CHAPTER II - REVIEW OF LITERATURE

Epitropaki (2013) precisely expressed the current global business scenario as, “In a business environment tormented by layoffs and downsizing, loss of job security, erosion of promotional opportunities and increased uncertainty of regular and orderly pay increases, employees are less likely to believe that employers are fulfilling their obligations and responsibilities”. The trust of the employee on their employer is declining due to these circumstances, and organizations to survive and grow in this competitive space, have to resort to practices that may injure employees’ trust. But often organizations don’t do it intentionally. Due to overpromising made by the recruiters who are unfamiliar with the actual job, coworkers not providing support, managers not keeping up their promises, change in supervisors, change in compensation systems (from basis of seniority to performance), different organizational agents providing conflicting or mixed messages, change in policies to increase profitability, competitiveness etc. (Rousseau, 1995), employees might feel that organizations are failing to fulfill their obligations. Hence they try to balance the same by reducing their contribution to the organization. Thus both the organization and employees are affected due to the perception caused by above mentioned scenarios. This review looks at this perception of nonfulfillment of promise, its causes, and its implications from a research perspective.

2.1. Psychological Contract Breach

Psychological contracts develop based on the belief that a promise has been made by the organization and would deliver on it. But when the employee perceives that the organization has failed to fulfill its promises to oneself adequately he/she feels cheated (Rousseau, 1989). This is Psychological Contract Breach. It is not just about the negative feelings about a specific unmet expectation but affects the trust and respect for the organization and general belief of being valued by the employer
Psychological contract breach can occur even in the absence of actual breach (Morrison & Robinson, 1997). That is, it is only the perception of the individual that matters. If the individual perceives that the employer has not withheld all the promises made, then he/she perceives breach. It might not be the reality.

Based on Social Exchange Theory (Blau, 1964), individuals engage in social exchanges with the belief that their actions would be reciprocated. When the other party does not reciprocate equally, it causes imbalance in the relationship (Cropazano & Mitchell, 2005). This is what happens when perception of breach occurs. Employees who have perceived breach are likely to reduce their subsequent contributions to the firm (Robinson, 1996). This is in line with equity theory (Adams, 1965), where employees seek to maintain equity between costs and benefits in exchange relationships (Robinson, Kraatz & Rousseau, 1994). Similar argument has been placed by Shore and Tetrick (1994). They suggest based on self-regulation theories of motivation and control theory (Carver & Scheier, 1985; Kanfer, 1990) that psychological contract is the referent or the standard against which the individual judges his/her employment relationship. If the present employment is not consistent with the standard, then as per control theory, the individual will react in ways that would remove the discrepancy (Kernan & Lord, 1990; Shore & Tetrick, 1994). Turnley & Feldman (1999b) on the basis of control theory state that employees are motivated to eliminate or reduce the imbalances caused in the social exchange relationships, caused by the discrepancy between what they were promised and what they actually received from the organization.

Breach has been differentiated from similar other constructs. Psychological contracts are stated to be different from perceptions of equity, based on the justification that when employee perceives that inequity exists, it does not lead to severe reactions, as there is no promise involved (Robinson & Rousseau, 1994). Whereas breach leads to severe consequences due to the perception of a broken
promise. Difference between breach and unmet expectation was empirically validated and it was found to be distinct from unmet expectations with breach being a stronger predictor of workplace outcomes (Robinson & Rousseau, 1994; Zhao et al., 2007). Breach has been found to be empirically different from organizational cynicism although both are generated by social exchange violations (Johnson & O’Leary-Kelly, 2003).

Fulfillment of psychological contracts by the organization has been conceptualized as a reflection of organizational support for the employee (Guzzo, Noonan & Elron, 1994 as cited in Gakovic & Tetrick, 2003). Hence when organizations fail to fulfill their promises, the employees may interpret it that organization does not value their contribution or not interested in their wellbeing. Hence breach of psychological contracts can be perceived as lack of organizational support (Eisenberger et al., 1986; Robinson 1995 as cited in Gakovic & Tetrick, 2003). Also, Psychological contracts act as a foundation for predictability and control. Hence breach of psychological contracts can lead to lack of predictability and control, causing stress for the employees (Shore & Tetrick, 1994; Sutton, 1990 as cited in Gakovic & Tetrick, 2003).

Kelly (2014) found that employees were not able to distinguish between the psychological contracts formed with the organization and the supervisors. When they perceived breach, it was difficult for them to identify the source of breach as they saw them to be one and the same. And this organizational embodiment was found to have positive effects on job outcomes.

2.2. Development of Breach

Shore & Tetrick (1994) based on self-regulation theories of motivation came up with a conceptual model explaining the process that occurs when an individual senses that the organization has not fulfilled all of its obligations. They had used the
term ‘violation’ to represent the perception that organization has not fulfilled its promises which is now being termed as ‘breach’. Both these terms were used synonymously then. In this review, the term breach has been used to denote the perception of non-fulfillment of promised obligations by the organization, instead of ‘violation’ to maintain clarity. Even when the employee’s poor performance may have resulted in organization not fulfilling his/her promises, they tend to overlook the fact and still hold organization responsible for breach. Hence it’s the individual’s perception that is taken into account in the model. Employees monitor the organizational environment to see if the organization has lived up to its obligations. But the degree to which they focus on the discrepancy between what is been promised and what is been fulfilled, depends on the type of breach, the size of the discrepancy and how much the organization is responsible for the unmet obligations.

With regard to the first factor, the type of breach, Shore & Tetrnick (1994) proposes various types. They suggest that breach like justice is an assessment of fairness. Hence breach occurs when an employee assesses unfairness in the distribution of outcomes. They stated that breach could be any one of three types, namely distributive, procedural or interactive breach. Distributive breach is often associated with unfulfilled transactional obligations, as they focus on specific outcomes. Procedural justice refers to the fairness of procedures with which the outcomes are distributed (Cohen–Charash & Spector, 2001), and procedural breach occurs when unfair procedures are adopted in the allotment of outcomes. If an employee with low performance rating gets promoted, then the employee with higher performance rating perceives a procedural breach. Interactional justice refers to the quality of interpersonal treatment during enactment of procedures (Bies & Moag, 1986). If the employee is informed of a pay cut through an impersonal letter instead of one-to-one meeting with the supervisor explaining the reason behind it, then he/she undergoes interactional breach. Also based on the type of contract being breached,
whether it is transactional or relational, the employee reactions would vary. If the contract is primarily transactional in nature, reactions would be less severe when compared to relational contract breach, where the mutual trust between the employee and the organizational agent is broken.

The second factor in perceiving a breach is the size of the discrepancy. According to Shore & Tetrick (1994) if the size of the discrepancy is small, it evokes an action orientation and if it is large, it evokes a state orientation. Action orientation refers to employee’s attempts to restore the contract whereas state orientation refers to the employee focusing on emotional effects of breach. They argued that it was in line with Rousseau’s (1989) idea that breach leads not only to inequity and dissatisfaction but also to deeper and intense reactions. They were referring to violation, which was only later accepted to be different from breach based on Robinson and Morrison’s (1997) demarcation between the two. The third factor that influences the perception of breach is the extent to which organization is responsible for the breach. If the organization is unable to fulfill a promise, due to its inability then the judgments of injustice may be lesser than when the employee perceives the reason to intentional.

The type of contract being breached and the type of injustice being perceived interact to produce differential reactions to breach. For transactional contracts which places more emphasis on allotment of outcomes, when both distributive and procedural injustice is perceived, it results in state orientation, meaning severe emotional reactions such as anger. For relational contracts that value long term relationships, distributive injustice may be discounted but when procedural and interactional injustice is perceived, reactions are more severe. Due to the trust in the organization, they tolerate injustice in outcome allotment but not the inequity in procedures and treatment.

In completing the model, Shore and Tetrick (1994) then discuss the five possible reactions to breach, based on Robinson’s (1993) work. Those five potential
reactions to breach are voice, silence, retreat, destruction and exit. Voice represents the action orientation, where the employee tries to restore the psychological contract. The other four reactions correspond to state orientation, where the reactions are deeper and intense, that is it might lead to psychological contract violation. Therefore when distributive injustice is perceived in case of transactional contract breach, it would result in voice responses. But when the employee is unable to reinstate the contract, the response develops to any of the other four reactions. The same holds good in case of relational contract breach due to perceived interactional injustice. First they try to restore the contract, but when it is not possible, they resort to any of the other four possible reactions. Shore & Tetrick (1994) conclude the model by stating that empirical research is needed to validate these ideas.

![Schematic representation of the response to violation of the psychological contract by Shore and Tetrick (1994)](image)

**Figure 2.1** - Schematic representation of the response to violation of the psychological contract by Shore and Tetrick (1994)

Rousseau (1995) identified three forms of breach and explained the conditions under which breach is perceived. She also had used the term ‘violation’ to denote noncompliance of terms of contract. Here we use the term ‘breach’ for consistency. According to her, it is not the just the noncompliance but how people interpret the reasons for this failure determines whether they experience breach or not. Breach can take three forms, inadvertent breach, disruption and reneging (Rousseau, 1995).
Inadvertent breach occurs when both parties are willing and able to abide by the terms of the contract, but due to the difference in understanding of the terms, one party fails to uphold the terms. An employee may understand that organization should assess the training needs of the employee and provide appropriate training whereas the organization might expect the employee to identify his/her weak areas and nominate themselves for training. Due to this misunderstanding the employee might feel organization is not upholding its promise of providing training. Disruption occurs when both parties are willing to abide by the terms but due to circumstances one or both parties are not able to honor its commitment. Failure to provide an increment due to poor performance of the company is an example of the same. Reneging occurs when one party though able to abide by the terms, is unwilling to fulfil the commitment. A sales representative might promise to stay for two years after joining, but may quit after six months. This is an example of reneging. But all instances of noncompliance are not interpreted as breach. It is the individual’s subjective perception that determines whether noncompliance is seen as breach or not (Rousseau, 1995). An employee perceives noncompliance on the part of the organization, as violation, when the discrepancies are large, when the employee monitors the fulfillment of commitments keenly and when relationships at work are troubled.

Morrison and Robinson (1997) proposed a model on how psychological contract breach is perceived and under what conditions it turns into feelings of violation. Though there are similarities between the Shore and Tetrick (1994) model and theirs, Morrison and Robinson’s (1997) came up with the difference between psychological contract breach and psychological contract violation and have specified the conditions under which an individual perceives unmet obligation, how it turns into perceived breach and finally the conditions under which breach turns into violation. Shore and Tetrick (1994) mainly concentrated on the reason underlying the breach and the type of contract being violated and the interactive effect of the two on the
responses of breach whereas Morrison and Robinson’s (1997) concentrates on development of breach and violation.

Morrison and Robinson (1997) in their conceptual model had explained the development of breach in stages. First stage is the perception of an unmet promise which is the perceived discrepancy between what has been promised and what has been fulfilled. In order to perceive an unmet promise two conditions are responsible, they are reneging and incongruence. Rousseau (1995) had defined reneging as the unwillingness to comply with the commitment though able to comply with it, whereas in this model inability or the unwillingness to fulfill an obligation were both referred to as reneging. Inability to keep up a promise may occur due to unanticipated changes in the internal and external environment or due to unrealistic promises made by organizational agents. Unwillingness to uphold a promise may occur if the agents believe that costs of upholding a promise is greater than costs of reneging. This was referred to as disruption by Rousseau (1995). Incongruence occurs when an employee’s perception of a promise is different from that of the perception held by organizational agent(s) responsible for fulfilling the promise (Morrison and Robinson, 1997). Rousseau (1995) had referred to this divergent interpretation as inadvertent breach. Incongruence is bound to happen as psychological contracts are inherently perceptual. Incongruence mainly occurs due to the divergent cognitive schemata held by the employee and the agent(s) regarding employment obligations, the complexity and ambiguity of the perceived obligations between them, and the lack of sufficient communication regarding obligations (Morrison and Robinson, 1997; Robinson and Morrison, 2000). In Coyle-Shapiro and Kessler’s words (2000), under conditions of incongruence, the employer may not even perceive that an obligation exists, but as per the employee’s perception, not only does the obligation exists but the employer is obligated to fulfill the promise as well.
Perception of unmet promise also depends on the salience of the broken promise and extent to which the employee vigilant (Morrison and Robinson, 1997). These two conditions were specified by Rousseau (1995) as large discrepancies and monitoring, respectively. Salience refers to the importance of the broken promise to the employee, the size of discrepancy and recency of the promise made. Employee vigilance refers to the extent to which the employee monitors how well the organization has been fulfilling the promises made (Morrison and Robinson, 1997). Thus salience and employee vigilance will determine if an employee perceives an unmet promise.

This unmet promise will be perceived as breach by the employee only after a comparison between how well the organization has fulfilled its promised obligations to how well the employee has done so (Morrison and Robinson, 1997). Only when the employee perceives that he/she has lived up to the promise whereas the organization has failed to uphold its end of the deal, a breach is perceived. That is the relationship between unmet promise and perceived breach is moderated by this comparison process. But the comparison process depends on a number of factors.

The factors that affect the comparison between how well the employee has fulfilled his/her obligations to how well the organization has done so depends on cognitive biases, personal dispositions and nature of relationship (Morrison and Robinson, 1997). Cognitive bias here represents the self-serving bias, where the employee overestimates his contributions while underestimating the inducements provided. Self-serving bias may be minimized by low self-esteem, prior negative mood and accurate feedback mechanism, as all this reduces the likelihood of an individual overestimating their contribution. Next factor that affects the comparison process is personal dispositions, which determine the employee’s threshold of how big the imbalance must be for a breach to be perceived. One such personal disposition factor is equity sensitivity, referring to an individual’s unique sensitivity to equity
situations (Huseman, Hatfield & Miles, 1997). Therefore employees with low equity sensitivity have higher threshold. That is, they do not perceive breach easily unless the size of discrepancy is very large. Employees with high equity sensitivity perceive breach even for a mild discrepancy. Third and final factor that influences the comparison process is the nature of relationship. Employees who hold transactional contracts are more concerned with immediate rewards, hence have lower thresholds. Also employees who are more powerful perceive that they are entitled to more rewards and benefits, also have lower threshold and hence greater likelihood of perceiving a breach. Thus the comparison process that moderates the perception of an unmet promise and perception of breach, is based on perceptual biases. This makes psychological contracts and its breach subjective and imperfect. Hence an employee may perceive breach even when an objective evaluation may not support this conclusion.

Figure 2.2 - Development of Violation by Morrison and Robinson (1997)
2.3. Antecedents of Breach

Extensive research has been done to identify organizational contexts and personal dispositional factors responsible for breach to occur. The following section elaborates such research.

Rousseau, (1995) had found that breach could occur due to opportunism, negligence or failure to cooperate. Opportunism refers to self-serving behaviour, where one party deliberately does not stick to the commitment, as doing so would benefit him/her. Negligence is when breach has occurred due to negligence of performing one’s specified duties. Failure to cooperate refers to breach of good faith. Rousseau (1995) had explained these three cases with an example. A bank manager who had recently shifted jobs from a large financial institution to a smaller one, for the want of spending more time with the family, feels betrayed as the small institution plans to become bigger through aggressive strategic plans. This would lead the manager to spend long hours at office and travel extensively. He feels cheated. This could be because of opportunism negligence or failure to cooperate. If the recruiters had deliberately hidden this information from the manager, its opportunism. If they had forgotten to mention it, then its negligence and if the plan was made without his input, its failure to cooperate. Hence the causes of breach could vary.

Robinson and Morrison (2000) empirically validated a part of the Morrison and Robinson’s (1997) conceptual model. They found that employees were more likely to perceive breach when the organization has been performing poorly, as a result of which it is unable fulfill its promises due to inadequate resources. Also their chances of perceiving breach was high when, (1) they reported their own reported performance as low, (2) they had not experienced formal socialization process and (3) interaction with organizational representatives was less prior to being hired. Reasons are stated one by one. Since the employee himself/herself assessed their performance to be low, organizational representatives were justified in not fulfilling their promises.
Hence the greater chance of perceiving a breach when self-reported performance itself is low. Both socialization and pre-hire interaction would have reduced any incongruence in the understanding of contracts between the employee and the agents of the organization thereby reducing chances of breach. They had also found that if the employees had perceived contract breach in their earlier employment relationships, then their chances of perceiving breach in the current employment was also higher, as they would watch out for any kind of victimization in the present context too. Also employees were less likely to perceive breach if they had fewer employment opportunities at the time of hire as their vigilance would be less.

Though the primary causes for breach are reneging and incongruence, an employee perceives an unmet promise based on the extent to which he/she monitors organization for the fulfillment of its obligation (Morrison and Robinson, 1997). This monitoring aspect is heightened when the organization undergoes change, such as mergers, acquisitions, downsizings and reorganizations, as it brings with it sense of insecurity regarding organization’s ability to fulfill its promises. Also, if the employee has already undergone psychological contract breach earlier, then his/her monitoring levels would be higher. Based on this argument, Lo & Aryee (2003) proposed organizational change and employee’s history of contract breach as antecedents to breach. Their research on Hong Kong Chinese employees proved the above prepositions to be true. That is organizational change led to organization’s inability to meet its obligations, which in turn led to psychological contract breach. They also found that, employees who have perceived breach earlier, lose their trust, as a result of which their monitoring levels go up increasing the likelihood of them perceiving psychological contract breach than their counterparts. Thus psychological contract breach can arise from organization’s inability to fulfill a promise, that is a true contract breach or from individual’s perceptual biases (Lo & Aryee, 2003).
Lester, Turnley, Bloodgood & Bolino, (2002) analysed the causes attributed by the supervisors and the subordinates for the perception of breach. They found that when the employees perceived breach, they were more likely to attribute it to intentional reneging or to incongruence. But when the supervisor perceives that the organization had not fulfilled its obligations to the employee, they are more likely to attribute it to discrepancy, the organization’s inability to fulfill a promise due to factors beyond its control.

Bordia, Restubog, Bordia and Tang (2010) analysed breach itself as an antecedent to breach. They found that supervisor’s perception of breach acted as an antecedent to subordinate’s perception of breach with the supervisor. Hence breach itself acts a cause for further breach.

The quality of social exchange relationships was found to affect breach like perceived organizational support. Leader member exchange (LMX) captures the quality of the relationship between an employee and his/her leader (Liden, Sparrowe & Wayne, 1997). It was found that individuals in high quality LMX relationships experienced lower levels of breach as they are more liberal in their time span for reciprocation. Because of the trust they have in the relationship they believe that fulfillment of promises is just delayed not abandoned (Dulac, Coyle-Shapiro, Henderson & Wayne, 2008).

