded on the very factors they belonged to, which showed that the instrument was unidimensional.

Data Analysis

Descriptive statistics of the constructs was performed, which showed normality of data as the values of the skewness and kurtosis were acceptable as under:
Table 1: Descriptive Statistics of the Constructs

Table 1: shows that the data was normal as the values of skewness and kurtosis were in acceptable range.

Instrument reliability analysis was performed, which showed that the instrument scales were reliable having acceptable reliability values as under:

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Construct</th>
<th>Items</th>
<th>Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Psychological Contract Breach</td>
<td>5</td>
<td>0.91</td>
</tr>
<tr>
<td>2.</td>
<td>Perceived Organisational Support</td>
<td>8</td>
<td>0.86</td>
</tr>
<tr>
<td>3.</td>
<td>Job Satisfaction</td>
<td>5</td>
<td>0.85</td>
</tr>
</tbody>
</table>

Table 2: Constructs Reliability Analysis

Construct correlation analysis was performed and the analysis showed a good correlation between/among the constructs as under:

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Constructs</th>
<th>PCB</th>
<th>POS</th>
<th>JS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>PCB</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>POS</td>
<td>0.34</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>JS</td>
<td>0.34</td>
<td>0.36</td>
<td>1</td>
</tr>
</tbody>
</table>

Note: PCB= Psychological Contract Breach, POS= Perceived Organisational Support, JS= Job Satisfaction. Construct correlation analysis showed good correlation among the three constructs.

Table 3: Construct Convergent and Discriminant Validity Analysis

Constructs convergent and discriminant validities were also checked, which met the required standard. The AVE remained above 0.5 and the square roots of the AVE (in bold face) remained higher than the values beneath each one as under:
Exploratory factor analysis was also undertaken where all the items of a factor loaded on that very factor and rest of the values of Cronbach Alpha (PCB .914, POS .861, JS .850) KMO (PCB .745, POS .898, JS .747), Bartlett Test (PCB 5479.080, POS 2447.713, JS 2202.154), Eigenvalue (PCB 3.768, POS 4.171, JS 3.308) Chi-Square 0.000, were acceptable as shown in Figure 5 as under:

<table>
<thead>
<tr>
<th>ITEM</th>
<th>CR</th>
<th>AVE</th>
<th>MSV</th>
<th>ASV</th>
<th>POS</th>
<th>PCB</th>
<th>JS</th>
</tr>
</thead>
<tbody>
<tr>
<td>POS</td>
<td>0.887</td>
<td>0.530</td>
<td>0.169</td>
<td>0.108</td>
<td><strong>0.728</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PCB</td>
<td>0.903</td>
<td>0.661</td>
<td>0.162</td>
<td>0.105</td>
<td>0.217</td>
<td><strong>0.813</strong></td>
<td></td>
</tr>
<tr>
<td>JS</td>
<td>0.845</td>
<td>0.533</td>
<td>0.169</td>
<td>0.166</td>
<td>0.411</td>
<td>0.403</td>
<td><strong>0.730</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>PCB_1</td>
<td>.905</td>
</tr>
<tr>
<td>PCB_2</td>
<td>.839</td>
</tr>
<tr>
<td>PCB_3</td>
<td>.705</td>
</tr>
<tr>
<td>PCB_4</td>
<td>.890</td>
</tr>
<tr>
<td>PCB_5</td>
<td>.904</td>
</tr>
<tr>
<td>POS_2</td>
<td>.674</td>
</tr>
<tr>
<td>POS_3</td>
<td>.788</td>
</tr>
<tr>
<td>POS_4</td>
<td>.820</td>
</tr>
<tr>
<td>POS_5</td>
<td>.768</td>
</tr>
<tr>
<td>POS_6</td>
<td>.807</td>
</tr>
<tr>
<td>POS_7</td>
<td>.729</td>
</tr>
<tr>
<td>POS_8</td>
<td>.685</td>
</tr>
<tr>
<td>JS_1</td>
<td>.755</td>
</tr>
<tr>
<td>JS_2</td>
<td>.746</td>
</tr>
<tr>
<td>JS_3</td>
<td>.779</td>
</tr>
<tr>
<td>JS_4</td>
<td>.786</td>
</tr>
<tr>
<td>JS_5</td>
<td>.826</td>
</tr>
<tr>
<td>Cronbach</td>
<td>.914</td>
</tr>
<tr>
<td>KMO</td>
<td>.745</td>
</tr>
<tr>
<td>Bartlett Test</td>
<td>5479.080</td>
</tr>
<tr>
<td>Eigenvalue</td>
<td>3.768</td>
</tr>
<tr>
<td>Chi-Square</td>
<td>.000</td>
</tr>
</tbody>
</table>

Table 4: Exploratory Factor Analysis
Measurement model /pooled confirmatory factor analysis was performed. All the values were in acceptable range i.e. P value remained as .000, RMSEA was .073, GFI was .920, IFI was .958, CFI was .958, TLI was .950, NFI was .948, RFI was .938 and ChiSq/df was 4.906. The model was found fit.

