The relationship between psychological contract breach and organizational commitment: Exchange imbalance as a moderator of the mediating role of violation

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ABSTRACT

This study tested the mediating role of violation in the relationship between breach and both affective and continuance commitment and the extent to which this mediating role is moderated by exchange imbalance amongst a sample of 103 sales personnel. Results suggest that violation mediated the relationship between breach and commitment. Also, results suggest that perceived exchange imbalance moderates this mediating pathway: Low exchange imbalance increases the mediating role of violation in the case of affective commitment. On the other hand, exchange imbalance failed to moderate the mediating influence of violation in the case of continuance commitment. Results are discussed in view of the importance of a) including both measures of violation and breach in future studies and b) the role of social exchange in explaining psychological contract violation.

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Introduction

Three main features of psychological contract theory continue to capture the interest of researchers (Conway & Briner, 2009). First, is its role as a general framework for understanding the employment relationship and its evolution over time. Second, is the insight it provides into individual reactions to organizational change. And, third, is its role in helping to understand how employees react when promises are breached. The present study contributes to the body of research on the last of these features elaborating our understanding of some of the mechanisms through which breach affects employee affective and continuance commitment. Moreover, its implications suggest the need to take account of distinctions between breach and violation and the role of measurement in understanding breach–violation mechanisms.

Psychological contract breach and violation

For Rousseau (1989) "the workings of the psychological contract are perhaps best understood by examining what happens when a psychological contract is unfulfilled" (p. 128). Psychological contract breach, that is the cognitive state that a discrepancy exists (Morrison & Robinson, 1997), is thought to lead to intense emotional reactions (i.e. violation) and affect one’s belief in the reciprocal employment relationship (Robinson, Kraatz, & Rousseau, 1994; Robinson & Rousseau, 1994; Rousseau, 1995). It is argued here that while a discrepancy (breach) may link to outcomes, it is fundamentally the strong negative emotions (violation)
arising as a consequence of the discrepancy that elicit direct changes in outcomes. For example, a meta analysis by Zhao, Wayne, Glibkowski, and Bravo (2007) revealed that on average breach explained approximately 12% of the variance in several attitudinal and behavioral outcomes while violation explained over 22%. Therefore both theory and previous empirical findings suggest that violation mediates the relationship between breach and outcomes.

Violation as a mediator of the relationship between breach and organizational commitment

Meyer and Allen (1997) argue that organizational commitment is an important aspect of organizational life and has implications for the life cycle of an organization. Meyer and Allen’s (1991) three component model of organizational commitment is one of the most cited models of commitment (Meyer, 1997). This current study examines two of the three components of commitment: affective commitment (linked to a person’s emotional attachment to an organization) and continuance commitment (linked to a person’s perception of the investment costs and risks associated with leaving an organization). Studies suggest that these dimensions are relatively independent of each other but can also co-exist (Meyer, Allen, & Smith, 1993). Psychological contracts help facilitate the exchange process as they generate individual anticipations of one’s inducements and obligations (Rousseau, 1995). This continuous reciprocal cycle enhances a person’s relationship with the organization (Meyer, 1997), and reinforces one’s organizational and personal goals (Shore & Tetrick, 1994). Hence, contract breach is likely to reduce levels of trust in the employment relationship and identification with the organization leading individuals to put their interests before those of the organization (Robinson, 1996). Thus, continuance commitment is likely to increase or remain unchanged while affective commitment is likely to decrease, following breach. Continuance commitment generally reflects two features of an individual’s circumstances: the personal sacrifice that leaving would involve and a lack of available alternatives. Meta analyses indicate that continuance commitment either correlates negatively or not at all with variables such as job performance (Meyer, Stanley, Herscovitch, & Topolnytsky, 2002). It is likely that breach constitutes a rupture in the trust relationship and reasons for staying with the organization are related to lack of alternatives.

Previous studies reveal a relationship between assessments of commitment and assessments of psychological contract breach. For example, Coyle-Shapiro and Kessler (2000) showed that employees who reported breach of employer obligations were also likely to report lower scores on affective commitment. Similar results have been found in other studies (e.g. Cassar, 2001; Guzzo, Noonan, & Elron, 1994). In a longitudinal study, Bunderson (2001) found a negative relationship between professional breach and affective commitment. Likewise, Conway (1999, unpublished PhD dissertation), using cross-sectional data, found a positive correlation between affective commitment and contract fulfillment (i.e. the absence of reported breach). On the other hand there is hardly any research relating breach and continuance commitment though Conway (1999, unpublished PhD dissertation) found a negative correlation between continuance commitment and fulfillment.

We suggest that while breach and commitment are related, this relationship is strengthened as a function of the mediating function of violation because the negative emotions that follow breach impact commitment far more than breach alone. Hence, it is hypothesized that psychological contract violation will fully mediate the negative relationship between breach and affective commitment (hypothesis 1a) and psychological contract violation will fully mediate the positive relationship between breach and continuance commitment (hypothesis 1b).

Exchange imbalance as a moderator of the relationship between violation and commitment

At the core of the psychological contract is the idea of a reciprocal process of ‘give and take’ (Millward & Brewerton, 2000; Parks & Kidder, 1994; Rousseau, 1989, 1998, 2001) based on the notion of social exchange theory (Blau, 1964). Put simply, the employer and the employee exchange contributions and inducements over the life span of their employment relationship (see e.g. Coyle-Shapiro, 2002; Coyle-Shapiro & Kessler, 2002). This creates automatic processes such that once an agreement is established it creates enduring patterns of trust (Orbell, van de Kragt, & Dawes, 1988; Rousseau, 1995, 2001) which improves predictability and control over the work environment. Rousseau (1989) emphasizes perceived reciprocity and the current emphasis is clearly more on the perceived exchange that exists between the individual and the organization and thus is psychological in this sense.

Consistent with this position, we argue that the degree of perceived exchange imbalance (ExI) will moderate the relationship between violation and commitment in the following manner: ExI will exacerbate the mediating role of violation between breach and affective commitment such that lower levels of ExI will increase the mediating effect compared to higher levels. The tendency to think the company is unfair in its dealings (i.e. high ExI) is less likely to generate changes in one’s affective bond with the organization following feelings of discrepancy compared to a higher tendency to think about the company as fair (i.e. low ExI) which generates surprise and disappointment upon breach (hypothesis 2a). In the case of continuance commitment, a moderated relationship is expected but in the opposite direction. High ExI is more likely to increase continuance commitment following negative reactions from breach compared to low ExI (hypothesis 2b). The tendency to consider the company as generally unfair (High ExI) is more likely to accentuate one’s belief to look after his/her personal interest (rather than those of the organization) following breach and considering staying with the organization as far as no better alternatives exist (i.e. higher continuance commitment).

Fig. 1 presents the interrelationships between the variables in this study.
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