Supervisor- subordinate similarity was analysed as an antecedent of perception of breach (Suazo, Turnley & Mai-Dalton, 2008). It was anticipated that greater similarity between the supervisor and the subordinate would lead to reduced perception of breach. This was based on the argument that supervisor plays a very important role in development and execution of contracts. Two types of similarities between the supervisor and the subordinate were analysed, they were perceived similarity (in terms of cognitive styles) and actual similarity (in terms of race and gender). Sample comprised White-Americans, Hispanic-Americans and African-
Americans. Results revealed that cognitive similarity was negatively related to psychological contract breach while demographic similarity (both in terms of gender and race) was not significantly related to breach. Thus cognitive similarity between the supervisor and the subordinate leading to better understanding, reduced ambiguity and greater communication with regard to contract terms led to reduced perception of breach, whereas similarity with regard to gender or race didn’t seem to matter with regard to breach. They also proposed that LMX would mediate the relationship between cognitive similarity and breach and tested the same. LMX was found to fully mediate the relationship between cognitive similarity and breach, meaning that cognitive similarity led to high quality relationship between the supervisor and the subordinate that led to better understanding between them thereby reducing the chances of the subordinate in perceiving breach. Hence, cognitive similarity between supervisor and the subordinate leading to high quality exchange relationship is an antecedent to psychological contract fulfillment.

Individual difference factors responsible for breach has been analysed in research. Equity sensitivity, an individual’s unique sensitivity to fair and unfair situations (Huseman, Hatfield & Miles, 1985, 1987) was found to predict psychological contract breach (Aggarwal & Bhargava, 2010). It was found that those who were highly sensitive to equity situations, are more prone to perceive breach. Perceived organizational support as an organizational factor was also found to predict breach (Aggarwal & Bhargava, 2010; Dulac, Coyle-Shapiro, Henderson, Wayne, 2008; Guzzo, Noonan & Elron, 2004). Those who perceive higher organizational support were less likely to monitor the organizational environment for psychological contract breach. Those who do take notice of the discrepancy, see it as a temporary occurrence (Aggarwal & Bhargava, 2010). Individuals with high neuroticism, low conscientiousness and high external locus of control were most likely to perceive breach (Raja et al., 2004). They justified the result stating that, neurotic individuals
lack trust hence they are more vigilant in perceiving breach. Since highly conscientious individuals would have indulged in careful job search, probability of them perceiving breach is lesser. Externals when compared to internals land in jobs that are not well suited for them, hence probability of them perceiving breach is higher. Negative affectivity, an individual dispositional construct, was found to have a significant impact on psychological contract breach (Lo and Aryee, 2003). Job conflict, a job related factor was found to lead to psychological contract breach. When an employee is expected to play conflicting roles in a job, it results in breach of expectations (Aggarwal & Bhargava, 2010). They also found that the perception of reduced organizational support combined with role conflict resulted in breach.

Syed (2010) analyzed the effect that restructuring has on employees psychological contracts. He found that downsizing, mergers and acquisitions in Pakistan’s private commercial banks led to psychological contract breach in the minds of the employees and this relationship was found to be moderated by transformational leadership. The author stated that transformational leaders through their art of mobilizing their followers towards shared aspirations, were able to steer them away from perception of breach, even under turbulent times like restructuring.

Thus there are a number of organizational contexts and personal dispositional factors that act as antecedent condition for perception of breach.

2.4. Psychological Contract Violation

Breach and violation of contracts referring to the perception that organization has failed to live up to its promises, were used synonymously until Robinson and Morrison (1997) came up with the clear cut distinction between the two. Psychological contract breach refers to cognitive perception of discrepancy between what has been promised and what has been fulfilled by the organization, whereas Psychological Contract Violation (PCV) refers to affective response arising due to breach. PCV
refers to an emotional response such as a sense of anger, resentment, mistrust and injustice (Morrison & Robinson, 1997; Rousseau, 1989). Morrison and Robinson (1997) also state that not all instances of breach have to be followed by violation.

2.4.1. Development of Violation

Morrison and Robinson (1997) had outlined a number of conditions under which breach turns into feelings of violation. It is based on perceived magnitude of contract breach, implications of the breach, attributions about why contract breach occurred, employee's perceptions of how fairly he/she has been treated and the governing social contract. If the employee perceives that the breach was due to purposeful reneging, then the negative emotional response to breach would be more severe. Also if the procedural fairness and interactional fairness are both perceived to be low, then the chances of breach turning into violation is high. These factors gain relative importance over one another depending upon the nature of employment relationship. When a breach of transactional contract has occurred, the judgment about magnitude and implication of breach gains more importance, whereas when a breach of relational contract occurs judgment about why and how a contract breach occurred is given more importance. Based on this judgment, breach may/ may not turn into violation (Morrison and Robinson, 1997). Also social contracts, the context in which the breach occurs is an important consideration for breach turning into violation. Social contract refers to the assumptions, beliefs and norms about appropriate behaviour within a particular social unit (Gough, 1963; Homans, 1961; Morrison and Robinson, 1997). Social contract serves as a backdrop against which an employee interprets perceived breach of contract. Social contracts vary from one organization to another, as the context changes. Finally Morrison and Robinson (1997) state that breach turning into feelings of violation is less likely in a relational exchange due to trust in the employer, less vigilance on the part of the employee and employee holding higher threshold for how big the imbalance must be. But if and when it does
employees would feel severe negative emotions following the breach of relational contract than a transactional contract. Reason being, breach of relational contract violates beliefs and assumptions governing the relationship.

Turnley and Feldman (1999a) put forward a discrepancy model that explains the conditions under which unfulfilled commitments or breach would be perceived as violation. The model suggests three conditions under which an employee perceives a violation. They are (1) source of employee’s expectation, (2) specific elements of the psychological contract breached and (3) characteristics of the discrepancy itself. With regard to the source of employee’s expectation, they proposed that if the commitment made by the supervisor or members of top management is breached rather than the one made by recruiter, HR agents or coworker, it would be interpreted as violation. This is because employees see the promise made by a supervisor than the other organizational agents as more binding. Also, if the breach occurs after a change in reporting relationships say, the employee no longer reports to the supervisor who made the promise, discrepancy is less likely to be interpreted as violation, as they are more likely to accept some degree of change in their psychological contracts. Based on the second factor, that is specific elements of psychological contract being breached, they proposed that if the obligation was conveyed explicitly rather than implicitly, the discrepancy would be more pronounced. Also, if breach of compensation elements (pay, benefits) occurs then violation would be perceived, as they are more tangible than other relational elements. They also proposed that discrepancies involving job security are more likely to be perceived as violation by older workers whereas discrepancies regarding relational aspects such as advancement opportunities, training and development, challenging work are more likely to be perceived as violation by younger workers. With regard to the third factor, they came with four characteristics that are responsible for breach to be perceived as violation. They are magnitude of the discrepancy, over-reward and under-reward trade-offs, amount of time between
promise and discrepancy and perceived cause of discrepancy. Greater the magnitude of the discrepancy and the loss it causes for the employee, greater will be the chances of breach being perceived as violation. This is in line with Morrison and Robinson’s (1997) work. Also, the chances that breach gets interpreted as violation is less likely when the employee is over rewarded on some elements of contracts, as he/she tends to overlook the under reward conditions on other elements. Again based on Morrison and Robinson’s (1997), they came up with the proposition that greater the time gap between the promise and discrepancy, lesser is the likelihood that employee perceives violation. Finally, violation is perceived if the employee attributes reason for breach to be intentional than if he/she attributes it to incongruence.

Discriminant validity between the two constructs psychological contract breach and violation was demonstrated by Robinson and Morrison (2000) through factor analysis, in their study. Empirical distinction between the two was also proved by Raja et al., 2004 through CFA. Cassar and Briner (2011) emphasized that both these constructs are empirically and conceptually distinct. They were against using the same measure to alternatively measure breach and violation in researches. Based on their research, they argue that breach and violation together account for more variance in the outcomes than breach alone.

Zhao, Wayne, Glibkowski and Bravo (2007) placed an argument that explaining reactions to breach based on Social Exchange Theory (Blau, 1964) and Justice Theory (Greenberg, 1990) had the limitation that it does specify the mechanism through which breach affects the work outcomes and ignores the role of emotions. Based on Affective Events Theory (Weiss & Cropanzano, 1996) they explained that the experience of negative events (such as perceived breach) results in affective responses (such as anger, frustration etc.,) that leads to negative workplace outcomes. Hence they proposed that breach leads to violation which in turn leads to unfavorable work attitudes and behaviours.
2.5. Psychological contract breach and its work outcomes

Breach causes imbalance in exchange relationships (Morrison & Robinson, 1997). Employees perceive that organization has not held up their end of the deal when they have done so. Whenever there is an imbalance, individuals try to restore balance by enhancing or reducing their contribution. In the breach context, they tend to reduce their contribution to the organization, to restore balance (Taylor & Tekleab, 2004).

Breach-outcome relationship has also been explained on the basis of Justice Theory (Greenberg, 1990; Zhao et al, 2007). According to this theory, employees calculate the output-input ratio and compare it to some standard. When they perceive a discrepancy, in order to achieve balance they adjust their inputs (Zhao et al, 2007). In breach context, when they perceive that the organization has not upheld its end of the deal, they adjust their contribution accordingly.

Rousseau (1995) stated that response to breach can take any one of the four forms, exit, voice, loyalty or neglect depending on personal predispositions or situational factors. This was similar to what Shore and Tetrick (1994) had proposed as outcomes of breach. Voice refers to actions taken by the individual to remedy the situation, such as filing a grievance, complaining to one’s boss or even threats to leave the organization. Motive of voice is to reduce losses and restore trust (Rousseau, 1995). Loyalty is when the individual owing to the relationship with the organization puts up with the breach with the hope that situation would get remedied. Neglect occurs when as a form of passive retaliation, the person indulges in neglect of his/her own duties. Exit is when employee decides to quit the organization. These courses of action reflect two essential dimensions, active – passive and constructive – destructive (Farrell, 1983 as cited in Rousseau, 1995), that is, if the course of action taken by the individual in reaction to perception of breach is active or passive and whether it is constructive or destructive. Voice denotes active-constructive dimension. That is,
when an employee reports breach to the supervisor or the manager, he/she is making an active and a constructive effort to rectify breach. Loyalty/silence represents passive-constructive, wherein owing to the loyalty the employee has towards the organization, he/she chooses to remain silent and not indulge in destructive behaviour. Neglect a form of destructive behaviour falls under the active-destructive dimension, as they neglect their duties in response to perception of breach. Finally exit denotes passive-destructive dimension because, instead of taking steps to repair the situation, they decide to quit the organization. Personal predispositions factors determines which course of action the employee would take. If a person values the employment relationship and wants to save it, then he/she would choose voice or loyalty. If the person thinks otherwise the response would be exit or destruction. Equity sensitivity is a personal disposition factor that determines the extent to which an individual is willing to tolerate unequitable exchanges. Beneficent individuals favor exchanges that benefit others more. Situational factors include social learning where individuals observing others raise their issues with the supervisor, may also do so. Culture of the organization may also shape the way people respond to breach (Rousseau, 1995). Exit or voluntary termination is more likely when the contract is transactional, attractive alternate employment opportunities are available, relationship was fairly brief, others are exiting as well and measures to remedy the breach have failed. Those who choose to stay may choose voice, loyalty or destruction.

Rousseau (1989) emphasized the negativity of psychological contract breach by stating that it creates a sense of wrongdoing, deception and betrayal that causes serious consequences in the workplace. A defining feature of breach is that once a promise is broken, it cannot be easily repaired. This is due to the damage in trust and respect caused to broken promise (Rousseau, 1989). Based on this argument, Conway, Guest and Trenberth, (2011) anticipated that breach would cause greater effect on work outcomes than fulfilment. In two longitudinal surveys conducted in UK, they
found that breach and fulfilment caused differential effects on work attitudes such that
fulfilment caused smaller positive effects whereas breach caused greater negative
effects. Specifically, increase in breach over time had statistically significant effect on
job satisfaction, depression-enthusiasm (a dimension of affective wellbeing) and
organizational commitment, than increase in fulfillment. They concluded that breach
causes significant negative effect that cannot be reversed by fulfillment. Similar result
was found by Kraft (2008), who proved that fulfilment and breach were two separate
constructs due to their differential impact on employee outcomes. It was found that
impact of breach was greater than fulfilment. Hence the author argued that breach
cannot be treated as opposite of fulfilment.

Ho, Weingart & Rousseau (2004) examined the effect of personality on
emotive and cognitive responses (trust and attribution to other party) to breach. While
emotive responses refer to feelings arising due to breach, cognitive responses refer to
attitudes and perceptions resulting from the breach. In general, out of big five
dimensions only neuroticism and agreeableness were related to breach responses. This
was as anticipated by the researchers as the nature of the other traits were such that
they may not relate to breach responses. Individuals high in neuroticism experienced
stronger negative emotive responses to broken promise but made less negative
attribution about the other party. Neurotic individuals are more prone to anxiety,
which causes them to pay more attention to negative aspects of the situation, hence
their greater sensitivity to negative events. Agreeable people tend to experience less
negative emotions when breach occurs. Individuals who are high in agreeableness are
better at emotional self-regulation hence they may be able to handle negative emotions
better.

Literature states that individuals develop beliefs regarding mutual obligations
based on their interaction with organizational agents which include supervisor and co-
workers (Rousseau, 2001). Hence in an attempt to analyse which exchange
relationship affects work outcomes such as commitment and OCB more, Lopez (2008) examined individual-supervisor, individual-co-worker exchange relationship in addition to dominant individual-organization relationship, under conditions of psychological contract breach. Perceived organizational support (POS), Leader Member exchange (LMX) and Co-worker Exchange (CWX) were used to assess individual-organization, individual-supervisor and individual-co-worker exchange relationship respectively. It was found that the interaction effect of POS and psychological contract breach on organizational affective commitment was the strongest in comparison with the interaction effect of LMX & breach and CWX & breach suggesting that individual-organization exchange relationship affects organizational affective commitment the strongest under conditions of perception of breach by the organization.

The outcomes of breach is discussed as two sections. First section discusses (1) differences in supervisor’s and subordinate’s perception of breach and its implications on work outcomes (2) differences in breach responses in public and private sectors (3) daily diary study of breach and (4) differential effect of breach based on the nature of underlying contracts. The second section discusses breach with respect to specific outcomes.

2.5.1. Differences in supervisor’s and subordinate’s perception of breach and its implications on work outcomes.

Tekleab and Taylor (2003) analysed the difference between employer and employee breach perceptions, with the manager being the representative of employer. They found that employees reported significantly lower levels of their own breach when compared to manager’s report of employee’s breach. That is managers perceived that employees failed in fulfilling their obligations to the organizations while the employees did not share the perception to the same extent. But there was not much of difference in perception between the two parties in the organizational breach of its
obligations towards the employee. Both agreed on the extent to which the organization had failed to fulfill its obligations to the employees. In another study, managers on perceiving breach showed greater effect of breach on intentions to leave, job satisfaction and performance when compared to effect of breach on trust and commitment (Cantisano, Dominguez & Depolo, 2008). Thus managers experience wider range of reactions to breach. Owing to the knowledge they have, they have greater alternate employment opportunities, hence are more sensitive to breach.

In a research by Lester, Turnley, Bloodgood & Bolino (2002) subordinates assessed their own perception of breach while supervisors’ assessed subordinate’s perception of breach. Subordinates perception of breach was found to be negatively related to employee’s commitment and supervisor rated performance; whereas supervisor’s perception of subordinate’s breach was not related to either of the outcomes. This result revealed that, it is the employee’s perception that is an important determinant of employee’s attitudes and behaviours and not the supervisor’s perception of the same.

2.5.2. Differences in breach responses in public and private sectors.

Shahnawaz & Goswami (2011) conducted a research on Indian managers to find out if the impact of psychological contract breach on work responses were the same in both public and private sector. In general they found that psychological contract breach is perceived more in private sector than in public sector. With respect to reactions to breach, in a meta-analytic study conducted by Cantisano, Dominguez & Depolo (2008), they found that psychological contract breach had greater impact on OCB, neglect and performance of public sector employees than private sector employees. That is public sector employees showed greater reduction in performance on perception of breach. Reason stated being, public sector employees have greater job security, hence the reduction in performance would not get penalized to a great extent. On the other hand, private sector organizations are less tolerant to decrease in
performance. Though it was expected that contingent employees owing to their contract status will not be affected by breach to a great extent, it was found that breach affected their satisfaction, trust and OCB to a great extent. Permanent employees on experiencing breach may weigh other benefits derived from employment relationship which temporary employees don’t enjoy.

2.5.3. Daily diary study of breach.

Conway and Briner (2002) criticizing the way psychological contract breach has been measured, adopted the daily diary method to study the effect of broken or exceeded promise on individual’s mood and emotional reactions. The diary study required participants to report experiences at the end of each working day. Their argument was that cross sectional studies or even longitudinal studies that measure breach between large time gaps (say 2 years), do not capture breach as they occur and it makes it difficult to track variations over time. The study was conducted with 45 employees for 10 days continuously, hence working it to a total of 450 person-days. The two mood dimensions studied were, depression-enthusiasm and anxiety-comfort, while emotional responses were obtained from respondents inputs. These responses were then factor analysed. Factors significant in emotional responses to broken promises were feelings of betrayal and feeling hurt while emotional responses to exceeded promises were cared for, self-worth and surprise. Perception of breach was found to be negatively related to both the dimensions of mood, depression-enthusiasm and anxiety-comfort. In general broken promises had greater effect on daily mood than exceeded promises. As far as emotions were concerned, broken promises were significantly related to emotions of betrayal and hurt, while exceeded promises were found to be significantly related to emotions of self-worth, cared for and surprise. Importance of the promise to the person was found to the significant predictor of emotional reactions, when promises were either broken or exceeded. Thus in their own words, ‘this study suggests that psychological contracts can be used to understand
everyday fluctuations in daily mood, emotion and thereby behaviour and cognition’ (Conway & Briner, 2002, p299).

2.5.4. Differential effect of breach based on the nature of underlying contracts.

Different types of breach have been found to affect outcomes differently. This section discusses those research.

Employees hold perception of their obligations to the organization and the perception of organization’s obligations towards them. Robinson, Kraatz & Rousseau (1994) in their longitudinal research found that psychological contract breach resulted in a decrease of perceived transactional and relational employee obligations (perception of what they owed the organization). But breach did not significantly affect the perceived transactional and relational employer obligations (perception of what organization owed them). Reason stated being it is in employee’s control to change the perception of what they owed the organization. Another significant finding was that breach had stronger association with changes in relational obligations than with changes in transactional obligations, implying that changes in relational obligations affected breach more.

Robinson and Morrison (1995) in their longitudinal study found that employees were less likely to indulge in civic virtue behaviour, when they perceive that the organization has reneged on relational obligations such as training and career development. This is because, relational aspect places more emphasis on relationship with the employer, and failure to fulfill relational obligations leads to erosion of trust with the employer, thereby leading to the withdrawal of OCBs. Similar result was found by Restubog and Bordia (2006) who studied the impact of transactional and relational breach on civic virtue behaviours on employees from Philippines. They found that breach of relational obligations was negatively related to civic virtue behaviour while breach in transactional obligations was not. This again reinstates that employee’s perception of relational breach causes severe consequences than
transactional breach, as relational contract lays more emphasis on trust and its breach tends to break the trust.

