

**INTERACTIVE EFFECTS OF CONTRACT TYPES
AND ORGANIZATIONAL JUSTICE TYPES ON
PERCEIVED BREACH AND OUTCOMES**

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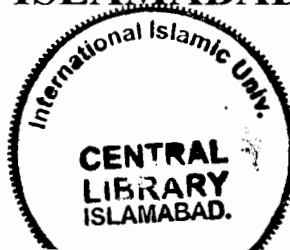
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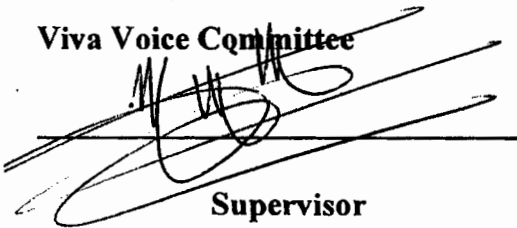
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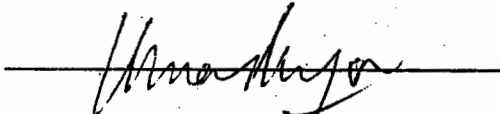
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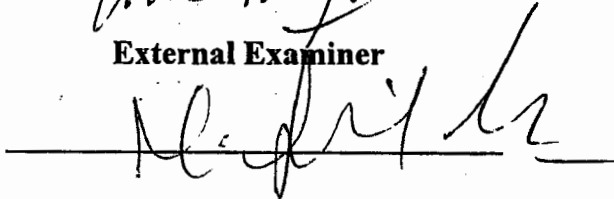


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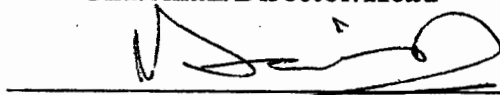
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IN THE NAME OF ALLAH, THE MOST MERCIFUL THE BENEFICIENT

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DEDICATION

“I dedicate this thesis to my adoring parents and Zeeshan Amir for their prayers, encouragement support and guidance without which I would not have been at this juncture today”

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All the admiration is attributed to “the Allah Almighty”, the most merciful, the most compassionate, sole creator of everything, the Devine source of knowledge, inspiration and wisdom, who blessed me with health, power of thinking and communication; sincere and supportive teachers; encouraging family and friends. First of all I would like to submit profound gratitude to my supervisor Awais Ejaz Khan for his consistent encouragement and courageous feedback during completion of this thesis. I am also grateful to Prof. M. I. Ramay (Chairman Research and Higher Studies) for his constructive suggestions and encouragement. If I mention the names of all my teachers who influenced my work, it would be a long list, so without mentioning names I thank all my teachers who guided me through the coursework and advised me regarding my thesis. I am also thankful to all the members of MS/PhD Committee for their diligent guidance to enhance the quality of work in my dissertation. I am also thankful to all my colleagues particularly Ms. Amber Jamil, Ms. Saima Naseer and Mr. Jam Farooq for their sincere guidance and help in data analysis. At the end, I owe deep gratitude to Mr. Zafar Malik (MS/PhD Program Manager) and Mr. Raja Amjad (Assistant Program Manager) for their continuous support during my stay in this institution.

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ABSTRACT

This study examines justice types as moderating variables in the relationship of psychological contract types, breach and outcomes (job stress and intentions to quit) in Pakistani context. More specifically current study fills an imperative gap in literature by considering impact of psychological contract perceptions on breach when justice moderates this relationship. This study separately evaluates the role of distributive and procedural justice on transactional contract and; distributive and procedural justice on relational contracts and consequent breach and outcomes. This study has a cross-sectional design and data was collected from 406 bank employees from various banks of Pakistan. The results indicate that justice perceptions are an important part of employees' psychological contract but it remained unexplored in previous research. Justice perceptions are found to moderate relational contract type. Both the justice types are significant moderators between relational contract and perceived contract breach. Another interesting finding of the study was that transactional contract and perceived breach relationship was found to be moderated by procedural justice only. Beside transactional contract was found to have no relationship with outcomes job stress and intentions to quit. Suffice is to say, that justice perceptions can be an important factor in psychological contract and perceived breach.

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CHAPTER 1: BACKGROUND

INTRODUCTION AND RATIONALE OF THE STUDY

1.1. Introduction

Today's dynamic workplaces are characterized by the thought that some type of exchange takes place among parties in organizational and corporate relationships (Hecker & Grimmer 2006), also characteristics of such exchange processes might possess a sturdy impact on organizational outcomes (Rousseau 1989). Psychological contracts have been under great scrutiny since the last two decades because of these contemporary employment relationships (Rousseau, 1989), besides employee commitment, loyalty and the necessitation of employees to take care of their rights and themselves have hyped as symbols of the current era (Hirsch, 1989). The increasing change in current trends in employment is resulting in downsizing, restructuring, delayering, redundancy and technology advancements (Deery et al., 2006; Morrison, 1994, Guest 1998; Neil Conway, Andy Liefoghe and David Guest, 2003; Zhao et al., 2007). Concept of traditional employment relationships is under reconsideration due to these structural and functional changes in the organizations and the "conventional" assurance of job security in exchange for hard work in organizational settings, commitment, and allegiance have eroded (Guest 1998; Neil Conway, Andy Liefoghe and David Guest, 2003).

Employees are now selected and retained on the basis of their expertise and knowledge specificity to achieve organizational success (Kickul, 2001). In addition, these organizational changes result in ambiguity and uncertainty, causing turbidity in

employee-employer relationships and obligations towards each other, thus fulfillment of psychological contracts is also becoming ambiguous (McLean Parks and Kidder, 1994). This uncertainty also results in erosion of trust between employees and employers (Rousseau, 1995; Robinson, 1996) which causes variations in psychological contracts (Rousseau, 1989). Consequently, employees might misinterpret their relationship with the employers, perceiving that organization has breached their psychological contracts, which can escort to decreased satisfaction, performance and organizational citizenship behaviors (Rousseau and McLean Parks, 1993; Rousseau, 1995; Robinson, 1996). The psychological contracts have been identified as the inherent implicit association among an employee and his organization which delineates what both should anticipate and accept in the relationship (Kotter, 1973).

1.2. Rationale for the Study

Current economic and social setups indicate that it has become crucial for organizations to not only catch the attention of; but to retain priceless human capitals (Montes and Irving, 2008). Businesses are striving to achieve this purpose by proffering various inducements to employees, which are based on categorization of contract nature; on these grounds literature reports two distinct contract elements that is transactional and relational contracts (Kraatz and Rousseau, 1994; Robinson and Morrison, 1995; Rousseau, 1995; Montes and Irving, 2008).