Figure 2: Measurement Model Pooled Confirmatory Analysis

Figure 3 shows that hypothesis testing was done through structural analysis. The results showed that PCB leads to job dissatisfaction and POS does not moderate this relationship. P value was 0.000, REMSEA was 0.073, GFI was 0.920, IFI was 0.958, CFI was 0.958, TLI was 0.950, NFI was 0.948, RFI was 0.938 and ChiSq/df was 4.906. The model was found fit by virtue of having all acceptable values.
Figure 3: Structural Model Analysis

Table 5: shows the direct effect of PCB on the JS. The effect was significant with p-value 0.000. Hence the hypothesis No. 1 was supported.

<table>
<thead>
<tr>
<th>Effects</th>
<th>Estimates</th>
<th>S. E.</th>
<th>C.R</th>
<th>P-Values</th>
<th>Alternate Hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>JS</td>
<td>PCB</td>
<td>.227</td>
<td>.027</td>
<td>8.302</td>
<td>*** Supported</td>
</tr>
</tbody>
</table>

Figure 4 shows that moderation analysis was done wherein it was found that POS as a moderator did not moderate between the PCB and JS. The P-value was .783.
Table 5: Moderation Effects

<table>
<thead>
<tr>
<th>Effects</th>
<th>Estimates</th>
<th>S. E.</th>
<th>C.R</th>
<th>P-Values</th>
<th>Alternate Hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>ZMeanJS &lt;----</td>
<td>ZMeanPOS</td>
<td>-.010</td>
<td>.033</td>
<td>-.276</td>
<td>.783     Rejected</td>
</tr>
</tbody>
</table>

Discussion, Conclusion, Future Research Directions and Implications

Studies have established that PCB led to job dissatisfaction (Conway & Briner, 2002; Gakovic & Tetrick, 2003; Raja, et al., 2004; Zhao, et. al., 2007; Bordia, et al., 2008; Ahmad & Khan, 2015; Saboor et al., 2017; Shah, 2017; Westhuizen, et al., 2018; The purpose of this study was to examine the effect of PCB on JS an moderating effect of POS in that relationship in the context of Pakistan.

The results suggested that PCB leads to job dissatisfaction. This this study validated the results of the previous studies on PCB and JS within and outside Pakistan. However, results of this study suggested that POS did not moderate the relationship between PCB and JS. This is important to investigate this relationship by altering the sample and methodology of the study. Examining PCB, JS and POS in direct and moderating relationship is a primary contribution and significance of this study to the existing body of knowledge.

A research study must be supported by a theory. Social exchange theory postulates that employees exchange what they get. Organisational support theory states that employees exchange positive attitudes and behaviours if organisations support them and take care of their well-being. This study used social exchange theory and organisational support theory to support its conceptual framework.

Employing effective research methodology helps researchers in doing effective data collection and its analysis. This study employed quantitative data collection method and the data was analysed through AMOS (V-22). Confirmatory factor analysis, measurement model, structural model and moderation model analyses were conducted. This study methodologically contributed to the research on PCB, JS and POS.

This study was conducted in the public/government sector universities in Pakistan. Government needs public support for better governance mechanism (Moon, Jeong, & Choi, 2017). Perceived organisational support leads to a higher trust level. Employees in general and employees in public sector desire to have perceived organisational support to repose their trust in the government and public institutions. But results of this study did not support that perceived organisation support moderates the relationship between PCB and JS.

This study comes up with a future research suggestion that the constructs of this study and their relationship may be examined with an altered sample. The relationship of PCB and JS may be investigated with other contextual and structural constructs as mediators/moderator so that this relationship may fully be explored in order to help researchers, practitioners, managers and policymakers in doing good governance/human resource management. Future researchers may conduct research on the model of this study in a qualitative way to confirm or refute the results of this study or a longitudinal study may also be performed to examine this very relationship.

Last but not least, PCB and JS mechanism is very important for the administrators and managers. Employees feel satisfied with their jobs/employers if they are kept satisfied by not breaching their psychological contract. Therefore, administrators and managers must extend employees organisational support so that they may keep the employees satisfied and the...
employees in turn perform better and show organisational citizenship behaviour.

References