Restubog, Hornsey, Bordia & Esposo (2008) analysed the mediating mechanisms between psychological contract breach and OCB. While psychological contracts are usually explained on the basis of social exchange theory, they researched on the basis of group value model. Group value model and social exchange theory differ in the perspective that in group value model, relational contract breaches send stronger symbolic messages about the quality of the relationship (such as trust and identification) than transactional contract breaches whereas exchange theory does not specify anything like that. Consistent with theory, empirical finding suggested that relational contract breach led to lower trust in the organization which in turn led to reduced organizational identification, thereby leading to a reduction in OCBs. This relationship did not hold good for transactional contract breach. As they had mentioned, understanding psychological contracts on the basis of group value model revealed interesting results which would not have been possible if examined through exchange theories. But they also added that group value model is only a complementary theory rather than a competing theory to exchange theory that adds to the understanding of psychological contract breach.

Zhao et al., (2007) in their meta-analysis found that transactional breach had a stronger impact on organizational commitment than relational breach. This was as per their prediction that failure to provide extrinsic inducements will result in extreme reactions from employees. But relational breach had a stronger impact on job satisfaction, turnover intentions and OCB than transactional contracts. This was not in tune with what they had predicted. Breach of relational contract was expected to be attributed to miscommunication rather than betrayal. But results indicated otherwise. It was justified stating that only a small number of studies were considered for this analysis (Zhao et al. 2007).
The effect of transactional and relational breach on counterproductive work behaviour was analysed (Jensen, Opland & Ryan, 2010). It was found that, production deviance and withdrawal was related to relational contract breach but not to transactional contract breach. Abuse was related to both transactional and relational contract breach.

Kraft (2008) analysed if type of contracts moderated the relationship between perception of breach and work outcomes, specifically transactional and relational contracts. It was found that transactional contracts moderated the relationship between breach and intentions to stay & psychological strain while relational contracts moderated the relationship between fulfilment and job satisfaction. Author justified the finding stating that transactional contracts are more concerned with distributive equity (fair outcomes) while relational contracts concerned with procedural equity (fair process) (Hermit and Pemberton 1996). She further justified stating that transactional obligations can be compared to hygiene factors (Herzberg, Mausner & Snyderman, 1959) such that relational obligations cannot exist until transactional obligations are met (Atkinson, 2007). Hence when breach occurs for those holding transactional contracts their intentions to stay reduces and psychological strain increases. But for those with relational contracts fulfilment of psychological contracts lead to job satisfaction.

Bunderson (2001) in a sample of medical professionals analysed their response to breach of professional role obligations and administrative role obligations. Professional role obligations and administrative role obligations are based on different work ideologies. Though medical professionals perform both these roles, they had predicted that their response to breach will depend on the type of breach they have perceived. Professional role obligations they had argued were based on a relational exchange whereas administrative role obligations were based on a transactional exchange. They found that perceived breach of administrative role obligations were
strongly associated with dissatisfaction, thoughts of quitting and turnover. This result was as anticipated that employee would respond in rational and self-interested ways owing to the transactional nature of administrative role obligations. Perceived breach of professional role obligations resulted in lower organizational commitment and job performance measured in terms of productivity and patient satisfaction. Relational contracts are based on long term relationships, hence breach of professional role obligations, being relational in nature resulted in lower commitment with the organization and reduced willingness in exercising their duties (Bunderson, 2001).

Ho, Weingart & Rousseau (2004), examined the effect of personality on emotive and cognitive responses to breach, based on the type and severity of breach. The cognitive responses used were trust and attribution to other. Though this research was discussed earlier, here it is explained in the context of differential effect of social and economic breach. In general, economic breach was perceived to be more severe than social breach. Agreeable people tend to lose their trust on the other party, when a social breach is perceived whereas this was not the case with economic breach. Hence for agreeable people, social breach causes more negative response than economic breach. Three way interaction between agreeableness, type and severity of breach was also significant. When the social breach was not severe, there was positive relationship between agreeableness and trust, meaning that agreeable people still trusted the other party. But when social breach was perceived to be severe, the trust in the other party dropped significantly. Thus when severity of breach becomes high, irrespective of the personality, individuals react severely to breach. The only drawback was that this study was conducted on students by creating a scenario-based experiment. Since they were students, they had no real work experience, and scenarios had to be created to evoke responses.

Kickul, Lester & Belgio (2004) added cross-cultural dimension to psychological contract breach of intrinsic and extrinsic outcomes. They analysed US
and Hong Kong employees for their difference in responses to intrinsic and extrinsic contract breach. Intrinsic components of contract included freedom, autonomy, control, open and honest communication and participative decision making whereas extrinsic components included benefits, job training, desirable work environments and competitive salaries. They found that US employees responded more severely to intrinsic contract breach in terms of greater reduction in job satisfaction, commitment and increased intentions to leave than the Hong Kong employees. On the other hand, Hong Kong employees responded more negatively to extrinsic contract breach by displaying greater decreases in performance, commitment and OCBs than the American employees. Results were justified stating that Hong Kong employees being rooted in Confucian values, their main concern was to provide and protect their family. Hence they react more negatively when extrinsic breach occurs as it threatens the stability and security of their family. Finding with respect to American employees was consistent with earlier research (Lester & Kickul, 2001) that they placed more importance to intrinsic components.

2.5.5. Psychological contract breach and its effect on work attitudes

This section outlines the effect of breach on specified outcomes.

2.5.5.1. Job Satisfaction.

Psychological contract breach has been found be negatively related to job satisfaction (Bal, De Lange, Jansen & Van Der Velde, 2008; Kickul, Lester & Finkl, 2002; Raja et al., 2004; Robinson and Rousseau, 1994; Suazo, 2009; Tekleab & Taylor, 2003; Zhao et al, 2007). Zhao et al., (2007) justified this finding based on Affective Events Theory (AET) (Weiss and Cropanzano, 1996) that states that events at workplace cause affective experiences in individuals and that psychological contract breach can be viewed as a negative event at work that affects their job satisfaction, a work attitude. Turnley and Feldman (2000) found that breach led to job dissatisfaction.
According to them, discrepancy between what is been promised and received leads to feelings of inequity that in turn leads to job dissatisfaction.

2.5.5.2. Organizational Commitment.

Breach has been found to be negatively related to organizational commitment (Chen, Tsui & Zhong, 2008; Lester, Turnley, Bloodgood & Bolino, 2002; Suazo, 2009; Zhao et al, 2007; Raja et al., 2004). Also it has been found to be negatively related to different types of commitment, namely, employee commitment (Robinson, 1995), professional commitment (commitment to the profession) (Suazo, Turnley & Mai, 2005).

Psychological contract fulfillment was positively related to affective commitment (Parzefall & Hakanen, 2010). Also, the reverse of fulfillment, the psychological contract breach is found to be related negatively to affective commitment (Bal, De Lange, Jansen & Van Der Velde, 2008; Restubog, Bordia & Bordia, 2009). Cassar and Briner (2011) found that breach correlated significantly with affective and continuance commitment. Also, the influence of breach on normative and continuance commitment was more in private sector than in public sector, whereas affective commitment of public sector employees were more affected by breach than private sector employees (Shahnawaz & Goswami, 2011).

2.5.5.3. Turnover Intentions.

Psychological contract breach was significantly and positively related to intentions to quit (Dulac, Coyle-Shapiro, Henderson & Wayne, 2008; Kickul, Lester & Finkl, 2002; Parzefall & Hakanen, 2010; Raja et al., 2004; Suazo, Turnley & Mai, 2005; Suazo, 2009; Tekleab & Taylor, 2003; Turnley & Feldman, 2000; Zhao et al, 2007). Psychological contract breach was found be positively related to turnover intentions (Lo & Aryee, 2003; Shahnawaz & Goswami, 2011) and negatively to
intentions to remain with one’s employer (Robinson, 1996; Robinson and Rousseau, 1994).

2.5.5.4. Psychological contract Violation.

Psychological contract breach was found to be positively related to feelings of violation (Bal, Chiaburu & Diaz, 2011; Dulac, Coyle-Shapiro, Henderson, & Wayne, 2008; Raja et al., 2004; Suazo, Turnley & Mai, 2005; Zhao et al., 2007).

2.5.5.5. Organizational Trust.

Greater the psychological contract breach lesser the organizational trust (Bal, De Lange, Jansen & Van Der Velde, 2008; Restubog, Hornsey, Bordia & Esposo, 2008; Robinson, 1996). Robinson and Rousseau (1994) found that psychological contract breach is negatively related to trust in one’s employer. Trust they explained has a spiral reinforcement where a decline in trust leads to further decline in trust. Those with high initial trust in one’s employer were less likely to perceive a contract breach, as they may not be vigilant enough to perceive the breach (Robinson, 1996).

2.5.5.6. Other attitudes.

Other than the attitudes discussed above, there are a number of other attitudes that breach relates to. The following section discusses the same.

Breach strongly correlated with mistrust towards the management (Zhao et al, 2007). Psychological contract fulfillment was positively related to work engagement and mental health (Parzefall & Hakanen, 2010). The reverse of fulfillment that is the breach would then negatively relate to engagement and mental health of the employees. Psychological contract breach was found to be negatively related to perceived organizational support (Dulac, Coyle-Shapiro, Henderson & Wayne, 2008; Kiewitz, Restubog, Zagenczyk & Hochwarter, 2009, Suazo, 2009), organizational identification (Epitropaki, 2013) and quality of leader-member exchange relationships...
Psychological contract breach and its effect on work behaviours

2.5.6.1. In-role Performance.

Psychological contract breach has been found to be negatively related to in-role performance (Bal, Chiaburu & Jansen, 2010; Chen, Tsui & Zhong, 2008; Kickul, Lester & Finkl, 2002, Johnson & O’Leary-Kelly, 2003; Robinson, 1996; Turnley and Feldman, 1999b, Suazo, 2009; Suazo, Turnley & Mai, 2005; Zhao et al, 2007).

It was found that greater the perception of psychological contract breach lesser the supervisor rated performance (Lester, Turnley, Bloodgood & Bolino, 2002; Restubog, Bordia & Tang, 2007). Psychological contract breach was positively related to neglect of in-role job duties (Turnley & Feldman, 2000). Turnley, Bolino, Lester & Bloodgood (2003) found that if the employees attribute reason for breach to purposeful reneging with regard to pay, then their performance was lower.

2.5.6.2. Organizational Citizenship Behaviours.

Psychological contract breach has been found to be negatively related to OCB (Chen, Tsui & Zhong, 2008; Kickul, Lester & Finkl, 2002; Turnley & Feldman, 2000; Zhao et al, 2007).

Psychological contract breach was negatively related to organizationally directed OCBs (Bal, Chiaburu & Jansen, 2010).Psychological contract breach was found to be negatively related to both supervisor rated OCBO, supervisor rated OCBI (Restubog, Bordia & Tang, 2007). Psychological contract fulfillment was found to be more strongly related to citizenship directed towards the organization (OCBO) rather than to citizenship directed towards coworkers (OCBI) (Turnley, Bolino, Lester &
Bloodgood, 2003). Reverse of fulfillment is breach, hence breach has a stronger negative effect on OCBO.

Psychological contract breach was negatively related to self-reported civic virtue behaviour and supervisor-rated civic virtue behaviour. Hence when employees perceived breach, their supervisor also found them to exhibit lesser citizenship behaviour (Restubog, Bordia & Bordia, 2009). Psychological contract breach was negatively related to civic virtue behaviour (Lo & Aryee, 2003; Restubog & Bordia, 2006; Robinson, 1996). Psychological contract breach was significantly and negatively related to willingness to engage in helping behaviour (a specific form of OCB) (Suazo, Turnley & Mai, 2005). Breach was found to be negatively related to service oriented OCBs (loyalty, service delivery and participation) (Suazo, 2009). Manager’s perception of employee’s contract breach was negatively related to manager’s report of OCB and performance (Tekleab & Taylor, 2003). This means that managers reciprocate their perception of employee’s contract breach to the organization by giving them poor ratings of performance. But owing to the cross sectional nature of the study, it was also stated that the perception of poor performance may lead to the managers’ giving them poor ratings.

2.5.6.3. Absenteeism.

Perception of breach of contracts leads to discretionary absence (Deery, Iverson, Walsh, 2006). Psychological contract breach had a significant and direct effect on absenteeism (Johnson & O’Leary-Kelly, 2003).

2.5.6.4. Counterproductive work Behaviours.

Breach was related to abuse, withdrawal, theft and production deviance, all components of counterproductive work behaviours (Jensen, Opland & Ryan, 2010). Psychological contract breach was positively related to anticitizenship behaviour (Kickul, Neuman, Parker & Finkl, 2002).
Psychological contract breach was found to be positively related to WD-I and WD-O (Interpersonal and organizational deviance) (Chiu & Peng, 2008; Restubog, Bordia & Tang, 2007). However breach had stronger association with organizational deviance than interpersonal deviance (Chiu & Peng, 2008).

2.5.6.5. Other Behaviours.

Other behavioural responses to which breach relates to are discussed here. Psychological contract breach was negatively related to knowledge sharing and taking charge (proactive behaviours) (Bal, Chiaburu & Diaz, 2011). Employees tried to reduce the imbalance by restraining themselves from proactive behaviours. Robinson and Rousseau (1994) found that psychological contract breach is positively associated with actual turnover.

Psychological contract breach was found to be positively related to employee’s withdrawal behavior (Lo & Aryee, 2003). That is, organization’s failure to fulfill the obligations is perceived by the employee as lack of support, hence they reciprocate the same by performing only required tasks.

Psychological contract breach during organizational change proved to be the source of emotional exhaustion to its employees (Gakovic & Tetrick, 2003). Psychological contracts proved to the base for predictability and control and breach leads to lack of it, thereby causing stress (Shore & Tetrick, 1994; Sutton, 1990).

Turnley and Feldman (1999b) found that when they perceive breach, they try to restore their psychological contracts by raising their concerns with their supervisors or organizational agents termed as voice behaviours. They also found that some employees may engage in job search behaviours (exit) while some react by neglecting their work (neglect), others may simply withdraw themselves from engaging in organizationally beneficial voluntary behaviours (loyalty), when they perceive that
organization has not lived up to its promises. Hence individual characteristics do play a part in how people react to breach.

In general they also found that impact of breach on attitudinal outcomes were stronger than impact on behavioural outcomes. Based on Rousseau’s (1995) preposition that breach leads to feelings of anger, betrayal and resentment, they stated that breach is closer to attitudinal reactions than behavioural outcomes. They also stated that the relationship between breach and behavioural outcomes may be mediated by behavioural intentions which might cause the weaker effects.

2.6. **Mediators in the relationship between breach and work outcomes**

Psychological contract breach affects a number of work attitudes and behaviours, as discussed earlier. As per Affective Events theory (Weiss & Cropanzano, 1996), events at workplace leads to affective experiences that in turn leads to workplace attitudes and behaviours (Zhao et al, 2007). A number of research studies have demonstrated that breach affects work outcomes through a number of attitudinal and emotional responses. This section discusses the same.

Psychological Contract Violation (PCV) has been widely researched as a mediator in the relationship between breach and workplace outcomes (Cassar & Briner, 2011; Dulac, Coyle-Shapiro, Henderson & Wayne, 2008; Raja et al., 2004; Suazo, 2009; Suazo, Turnley & Mai, 2005; Zhao et al, 2007). PCV was found to mediate the relationship between breach and intentions to quit (Dulac, Coyle-Shapiro, Henderson & Wayne, 2008; Raja et al., 2004; Suazo, Turnley and Mai, 2005), job satisfaction (Raja et al., 2004), commitment (overall commitment: Suazo, Turnley and Mai, 2005; affective: Dulac, Coyle-Shapiro, Henderson & Wayne, 2008; Raja et al., 2004; affective and continuance: Cassar and Briner, 2011) and trust in organization (Dulac, Coyle-Shapiro, Henderson & Wayne, 2008). While PCV mediated the relationship between perception of breach and work attitudes, it failed to do so
between perception of breach and work behaviours namely in-role job performance and helping behaviour (Suazo, Turnley and Mai, 2005). Suazo (2009) was able to replicate the results with service oriented employees. That is while PCV mediated the relationship between breach and work attitudes, job satisfaction, commitment, intentions to quit, it failed to mediate the relationship between breach and in-role job performance, a work behaviour. The finding that was different from earlier researches was that they found that PCV fully mediated the relationship between breach and service oriented OCB (loyalty, service delivery and participation), an extra role work behaviour. Hence PCV shows differential mediation effects between in-role and extra-role performance. Reduction in perceived organizational support was also evidenced by them, as a result of breach causing violation. Thus breach causes emotional responses, such as psychological contract violation in the employees that causes them to indulge in negative attitudes and behaviours.

While earlier researchers analysed the impact of breach and violation on various workplace outcomes, Zhao et al., (2007) in their meta-analytic study went a step further and analysed the attitudes through which breach and PCV affected the behavioral outcomes. They demonstrated that breach led to feelings of violation that affected the employee attitudes such as job satisfaction, organizational commitment and turnover intentions. This in turn was responsible for reduction in OCB and in-role performance.

Eckerd, Hill, Boyer, Donohue & Ward (2013) explored the role of psychological contract violation in breach- outcomes relationship in a supply chain context. They examined the impact of attributions, timing and severity of the breach on individuals ordering behavior & fairness perceptions and if psychological contract violation mediated these relationships. Though ordering behavior was found to be impacted negatively by reneging attributions, major severity of breach and early breach, these relationships were not mediated by psychological contract violation.
Authors stated that though breach led to decrease in order quantities, participants did not let their emotions influence their ordering behavior. As far as fairness perception was concerned, psychological contract violation mediated the relationship between reneging attributions, high severity of breach and negative fairness perception. Hence it was stated that, participants let their emotions affect their attitudes (fairness perception) as they were hidden, but they did not let their emotions influence their transparent work behavior (ordering behavior). Thus psychological contract violation has differential effects on attitudes and behaviors.

Trust lies at the heart of psychological contracts, yet the effect of breach on trust has not been widely researched (Robinson, 1996). She took up the task and found that psychological contract breach led to loss of trust which in turn led to reduced performance, intentions to remain and reduced civic virtue behavior. Civic virtue is a dimension of OCB that indicates that the employee actively participates in and is concerned about the life of the organization (Organ, 1988). In a longitudinal study, Robinson and Morrison (1995) found that breach of relational obligations led to loss of trust with the organization, which in turn led to reduction in employee’s civic virtue behaviours. Lo and Aryee (2003) found that psychological contract breach led to erosion of trust with the employer, thereby increasing their psychological withdrawal behaviour and turnover intentions and reducing their civic virtue behaviour towards the organization. Similar result was found in a meta-analytic study by Cantisano, Dominguez & Depolo (2008). They found that the relationship between breach and satisfaction, intentions to leave, OCB and performance was mediated by trust. Thus breach affects the work attitudes and behaviours of the employees because of their loss of trust with the employer.