Although several researchers considered it useful to study transactional and relational contracts independently and distinctly (Coyle-Shapiro and Kessler, 2000; Raja, Johns and Ntalianis, 2004) they conjectured that types of contracts may relate to organizational and employee outcomes uniquely (Rousseau and McLean Parks, 1993; Rousseau, 1990,

1995; Robinson, 1996; Shore and Barksdale, 1998), but very scarce research empirically tested the difference in transactional and relational contract elements (Arnold, 1996; Raja, Johns and Ntalianis, 2004). Besides impact of justice types on contract types also remained unexplored in prior research. Because of this dearth of research, only few researches detail positive association of relational contracts (and negative association of transactional contracts) with job commitment, job satisfaction, tenure with the organization and turnover intentions towards the organization (Millward and Hopkins, 1998; Rousseau, 1990; Raja, Johns and Ntalianis, 2004). Yet moderation relationship of distributive and procedural justice types on transactional and relational contracts is unexplored arena. Thus the major intention of current endeavor is to fill this significant gap through examining impact of distributive and procedural justice types separately on transactional and relational contracts and consequent breach and outcomes (intentions to leave and job stress).

In addition to above there are numerous empirical studies that have explored the consequences of breach of contracts on various outcomes for instance, in case of contract breach employees are likely to retort in unfavorable modes which can influence their trust on their business organization, job satisfaction and turnover intentions (Bunderson, 2001; Coyle-Shapiro and Kessler, 2000; Raja, Johns and Ntalianis, 2004; Robinson and Morrison, 1995; Rousseau, 1995; Zhao et al., 2007). Besides very few researches have measured the consequence of breach on perceived job stress (Sutton, 1990; Shore and Tetrick, 1994; Jackson et al., 1986; Gakovic and Tetrick, 2003). Thus, another important contribution of present effort is to investigate the effect of breach perceptions on job stress.

Literature clearly supports the notion that cross-cultural variations are an important aspect in perceived psychological contracts; however this role is not very clear in previous studies (Rousseau and Tinsley, 1997). Existing research on contract perceptions was typically done in Western, developed economies (Rousseau and Schalk, 2000). Besides, research also indicates that generalizability of psychological contracts varies with societal differences (Hui, Lee and Rousseau, 2004). In the same vein, Hui, Lee and Rousseau (2004) highlighted scarcity of practical investigations on perceived psychological contracts in developing nations. Consequently there is a necessitation to check these relationships in Pakistan which is at its early developmental stages (Raja et al, 2004). Specifically current research rivulet examines whether research measures applied to Western World for justice and psychological contracts are applicable in Pakistan or not.

This study addresses an unexplained finding in the justice research field by hypothesizing justice as a moderator in psychological contracts, perceived breach and individual outcomes; it hypothesizes that justice types operate differently and more advantageously on different contract types.

1.3. Purpose of the Study

To analyze the influence of perceived contract types, on breach and the outcomes (intentions to leave and job stress) in the presence of justice types as moderator of these relationships in Pakistan. Specifically this study will depict chain of relationships starting from relational contract, distributive and procedural justice influence on breach and in second step influence of justice (distributive and procedural) on transactional contracts and breach. Current research thus adds to subsisting research streams by bringing

together and integrating research on psychological contracts and justice. Secondly literature takes justice as an antecedent of perceived breach (Rousseau, 1989); yet current study takes justice types as moderators in contract and perceived contract breach relationship.

1.4. Problem statement

“To inspect the influence of employees’ perceived psychological contract on perceived breach and outcomes (intentions to leave and job stress) when justice is applied as a moderator between psychological contract and perceived breach”.

1.5. Objectives of the Research

- This study sits at the crossroads of several pressing social problems. Prior justice literature (Colquitt et al., 2001; Lowe & Vodanovich, 1995; Sweeney & McFarlin, 1993; Mossholder, Bennett, & Martin, 1998; Allen & Meyer, 1990;) and psychological contract research (Deery, Iverson, & Walsh, 2006; Turnley & Feldman, 2000; Lo & Aryee, 2003; Coyle-Shapiro & Kessler, 2000) link both contract types and justice types with different organizational outcomes. But integration of these literatures is missing in organizational studies. The current study is designed to fill this gap by integrating literatures on justice types and contract types.
- Most of the organizational construct measures were originated and assessed in developed countries (Jamal, 2005; Baba, Jamal and Touringny, 1998; Muse, Harris, & Field, 2003) and recently organizational researchers (Jamal, 2005; Baba, Jamal and Touringny, 1998; Muse, Harris, & Field, 2003) identified the need to replicate these studies in non-Western and collectivistic nations (Muse,

Harris, & Field, 2003). Thus this study is aimed at looking forward to variations in responses to organizational justice and psychological contract measures in a developing country context.

- Globalization and technological advancements, restructuring, re-engineering and downsizing (Cameron, Freeman, & Mishra, 1991; Rousseau, 1995) have influenced the nature of workplace and the perceived psychological contracts among employers and employees (Cameron, Freeman, & Mishra, 1991; Rousseau, 1995). These changes in organizational settings call for increased attention to the workplace behaviors (McLean Parks & Schmedemann, 1994; Robinson, 1996; Robinson, Kraatz, & Rousseau, 1994; Rousseau & McLean Parks, 1993; Turnley & Feldman, 1999) because under such dynamism (the structural and legal changes) employment relationships, traditional employment obligations and psychological contracts between employers and employees are also subject to variations (Herriot & Pemberton, 1995; Howard, 1995). Also these changes result in adverse discrepancies in perceptions of justice and psychological contracts fulfillment (Rousseau & McLean Parks, 1993) which leads to increased injustice perceptions and breach (Robbinson and Morrison, 1995). The consequences of injustice and psychological contract breach might be destructive for individuals and organizations (Rousseau, 2004). But if managed properly they can be used to obtain constructive outcomes (Rousseau & McLean Parks, 1993).
- A very important feature of psychological contract is its perceptual and reciprocal nature and is assumed that it “exists in the eye of the beholder” (Rousseau, 1995, p. 6). It is an increasingly important concept in organizations (Rousseau, 2004).

The implication of psychological contract fulfillment focuses on its importance to realize which type of contract types is linked to which type of outcome (Mcfarlin and Sweeney, 1992).