Robinson (1996) also found that unmet expectations mediated the relationship between breach and performance & intentions to remain. Unmet expectation is defined as the discrepancy between what employee actually encountered in the job and what
Turnley and Feldman (2000) analysed unmet expectation as a mediator in the breach - extra role performance relationship and found that it did play the mediating role. Hence breach affects performance (both in-role and extra-role performance) through unmet expectation. They also found that unmet expectation mediated the relationship between psychological contract breach and intent to leave.

While most of the research has analysed breach in the context of individual-organizational relationship, Bordia, Restubog, Bordia & Tang (2010) analysed breach in multi focused approach with both organization and supervisor as the referent. They analysed the consequence of one social exchange relationship (organization-supervisor relationship) on another (supervisor – subordinate) relationship. In addition they examined the trickle down effects of psychological contract breach. They found that supervisor’s perception of psychological contract breach with the organization led to supervisor reducing their citizenship behaviors towards their subordinate which in turn led to subordinate perception of breach with their supervisors. As a result of which subordinates reduced their citizenship behaviors towards the customer, thereby affecting the customer service. This is one of the rare researches that linked internal workings of the organization with customer outcomes.

Psychological contract breach and organizational cynicism are both reactions to violations of social exchange relationships (Johnson & O’Leary-Kelly, 2003). Organizational cynicism is an attitude that exists when the employee believes that their organization lacks integrity and results from perceived violations of fundamental expectations regarding honesty, integrity and sincerity (Dean, Brandes & Dharwadkar, 1998). It was found that cynicism played a mediating role between breach and work attitudes (job satisfaction, organizational commitment and emotional exhaustion) but did not play a mediating role between breach and work behaviours. This was as
predicted as cynicism as an attitude is not ‘person-specific’, hence would not evoke behaviour responses (Johnson & O’Leary-Kelly, 2003).

In a meta-analytic study by Cantisano, Domínguez & Depolo (2008), the relationship between breach and intentions to leave, satisfaction, OCB and performance were found to be mediated by organizational commitment. They argued that attitudinal reactions are closer to perceptions of breach than behavioural reactions. This finding supports their case. Restubog, Bordia & Tang (2006) found that affective commitment fully mediated the relationship between perceived breach and civic virtue behaviour. When organizations failed to fulfill their obligations to their employees, their identification with the organization reduces as a result of which they restrain themselves from engaging in civic virtue behaviour.

Job dissatisfaction partially mediated the relationship between psychological contract violation and intent to leave and, PCV and OCB, while it fully mediated the relationship between violation and neglect of in-role duties and responsibilities (Turnley & Feldman, 2000). This was a time when the difference between breach and violation were not very clear and hence were used synonymously. The discrepancy between what has been promised and what is fulfilled in reality leads to feelings of resentment and mistrust thereby leading to job dissatisfaction (Turnley & Feldman, 2000). According to the authors, partial mediation effects suggest the presence of other factors in the breach – outcome relationship. A similar result was replicated in a research done recently on Dutch population (Bal, Lange, Jansen & Velde, 2013). It was found that job satisfaction partially mediates the longitudinal relationship between contract breach and changes in job performance. Hence the result was found to be generalizable over time and place.

Based on the Job Demands resources (JDR) model (Bakker and Demerouti, 2007; Demerouti, Bakker, Nachreiner & Schaufeli, 2001), it was hypothesized that perceived contract fulfillment would lead to better engagement with the work which in
turn would lead to increased affective commitment and thereby reduced turnover intentions (Parzefall & Hakanen, 2010). Here perceived contract fulfillment was seen as a job resource that helped and supported the employee at work. As hypothesized, psychological contract fulfillment resulted in better work engagement. This seemed to have an effect on the affective commitment of the employees thereby reducing their turnover intentions. They found that all these relationships were fully mediated, meaning that better engagement did in fact was the reason for increased affective commitment and this psychological bond with the organization resulted in the employee shedding the idea of quitting the organization.

2.6.1. Research Gap in the Literature

In the above mentioned research, it has been established that psychological contract fulfillment led to better engagement which in turn led to better emotional bonding with the organization. Engagement has been found to be related to a number of work attitudes and behaviours, such as job satisfaction, organizational commitment, OCB, intentions to quit, in-role performance etc. (Little, Nelson, Wallace and Johnson, 2010; Saks, 2006). Hence engagement as a mediator between perception of breach and other work attitudes and behaviours remains to be tested.

2.7. Moderators in the relationship between breach and work outcomes

Situational as well as individual dispositional factors have been researched as moderators in the relationship between breach and work outcomes.

2.7.1. Individual dispositional factors as Moderators

Attribution and fairness perception were proposed as moderators in the relationship between breach and violation by Morrison and Robinson (1997) which was subsequently validated by them (2000). They found a three way interaction between breach, attribution and fairness. It was found that when an employee attributes breach due to purposeful reneging and also perceives unfair treatment, the
relationship between breach and violation was stronger than if the employee attributes it to any other reason. They found that moderating influence of attributions on the relationship between psychological contract breach and violation was stronger under unfair conditions than under fair conditions. Under fair conditions, attributions did not influence the relationship between psychological contract breach and violation.

Robinson and Rousseau (1994) were of the view that individual’s career orientation affects the relationship between breach and outcomes. Employees who don’t focus on their careers within the firm but seek advancement in career outside their firm are said to be high on careerism and those who are low on careerism value their relationship with the employer and intend to establish a long-term relationship (Robinson and Rousseau, 1994). As predicted, careerism moderated the relationship between breach and trust, specifically those who planned to build a career with their employer were more affected by breach than those who saw their career in the present organization as a mere stepping stone.

Personality as a moderator in the relationship between breach and outcomes has been researched time and again. Raja et al., (2004) found that those with internal locus of control were more prone to converting breach into feelings of violation. Conscientiousness, one of the big five personality dimensions, was found to significantly moderate the relationship between breach and its reactions. Individuals who are high in conscientiousness are risk-averse, dependable, exhibit high performance and actively monitor how well their contracts are being fulfilled (Barrick & Mount, 1991; Goldberg, 1990; Raja et al, 2004). It was found that those with lower conscientiousness showed reduction in work attitudes (greater turnover intentions, reduced organizational loyalty and job satisfaction) whereas those with higher conscientiousness exhibited reduction in job performance (Orvis, Dudley & Cortina, 2008). That is, high conscientiousness employees who exhibit high performance, feel betrayed by the psychological contract breach, hence they reduce their performance.
Whereas their less conscientious counterparts being not so achievement oriented, are not greatly affected by breach. Highly conscientious employees who experienced relational contract breach also engaged in less production deviance (Jensen, Opland & Ryan, 2010). In spite of their perception of breach, they engage in lesser deviance owing to their dependable nature.

Hostile attributional style was analysed to see if it would moderate the effect of breach on deviance (Chiu & Peng, 2008). It has been conceptualized as a cognitive personality variable and has been defined as an individual’s general tendency to attribute negative organizational outcomes to external, stable, employer-intentional and employer-controllable causes (Douglas & Martinko, 2001). Hostile attributional style indeed moderated the relationship between breach and two forms of deviance namely interpersonal and organizational deviance such that greater the attributional style stronger the deviant behaviour, following a breach. This was as anticipated as they tend to attribute the reasons for breach to organizational intentional and controllable causes that evokes deviant behaviours.

Psychological contract breach is seen as a form of distributive injustice where specific promises and outcomes have not been fulfilled (Kickul 2001; Morrison & Robinson, 1997; Rousseau, 1995). When it combines with the perception of procedural and interactional injustice it leads to negative consequences in the workplace. This was proved by Kickul (2001) and Kickul, Neuman, Parker & Finkl, (2002). They found that when procedural and interactional injustice was perceived to be high, contract breaches were found to lead to deviant work behaviours, negative affect towards the workplace (Kickul, 2001) and anticitizenship behaviour (Kickul, Neuman, Parker & Finkl, 2002). Anticitizenship behaviours like deviant behaviours are destructive employee reactions towards an organization once they feel they have been slighted in the contractual exchange (Ball, Trevino & Sims, 1994). Kickul, Lester & Finkl (2002) went a step further and analysed the interactive effect of procedural
justice & interactional justice and intrinsic & extrinsic contract breach on workplace outcomes. It was found that the interactive effect of procedural justice and extrinsic contract breach and interactive effect of interactional justice and intrinsic contract breach had a significant effect on job satisfaction, in-role job performance, OCB and intentions to leave. This implies that, when organization defaults on promises with regard to pay, benefits etc., these extrinsic outcomes being more tangible, employees focus more on the fairness of procedures with which these outcomes are being distributed. Intrinsic outcomes being closely tied to interpersonal relationship with the supervisor or the manager, its breach would make employees focus on how they were treated when these outcomes were distributed. There were research that suggested otherwise. In a research by Coyle-Shapiro (2002), it was found that neither procedural nor interactional justice moderated the relationship between employer inducements and OCB. They defended their finding stating that there might be stronger relationship between injustice and retaliatory behaviours, rather than justice and OCB. Hence employees on encountering injustice may indulge in negative behaviours rather than withdrawing citizenship behaviours. Lo and Aryee (2003) also found that interactional justice was not able to mitigate the ill effects of psychological contract breach on trust in employer, civic virtue behaviour, psychological withdrawal behaviour and turnover intentions. Hence, even when the employees were treated in a fair manner, it was not able to combat the perception of breach on negative workplace outcomes.

A meta-analytic study by Bal, De Lange, Jansen and Van Der Velde (2008) showed that age moderated the relationship between perception of breach and work outcomes. That is individuals differ in their response to breach, depending on their age. It was found that young workers were more affected by breach than older workers as far as trust and organizational commitment were concerned. But the job satisfaction level of older workers was more affected following the breach than younger workers. They had defended their finding stating that older workers value their relationship with
the organization and have fewer job transfer options, as a result of which their job satisfaction gets affected intensely due to breach. Contrary to this result, research by Bal, Lange, Jansen and Velde (2013) found that older workers were less influenced by breach with respect to job satisfaction and job performance. The reason stated was that older workers owing to their maturity are able to cope their emotions better and have a tendency to focus on positives even under breach circumstances. The reason for contradiction is explained as, while age was used as a moderator in this study, mean age was used as a proxy of age in the meta-analytic study done by them earlier. Both ways age was found to be a significant moderator in the relationship between breach and work outcomes.

Equity Sensitivity has been widely researched as a moderator in breach-outcomes relationship (Kickul & Lester, 2001; Restubog, Bordia & Bordia, 2009; Restubog, Bordia & Tang, 2007). Raja et al., (2004) found that those who were more sensitive to equity were more likely to take breach seriously and translate them into feelings of violation such as anger, frustration etc. Based on an individual’s equity preferences, they can be categorized into three types - entitleds, benevolants and equity sensitives (Huseman, Hatfield & Miles, 1987). Benevolants are more tolerant of under reward situations, place more emphasis on relationship with the employer and are more of ‘givers’ whereas entitleds are more focused on their personal outcomes, prefer their outcomes to input ratio to be greater than comparison other (Blakely, Andrews & Moorman, 2005) and more of ‘takers’. Equity sensitives, place equal importance to both and prefer their outcomes to input ratio to be equal to the comparison other (Blakely, Andrews & Moorman, 2005). It was found that entitleds owing to their focus on personal outcomes responded negatively to breach relating to extrinsic outcomes (pay, benefits etc.) whereas benevolants who are relationship focused, responded negatively to breach relating to intrinsic outcomes (training and development) (Kickul & Lester, 2001). Negative effects of breach on OCB was
stronger for entitleds than benevolants. Also breach had a significant positive impact on interpersonal deviant behaviour for entitleds than benevolants (Restubog, Bordia & Tang, 2007). Because entitleds placed more concern on their personal outcome, they reacted to breach by reducing their OCBs and indulging in deviant behaviours.

Restubog, Bordia & Bordia (2009) found that the negative relationship between breach and affective commitment was stronger for benevolants than entitleds. Though at low levels of breach, benevolants had higher degree of affective commitment, when the breach was substantial the drop in affective commitment was sharp. That is, though benevolents are tolerant of under reward situations, beyond their threshold, they respond to perceived breach by reducing their bonding with their organization.

Prior trust in the employer moderated the relationship between breach and subsequent trust (Robinson, 1996), such that those who had higher initial trust saw a greater decline in their trust following a contract breach. Trust in the employer was found to strengthen the relationship between employer inducements and OCB (Coyle-Shapiro, 2002). Here employer inducements refer to the extent to which their obligations were actually fulfilled. Hence based on the social exchange theory that states that employees exchange contributions for inducements received, they justified that employees engage in OCB as form of reciprocation to the fulfillment of the obligations by the employer. Research by Bal, Chiaburu and Jansen (2010) suggested otherwise. They found that, trust in the organization did not moderate the relationship between breach and OCB. The result was justified based on the grounds that trust being a complex phenomenon can have varying effects depending on bases of trust, fulfillment of basic tasks or fulfillment of personal motives.

Employees may differ in their acceptance of norm of reciprocity (Coyle-Shapiro, 2002). Norm of reciprocity (Gouldner, 1960) obligates individuals to respond positively to favorable treatment received from others. Hence it was anticipated that greater the extent to which the employee accepts the norm of reciprocity, greater will
they strive to match the inducements provided by the employer (Coyle-Shapiro, 2002). It was found that acceptance of norm of reciprocity did strengthen the relationship between employer inducements and OCB.

The quality of social exchange relationships does seem to affect the way individuals react to breach. Individuals in high quality social exchange relationships, that is, those who perceived high organizational support and high quality LMX relationships were less affected by breach (Dulac, Coyle-Shapiro, Henderson & Wayne, 2008). Specifically, the relationship between breach and violation was stronger for employees who perceived lower organizational support and lower quality of LMX relationship. Bal, Chiaburu & Jansen (2010) proposed that social exchange relationships that employees engage in, would affect the way they react to breach, especially with regard to performance. Three different constructs representing the quality of social exchange relationship was used in this study. They were perceived organizational support, trust in the organization and social exchange relationships. Here social exchange relationship referred to the strength of socio-emotional aspects exchanged by the employee and the organization (Shore, Tetrick, Taylor, Jaqueline, Liden, Parks, …& Van Dyne, 2004; Shore, Tetrick, Lynch & Barksdale, 2006). In general, perceived organizational support and social exchange relationships moderated the relationship between breach and work performance. Interestingly, breach had a differential effect on work performance based on the level of social exchange. Work performance (in-role performance and OCB) was lower for employees with low exchange relationships (perceived organizational support and social exchange relationship) regardless of the level of contract breach but employees with high social exchanges exhibited high performance which decreased as perceptions of contract breach increased. The same pattern held true for moderating effect of trust on breach and performance. It shows that high social exchange employees feel especially betrayed by contract breaches whereas low social exchange employees see it as yet
another signal that organization does not value their contribution (Bal, Chiaburu & Jansen, 2010). The moderating role of trust in the organization, an aspect of quality of social exchange relationship was discussed earlier. Overall, social exchange acts as an intensifier in the relationship between breach and work performance.

Chen, Tsui & Zhong (2008) examined reactions of psychological contract breach from both perspectives, that is employee’s reactions to perception of employer’s breach and supervisor’s reactions to perceptions of employee’s breach. In that they analysed the moderating effect of traditional values in the relationship between perception of employer breach by the employee and work outcomes. Traditional employees, due to their respect for authority were expected to be more tolerant of employer’s psychological contract breach. As expected, traditionality moderated the relationship between perception of breach and organizational commitment, OCBI and work performance. Thus traditionality weakens the negative effects caused due to breach. Also, it was found that not all supervisors react to subordinates breach of psychological contract. Tekleab & Taylor (2003) earlier demonstrated that supervisor react to subordinate’s breach by giving them lower ratings of performance. In this study, researchers had proposed that supervisor’s benevolence will play a role in their reactions to subordinate’s breach. Supervisors’ were expected to reduce the quality of LMX relation with the subordinate and also reduce their mentoring efforts towards the subordinate as a reaction to his/her breach, with supervisor’s benevolence playing the moderating role. It was found that benevolence moderated the relationship subordinate breach and mentoring but not LMX. This shows that more benevolent leaders were less sensitive to employee’s psychological contract breach and continued to mentor their subordinates, despite the breach. Benevolence did not play a role in the effect of breach on LMX relationship, while the direct effect of breach on LMX relationship was significant. This means
irrespective of the benevolence factor, supervisors reduced the quality of their relationship with their subordinates, due to breach.

Restubog, Zagenczyk, Bordia & Tang (2013) found that the relationship between psychological contract breach and violation was moderated by psychological contract importance that is, the value placed on specific aspects of contract (transactional / relational) by the employee. If monetary aspects were valued by the employee and those promises were perceived to be broken, then the positive association between psychological contract breach and feelings of violation were found to be stronger among them. Similarly, stronger positive association between breach and violation were found among those who valued relational promises and perceived them to be broken by the organization.

Emotion regulation was analysed as a moderator in the relationship between breach and feelings of violation & proactive behaviours (Bal, Chiaburu & Diaz, 2011). Emotion regulation strategies examined were cognitive change and attentional deployment. While attentional deployment referred to a strategy where the individual tries to direct the attention towards something other than the one causing the negative emotion, cognitive change refers to appraisal of the given situation in a positive way so as to reduce its emotional significance (Diefendorff, Richard, & Yang, 2008). While cognitive change moderated the relationship between breach and feelings of violation & knowledge sharing, a proactive behaviour, attentional deployment failed to do so. In another study in Netherlands, it was found that attentional deployment increased the negative effect of both social and generative breach on taking charge, another form of proactive behaviour. Interactive effect of cognitive change and generative breach on taking charge was significant. Hence emotional regulation strategies indeed play a significant moderating role in the relationship between breach and violation & proactive behaviours.
Workplace familism was analysed as a moderator in the relationship between breach and civic virtue behaviour (Restubog & Bordia, 2006). It reflects the extent to which employees consider their organization and the supervisor as a parental figure and also treat them in ways similar to a family. They stated that workplace familism is evident in collectivist cultures like Philippines, where the study was conducted and this would impact their work attitudes and behaviours. Two dimensions of workplace familism was studied, namely workplace supervisor familism and workplace organizational familism, that reflects the extent to which employee feels that their leaders demonstrated parent-like concern and the extent to which their needs were adequately satisfied by the organization, respectively. The effect of transactional and relational breach on civic virtue behaviour with workplace familism playing the moderating role was analysed. A strong negative relationship between relational breach and civic virtue behaviour was evidenced when workplace supervisor familism was high. This was explained on the basis of betrayal framework. Betrayal is conceptualized as a serious violation of norms and expectations of a relationship (Elangovan & Shapiro, 1998; Jones & Burdette, 1994). Here in this context, psychological contract breach may be viewed as a form of betrayal thereby leading to a reduction in civic virtue behaviour. But for employees with high workplace supervisor familism, who perceive their supervisor as a good parental figure this effect is reduced. The other interactive effects were not significant. Thus personal relationships are significant in collectivist cultures like Philippines.

2.7.2. Situational factors as Moderators

Not just individual differences, situational factors also determine how individuals react to breach. The following section discusses those research that analyses situational factors as moderators.

Restubog, Bordia & Bordia (2009) analysed procedural justice as a situational variable in their research. Specifically they examined the effect of procedural justice
and contract breach on civic virtue behaviour. They found that procedural justice was able to mitigate the negative effect of breach on civic virtue only when the level of breach was low. At high levels of breach, even when procedural justice was high, the negative effect of breach on civic virtue could not be averted. Turnley and Feldman (1999b) in their research on managers, found that they plan to quit when perception of breach is high and when they perceive that unfair procedures and processes were employed (procedural injustice) in allocation of outcomes or decision-making.

Contract status was analysed as a moderator in the relationship between perceived employer inducements and OCB in a sample of British public service employees (Coyle-Shapiro & Kessler, 2002a). That is whether contingent or permanent employees indulge in OCBs based on their extent of inducements reduced from the employer. It was found that the relationship between employer inducements and OCB was stronger for contingent employees, meaning that contingent employees were willing to indulge to in OCB’s based on the inducements received. For permanent employees, willingness to indulge in OCBs was independent of their perception of employer inducement. This was attributed to their professional work ethic.

Awareness of organizational policies as a situational factor was examined as a moderator in the relationship between psychological contract breach and counterproductive work behaviour (CWB) (Jensen, Opland & Ryan, 2010). It was found that the awareness of preventive theft or accountability policies did not deter employees in engaging in CWBs when a breach was perceived. The researchers opined that mere awareness of company policies without proper monitoring of employee behaviour will not prevent employees from engaging in counterproductive behaviour.

The role of mentors, supervisors and role models in buffering the employees’ reactions to breach were analysed (Zagenczyk, Gibney, Kiewitz & Restubog, 2009).
The idea was that employee’s relationship with key individuals in the organization, may weaken the negative effect of breach on Perceived Organizational Support (POS). POS is the employee’s belief regarding ‘the extent to which the organization values their contributions and cares about their well-being’ (Eisenberger et al., 1986, p. 501). The reason being, these key individuals may offer explanations on why breach occurred and ways to cope with it. Mentor relationships did moderate the relationship such that for employees without mentors, the negative relationship between breach and POS were stronger than for employees with mentors. Supervisor support too helped the employees to deal with psychological contract breach in a better way. For those who did not perceive supervisor to be supportive, the negative relationship between breach and POS was higher. Role model relationships failed to moderate the relationship between breach and POS in the anticipated direction. This may be because role models may not be in close relationship with the employee to offer social support during troubled times. Thus, mentors and supervisors dampen the negative effect of psychological contract breach on POS, by offering social support at the time of need.

While research analyzing positive factors that buffer the negative role of breach on outcomes are widespread, role of negative contextual factors in aggravating the responses to psychological contract breach has been hardly studied (Kiewitz, Restubog, Zagencyk & Hochwarter, 2009). Hence they analysed the role of perception of organizational politics in breach – POS relationship, in two longitudinal studies with UK and US employees. Organizational politics has been defined as employees’ subjective beliefs regarding the extent to which work environment is influenced by co-workers and supervisors engaging in self-serving behaviour (Ferris, Adams, Kolodinsky, Hochwarter & Ammeter, 2002). Results revealed that when perception of organizational politics was high and when they perceived high levels of transactional and relational breach, employees reported lower levels of POS than when perception of organizational politics was low and perception of breach was high. Thus
perception of breach and perception of organizational politics reduces the quality of employee’s social exchange relationship with the organization.

Turnley and Feldman (1999b) analysed the effect of situational moderators such as the availability of attractive employment alternatives, justification for breach and procedural justice in the relationship between breach and exit, voice, loyalty and neglect behaviours. Research on MBA alumni, expatriate managers and managers in the organization undergoing change and restructuring revealed that availability of attractive employment opportunities, justification for breach and procedural justice moderated the relationship between breach and exit, while it failed to do so for rest of the outcomes. It suggests that when manager’s perception of breach is high and attractive employment opportunities exist they tend to actively engage in job search behaviours with the idea of quitting the employment. Also, when the managers feel that breach had not occurred due to compulsion of external influences but because of intentional reneging on the organization’s part, then it results in looking out for other jobs. Situational variables not moderating the relationship between breach and other outcomes suggest that even when they perceive breach they are not in a position to vent out their anger by neglect behaviours or raising concerns without hurting themselves further (Turnley and Feldman, 1999b).

The effect of breach on outcomes depends on external factors as evidenced by Deery, Iverson & Walsh (2006). They found that perception of external market pressures moderated the relationship between perceived breach and absenteeism.

Restubog, Zagenczyk, Bordia, Bordia & Chapman (2015) analyzed both the role of situational (aggressive work culture) and dispositional factor (self-control) in the relationship between psychological contract breach and revenge cognitions through psychological contract violation. Though both the factors failed to moderate the conditional indirect effect of perceived breach on revenge cognition through psychological contract violation, they found that under conditions of high perceived
aggressive work culture and low self-control, the conditional indirect effect of psychological contract violation on workplace deviance through revenge cognitions was significant. This implies that, when an employee with low self-control perceives a highly aggressive work culture, negative emotions arising out of psychological contract breach lead to revenge cognition that motivate him/her to indulge in deviant behavior.

2.8. Psychological Capital proposed as a moderator in the breach – outcome relationship

From the discussion presented so far, it can be seen that effect of breach on outcomes is not the same for all individuals. Also, the reactions to breach exhibited by an employee are not the same in all situations. Hence, response to breach differs based on individual characteristics and based on situations. A number of individual dispositional variables and situational variables that have moderated the relationship between breach and work outcomes that have been discussed in the earlier section stand as evidence to this point. With this as a basis, this research proposes Psychological Capital, an individual characteristic factor as a moderator in the relationship between psychological contract breach and its outcomes.

Psychological capital is individual difference construct that represents the positivity of the person. It is a core construct comprising hope, optimism, resilience and self-efficacy (Luthans, 2002a, 2002b). Psychological capital of an individual represents how hopeful, optimistic, confident and resilient the employee is. It is not just the combination of these four factors, but the synergy when all these four factors come together that constitutes psychological capital.

Psychological capital, composes of four positive psychological capacities and is expected to combat the negative effects of breach. In order to propose psychological capital as a moderator in the breach – outcomes relationship, a detailed understanding
of the concept is necessary. The following section introduces psychological capital, its evolution, its importance in the workplace and its unique significance.

2.9. Psychological Capital

Psychological Capital was briefly introduced in the earlier section. The following section aims to elaborate on what psychological capital is, its evolution, its component parts and the research done so far in the area of psychological capital.

Psychological Capital is a derivative of Positive Organizational Behaviour (Luthans, 2002a, 2002b). In order to channelize the focus of organizational behaviour research on positivity, Luthans (2002a, 2002b) came up with the concept of Positive Organizational Behaviour. Luthans took a multidisciplinary approach and identified positive constructs from positive psychology that were grounded in theory and research which can be measured, developed and managed for performance improvement at the workplace. Psychological capacities of hope, optimism, resilience and self-efficacy were identified as constructs that best fit these criteria and were brought under the higher order construct of Psychological Capital (Luthans, Luthans & Luthans, 2004).

2.9.1. Positive Organizational Behaviour.

The humble beginning of Positive Organizational Behaviour was initiated by Luthans (2002a, 2002b) who cited the Hawthorne studies that linked the positive feelings of employees and their performance. His grievance was that, though OB research had been establishing that positive resources such as positive reinforcement, positive affect, positively oriented employee attitudes and humor have a significant effect on performance much of the concentration of OB research was on fixing what was wrong, such as managerial and employee dysfunctions and problem. On the other hand, popular motivational books such as Normal Vincent Peale’s ‘ The power of positive thinking’, Stephen Covey’s ‘7 habits of highly effective people’ have been
successful with real time managers. The problem with these self-help books is that they are not backed by theory and research. He argues that, if the focus is on performance improvement at the workplace, then it has to be based on considerable empirical data analysed by research methodologies. Hence there is a need to bridge the gap between simple prescriptive solutions offered by the motivational authors and the theory/research driven academic OB field. And the first step for OB researchers is to take a positive approach. Luthans (2002a, 2002b) chose to call this positive approach to OB as Positive Organizational Behaviour.

Fred Luthans (2002a, 2002b) refers to the positive psychology movement, as the basis of him conceiving the concept of Positive Organizational Behaviour (POB). Though the field of psychology itself started with three broad objectives of trying to repair damage, prevent problems and build human strengths, over the years, research in psychology largely focused on what was wrong with people and how to fix them. To divert the focus on the other objective, building strengths, a number of research psychologists under the leadership of Martin Seligman, the then American Psychological Association president started the proactive positive psychology movement. Their mission was to discover and promote factors that build strengths based on theory and research.

In the footsteps of positive psychology, POB was initiated with the motive of diverting the attention towards what is right rather than what is wrong. Though OB research was not as negatively oriented as research in psychology, the overall general perspective was negative than positive (Luthans, 2002b). Positive approaches and concepts based on sound theory and research which can be effectively applied at the workplace was the focus of POB. POB has been defined by Luthans (2002a, 2002b) as ‘the study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed and effectively managed for performance improvement in today’s workplace’ (p59). The criterion of being
relatively unique was later added to emphasize the fact that POB concepts add new contribution to research. Thus to be part of POB, criteria to be met are (1) should be positive and relatively unique to OB (2) should be based on sound theory and research (3) should be measurable (4) should be state-like and hence should be open to development and performance improvement in the workplace.

The terms ‘state’ deserves some explanation and needs to be differentiated from ‘trait’. States and traits lie along a continuum, and a construct is termed as a state or a trait, depending on its relative degree of stability in measurement and openness to change and development (Luthans, Avolio, Avey & Norman, 2007). Feelings such as pleasure, happiness, and positive moods are states that are momentary and changeable. Traits are fixed, very stable and very difficult to change, like intelligence, talents etc. State-like constructs are relatively malleable and are open to development like hope, wisdom, courage etc. On the other hand, trait-like constructs are relatively stable and are difficult to change. Examples include Big five personality dimensions, Core self-evaluations and Character Strengths and Virtues (CSVs). Thus state-like constructs are not as momentary as states, whereas they are not as stable as traits, hence are open to change and development. Wright (1997, 2007) based on empirical findings proposed stability over 6 months as an operationalization of the temporal demarcation between traits and states.

Turning our focus to the inclusion criteria to be part of POB, the criteria that it should be based on strong theory and research differentiates it from popular self-help book concepts. The criterion that it is open to development distinguishes it from Positive Organizational Scholarship (POS) (Cameron, Dutton & Quinn, 2003), from trait-like concepts such as Big Five personality traits (Barrick & Mount, 1991), core self-evaluation (comprising self-esteem, generalized self-efficacy, locus of control and emotional stability) (Judge & Bono, 2001), positive affectivity (Watson, Clark & Tellegen, 1988). Positive traits are not open to development, hence are used only as
a tool for employee selection. POB capabilities are open to change, development and
can be managed for performance improvement in the workplace. Hence these
capabilities can be improved through training programs or self-developed thereby
improving performance (Luthans, 2002a, 2002b). Developing human resource
strengths and capacities of managers/leaders through development programs is an
important criterion of POB. This development criterion differentiates POB from
psychology and OB’s traditional dispositional variables. Wright (2003) reaffirmed that
the time has come for POB in applied research.

Luthans (2002a) came up psychological capabilities that fit the criteria of POB. He suggested confidence, hope, optimism, subjective happiness and emotional
intelligence as concepts that fulfill the POB criteria and gave the acronym CHOSE for it. Though he had suggested a few constructs, he was still in the process of identifying
concepts that best fit the POB criteria. In addition to self-efficacy and hope he
introduced resilience as a positive psychological capacity that meets the criteria
(2002b). Subsequent theory building and research on POB mainly concentrated on
hope, resiliency, confidence and optimism and its application on leadership (Avolio,
Gardner, Walumbwa, Luthans & May, 2004; Luthans & Avolio, 2003; Luthans,
Luthans, Hodgetts & Luthans, 2002; Luthans, Van Wyk & Walumbwa, 2004; Peterson

2.9.2. Positive Psychological Capital

Luthans, Luthans & Luthans (2004) first coined the term “Positive
Psychological Capital”, though psychological capital had been referred in the works of
economics, investment and sociology earlier. According to them, Seligman in his work
(2002) questioned the existence of psychological capital for which he himself
suggested, “When we are engaged (absorbed in flow) perhaps we are investing,
building psychological capital for our future” (Luthans, Luthans & Luthans, 2004).
Luthans et al (2004) emphasized that psychological capital was beyond human and
social capital. While human capital answers the question, ‘what you know?’ and social capital ‘whom you know?’ psychological capital answers the question, ‘who you are?’ In particular they brought the four positive psychological capacities of hope, optimism, resilience and self-efficacy under the umbrella of positive psychological capital. These four factors were earlier used by Stajovic (2003) in his core confidence factor for work motivation (as cited in Luthans et al, 2004). These four psychological capacities satisfies the POB’s inclusion criteria of being positive, relatively unique, measurable, open to development and bringing about performance improvement in the workplace.

Psychological Capital or simply PsyCap has been defined as “an individual’s positive psychological state of development that is characterized by: (1) having confidence (self-efficacy) to take on and put in the necessary effort to succeed at challenging tasks; (2) making a positive attribution (optimism) about succeeding now and in the future; (3) persevering toward goals, and when necessary, redirecting paths to goals (hope) in order to succeed; and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond (resiliency) to attain success” (Luthans, Youssef, & Avolio, 2007, p.3). Luthans, Avolio, Avey & Norman (2007) suggest that these four constructs make a unique theoretical and measurable contribution to higher order construct of PsyCap. The construct validity of PsyCap has been established by establishing the convergent and discriminant validity between PsyCap and the components of PsyCap (explained in detail in section 2.9.3). That is, though they are conceptually similar to be tied under the same core construct of PsyCap, they are empirically different from each other as well. The underlying link that ties them together into this higher order construct of psychological capital is the “positive appraisal of circumstances and probability for success based on motivated effort and performance” (Luthans, Avolio, Avey & Norman, 2007, p.550). That is,
PsyCap represents one’s positive appraisal of the particular situation and assessing the probability of success based on one’s own effort and giving in their best.

Luthans, Avey, Avolio, Norman & Combs (2006) state that hope, optimism, resilience and self-efficacy best meets PsyCap’s definition and inclusion criteria. Luthans, Youssef and Avolio (2007) also echo the same idea, stating that though constructs like wisdom, courage and emotional intelligence had been assessed for their fit with POB’s inclusion criteria, hope, optimism, self-efficacy and resilience continue to be best-fitting components of PsyCap.

2.9.2.1. Confidence.

Confidence, known as self-efficacy in psychology is a ‘leader and human resource strength’ (Luthans, 2002a). Extensive work on self-efficacy, in terms of theory and research has been done by Bandura (1997, 2000). He argues that self-efficacy is the key motivator that is based on the core belief that one has the power do it (2000). POB uses the definition given by Stajovic and Luthans (1998), ‘Self-efficacy refers to an individual’s conviction (or confidence) about his/her abilities to mobilize the motivation, cognitive resources and courses of action needed to successfully execute a specific task within a given context’ (p.66). Thus, self-efficacy may differ with respect to the specified context and the task being performed. This task specific self-efficacy can be developed, whereas general efficacy of a person is trait-like, that is fixed and cannot be developed. Hence the task specific self-efficacy is a part of POB, whereas general efficacy cannot be part of POB as it doesn’t fit the inclusion criteria.

Self-efficacy has been described as the concept that best-fits POB’s inclusion criteria (Luthans & Church 2002). Task related self-efficacy being state-like fulfills the open to development criteria of POB. A lot of theory building and research has happened in self-efficacy which supports the POB’s inclusion criteria of being grounded in theory and research. In a meta-analytic study, self-efficacy has been found
to have a stronger relationship with performance (Stajovic & Luthans, 1998) than other popular OB concepts. Not only it is related to performance, it can be developed to improve performance in the workplace. This aspect fulfills the performance aspect of the inclusion criteria.

Luthans & Church (2002) hold that self-efficacy positively impacts the human functioning, even before individuals make choices and initiate efforts. Positive evaluation / perception of one’s abilities leads to positive efficacy that in turn leads to setting challenging goals at work, voluntarily accepting difficult tasks at work, self-motivation, investing greater effort, working towards mastering a task, accomplishing the goals, ability to bounce back from failure and persist (Stajovic and Luthans, 1998a, 1998b as cited in Luthans, 2007). And positive efficacy also leads to positive thought patterns, resistance to stress (Mager, 1992), positive perception of the opportunity and the anticipated outcomes (Luthans & Church, 2002).

Self-efficacy can be developed by mastery experiences, modeling, positively oriented persuasion and physiological & psychological arousal (Bandura, 1997 as cited in Luthans, 2002a, 2002b). Mastery experiences refer to successful performance attainments with regard to a task. If a person has successfully handled a task and performed well in it, his/her efficacy with regard to the task improves. This can be brought about by on-the-job training and hands-on experience. Frequently providing opportunities for practice and success, with gradually increasing the difficulty levels builds maximum efficacy about the task. Not all tasks can be provided with hands-on training. For such tasks, training programs, informal approaches such as mentoring and coaching helps in building efficacy. Here the idea is to learn from a successful role model and their experiences. Greater the perceived similarity with role model and greater the similarity of the task being performed with the actual task, greater is the efficacy gained. Another factor that helps developing efficacy is social persuasion. Encouragement, positive feedback, trust, group support all help in efficacy.
development (Luthans & Youssef, 2007). Psychological and physical well-being also contributes to one’s confidence levels. People assess their capabilities based on how they feel emotionally and physically. Negative feelings such as fatigue, illness, stress, depression detracts a person from being confident (Luthans et al, 2004).

Self-efficacy has been largely ignored by both the OB field and emerging positive psychology, whereas it best fits the POB criteria (Luthans, 2002a, 2002b).

2.9.2.2. Hope.

Considerable theory building in hope has been done by Snyder (Snyder, 2000). Hope ‘not only reflects the individual’s determination that goals can be achieved but also the person’s belief that successful plans can be formulated and pathways identified in order to achieve the goals’ (Luthans, 2002a, p62). It consists of both the willpower and way power component. Willpower represents the hope that the set goal can be achieved, whereas way power represents that the pathways to achieve the goal can also be successfully formulated. Snyder, Irving and Anderson (1991) define hope as a positive motivational state that is based on an interactively derived sense of successful (1) agency (goal-directed energy) and pathways (planning to meet goals). It is the duality of agency and pathways that sets it apart from hope as a common usage term and other close positive constructs (Luthans, 2002b) such as optimism and self-efficacy. The will power component of hope is similar to efficacy and the pathways component is similar to efficacy’s outcome expectancies, Snyder’s hope construct does not treat them as two different components but willpower and waypower operate in a combined and interactive manner. They are both treated as equally important (Luthans, 2002b). The difference between hope and optimism is explained after optimism has been introduced and explained.