- This study uses only two dimensions (transactional and relational) of psychological contracts for a number of reasons. Firstly this study anticipates establishing relationship between justice types and contract types on the same distinguishing features (time span and performance), and also the relational and transactional contracts are most widely used in the research by scholars (Hui, Lee and Rousseau, 2004). Besides extant empirical literature proves distinctiveness of transactional and relational contracts (Restubog and Bordia, 2006; Robinson and Rousseau, 1994; Robinson, Kraatz and Rousseau, 1994; Turnley, Bolino, Lester and Bloodgood, 2003).
- Thus this study has various objectives as mentioned above and is aimed to contribute to the existing literature by: 1) integrating and linking procedural and distributive justice to relational contracts and 2) procedural and distributive justice to transactional contracts, as previous literature links justice types with different outcomes (Colquitt et. al., 2001) and contract types with certain other outcomes (Mcfarlin and Sweeney, 1992) individually. The rationale of current effort is to combine the research streams of perceived justice and perceived psychological contracts and study their interactive effects on breach and outcomes. Current research also tries to highlight variations in the psychological contract change (fulfillment and/or un-fulfillment) and the moderating effects of fairness

perceptions (justice). The context gives me a unique opportunity to measure and link justice types with contract types separately.

1.6. Significance of Research

This endeavor crafts extant inputs to pervious literature on justice and psychological contracts. Even though psychological contracts have been linked to perceived breach and various organizational outcomes but up till today the moderation of procedural and distributive justice types on transactional and relational elements of psychological contracts remained unexplored. Besides extant literature argued that perceived obligations within the perceived psychological contract are often more important to job-related attitudes and behavior, than are the formal and explicit elements of contractual agreements (Thomson & Bunderson, 2003). Thus the significance of current research is that it not only links and integrates the literature on justice and psychological contracts but also opens up the door towards new insights about the relationship of justice and psychological contracts.

1.7. Research Questions

Current study is aimed at answering several critical queries.

Q.1. Does distributive and procedural justice impact different contract types?

Q.2. Does procedural and distributive justice moderate the transactional and relational contract type relationships?

Q.3. Does breach acts as a mediator among contract types and outcomes?

Q.4. Do organizational justice perceptions and psychological contract type measures be generalized to Pakistan?

CHAPTER 2

LITERATURE REVIEW

2.1. Psychological Contract

According to Dunahee & Wangler (1974), psychological contract perceptions surface at the “pre-employment” conciliation phase. Perceived psychological contracts have obtained extant qualitative and quantitative consideration in past two decades (Rousseau, 2004). Psychological contracts form the basis of employee and organization affiliation since they consist of convictions regarding shared commitments between employee and employer (Rousseau, 1989). The notion of psychological contract is extremely vital as it defines the underpinnings of the contemporary employment relationships and behaviors and attitudes of employees (Morrison and Robinson, 1997; Shore and Coyle-Shapiro, 2003; Shore and Tetrick, 1994; Turnley and Feldman, 1998).

The phenomenon of psychological contracts was proposed by Argyris (1960) as ‘psychological work contract’, he defined it as a rapport that possibly will subsist among the employees and employer. Later various researchers defined and categorized it in different contexts. Levinson (1962) for the first time conceptualized psychological contracts in terms of mutuality and reciprocity, he described it as a collection of mutual beliefs that each party is obliged to bestow and obtain, in response of other party’s inputs (Levinson et al., 1962). Later Schein (1988) argued; psychological contracts consist of cluster of inherent prospects, which employees contain about the remuneration, job nature, benefits and opportunity for developments. In the same way business

organizations too have anticipations from the employees, and document them in its strategies, plans, procedures and performance standards.

Even though psychological contracts have been described in a numerous ways by various scholars, current study operationalizes the Rousseau's (1989, 1995) conceptualization: which is most widely employed in organizational settings. According to Rousseau (1989) psychological contracts are individuals' perceptions of mutual obligation in an employment exchange relationship. The psychological contracts have also been classified as "the terms of an exchange agreement between individuals and their organizations" (Rousseau, 1995: 9). In other words, reciprocity of psychological contracts depends upon perceived understanding of obligations that each party (employee and the organization) expects to exist between them. Rousseau (1989, 1995) considered psychological contracts as a pertinent notion in service relationships to understand and interpret terms and conditions of relationship by allocating appropriate meanings and significance to it. She emphasized the significance and magnitude of psychological contracts by arguing that devoid of perceived contracts between employees and employers, the relationship cannot endure, because the parties in the affiliation have no inducement and motivation to give in and contribute toward each other. Psychological contracts are also conceptualized as employees' individual understanding, personal beliefs and assessment of their service pact (Rousseau, 1996, 2001). Rousseau (2001) emphasized that it is requirement of present era to examine the employment relationships from the perspective of psychological contracts in order to understand individualistic labor market. It possibly will contain credence regarding performance prerequisites, job security, skills enhancing trainings, reimbursement, career progress, growth opportunity and career development.

An imperative assumption of psychological contracts is that they have perceptions based character and “exist in the eye of the beholder” (Rousseau, 1995, p. 6). It means each employee has its own sensitivity, perceptions and prospects regarding reciprocal contracts that lie between its organizations and its personal convictions (Dulac, Coyle-Shapiro, Henderson and Wayne, 2008). Nevertheless, it should not be neglected that another individual might not hold the similar expectations in the swap rapport (Shore and Tetrick, 1994). Psychological contracts include perceived promises based on some grounds and employees have their own reasons to consider that a certain commitment has been made by the organization (Morrison and Robinson, 1997). However these pledges are not always openly and clearly affirmed, comparatively they might be deduced from the bosses’ deeds (Rousseau, 2001). Psychological contracts are unique from official employment agreements and accords as they are unwritten and made one time only except their dynamic character due to which they keep on changing during the employee’s work-life (Rousseau and Parks, 1993), as the job characteristics change, promotions and restructuring takes place, existing expectations change and new contract perceptions are developed. Most of the research on psychological contracts is done in developed western world, while this study explores contracts in context of developing countries and believes on cultural differences, i.e. people in developed western world might perceive and make the psychological contract differently as compared to a collectivistic culture like Pakistan.

2.2. Psychological Contract Types

Rousseau (1995) categorized psychological contracts in four facets: relational, transactional, transitional and balanced contracts (Rousseau, 1995). ***Balanced contracts***

contain combined features of transactional and relational contracts; it includes the element of performance-recompense contingencies of transactional contracts and imprecise feature of relational contracts (Rousseau, 1995). In contrast **transitional contracts** refer to the absence and lack of a contract among the parties, which comes into existence due to some uncertain or unstable situations like restructuring (Rousseau, 1995).