Hope has been recognized in research as both state-like and trait-like. Valid measure of state-like hope is available (Snyder, Sympson, Ybasco, Borders, Babyak &
Higgins, 1996). Hope has not been widely researched in the workplace. Adams, Snyder, Rand, King, Sigman & Pulvers (2002) found that employees with high hope were found to be more successful than their low hope counterparts. Peterson & Luthans (2003) examined the hope levels of fast food store managers and found that those with higher hope exhibited better financial performance, greater employee retention and job satisfaction. Chinese factory worker’s hope and their supervisor rated performance and merit salary were found be significantly related (Luthans, Avolio, Walumbwa & Li, 2005). Hope was also found to be related to self-reported performance (Youssef & Luthans, 2007). With regard to work attitudes, hope was found to be related to job satisfaction, organizational commitment (Larson & Luthans, 2006; Youssef and Luthans, 2007) and work happiness (Youssef and Luthans, 2007).

Hope has been found to be open to development through interventions. Snyder (2000) and Luthans & Jensen (2002) have outlined interventions that help in developing hope. One of the interventions is goal-setting training that includes stretch-goaling, stepping and re-goaling. Stretch-goaling refers to setting goals that are slightly beyond what can be achieved at present. These goals need to be specific and challenging. In order to attain goal specificity, goal targets in terms of percentages, numbers and dates need to be set. Stepping represents breaking down of complex long term goals into a number of sub goals. This will help in tracking progress and a series of small wins instills confidence in the person. To avoid false hopes, there is a need to identify those goals where there is no point in persisting. Regardless of the path chosen, if the goal is completely blocked, then there is a need to alter or change it, which is termed as re-goaling (Luthans et al, 2004, Luthans & Youssef, 2007). Generating alternate pathways to the goals, developing action plans for those pathways, willingness to persist in the face of obstacles, training to choose alternate pathways through ‘what if’ training or scenario planning are some of the guidelines that they had outlined (Luthans et al, 2004). Organizational initiatives that encourage
creativity, innovation, participation, contingency planning and out-of-the-box thinking can help enhance participant’s hope. Hence hope can be measured, developed and managed for performance improvement (Luthans & Youssef, 2007).

2.9.2.3. Optimism.

Optimism is viewed as an attributional style. According to Seligman (1998) optimists internalize positive events and attribute them to permanent and pervasive cause while externalizing negative events and attributing them to temporary and situation specific causes. By internalizing success, they attribute the cause to themselves and believe it would persist for a long time and would have a similar effect in everything they do. They attribute failure to external causes, that is only temporary and that is unique to the situation at hand. On the other hand, pessimists externalize positive events and attribute them to temporary and situation specific causes while internalizing negative events and attribute them to permanent and pervasive causes.

Optimism can also have negative impact. For example, overly optimistic managers may forgo making necessary action plans and may not follow up as often as required. This may lead to serious problems. Hence POB focuses on realistic optimism (Schneider, 2001). Setting realistic expectations and attainable goals, that will help in experiencing more success comes under the purview of realistic optimism. Optimism may not be the effective explanatory style always. In organizational scenarios that requires contingency planning, preventive systems, prudence etc., pessimistic explanatory styles help. Hence it is necessary to alternate between optimistic and pessimistic explanatory style, based on the scenario and that is termed as flexible optimism (Peterson, 2000). Hence the concentration of POB is on realistic and flexible optimism. Optimism can be differentiated from hope, in that optimism expectancies are largely formed through forces outside one’s self (external attributional explanatory style) whereas in hope pathways are initiated and determined through self. Pathways
component of hope is not present in optimism at all and it is unique to hope (Luthans & Church, 2002).

Though optimism has been treated trait-like in research (Scheier & Carver, 1987), the attributional style varies with the situation. This temporariness and specificity of attributions makes it state-like and hence is open to learning and development. It has been found that realistic and flexible optimism can be learned through recognized approaches such as leniency for the past, appreciation for the present and opportunity seeking for the future (Schneider, 2001; Luthans, Avey, Avolio, Norman & Combs, 2006 as cited in Youssef & Luthans, 2007). Schulman (1999) outlined the following techniques for improving optimism: identifying self-defeating beliefs when facing a challenge, evaluating the accuracy of those beliefs, removing and replacing them with accurate and constructive beliefs (as cited in Luthans et al, 2004).

To be part of POB, a construct should have performance impact in the workplace. Earlier research by Seligman & Schulman (1986) on metropolitan life insurance agents revealed that optimistic sales agents exhibited better performance than their pessimistic counterparts. Also realistic optimism on the part of managers and employees resulted in better satisfaction, retention and lesser stress (Schneider, 2001; Wanberg, 1997). Optimism has been found to be significantly and positively related to performance (Luthans et al, 2005; Youssef & Luthans, 2007). Optimism has also been found to be significantly and positively related to job satisfaction and work happiness (Youssef & Luthans, 2007).

Optimism can also be reliably and validly measured (Lopez & Snyder, 2003; Scheier & Carver, 1985, 1992 as cited in Youssef & Luthans, 2007). Thus optimism satisfies all the inclusion criteria of POB.
2.9.2.4. Resilience.

Masten and Reed (2002) defined resiliency as “a class of phenomenon characterized by patterns of positive adaptation in the context of significant adversity or risk” (p.75). Here the focus is on how one positively adapts to negative events or outcomes. Luthans (2002a) defines resiliency as “the developable capacity to rebound or bounce back from adversity, conflict and failure or even positive events, progress and increased responsibility” (p.702). This POB perspective takes into account not just bouncing back from failure or adversity but also from positive events or increased responsibility that could be overwhelming. Thus how one views a challenge as a threat or as an opportunity depends on his/her level of resilience (Luthans & Youssef, 2007).

According to Coutu (2002), resilient people are characterized by a staunch acceptance of reality, a deep belief that life is meaningful, and ability to improvise and adapt to significant changes (as cited in Luthans et al, 2004).

Resiliency was earlier believed to be an extraordinary capacity that is present only in few people. But later it was demonstrated as a learnable capacity that can be developed (Masten, 2001; Masten & Reed, 2002). They outlined approaches that develop resiliency in the workplace. The strategies include asset-focused strategies, risk focused strategies and process focused strategies. Assets refer to factors that increase the level of resiliency such as stable home, good education etc. Workplace assets include knowledge, skills, abilities, social relationships, support that improve performance. Risks are factors that lead to lower levels of resiliency such as abusive home, lack of proper parenting etc., Stress, conflict, ineffective leadership, lack of proper communication or job insecurity are all examples of workplace risks. Asset focused strategies focus on enhancing one’s assets, thereby increasing the chances of success whereas risk focused strategies focus on reducing the risk factors thereby decreasing the probability of failure. Resiliency is seen as a process rather than an outcome in developmental psychology. POB takes that perspective of resiliency into
consideration and views it as a process that combines risks and assets in a nonlinear fashion. Use of assets to deal with risk factors is one of the determining factors for outcomes of resiliency. Process focused strategies attempt to enhance resilience by building effective coping mechanisms that can facilitate the utilization of various assets to overcome adversity (Luthans & Youssef, 2007).

Resiliency can be measured as state-like (Luthans, Avolio, Avey & Norman, 2007; Wagnild & Young, 1993). Luthans et al., (2005) found that the resilience of Chinese workers undergoing significant change and transformation was significantly related to their performance. Maddi (1987) found that resilient employees were able to retain their health, happiness and performance despite the firm undergoing massive downsizing. Larson and Luthans (2006) found that factory workers’ resiliency related to their job satisfaction. Youssef and Luthans (2007) found that employee’s level of resilience related to their satisfaction, commitment and work happiness. Thus resiliency fits the POB criteria.

2.9.3. Validation of PsyCap as a higher order construct

Luthans, Avolio, Walumbwa & Li (2005) provided the initial validation for positive psychological capital as a higher order core factor with hope, optimism and resilience as its dimensions. PsyCap did not include the construct ‘confidence’ in this study. This was a time when PsyCap was emerging, and researchers were building theory and conducting research with various possibilities for the core construct of PsyCap. Luthans, Avolio, Avey and Norman (2007) through their research involving two studies, one on management students and one on employees of manufacturing and insurance service firms, provided initial psychometric support for the new PsyCap measure (24 item PsyCap Questionnaire (PCQ) developed by Luthans, Youssef & Avolio, 2007) designed to measure each of the four dimensions namely, hope, optimism, resilience and self-efficacy, and also PsyCap as a composite factor.
addition model comparisons were done which revealed that the four factor structure of PsyCap fit the data well than three or single factor models.

The discriminant validity of PsyCap from other trait-like constructs such as extraversion, conscientiousness and core self-evaluations, was established by demonstrating that PsyCap accounted for unique variance in job satisfaction and affective organizational commitment, beyond what was accounted by those three constructs (Luthans, Avolio, Avey & Norman, 2007). Also stability of PsyCap over time was demonstrated through test-retest reliabilities. It was found that PsyCap had a higher stability than positive emotions while it had lower stability than conscientiousness and core self-evaluations indicating that it is neither momentary like positive states nor stable like trait-like conscientiousness and core-self evaluations. Hence it is state-like and distinct from these constructs (Luthans, Avolio, Avey & Norman, 2007).

2.9.4. Effect of PsyCap on Work Outcomes.

2.9.4.1. Effect of PsyCap on Performance, Satisfaction and Commitment

Luthans, Avolio, Walumbwa & Li (2005) conducted an exploratory research on Chinese factory workers from both state-owned and private factories, where they analysed the impact of their positive psychological states on supervisor rated performance and relative merit-based salary levels. Psychological states of hope, optimism and resiliency were analysed individually and were also combined into a core factor psychological capital. They had justified not including self-efficacy under psychological capital in this research stating that it had enough research evidence of its relationship with performance. Though all the three dimensions were significantly related to supervisor rated performance, psychological capital as a core construct had a relatively higher and significant relationship with performance. Out of 422 Chinese factory workers, relative merit based salary data was available for a sub sample of 272
employees. Psychological capital was again significantly and positively related to merit based salary (a measure of performance). Thus an individual’s positive psychological capacities contribute to his/her performance at the workplace.

A follow up study was done by Luthans, Avey, Clapp-Smith & Li (2008) in China from both state-owned and private copper refining factories. The purpose was to validate the relationship between more refined core construct of PsyCap with all the four dimensions, and supervisor rated performance. In the earlier research, only three dimensions of hope, optimism and resilience were used. As found in the earlier study, PsyCap was found to be a significant and unique predictor of performance. Even when human capital (work experience) significantly contributed to performance, PsyCap explained unique variance in performance. The problem with state-owned factories was that it had surplus labor, but being state-owned it could not axe the jobs of excess employees. The authors based on the results of this research suggested that developing their psychological capacities through PsyCap interventions would result in a positive impact on performance.

Larson and Luthans (2006) based on a research on employees from a small Midwestern manufacturing firm found that significant relationship existed between PsyCap and job satisfaction and organizational commitment. It was also found that overall PsyCap was a better predictor of satisfaction and commitment with the exception of hope. The main focus of the study was to find out if PsyCap impacted satisfaction and commitment beyond human and social capital. In fact PsyCap had a significant added impact over human and social capital on satisfaction and commitment. Thus PsyCap adds value to what you already have (financial capital), what you know (human capital) and who you know (social capital) (Luthans & Youssef, 2007). Hence organizations have to invest and develop human, social and psychological capital to reap benefits in full.
Luthans, Avolio, Avey and Norman (2007) conducted a study on two independent samples of employees from manufacturing firm and insurance services firm to analyse the relationship between employee’s PsyCap and their performance and satisfaction. Results from both the samples revealed that there was a positive relationship between PsyCap and performance and satisfaction. That is, more positive the employees better is their performance and satisfaction. In addition it was found that, PsyCap, as a whole was a better predictor of performance and satisfaction than the individual components comprising it. Hence the synergy when all the four dimensions come together is evident. As stated by them, a hopeful employee who is also resilient will be able to handle an adverse situation better than just a hopeful employee. Hence when all the four factors combine, it provides a greater effect on work outcomes. Luthans, Norman, Avolio and Avey (2008) based on a research on management students and employees of high tech manufacturing firm also found that PsyCap was significantly related to performance, satisfaction and commitment.

2.9.4.2. Effect of PsyCap on Absenteeism.

The focus of Avey, Patera & West (2006) research was to investigate the possible antecedents to absenteeism behaviour that can not only be used as a hiring mechanism but should also be open to development so that absenteeism of current employees can be decreased through its development. Absenteeism has been considered as a single outcome construct in most research that includes all types of voluntary and involuntary work absence. The problem with this approach is that, the predictors of voluntary and involuntary absenteeism are different and combining them into one core construct prevents from the complete understanding of the concept. Involuntary absenteeism is an absence from the workplace that under normal circumstances is unavoidable by the employee such as physical or psychological illness, whereas voluntary absenteeism is a reasonably avoidable absence from the workplace such as vacation. While voluntary absenteeism is generally seen as
preventable, involuntary absenteeism owing to being involuntary is generally seen as unavoidable. But this research posits that PsyCap may be means of predicting and managing involuntary absenteeism and voluntary absenteeism. Study was conducted on 105 mechanical and manufacturing engineers from high tech manufacturing firm, in the US. PsyCap was negatively related to both voluntary and involuntary absenteeism. PsyCap was a better predictor of voluntary absenteeism than any of the components except hope, and with regard to involuntary absenteeism, PsyCap was a better predictor than any of the components except optimism. Individuals characterized by higher levels of PsyCap owing to their positivity would fall ill less often, and will be more positive in tackling their illness and hence would return quickly from illness resulting in less involuntary absence (Avey, Patera & West, 2006). Usefulness analysis revealed that PsyCap is a better predictor of involuntary absenteeism than job satisfaction and organizational commitment, the traditional antecedents of involuntary absenteeism. But PsyCap was not as useful a predictor of voluntary absenteeism as job satisfaction and organizational commitment. PsyCap is more malleable than satisfaction or commitment hence PsyCap development may act as an effective strategy for managing absenteeism.

2.9.4.3. Effect of PsyCap on Engagement, Citizenship behaviours and its effect in negating undesirable attitudes and behaviours.

Avey, Wernsing & Luthans (2008) examined if positive employees would help in positive organizational change, the one that brings about more good than harm to the organization and its employees. Positive employees here refer to those with positive psychological capital and positive emotions. Based on Cognition mediation theory (Lazarus, 1991, 1993, 2006 as cited in Avey, Wernsing & Luthans, 2008) that cognition precedes emotion, PsyCap was expected to lead to positive emotions. And based on Fredrickson’s broaden and build theory (1998, 2001, 2003) that states that positive emotions generate broader ways of thinking and behaving, positive emotions
was expected to lead to better engagement, increased OCBs, lesser cynical attitudes and fewer deviant behaviours. Hence based on these arguments, positive emotions were expected to mediate the relationship between PsyCap and attitudes and behaviours. Research on 132 working adults from a wide cross section of organization and jobs in the US, revealed that positive emotions fully mediated the relationship between PsyCap and engagement, citizenship and deviance behaviours whereas it did not do so for cynicism. PsyCap had a significant direct effect on cynicism. Those with higher levels of PsyCap experienced higher levels of positive emotions as a result of which they were more engaged in their work and exhibited higher OCBs and those with lower PsyCap would experience lower levels of positive emotions as a result of which indulged in deviant behaviours. Also, mindfulness was expected to moderate the relationship between PsyCap and positive emotions. Mindfulness is defined as “enhanced attention to and awareness of current experiences or experienced reality” (Brown & Ryan, 2003, p.823). Mindfulness interacted with PsyCap to predict positive emotions. When PsyCap is low, high mindfulness compensated for this and employees still experienced positive emotions, whereas when PsyCap is high, mindfulness did not have a significant effect on positive emotions. This way based on the extent of their PsyCap they help or hinder positive organizational change.

The focus of Avey, Youssef & Luthans (2009) research was multi-level. First, they realized that individual level of analysis was being emphasized without giving the due importance to the contextual factors. Based on Youssef and Luthans (2009) integrative model that considers both organizational factors and individual level factors as antecedents of PsyCap this study considers both individual and organizational factors by including Person-Job (PJ) fit and Person-Organization (PO) fit. PO fit has been defined as the degree of congruence or complementary relationship between individuals and their organizations in terms of goals, needs, supplies (capabilities, resources), values, norms or behaviours (Chatman, 1989, Kristof, 1996).
PJ fit refers to the compatibility or match between person’s traits, needs, knowledge, skills, abilities, and demands of the job (Caldwell & O’Reilly, 1990). The model also emphasizes the need for analyzing the impact of positivity on both desirable and undesirable behaviours and attitudes. Hence for the second level of analysis, this research analyses the impact of positivity on OCB, a desirable behaviour and on cynicism, turnover intentions and Counterproductive Work Behaviour (CWBs) representing undesirable work attitudes and behaviour in the workplace. Also, the Big five personality traits of conscientiousness, extroversion and Core Self-Evaluations (CSEs) have dominated research with respect to performance (Barrick & Mount, 1991; Judge & Bono, 2001). Hence in this research, the impact of PsyCap, over and above demographics, personality traits, CSEs, PO fit and PJ fit on the work attitudes and behaviours specified was also to be found. Study on 336 employees from wide cross section of organizations and jobs in the US revealed that PsyCap was significantly related to cynicism, intentions to quit, individual OCBs, organizational OCBs and CWBs. Employees with higher level of PsyCap, displayed lower levels of cynicism with respect to change, lower turnover intentions, exhibited more citizenship behaviours and indulged in less deviant behaviours due to their positivity. It was also found that PsyCap added significant unique variance to each of the dependent variables except individual OCBs over and above demographics, personality traits, CSEs, PO fit and PJ fit. Hence, PsyCap is not just the same as other positive constructs, as explained by the unique variance in the outcomes.

Avey, Luthans and Jensen (2009) saw PsyCap as a positive resource that may influence employee’s perception of stress symptoms, intentions to quit and job search behaviours. This study focused on physiological, cognitive and emotive stress symptoms rather than just cognitive appraisals of the job demands. In addition, they also hypothesized that this perception of stress symptoms would partially mediate the relationship between employees PsyCap and intentions to quit and job search
behaviours. Results of the research indicated that PsyCap was negatively related to their perception of stress symptoms. Also, significant negative relationship between PsyCap and intentions to quit and job search behaviours existed. Also, as anticipated, stress symptoms partially mediated the relationship between positive PsyCap and intentions to quit and PsyCap and job search behaviours, which means that those with higher PsyCap levels perceive lower amount of stress and hence experience lower turnover intentions and indulge in reduced job search behaviours. Authors suggested that PsyCap development through interventions may actually help in stress reduction and its influence on voluntary turnover intentions and behaviours.

The impact of PsyCap on both positive (OCB) and negative (deviance) organizational behaviours were studied by Norman, Avey, Nimnicht & Pigeon (2010). Also, the moderating role of organizational identity in this relationship was analysed. Organizational identity refers to the extent to which an individual’s self-image results from the organization that the person chooses to identify with. PsyCap was found to be a significant predictor of OCB directed towards the organization (OCBO). Organizational identity was found to moderate the relationship between PsyCap and OCBO, but the interactive effect was small but significant. The main effect of PsyCap on OCBO was strong. Hence those high in PsyCap would indulge in behaviours beneficial to the organization. PsyCap was also found to be negatively related to employee deviance. The moderating effect of organizational identity was significant such that those high in PsyCap and highly identified with the organization engaged in few deviant behaviours towards other employees. Hence this research provided further validation of the relationship between PsyCap and OCB & deviant behaviours.

The effect of PsyCap on employee wellbeing was largely ignored except for a few studies. Avey, Luthans, Smith and Palmer (2010) analysed the impact of PsyCap on employee’s psychological well-being (PWB). Different conceptualizations of PWB exists, out of which they choose Myers and Diener’s (1995) concept of PWB that
defines it as the relative presence of positive affect and relative absence of negative affect (Myers & Diener, 1995). They conducted a longitudinal study with a time gap of 3 weeks in between, to observe changes in PWB due to PsyCap, over time. It was found that PsyCap added small but significant variance in PWB over time. They had used two measures for PWB (index of PWB and General Health Questionnaire). PsyCap related to both the measures. Thus PsyCap, a positive resource leads to employee wellbeing over time. Culbertson, Fullagar, and Mills (2010) felt that the earlier study that analysed PsyCap and well-being used a limited conceptualization of the same. Well-being can be differentiated into eudemonic and hedonic well-being and hence they advanced the research further and investigated the relationship between psychological capital and an employee’s eudemonic and hedonic well-being. Hedonic wellbeing is the more typical operationalization of wellbeing, consisting of subjective happiness and the experience of pleasure (Ryan & Deci, 2001), whereas eudemonic well-being is more cognition-based. It focuses on striving for self-realization (Waterman, 2008). Longitudinal study with a gap of 2 weeks in between was undertaken. It was found that variance in eudemonic work well-being was predicted by one’s psychological capital, implying that one’s self-realization depends on one’s psychological capital. Also, the relation between psychological capital and hedonic well-being, measured two weeks later, is mediated by eudemonic well-being. That is, employee’s positive PsyCap coupled with their self-realization leads to subjective happiness.

The results of the meta-analytic study by Avey, Reichard, Luthans and Mhatre (2011) would act as a summary for PsyCap research discussed so far. They found that PsyCap as a second order factor is significantly and strongly related to desirable employee attitudes such as job satisfaction, organizational commitment, psychological well-being at work and undesirable employee attitudes namely employee cynicism, turnover intentions and employee stress and anxiety. Also PsyCap was found to be significantly related to OCB, deviance and performance. Hence they stated that
PsyCap as a motivational propensity can lead to desirable employee attitudes, behaviours and performance and help diffuse negative, undesirable attitudinal and behavioural outcomes.

2.9.5. PsyCap as a Moderator and Mediator.

Psychological Capital was analysed as a moderator in the relationship between job stress and workplace incivility (Roberts, Scherer & Bowyer, 2011). Workplace incivility is defined as “low-intensity deviant behaviour with ambiguous intent to harm the target, in violation of workplace norms for mutual respect (Andersson & Pearson, 1999, p.457). It was found that, PsyCap was able to mitigate the negative effects of job stress, as evidenced by reduction in uncivil behaviours. In a research done among Chinese school teachers, PsyCap was found to moderate the relationship between emotional labor and burnout & job satisfaction (Cheung, Tang & Tang, 2011). For instance, for individuals with higher PsyCap, the positive association between surface acting and depersonalization and negative association between surface acting and job satisfaction was weaker. Also, the positive association between deep acting and job satisfaction was stronger for individuals with higher PsyCap. Hence the role of PsyCap as a moderator in the relationship between emotional labor and its outcomes is justified. In a similar study, Xi-Zhou and Jin-Yu (2011) analysed the role of PsyCap as a moderator between task complexity and work outcomes namely performance and satisfaction. Two types of task complexities were analysed, objective and subjective task complexities. While objective task complexity refers to objective complexity of a task, one’s perception of task complexity is called subjective task complexity (Maynard & Hakel, 1997). It was found that PsyCap moderated the relationship between subjective task complexity and employee satisfaction; Objective Task Complexity (OTC) and employee performance and OTC and employee performance. Thus PsyCap has played extensive role as a moderator in research.

Psychological capital was analysed as a mediator in the relationship between supportive organizational climate and performance (Luthans, Norman, Avolio and Avey, 2008). They based this relationship on the argument that even if the employees
perceive the organization to be supportive, if they lack the necessary psychological capabilities, then the impact of supportiveness on performance would not be reflected. To ascertain this, they conducted a research on employees from a high tech manufacturing and a services firm. Results revealed that psychological capital mediated the relationship between supportive organizational climate and performance. Hence, employees who perceive their organization to be supportive may experience higher levels of hope, optimism, self-efficacy and resilience that in turn helps in better performance.

2.9.6. Effectiveness of PsyCap Interventions.

PsyCap has been proposed to be state-like and hence there is a need to validate if PsyCap can indeed be developed through interventions. Luthans, Avey, Avolio, Norman & Combs (2006) designed a micro-intervention, which was called Psychological Capital Intervention (PCI) wherein each of the dimensions of PsyCap were to be targeted and improved. Micro intervention sessions were designed to last between 1 to 3 hours depending on the number of participants. This micro intervention was first tested with management students who were randomly assigned to experimental and control groups. PsyCap was measured before and after the one hour PCI. It was found that PCI significantly improved the experimental group participant’s PsyCap whereas participants of control group who received a non-related intervention showed no increase in PsyCap. For external validity, a 2 hour PCI was also tested with practicing managers from a number of organizations. It was found that the increase in PsyCap was almost same as that of management students (around 3%). Though this seems small, they argued that increase in PsyCap leads to an improvement in performance. They conducted potential return of PCI intervention in a high tech manufacturing firm with 74 managers, using utility analysis. They estimated the return on investment of PCI interventions to be 270 percent.
Development of PsyCap through web-based training intervention was attempted by Luthans, Avey and Patera (2008). Each of the core factors of PsyCap were to be developed in this highly focused intervention of short duration. This intervention contained personalized animation, detailed Power Points and personalized exercises along with video commentary by one of the researchers, to maximize the learning and development of PsyCap. A pretest, posttest control group experimental design was adopted in which the treatment group participants showed significant increase in PsyCap, while the control group that went through a different intervention, did not show a significant increase in their PsyCap. Hence there is evidence that psychological capital can be developed through web-based training interventions.

2.9.7. Utility of PsyCap.

Youssef and Luthans (2007) in their study found that positive psychological capacities of hope, optimism and resilience can add 4% to 15% to the variance accounted for in work-related outcomes. Using utility analysis they converted these statistical results into dollar impact. They found that utility of positive psychological resource capacities of an employee with an annual salary of $50,000 would be $2800 to $5,500. For an organization with around 15000 employees, roughly $50 million of the average sample organization’s outcomes may be attributable to its employees’ positive psychological capacities. Hence they concluded that positivity in the workplace does have considerable impact.

Avey, Patera and West (2006) analysed the impact of positivity on employee absenteeism behaviours. In that they found that, PsyCap accounted for 11% variance in voluntary absenteeism. Applying these values to a high tech manufacturing firm that employs 1, 76,000 employees, whose labor rate was $100 per hour, where mean employee took 48 sick hours, the loss due to sick leave was $859.2 million per year. PsyCap accounted for 11% variance in voluntary absenteeism, which amounts to $92 million. Luthans, Avey et al., (2006) developed a micro intervention that increased
participants PsyCap by about 2%. Assuming that those interventions are used here, the organization would experience $1.8 million savings in lost labor. Hence for 5 years which a typical utility analysis would use, savings would be in the order of 8.5 million dollars.

Thus an extensive review of research with respect to PsyCap, is done. The next logical step would be to examine the role of PsyCap as a moderator. This has to be done in two stages. The first stage should assess the role of PsyCap as a moderator in general and the second stage, the role of PsyCap with respect to work engagement. In order to do so, the outcomes proposed to be tested in this research need to be introduced. Hence this is done next, which is followed by the summary of research gaps that includes warranting PsyCap as a moderator.

2.10. Proposed Work Outcomes of Breach

The influence of psychological contract breach on work attitudes and behaviours is the prime focus of this study. Engagement, job satisfaction, affective commitment are the work attitudes and organizational citizenship behaviour and workplace deviance are the work behaviours that are to be analysed. This research also intends to examine the moderating and mediating mechanisms in breach-outcome relationships. Engagement as a mediator in the relationship between breach and work outcomes, has been identified in this regard. Job satisfaction and affective commitment are primary work attitudes which are to be tested to see if breach would influence these work attitudes directly and through engagement. Among behavioural outcomes, OCB and deviance were chosen because a balance of positive and negative behaviours were intended to be studied. OCB, an extra-role positive discretionary behaviour and deviance, an extra-role negative discretionary behaviour were chosen in this aspect. The following section elaborates each of these outcomes.
2.10.1. Engagement.

Not much theory and model development has happened in Engagement (Saks, 2006). Kahn (1990) conceptualized engagement as the “harnessing of organizational member’s selves to their work roles: in engagement, people employ and express themselves physically, cognitively, emotionally and mentally during role performances” (p.694). Thus engaged employees put in their effort since they identify with it (Bakker, Schaufeli, Leiter & Taris, 2008). On the other hand, Maslach, Schaufeli & Leiter, (2001) conceptualized engagement as the direct opposite of burnout. Burnout consists of three dimensions, namely exhaustion, cynicism and ineffectiveness. Job engagement has been put forward by Maslach & Leiter (1997, p.34) as “energy, involvement and efficacy – these are the direct opposites of the three dimensions of burnout”. Burnout occurs when energy turns into exhaustion, involvement turns into cynicism and efficacy turns into ineffectiveness. Instead of the traditional view of seeing engagement and burnout as opposite poles of the same bipolar dimension as Maslach and Leiter (1997) had suggested, later research started viewing them as two independent constructs (Schaufeli & Bakker, 2004).

Work engagement has been defined by Schaufeli and Bakker (2004) as “the positive fulfilling and work related state of mind that is characterized by vigor, dedication and absorption” (p.295). They also refer to engagement as a persistent and pervasive affective-cognitive state that is not focused on any particular object, event, individual or behaviour. Each of the dimensions of engagement is defined by them (p.295) as follows, “Vigor is characterized by high levels of energy, mental resilience while working, the willingness to invest effort in one’s work and also persistence in the face of difficulties. Dedication is characterized by a sense of significance, enthusiasm, inspiration, pride and challenge”. While vigor and dedication are seen as the direct opposites of exhaustion and cynicism, absorption was defined as being fully concentrated and happily engrossed in one’s work, whereby time passes away quickly
and one has difficulties with detaching oneself from work. These three components together constitute work engagement.

According to the Job Demands and Resources (JD-R) model, every job has its demands that hinder and resources that aid employees in their work (Demerouti et al., 2001). Any physical, psychological, social and organizational aspects of the job that requires physiological or psychological effort on behalf of the employee are job demands whereas that which help and support employees in their work are job resources (Demerouti et al., 2001; Schaufeli & Bakker, 2004). Availability of job resources has been found to lead to work engagement (Bakker, Hakanen, Demerouti & Xanthopoulou, 2007; Mauno, Kinnunen & Ruokolainen, 2007; Salanova & Schaufeli, 2008; Schaufeli & Bakker, 2004; Schaufeli, Bakker & Van Rhenen, 2009; Xanthopoulou, Bakker, Demerouti & Schaufeli, 2009). Psychological contract fulfillment was seen as a job resource that would result in work engagement and it was proved so by Parzefall & Hakanen (2010). Breach of psychological contracts was found to reduce the engagement levels of soldiers in a peacekeeping mission (Chambel & Oliveira-Cruz, 2010). Hence psychological contract breach leading to reduction in work engagement is to be tested in this research.

2.10.2. Affective Commitment.

Organizational commitment describes an individual’s identification, involvement and loyalty to the employing organization (Meyer and Allen, 1997). They conceptualized commitment as comprising of three components, affective, normative and continuance commitment. Affective commitment refers to the “emotional attachment to, identification with, and involvement in the organization” (Meyer and Allen, 1997, p.67). Continuance commitment refers to the form of commitment where they remain with the organization due to the awareness of the costs of leaving the organization while normative commitment refers to the feelings of obligation to stay with the organization.
Affective commitment is more relevant to psychological contracts, than the other two components, reason being it is influenced by the extent to which individual’s needs and expectations about an organization are matched by their actual experiences (McDonald & Makin, 2000; Restubog, Bordia & Tang, 2006). Also, based on AET (Weiss and Cropanzano, 1996), Zhao et al (2007) suggested that, breach causes affective experiences in an employee. Out of the three components of organizational commitment, affective commitment represents more of this affective component, hence breach has been found to lead to erosion of identification with the organization.

Affective commitment has been described as an act of reciprocation to perceived contract fulfillment (Millward & Hopkins, 1998). Psychological contract breach is found to be significantly related to affective commitment (Bal, De Lange, Jansen & Van Der Velde, 2008; Bunderson, 2001; Cassar and Briner, 2011; Parzefall & Hakanen, 2010; Restubog, Bordia & Bordia, 2009; Rousseau, 1990). Hence reduction in affective commitment as an outcome of breach is to be validated in this research.

2.10.3. Job Satisfaction.

Job Satisfaction is “a pleasurable or positive emotional state resulting from an appraisal of one’s job or job experiences” (Locke, 1976, p.1300 as cited in Weiss, 2002). The relationship between breach and job satisfaction has been explained on the basis of Affective Events Theory (Weiss & Cropanzano, 1996). According to this theory, a negative event at the workplace leads to affective reactions which in turn affects employee’s attitudes and behaviours (Bal et al., 2008; Zhao et al, 2007). Psychological contract breach is perceived as a negative event (Zhao et al, 2007) that affects the cognitive evaluation of one’s job. Hence the job satisfaction of employees get affected due to breach.
Psychological contract breach has been found to be negatively related to job satisfaction (Bal, De Lange, Jansen & Van Der Velde, 2008; Kickul, Lester & Finkl, 2002; Raja et al., 2004; Robinson and Rousseau, 1994; Suazo, 2009; Tekleab & Taylor, 2003; Zhao et al., 2007). This relationship between breach and job satisfaction is to be further validated in this research.

2.10.4. Organizational Citizenship Behaviour.

OCBs are discretionary behaviours exhibited by the employee that promotes the effective functioning of the organization but are not part of formal job description (Organ, 1988). Hence these are behaviours of personal choice not prescribed as part of job responsibilities yet performed voluntarily by the individual for the benefit of the organization. If employees are not willing to engage in OCBs, then the organizations cannot survive is the view of many researchers (Katz, 1964; Katz & Kahn, 1978; Robinson & Morrison, 1995).

Robinson and Morrison (1995) quoting Organ’s definition (1988) of OCB that ‘a readiness to contribute beyond literal contractual obligations’ (p.22) state that OCB itself has been defined relative to a formal employer contract and any behaviour that exceeds contractual agreement between the employee and employer, falls under the purview of OCB. Though these two concepts of psychological contracts and OCB are so closely related, they point to the dearth of literature connecting the two, at that point of time.

Williams and Anderson (1991) presented the two factor model of OCB namely OCBI and OCBO. OCBI are interpersonal OCBs that benefit the fellow employees such as sharing the workload, information, assisting those who were absent etc. On the other hand OCBO are organizational OCBs that benefit the organization in general such as attending functions that are not mandatory yet useful in organizational
perspective, not taking extended work breaks, adhering to informal rules to maintain order and so on.

The effect of breach on extra role behaviour like OCB has been explained with the help of SET (Blau, 1964). When organizations perceive that they have been treated well by the organization they go beyond their formal job requirement and indulge in activities that benefit the organization. But if they perceive otherwise, they merely fulfill their job requirements and reduce their OCB’s as they are discretionary and nonperformance of which is likely to go unpunished (Robinson & Morrison, 1995; Suazo et al, 2005).

Restubog, Bordia, Hornsey & Esposo (2008) argue that fulfillment of psychological contracts will lead to OCBs because the employee would feel compelled to reciprocate the positive behaviour by the organization and by this indulgence in positive behaviour they increase the likelihood of being treated well in future as well.

The effect of breach on OCB has been explained in the context of perception of inequity (Adams, 1965) as well (Robinson and Morrison, 1995). That is, breach of psychological contracts creates perception of distributive injustice that is outcomes deserved have been denied, which makes employees less willing to indulge in OCBs. Breach results in feelings of deception and betrayal, hence the perception of being treated in an unfair manner or procedural injustice, which again results in lesser OCBs (Robinson and Morrison, 1995).

Robinson and Morrison (1995) was of the fact that since breach of psychological contracts refers to the non-fulfillment of obligations by the employer to the employee, its impact will be more on organizationally directed OCBs rather than interpersonal OCBs. That is if the employee perceives that the organization has not fulfilled its obligations towards the individual, he/she would respond by withdrawing organizationally directed OCBs rather than withdrawing interpersonal OCBs.
Psychological contract breach has been found to be negatively related to overall OCB (Chen, Tsui & Zhong, 2008; Kickul, Lester & Finkl, 2002; Tekleab & Taylor, 2003; Turnley & Feldman, 2000; Zhao et al, 2007), OCB towards the organization (Bal, Chiaburu & Jansen, 2010; Restubog, Bordia & Tang, 2007; Turnley, Bolino, Lester & Bloodgood, 2003), OCB towards co-workers (Restubog, Bordia & Tang, 2007), civic virtue behaviour (Restubog, Bordia & Bordia, 2009; Lo & Aryee, 2003; Robinson, 1996), helping behaviour (Suazo, Turnley & Mai, 2005), service oriented OCBs (Suazo, 2009). Reduction in OCB as an outcome of breach is to be validated in this research.

2.10.5. Workplace Deviance.

Workplace deviant behaviour has been defined as ‘a voluntary behaviour that violates organizational norms and in doing so threatens the well-being of the organization or its members or both’ (Robinson & Bennett, 1995, p.556). Counterproductive Behaviour or CWB refers to behaviour that intends to hurt the organization or other members of the organization. Different terminologies have been used to refer to this behaviour including deviance (Spector and Fox, 2002). The other terms being aggression (Neuman & Baron, 1998), antisocial (Giacalone & Greenberg, 1997), delinquency (Hogan & Hogan, 1989), retaliation (Skarlicki & Folger, 1997) and revenge (Bies, Tripp & Kramer, 1997).