Transactional contracts are economic focused and money related in nature and usually involves instant exchange of advantages and gains (Rousseau, 1995). Besides specific economic conditions as chief inducements; partial and inadequate individual's interest in the job (e.g. little emotional involvement); locked time frame; written and narrow terms are also key elements of transactional contracts. The distinguishing features of transactional contracts are: they are rigid, firm and short term, include organizational incentives, competitive remunerations, and valued promotions grounded on present performance of employees (Robinson et al., 1994; Rousseau, 1990; Rousseau & McLean-Parks, 1993). Employees having transactional psychological contracts are highly calculative and conscious about maintaining balance in effort and reimbursement (settlement) in the exchange association (Morrison and Robinson, 1997). Such contracts lack the elements of trust and affection among the contract members (Shore and Tetrick, 1994). Thus transactional contracts are considered more explicit and publically observable in terms of fair pay and rewards (Montes and Irving, 2008).

Comparatively **relational contracts** are open-ended, durable, long-standing, value laden in nature containing both economic and socio-emotional components (e.g. concern for family well-being, development and growth). Relational contracts are also widely studied

type of contracts (Rousseau, 2004). Relational contracts are embedded in social exchange theory (Blau, 1964) and are unwrapped, persistent, socio-emotional, value-laden and are entrenched in wider networks of societal concerns such as interpersonal affiliations, justice and repute (Rousseau & McLean Parks, 1993), thus relational contracts include both the financial rewards and emotion-entailed elements (Robinson et al., 1994). The above characteristics clarify that relational contracts are not limited to monetary exchanges but are embedded in enduring and extensive socio-emotional exchanges like trust, constancy and sustainability and help in exchange of sanctuary or development within organization (Morrison and Robinson, 1997; Rousseau and McLeans Parks, 1993). Being subjective in nature, relational contracts are intrinsic and referred as affect-laden (Montes and Irving, 2008), which are strongly grounded on long-term and open-ended connections with the organization, in which employers provide strong support, guidance, training, career advancement and development prospects (Robinson and Rousseau, 1994). This study uses only two dimensions of psychological contracts; transactional and relational contracts, as these two contract are widely used in the previous research and found to encompass both monetary and socio-emotional components into account. Above characteristics of relational and transactional contracts clearly distinguish them from each other (Montes and Irving, 2008). The moment an employee joins the organization, they are explicitly and implicitly promised various transactional and relational inducements (Montes and Irving, 2008) which might include competitive compensation (transactional incentive) and opportunity and training for skill development (relational incentive) together these elements constitute the psychological contract of the employee (Coyle-Shapiro and Kessler, 2000). Hui, Lee and Rousseau (2004) speculated

that it is vital to study the types and nature of psychological contracts in reference to organizational outcomes. In addition some studies also argued that psychological contract types may uniquely link to organizations and employee outcomes (Rousseau, 1990, 1995; Rousseau & McLean-Parks, 1993). Despite this fact very little research empirically inspected the distinguishing features of transactional and relational contracts (Arnold, 1996; Raja et al., 2004). Raja et al. (2004) proved that transactional and relational contracts influence employee personality, behaviors and attitudes differently.

The core aim of present research is to interact these distinct contract types with different justice types because these differences in nature of contracts provoke a thought that they might be influenced by different justice perceptions and might influence the outcomes differently.

2.3. Perceived Contract Breach

Perceived psychological contract breach is an important constituent of perceptions of psychological contract theory which has gained extant support in organizational research. It is defined as the employees' discernment that their employer or organization has failed to meet its obligations and promises (Morrison and Robinson, 1997). Conway and Briner (2005) argued that perceived contract breach is possibly the most vital notion in psychological contract theory since it presents the prime clarification and elucidation of why psychological contracts might harmfully influence employees' sentiments, mind-sets, approach and behaviors. The conjecture of *breach* is described as "the cognition that one's organization has failed to meet one or more obligations within one's psychological contract in a manner commensurate with one's contributions" (Morrison & Robinson, 1997: p. 230).

Rousseau and Robinson (1994) in their research on executives found that 55% of managers considered that their bosses broke the promises made to them during initial two years of their employment. Employees' perceptions of breach are inherently subjective in nature where at times actual breach transpires and at other times it becomes very uncertain whether real breach took place or not (Morrison and Robinson, 1997). Literature takes "reneging and incongruence" to be the main motives of occurrence of breach. Reneging is the deliberate unwillingness or inability of the organizational agents (employers) to fulfill promises (Morrison and Robinson, 1997). While incongruence is the difference and/or divergence of perceptions of nature of obligations between employees and organizational agents (employers). Both these factors could result in creating discrepancy in the judgments and conceptions of what employees receive and what was promised to them.

According to existing research, when employers fail to fulfill commitments they made to employees, a variety of negative effects can occur such as reduced performance, organizational citizenship behaviors and intentions to remain with the organization for longer, erosion of trust in employer and reduced job satisfaction (Robinson & Morrison, 1995; Turnley & Feldman, 2000; Robinson, 1996). Interpretation of such findings suggests that organizations should focus their efforts and resources on managing psychological contracts of employees. Breach has also been found to produce negative emotional retorts (such as sensations and feelings of violation and lack of trust towards the organization (Morrison & Robinson, 1997) and harmful workplace behaviors (Restubog, Bordia, & Tang, 2006; Zhao, et. al., 2007).

The above literature shows that most of the empirical research on psychological contract centered on the harmful outcomes of breach. Current study employs breach as a considerable agency incident that yields affect-based or sentimental responses. Consequently, affect forecasts the work mind-sets together with job satisfaction, commitment, and intent to turnover towards workplace. Promoting Morrison and Robinson's (1997) conception, current study also takes perceived breach as a momentous workplace occurrence that activates emotional responses in employee. Even though fairness perceptions and employee ascriptions for the breach moderate this relationship (Robinson & Morrison, 2000), Raja et al. (2004) unambiguously identified distrust as an affective reaction to breach (p. 354). Once breach occurs, employees doubt the veracity and honesty of the employer and turn tremendously unconvinced, dubious, contemptuous or aggressive towards the organization's plans.

2.4. Organizational Justice

Organizational justice rooted in equity theory (Adams, 1963; 1965) is considered very crucial for effective organizational functioning (Greenberg, 1990b). Organizational justice received great importance in organizational research in last three decades (Cropanzano and Greenberg, 1997; Folger and Konovsky, 1989). In literature, justice is thought to be socially constructed (Colquitt et al., 2001). Organizational justice perceptions center on the approaches in which employees decide fair treatments at workplace and the manners in which these discernments impact further outcomes in the workplace. Justice is also referred as "righteousness" (Colquitt, et al., 2001). Within organizations justice can be illustrated as centering on the precursors and outcomes of two forms of personal discernments: (a) the equity of outcome allocations and (b) the

justice of the processes applied to find out outcome allotments. These structures of justice are classically termed as distributive justice (Adams, 1965; Leventhal, 1976) and procedural justice (Leventhal, 1980; Thibaut & Walker, 1975) respectively.

2.4.1. Distributive Justice

Distributive justice caters employee insights of equity of their outcomes, such as pay (Adams, 1965). Literature on distributive justice suggests that people assess allocations of outcomes in reference to some distributive rule, such as equity (Cohen, 1987). Equity evaluation and estimation engrosses a contrast of one's inputs and acquired outcomes in relation to a referent person. Assessments of unfair allocations are considered to generate negative emotions, which then stimulate individuals to vary their actions or deform the cognitions linked to the discernments of unfairness (Adams, 1965). Thoughts are also changed by perceived discrimination and discontent grows greater as the inequity and injustice boosts. Inequity develops in conditions of both underpayment and overpayment but underpayment is considered to create more negative consequences (Campbell & Pritchard, 1976). Lower levels of distributive justice have been linked to numerous “antisocial” activities at workplace (see Giacalone and Greenberg, 1997), such as sabotage and employee theft (Skarlicki and Folger, 1997). Such disruptive actions may be an effort to repair the employee’s logic of inequity.

2.4.2. Procedural Justice

Procedural justice is classified as the fairness of rules and practices through which outcomes are distributed in the organization (Thibault & Walker, 1975). The procedural justice theory (Thibaut & Walker, 1975) posits that peoples’ contentment in organizations

relies primarily on the eminence and fairness of the judgment and evaluation process and not on the actual outcome (Rachel, Yishay, and Dov, 2006). Thibaut and Walker (1975) developed procedural justice approach in a manner that turned away the focus from material outcomes as standards that decide people's emotions and mind-sets. Instead, this conception accentuates the quality of the decision process and whether the people identify it as just or not. Therefore, the procedural justice distinguishes in people's opinions of the outcome and process (Rachel et al., 2006).

Thus literature suggests that justice perceptions are open to social construction and more affectively-laden justice perceptions, such as procedural justice lead people to capture a broader range of relationships to gather both information and social support.

2.5. Outcomes

2.5.1. Job Stress

Job stress is regarded as an important variable in organizations since it can be a major source of employee dysfunctionality (Khan, Wolfe, Quinn, Snoek and Rosenthal, 1964; French, Rogers, & Cobb, 1974). Job stress affects both individual and organizational outcomes such as absenteeism, job satisfaction, job performance, organizational commitment and burnout (Daley and Parfitt, 1996; Baba, Jamal and Tourigny, 1998; Jamal, 1984; Jamal and Baba, 1997; Daniels, 1996; Westman and Eden, 1996).

Job stress arises as a consequence of a person's response to an external stimulus (Khan, Wolfe, Quinn, Snoek and Rosenthal, 1964; Selye, 1956). Job stress is widely classified as best fit between a person's capabilities and work demands (French et. al., 1974). This conception takes stress as a psychological response which originates as consequence of deprivation or absence of fit between person's capabilities and work place demands as a

result of which the individual feels incapable to manage specific circumstances (Caplan, Cobb, French, 1975; French, Edwards, 1992; Folkman and Lazarus, 1991; French and Kaplan, 1972; Jex, Bheer and Roberts, 1992; McGrath, 1970, 1976; Xie and Johns, 1995). The person-environment fit theory of perceived job stress is widely used in investigating the individual difference of employee's which influences their perceptions and reactions to stressors (Caplan, Cobb, French, 1975; French, Van Harrison and Pinneau, 1982).

2.5.2. Intentions to Quit

Turnover intentions reveal personal prospect that an individual will quit his/her job in near future. Intent to turnover might act as a forecaster of the degree of individual's psychological affection towards its organization in the similar manner as organizational commitment. Turnover intentions are a general reaction to harmful incidents at workplace (Lum, Kervin, Clark, Reid, & Sirola, 1998). Therefore, breach of psychological contract, as a harmful experience for workers might boost employees' propensity to leave.

2.6. Theoretical Framework and Hypotheses Development

2.6.1. Relationship between Relational and Transactional Contract Types and Breach

Literature of psychological contracts posits that the contents and the extent to which psychological contracts are up held impacts numerous organizational outcomes such as turnover, employee contributions to the employer and retention with the organization (Robinson and Rousseau, 1994). The difference in transactional and relational contracts is very significant for not only to individuals' opinions that their contracts have been

fulfilled or not but also for the responses and ways they react to such perceptions (Morrison and Robinson, 1994). Most of the research on perceived breach converges on a point that after a breach is perceived, the relational contract converts into transactional character (Herriot and Pemberton, 1996; Robinson, Kraatz and Rousseau, 1994).

Relational contracts are administered by the “norms of non instrumental concern” (Morrison and Robinson, 1997, p. 238), where immediate reciprocation of exchange is not needed. Further literature supports that in long term relationships obligation perceptions also change over time (Montes and Irving, 2008). Relational contract possessing more emphasis on quality of relationship with the employer (Rousseau) will be less objective, material and concrete in contrast to transactional contracts (Montes and Irving, 2008). Consequently it is anticipated that relational contracts will have negative associations to breach perceptions.

On the other hand transactional contracts being more objective, event focused and verifiable in nature (Rousseau, 1989, 1995), employees having such contracts will involve in clear comparisons of assured and delivered incentives (Montes and Irving, 2008). Employees are apt to recognize breach for transactional contracts more frequently as compared to relational contracts (Montes and Irving, 2008). Hence, it is expected that transactional contracts will possess affirmative bond with breach.

Hypothesis 1a: Transactional contract will be negatively related to perceived breach.

Hypothesis 3a: Relational contract will be negatively related to perceived breach.

2.6.2. Relationship of Justice with Breach

In the perspective of psychological contracts, Colquitt, Judge, Shaw & Scott (2006) proposed that organizational justice perceptions can modify and shape the attitudinal, behavioral and cognitive responses activated by perceptions (Colquitt, Judge, Shaw & Scott, 2006). This recommends that individuals in distinct contract types will respond differently to different justice types. On the basis of above support this study will test the notion that individuals having relational contracts will be influenced by procedural and distributive justice perceptions differently, any change in contract fulfillment will be moderated by procedural and distributive justice/ injustice perceptions which will then determine the intensity of perceived breach. Similarly individuals having transactional (short term orientation) contracts (Rousseau, 1995, 1989, 2004) will be influenced by distributive (short term monetary focused) and procedural justice perceptions differently.