Deviance has been classified into organizational deviance and interpersonal deviance based on the target of behaviour (Bennett & Robinson, 2000). Organizational deviance (WD-O) entails acts directed towards the organization, including stealing, sabotage, and absenteeism. Interpersonal deviance, (WD-I) on the other hand, is directed at the members of the organization and includes such acts as verbal abuse, gossip, and stealing from a coworker. Interpersonal deviance behaviours targets fellow employees while organizational deviance behaviours targets the organization in general. As explained earlier based on SET (Blau, 1964), employees respond to a fair treatment by indulging in organizationally beneficial behaviours. In case they perceive
that organization has not kept up their end of the deal, based on equity theory (Adams, 1965), they try to restore the imbalance in the social exchange by indulging in deviant behaviours (Mc Lean-Parks, 1997; Restubog, Bordia, Tang, 2007).

Jensen, Opland & Ryan (2010) explain the effect on deviant behaviours, through fairness theory (Folger & Cropazano, 2001). According to this theory employees hold people or organizations responsible for workplace transgressions. Based on their perception of who or what is responsible for breach, their target of deviance would vary.

Psychological contract breach has been found to be positively related to deviant behaviours (Jensen, Opland & Ryan, 2010; Kickul, Neuman, Parker & Finkl, 2002; Chiu & Peng, 2008; Restubog, Bordia & Tang, 2007).

Though researchers have time and again emphasized the importance of understanding the causes of deviant behaviours in the organizational context due to its growing incidences (Bennett & Robinson, 2000; Robinson & Bennett, 1997) and financial & social implications (Giacalone and Greenberg, 1997; Restubog, Bordia & Tang, 2007), there is limited empirical research on the effect of breach on deviant work behaviours (Restubog, Bordia & Tang, 2007). Hence the relationship between breach and deviance is to be tested in this research.

2.11. Summary of Research Gaps Identified

This section summarizes the research gaps identified so far. The intention is to aid in developing a conceptual framework for the study.

2.11.1. Engagement as a mediator.

Engagement is proposed to mediate the relationship between psychological contract breach and work attitudes, job satisfaction, affective commitment & work behaviours, OCB and deviance.
Parzefall and Hakanen (2010) based on the argument that psychological contract fulfillment is a job resource that helped employees, expected it to lead to increased work engagement which would in turn lead to increased affective commitment. They found that engagement mediated the relationship between psychological contract fulfillment and affective commitment, such that psychological contract fulfillment led to increased work engagement thereby increasing the affective commitment of employees with the organization. Parzefall and Hakanen (2010) dealt psychological contract fulfillment as a job resource that helps employees in their work. Hence psychological contract breach can be seen as a lack of job resource, which could lead to reduced work engagement, thereby resulting in reduced affective commitment. Also, based on the research by Bakker, Demerouti & Verbeke, (2004) who found that lack of job resources led to disengagement at work which resulted in reduction in extra-role behaviours, it can be stated that psychological contract breach as a lack of job resource would lead to reduction in work engagement which would in turn result in reduction in extra role behaviour, namely OCB.

Also, in a research by Saks (2006), engagement mediated the relationship between six antecedent conditions (job characteristics, perceived organizational support, perceived supervisor support, rewards and recognition, procedural justice and distributive justice) and work outcomes such as job satisfaction, organizational commitment, intentions to quit and OCB. It can be seen that, out of six antecedent conditions, four of them namely, job characteristics (specifically autonomy and feedback), perceived organizational and supervisor support (social support), rewards and recognition are parallel to the psychological contract dimensions of autonomy & control, growth & development (career guidance and mentoring), organizational rewards and benefits. They proved that when these antecedent conditions were present, it led to increase in work engagement in employees which in turn led to positive outcomes. Deriving from this result, it can be stated that when the promises regarding
these antecedent conditions are fulfilled they would lead to an increase in engagement which would result in better work attitudes and behaviours. Hence this research proposes that when promises regarding autonomy & control, growth & development, organizational rewards and recognition, are perceived to be broken by the organization, it would lead to a decrease in work engagement which would in turn result in decrease in favorable work outcomes, namely job satisfaction, affective commitment and OCB, based on Saks’s (2006) work. This research also proposes engagement as a mediator between psychological contract breach and deviance based on the research work by Little, Nelson, Wallace and Johnson (2010). They found that vigor, a dimension of engagement positively and significantly predicted OCBO, OCB towards co-workers (OCBI) and deviance. Therefore, by combining the findings of Parzefall and Hakanen, (2010) who stated that psychological contract fulfillment leads to increased engagement and Little, Nelson, Wallace & Johnson (2011) finding that engagement would lead to increased OCB and reduced deviance, it can be stated that psychological contract breach (reverse of fulfillment) would lead to reduced engagement at work which would in turn lead to reduced OCB and increased deviance.

Hence the proposition that engagement would mediate the relationship between psychological contract breach and work attitudes of job satisfaction and affective commitment & work behaviours of OCB and deviance, is to be tested in this research.

2.11.2. PsyCap as a proposed moderator.

PsyCap has been proposed to moderate the relationship between breach and engagement, job satisfaction, affective commitment, OCB and deviance. This has been proposed so based on the following arguments.
When an employee perceives breach, the positive psychological capacities is expected to come to his/her rescue and help tackle breach. For example, hope comprises of willpower and waypower (Snyder, 1994). Willpower represents the ability of a person to set a goal and stand by it. Waypower component deals with finding alternate ways to reach the goal, when faced with a difficulty. Hence if the goal of the person was to get the promotion, which has not been fulfilled by organization, then he/she looks out for alternate ways such as upgrading one’s skills, making the management know of the grievance and so on. Optimism represents the explanatory style of a person. An optimistic person, internalizes success, that is, they attribute the reason for success to themselves and believe that they would experience success in whatever they do and this would last for a long time. At the same time, they externalize negative events, in the sense that, they attribute the cause for negativity to external reasons, which is specific to that particular event and is only temporary (Seligman, 1998). Applying the same explanation here, when a negative event like breach occurs, an optimist would attribute the reason to external uncertainties, and would see the breach as something specific to a particular obligation, and would not believe that organization would default on all its promises. They would see this as a temporary event which would not last long, hence the trust with the organization would not be lost. Self-efficacy or confidence represents the individual’s conviction about his/her abilities to achieve a task, by mobilizing the necessary motivation, putting in the required mental and physical effort and in face of difficulties drafting alternate course of action and executing them (Stajovic and Luthans, 1998). Hence perception of breach may trigger this conviction of his/her abilities that would motivate them to accept greater challenges and put in greater effort, which would then make it difficult for the organization not to recognize their efforts. Resilience is the capacity to bounce back from failure, adversity, negative events or even positive events such as increased responsibilities (Luthans, 2002a, 2002b). Resiliency has also been explained as ability to positive adapt in situations of adversity (Masten & Reed,
Hence in the event of a breach, an employee who is resilient, would be able to accept and adapt to the situation. They would also be able to dust off the feelings of negativity and move forward. For example, if the organization has defaulted on its promise to provide necessary training, even though it would cause negative feelings to the employee, a resilient employee would look for ways to learn the skills on the job, or look for external training events for which the organization would sponsor and so on. Hence each of the four psychological capacities would help the employee in facing the psychological contract breach. Avey, Reichard, Luthans and Mhatre (2011) had stated the reason as to why PsyCap would have a positive impact on work attitudes as, “A primary explanatory mechanism for the effect of PsyCap on employee attitudes is that those higher in PsyCap expect good things to happen at work (optimism), believe they create their own success (efficacy and hope), and are more impervious to setbacks (resilience) when compared with those lower in PsyCap” (p.132).

There is also evidence to the fact that when all these four capacities combine, the strength of the combined capacity is greater than its parts. That is, it has been proved that, the effect of psychological capital on performance, satisfaction and commitment is greater than the individual effects of each of these components on these outcomes (Luthans, Avolio, Avey and Norman, 2007; Luthans, Avolio, Walumbwa & Li, 2005). An employee who is confident of his skills would outperform his counterparts, but if he also happens to be resilient, then in the face of difficulty, he would be able to bounce back from it and gain more confidence. Hence when the four capacities combine to form the psychological capital, due to their hope, confidence, resilience and optimism, the ability to tackle adverse situations such as breach is also higher.

In a research by Robinson & Rousseau (1994) they found that those who challenged breach by some means such as bringing it to the attention of the supervisor were likely to report higher levels of psychological contract fulfillment than those who
put up with it. Hence, those with higher PsyCap are expected to initiate some efforts to manage breach, thereby deriving greater fulfillment. As a result of this, the consequence of breach on work outcomes might also be less.

There is research evidence to suggest that personal resources, such as general self-efficacy, Organizationally Based Self-Esteem (OBSE), optimism help to reduce the effect of negative workplace situations on work outcomes (Xanthopoulou, Bakker, Demerouti & Schaufeli, 2007). Personal resources are positive self-evaluations that refer to individual’s ability to control and impact upon their environment successfully (Hobfoll, Johnson, Ennis & Jackson, 2003). OBSE is defined as “the degree to which organizational members believe that they can satisfy their needs by participating in roles within the context of the organization” (Pierce, Gardner, Cummings & Dunham, 1989, p.625). The three resources namely, self-efficacy, OBSE and optimism constituting personal resources, both independently as well as combined into a higher order construct have been found to be important for work-related wellbeing (Hobfoll, 2002). This conceptualization of personal resources parallels the concept of psychological capital (Xanthopoulou, Bakker, Demerouti & Schaufeli, 2009). The moderating role of personal resources under demanding work conditions is discussed here to justify the role of PsyCap as a moderator in breach – outcome relationship. General self-efficacy was found to moderate the relationship between job demands and psychological health symptoms (Van Yperen and Snijders, 2000). Pierce and Gardner (2004) found that the effect of demanding work conditions such as organizational changes, role ambiguity etc. on depression, physical strain and job dissatisfaction were offset by OBSE. Optimism was found to moderate the effect of demanding work conditions such as high time pressure, job insecurity and poor organizational climate on mental distress (Makikangas & Kinnunen, 2003). Based on the above arguments, it can be stated that PsyCap as a positive resource can help lessen the effect of a demanding work situation like psychological contract breach on work outcomes.
O’Donohue, Martin & Torugsa (2015) proposed that response to psychological contract breach would differ based on an individual’s psychological capital, and tested their preposition. They developed a theoretical model that predicts employee’s reactions to psychological contract breach based on their type of psychological contract (transactional or relational) and their level of PsyCap (high or low). They used the EVLN typology to frame the model, wherein if the type of contract is relational the type of response would be constructive (loyalty/voice), whereas if it is transactional, response would be destructive (neglect / exit). But the choice between these two options, would be determined by their level of PsyCap. High PsyCap individuals would choose an active response (voice / exit) as opposed to low PsyCap individuals passive response (loyalty / neglect). Logic behind it was that those who hold relational contracts, are affectively committed to their organizations and trust forms the basis of their relationship. Hence under conditions of non-fulfilment of psychological contract, they would choose to stay and put in their efforts to make amends rather than leave the organization. For those with transactional contracts, the lay more emphasis on monetary aspects and self-interest rather than on relationship. Hence they might opt to neglect or exit. With respect to psychological capital, individuals with higher positive psychological resources such as hope, optimism, self-efficacy and resilience would react to a negative event like breach of psychological contract in an active way (voice / exit) rather than put up with it a passive fashion (loyalty / neglect). They tested their model by collecting data from 592 volunteers of a large Australian public sector emergency management organization. Prior to hypothesis testing, they split the data into four groups; relational contracts with high and low PsyCap, transactional contracts with high and low PsyCap. Analysis through MANOVA and ANOVA provided significant support for all hypotheses except for loyalty. Authors justified the result, stating that since the data was collected from volunteers, they have no personal economic gain in staying with the organization, they would not opt to remain passive when they perceive that the organization has broken
their promise. Hence this significant research advanced the joint association between psychological contracts and PsyCap in predicting employee’s responses.

PsyCap itself has been found to act as a moderator in few researches. Psychological capital was found to moderate the effect of job stress on workplace incivility (Roberts, Scherer & Bowyer, 2011). Job stress has a tendency to increase the uncivil behaviours of employees at work, but psychological capital was found to reduce the negative effect of job stress on uncivil behaviours.

In another research conducted in China on school teachers, PsyCap was found to moderate the relationship between emotional labor and burnout & job satisfaction (Cheung, Tang & Tang, 2011). Employees with higher PsyCap were less affected by emotional labor as evidenced by lesser burnout and higher satisfaction when compared to employees with lower PsyCap. In a study by Xi-Zhou and Jin-Yu (2011), it was found that PsyCap moderated the relationship between subjective task complexity and employee satisfaction; objective task complexity (OTC) and employee performance; and OTC and employee performance.

In each of these studies, it can be seen that psychological capital helped reduce the negative effect of a demanding work conditions, be it job stress or emotional labor or subjective/objective task complexity on work outcomes. Thus this research anticipates that psychological capital would moderate the relationship between psychological contract breach and its outcomes such that, more positive the person is, the better he/she will be able to manage breach.

While the earlier section, explained how psychological capital is anticipated to act as a moderator in the breach and workplace outcomes in general, the following section briefs the same with respect to outcomes proposed to be tested in this research.
2.11.3. PsyCap as a moderator in the relationship between breach and work engagement.

Though there is lack of research that supports the moderating role of individual differences in the relationship between breach and work engagement, there is evidence to support the fact that engagement differs based on individual differences. Personality traits have been found to be predictive of engagement, meaning that engagement levels of employees differ based on their personality. Langelaan, Bakker, Doornen & Schaufeli (2006) based on their study on Dutch employees found that those with low neuroticism, high extraversion and high levels of mobility (a temperamental trait) were found to be more engaged. Mobility of nervous processes refers to the ability to respond adequately to changes in stimulus conditions, including environmental demands. Personality traits that are most eminent in predicting engagement are high conscientiousness and low neuroticism (Kim, Shin & Swanger, 2009).

Personal resources have been found to be a predictor of engagement; based on one’s personal resources his/her engagement levels would differ. Earlier, the role of personal resources as a moderator was discussed, here its role as a predictor of work engagement is dealt. Xanthopoulou, Bakker, Demerouti and Schaufeli (2007) found that three personal resources, self-efficacy, optimism and OBSE were predictive of work engagement such that engaged employees were highly self-efficacious, were generally optimistic and had good organizationally based self-esteem. A follow up study and found that these three personal resources explained unique variance in work engagement over and above the job resources and previous levels of work engagement (Bakker, Schaufeli, Leiter & Taris, 2008). Bakker, Gierveld and Van Rijswijk (2006) based on a study of female school principals found that resiliency, self-efficacy and optimism explained unique variance in engagement. It can be seen that self-efficacy, optimism and resiliency are components of psychological capital. Hence it can be stated that engagement would vary as per individual’s positive psychological
resources. The finding that positive employees (those with higher PsyCap and positive emotions) were more engaged in their work than their less positive counterparts (Avey, Wernsing & Luthans, 2008) strengthens this argument.

Relationship between psychological capital and engagement has been established as well. Siu, Bakker & Jiang (2014), who analyzed the reciprocal relationship between psychological capital and study engagement. They argued that psychological capital would predict study engagement, based on Job Demands-Resources (JD-R) model of work engagement which states that personal resources like self-efficacy and optimism leads to work engagement (Bakker and Demerouti 2008; Bakker and Leiter, 2010). Extending that argument, to other dimensions of PsyCap that is hope and optimism, they proposed that PsyCap would predict engagement. Analysis of the results of the two-wave cross lagged study with a time gap of 4 months, revealed that reciprocal relationship did exist between PsyCap and study engagement. Chen (2015) found that leader’s psychological capital positively influenced followers work engagement through followers psychological capital. That is followers psychological capital mediated the relationship between leaders psychological capital and followers work engagement. This further supports the argument that psychological capital would positively influence to work engagement, such that those higher in PsyCap would be able to handle perception of breach in a better way and continue to remain engaged.

As mentioned earlier, psychological contract fulfillment has been found to result in increase in work engagement (Parzefall & Hakanen, 2010) and breach has been found to reduce engagement (Chambel & Oliveira-Cruz, 2010). This research proposes that the relationship between psychological contract breach and work engagement would differ from one individual to another, based on individual differences. That is the extent to which breach causes reduction in engagement would vary from one individual to another based on individual differences. Psychological
contract is in itself a subjective perception, which would vary from one employee to another. Hence psychological capital is anticipated to moderate the relationship between psychological contract breach and work engagement.

2.11.4. PsyCap as a moderator in the indirect effect of psychological contract breach on outcomes through work engagement.

In this research, work engagement has been proposed to mediate the relationship between psychological contract breach and outcomes, namely job satisfaction, affective commitment, OCB and deviance. Also, psychological capital has been proposed to moderate the relationship between breach and work engagement. Considered together, it can be stated that psychological capital would moderate the indirect effect of psychological contract breach on work attitudes and behaviours through work engagement. Chang, Hsu, Liou & Tsai (2013) found that the indirect effect of transactional and relational contracts on innovative behaviour through engagement was moderated by job resources (organizational and social resources). Perceived exchange imbalance was found to moderate the effect of psychological contract breach on affective commitment through psychological contract violation (Cassar & Briner, 2011). Perceived exchange imbalance like psychological capital is an individual dispositional characteristic that varies from one person to another. This research proposes that the indirect effect of psychological contract breach on work attitudes (job satisfaction and affective commitment) and behaviours (OCB and deviance) through engagement would be moderated by psychological capital (a positive resource). That is the strength of mediation through engagement would be contingent on the psychological capital of employees. The negative effect of breach on work outcomes through engagement, would be weaker for those with higher psychological capital and would be stronger for those with lesser psychological capital. Arguments have been presented earlier justifying the role of engagement as a mediator between perception of breach and the work outcomes, and the role of
psychological capital as a moderator in the breach – work engagement relationship. Hence the moderating role of psychological capital in the indirect effect of psychological contract breach on work attitudes and behaviours through work engagement warrants to be tested. Thus the research gaps have been summarized and provide the basis for a conceptual framework for this research.

2.12. Conceptual Framework

The proposed relationships have been combined and developed into a conceptual framework.

![Conceptual Framework of the present study]

*Figure 2.3 – Conceptual framework of the present study*

2.13. Research Questions

- Does psychological contract breach affect work attitudes such as job satisfaction & affective commitment and work behaviours such as organizational citizenship behaviour & workplace deviance?
• Does engagement act as a mediator in the relationship between the psychological contract breach and job satisfaction, affective commitment, organizational citizenship behaviours and deviance?

• Does psychological capital act as a moderator in the relationship between psychological contract breach and engagement?

• Does psychological capital moderate the indirect effect of psychological contract breach on job satisfaction, affective commitment, OCB and deviance through work engagement?

Thus this literature review has attempted to offer insights into the research done in psychological contract breach so far. Based on this review, gaps in research have been identified. The gaps have been then analysed and justified based on previous research studies. Based on these gaps, a conceptual framework has been formed and research questions formulated.