Resting on social exchange theory, psychological contracts involve the prospects and insights of employment exchanges (Rousseau, 1989). This unseen, tacit and implied psychological contract binds the individual and organizational party in a bond (Rousseau, 2004). One important factor in occurrence of breach of psychological contract is that of fairness perceptions (Morrison and Robinson, 1997). Further Morrison and Robinson (1997) argued fairness perceptions as a vital feature of psychological contract breach. They found that procedural and interactional justice alleviate against a breach being experienced as a contract violation (Morrison & Robinson, 1997; Sapienza, et al., 1997). Perceived breach may create the feelings of injustice and disloyalty (Bies, 1987; Rousseau, 1989) among employees. Research indicates that individuals will more readily acknowledge the decision outcomes, believe on leadership, and remain committed to the

organization as long as they identify that the decision method was reasonable and fair; and they are treated in a fair and truthful way (Korsgaard, Schweiger & Sapienza, 1995). Taking contract types individually, previous research extensively establishes that both contracts (relational and transactional) diverge in their elements and contents (Robinson et al., 1994; Rousseau & McLean-Parks, 1993, Raja et al., 2004). Beside additional research supports that the substance of these contract types is uniquely bonded to personal upshots (e.g., Coyle-Shapiro & Kessler, 2000; Raja et al., 2004). Centering on above arguments it is conjectured that transactional contracts being monetizable, short term (Lambert et al.'s, 2003) will be associated and affected by employee perceptions of fair treatment in distributive justice (Colquitt, 2001) and procedural justice in different context and relational contracts being long term and value laden and interpersonal in nature (Rousseau & McLean Parks, 1993) will be affected by employee perception of fair treatment in distributive and procedural justice which is also relational and interpersonal in its context (Colquitt, 2001).

Hypothesis 1b: Procedural justice will be negatively related to perceived breach.

Hypothesis 2a: Distributive justice will be negatively related to perceived breach.

Hypothesis 1c: Procedural justice will moderate the relationship between transactional contract and perceived breach in negative direction (such that individual with high procedural justice will perceive less breach).

Hypothesis 2b: Distributive justice will moderate the relationship between transactional contract and perceived breach in negative direction (such that individual with high distributive justice will perceive less breach).

Hypothesis 3b: Procedural justice will moderate the relationship between relational contract and perceived breach in negative direction (such that individual with high procedural justice will perceive less breach).

Hypothesis 4: Distributive justice will moderate the relationship between relational contract and perceived breach in negative direction (such that individual with high distributive justice will perceive less breach).

2.6.3. Relationship of Psychological Contract Types with Outcomes

Psychological contracts have also been shown to influence key organizational outcomes. Literature reveals when psychological contract is reserved, individuals feel greater satisfaction at job, intent to remain, and entrust the organization (Robinson, 1996; Turnley & Feldman, 2000). However, when a breach occurs, they tend to perform more poorly, engage in greater job search activities, and cut back constructive actions, for instance OCBs (Robinson & Morrison, 1995; Robinson & Rousseau, 1994; Turnley & Feldman, 1999). Further, organizational literature reflects that discernments of employee-organization commitments alter with time (Robinson et al., 1994). This specifically holds for relational commitments since the subjectivity intrinsic to such contracts might alter employees' beliefs (Rousseau, 1989).

Literature on psychological contracts argue that content of relational contracts is more relevant and facilitates positive associations with organizational and individual outcomes (Rousseau, 1995; Rousseau and McLean Parks, 1993). Research on psychological contract posits relational contracts to be positively bonded to organizational and personal outcomes in contrast to transactional contract types (Rousseau, 1995, Rousseau and McLean Parks, 1993). Some other investigations even detailed that relational contracts

impact positively (while transactional contracts impact harmfully) on job and organizational commitment, satisfaction on job and intent to turnover and expected job tenure (Millward and Hopkins, 1998; Rousseau, 1989; Raja, et al., 2004). Although few studies (Millward and Hopkin, 1998, Rousseau, 1990) stated that relational contracts are constructively related (while transactional contracts are unconstructively related) to commitment and tenure with the organization (Millward and Hopkin, 1998, Rousseau, 1990).

However, no published research till-date exist which tested the association among psychological contracts and perceived job stress (Jamil, 2009). There is only one study (Jamil, 2009) which proposed and tested this relationship and established that stress is strongly but negatively bonded to the transactional contracts, besides it had no significant relationship with relational contract (Jamil, 2009). To generalize these findings further testing of this notion is very important. This is a significant loop hole in organizational studies as job stress is a chief job outcome (Jamal, 2005, Jamil, 2009).

Similarly individuals who have recognized their bosses to fulfill their psychological contracts are found to have reduced turnover intent, high levels of commitment and satisfaction (Flood, Turner, Ramamoorthy & Pearson, 2005; Larwood, Wright, Desrochers & Dahir, 1998). Another study by De-Vos and Meganck (2009) also proved that promises related to career development and advancement are strong predictors of employee job search behaviors, intentions to leave their job and employee loyalty. Few studies reported that blockage in development or promotion prospects, absence of praise and appreciation yields higher job quitting rates (Mill, 2001). And also there is strong association in intent to stay with organization and career inducements (Bluedorn, 1982;

Hsu et al, 2003). Another study by Jamil (2009), detailed that transactional contract possess positive association with turnover intent while relational contract has negative association with turnover intentions towards organization.

Since transactional contracts possess short-range orientation and are inflexible in content, characterized by pure monetary focus, lack of trust, involvement and concern among the parties. So employees having such contracts will be unhappy with their work, suffer anxiety and have intentions of leaving their organization. In comparison relational contracts are enduring, not restricted to economic focus (Robinson and Morrison, 1997). So individual identifying with relational contracts will be happy with their work, will not be stressed and have no intentions of leaving their organization.

Grounding on existing literature, it can be hypothesized that transactional contracts might possess positive link with job stress and turnover intent, on the contrary relational contracts might possess a negative association with job stress and turnover intentions.

Hypothesis 7a: Relational contract will be negatively related to intent to turnover.

Hypothesis 8a: Relational contract will be negatively related to job stress.

Hypothesis 9a: Transactional contract will be positively related to intent to turnover.

Hypothesis 10a: Transactional contract will be positively related to job stress.

2.6.4. Relationship of Perceived Psychological Contract Breach with Outcomes

Perceived breach being an important part of psychological contract theory explains the negative feelings, attitudes and behaviors of employees in psychological contracts

(Conway and Briner, 2005). It has gained extant importance in both empirical and theoretical literature (Zhao, Wayne, Glibkowski and Bravo, 2007). The discernments of breach not merely escort depressing feelings regarding unmet pledges in individuals but also to more general cognitions that they are devalued and disrespected by their organization (Rousseau, 1989). Perceptions of breach make employees think that boss does not value their contributions, and is unwilling to carry on the employment bond (Coyle-Shapiro and Conway, 2005). Literature grounds on social exchange theory to elucidate the negative consequence of perceived breach (Coyle-Shapiro and Conway, 2005; Zhao et al., 2007; Rousseau, 1995). Social exchange theory states that rules of social exchange shape the origin of employee and employer association where members of mutual relationship offer tangible and intangible advantages to each other or not, for instance socio-emotional support or money (Blau, 1964).

Social exchanges being based on elements of trust in exchanges survive and strengthen on the establishment of interpersonal relationships. Employees search for and preserve just and stable relationships with organization (Homans, 1961; Suazo, 2009). Perceived breach occurs when individual accomplishes his duties however does not get expected outcome in return (Rousseau, 1995; Morrison and Robinson, 1997). These incongruencies distinguish discrepancy in social exchange association among the individual and boss and explained in terms of distributive justice (Sheppard, Lewicki and Minton, 1992; Suazo, 2009; Rousseau, 1995). Individuals' unfulfilled promises might contain long-term job security, development and promotion opportunities, competitive pay etc (Kickul, 2001).

According to equity theory (Adams, 1965) perspective, due to unfulfilled promises an employee tries to reinstate balance in the social exchange through numerous means such as counterproductive behaviors towards organization. Employees counter breach by altering their own obligations towards organizations (Robinson et al., 1994). Numerous empirical researches show that perceived breach has harmful ramifications for the organization (Robinson & Rousseau, 1994; Robinson, 1996; Turnley, Bolino, Lester, & Bloodgood, 2003). When individuals recognize that their agency has not succeeded in discharging its responsibilities, individuals drop their trust levels and perceive mistreatment and deception from the organization, which lowers their motivation and then employees do not work in best interests of the organization (Rousseau, 1989, 1995; Zhao et al., 2007). Grounding on equity theory and social exchange theory, the empirical research reveals that perceived breach has harmful ramifications towards various organizational approaches and behaviors (Suazo, 2009). Breach perceptions result in a series of harmful outcomes such as decreased job satisfaction (Tekleab et al., 2005; Raja et al., 2004; Robinson and Rousseau, 1994), increased cynicism (Johnson and O'Leary-Kelly, 2003), reduced affective commitment (Coyle-Shapiro and Kessler, 2000; Lester et al., 2002; Turnley and Feldman, 1999), employee performance and loyalty (Turnley et al., 2003) lower trust (Robinson, 1996) and intentions to stay in organizations (Turnley and Feldmen, 1999).

Besides, perceived breach is positively linked to undesirable outcomes such as anti-citizenship (Kickul, Neuman, Parker and Finkl, 2001), absenteeism (Deery, Iverson and Walsh, 2006), deviant behavior at work (Bordia, Restubog and Tang, 2008), intentions to

quit and turnover (Robinson and Rousseau, 1994) and actual turnover (Robinson, 1996; Bunderson et al., 2001).

Hypothesis 5: Perceived breach will be positively related to higher intentions to quit.

Hypothesis 6: Perceived breach will be positively related to higher job stress.

2.6.4.1 Relationship between Psychological Contract Breach and Intentions to Quit

The above literature clarifies that breach perceptions result in erosion of trust and it weakens the relationship bond between employee and employer (Robinson and Rousseau, 1994). As a result of this breach employees re-think the gains to remain with the employing organization, consequently they feel additionally apt to quit (Robinson and Rousseau, 1994; Turnley and Feldman, 1999). Literature clearly reports the positive association in breach perceptions and turnover intentions (Robinson and Rousseau, 1994; Raja et al., 2004; Turnley and Feldman, 1999; Suazo et al., 2005). Hence it is conjectured that perceived breach will possess positive bond with quit intentions at the workplace. Also breach might impact job stress positively. Although very few studies have tested this notion but there exists circumlocutory support of this hypothesis.

Hypothesis 7b: Perceived breach will mediate the relationship between relational contract and intentions to quit in positive direction.

Hypothesis 9b: Perceived breach mediates the relationship between transactional contract and intentions to quit in positive direction.

2.6.4.2. Relationship between Perceived Breach and Job Stress

Robinson and Morrison (1997) argued that employees in the organizations not only share goods and services but they undergo exchange process in minute details including exchange of beliefs standards, values, and norms. On the grounds of existing literature the drastic organizational and environmental changes are major source of stress for employees because they feel helpless in controlling these changes (French, Caplan and Harrison, 1982; Harrison, 1985). These adjustments being uncontrollable cause incongruence of organizational culture and employees value (Chatman, 1991), which lead to stress in employees. In the same line Bocchino, Hartman and Foley (2003) established that correspondence among organizational and employees' values negatively associate to job stress and breach perceptions.

Since value congruence and breach appear to be somewhat analogous notions, it is anticipated that breach will be positively associated to job stress. When individuals recognize that contract breach has taken place they feel loss of control in organization and undergo the situation of unpredictability which causes anxiety in employees (Maslach, Schaufeli and Leiter, 2001, Shore and Tetrick, 1987). Literature on organizational change also supports that structural changes in the organizations cause employees to feel that their contracts are being breached by organizations (Morrison and Robinson, 1997), these perceptions also cause stress in the employees (Shaw, Fields, Thacker and Fisher, 1993). Besides another study (Amber, 2009) also supported this notion that job stress links negatively to breach perceptions. Thus it can be proposed that individual's perceptions of breach will influence job stress levels.

Hypothesis 8b: Perceived breach will mediate the relationship between relational contract and job stress in positive direction.

Hypothesis 10b: Perceived breach will mediate the relationship between transactional contract and job stress in positive direction.

2.7. Theoretical Framework

This theoretical framework is showing the interactive effects of contract types and justice types on breach and outcomes.

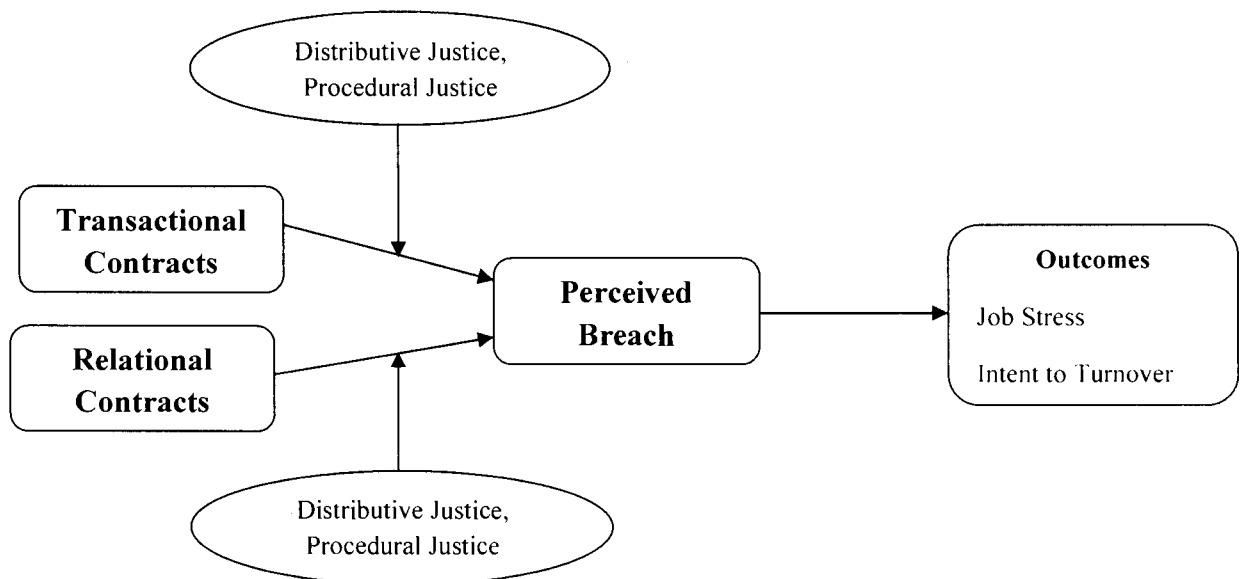


Figure 1: Conceptual Model of Interaction of Justice Types on Psychological Contract Types and Perceived Breach leading to Outcomes.

CHAPTER 3

RESEARCH METHODOLOGY

3.1. Sample and Data Collection

Data is collected through survey method from different banks. The questionnaire was self administered and given out to the workers in lower, middle and upper managerial levels. The sample comprised of individuals from several reputed banks located in Islamabad.

3.1.1. Design of the Study

Current endeavor has cross-sectional design as data is gathered in two and a half months duration at single time. Participation in the survey was voluntary and strict confidentiality of the data, scope and purpose of the study was provided to the respondents. 500 surveys were given out in different banks, of which 406 were retrieved. The sample contained respondents ranging from top management to first line managers from different departments of the banking sector. Educational qualifications ranged from high school to masters degree or equivalent. 64% were male, 74.6% (302) respondents were single and 24.4% (99) married. The respondents mean age was 27.8 (SD = 5.08) years with average work experience of 3.7 (SD = 1.6) years. Most responses were measured on a five point likert scale having answers which range from strongly agree=1 to strongly disagree = 5, except demographics.

3.2. Measures

Every measure was adopted from self reported questionnaires, as self reporting is considered suitable for measuring these variables. Following questionnaires were incorporated to collect data.

3.2.1. *Psychological Contracts*

18- Item scale (Robinson and Morrison, 2000) was adapted to gauge psychological contracts. This tool comprises of two facets, containing ten relational questions. Sample item includes “Is responsive to employee concerns and well-being.” Cronbach alpha reliability for the scale was found to be .71.

Transactional contract containing eight questions. Sample item includes “Expects my limited involvement in the organization.” Cronbach alpha reliability for the scale was found to be .75.

3.2.2. *Perceived Breach*

5-Item scale (Robinson and Morrison, 2000) was incorporated to evaluate breach. Sample item includes “So far my employer has done an excellent job of fulfilling its promises to me.” Cronbach alpha reliability for the scale was found to be .68.

3.2.3. *Distributive Justice*

Distributive justice was evaluated by 4-items scale built up and authenticated by Colquitt et al., (2001). Sample item includes “Your rewards reflect what you have contributed to the organization?” Cronbach alpha reliability for the scale was found to be .84.

3.2.4. Procedural Justice

Procedural justice was gauged by 7-points scale built up and authenticated by Colquitt et al., (2001). Sample item includes “You were able to express your views and feelings during those procedures?” Cronbach alpha reliability for the scale was found to be .77.

3.2.5. Job Stress

13-item scale of Parker and Decotiis (1983) has two dimensions that are time stress and anxiety. Current study employed 5-Items of anxiety dimension of this scale. Sample item includes “I have felt fidgety or nervous as a result of my job.” Cronbach alpha reliability for the scale was found to be .75.

3.2.6. Intent to turnover

Three items scale derived from the Michigan Organizational Assessment Questionnaire was incorporated to assess turnover intentions (Cammanan, Fichman, Jenkins & Klesh, 1982) Sample item includes “It is highly likely that I will look for a new job in the next year.” Cronbach alpha reliability for the scale was found to be .76.

3.3. Pilot Study

As the measures for all the incorporated variables were derived from already established scales and instruments which were tested in western context previously. In order to check their applicability in Pakistan, I conducted a pilot study which revealed that all the scales had alpha reliability coefficient above .70. Thus the results of pilot study show that despite the difference in cultures and norms of eastern and western world, the workplace

behaviors and attitudes could be measured and analyzed through similar research methods.

3.4. Variables

3.4.1. Control Variables

Age, tenure, marital status and department were treated as control variables as significant disparities were found between these demographics and dependent variables (which are perceived breach, distributive and procedural justice, intentions to quit and job stress) when one way ANOVA test was applied. Age, tenure and total experience and department were directly controlled being continuous variables, besides marital status (having only two categories “0 = Single and 1 = married”) was also directly controlled.

Table 1a. One-way analysis of variance for all dependent variables across age.

Dependent Variable		Sum of Squares	Df	Mean	F	Sig.
				Square		
Perceived Breach	Between Groups	34.133	29	1.177	2.174	.001
	Within Groups	203.555	376	.541		
	Total	237.687	405			
Distributive Justice	Between Groups	39.937	29	1.377	1.623	.024
	Within Groups	319.071	376	.849		
	Total	359.008	405			
Procedural Justice	Between Groups	18.898	29	.652	1.566	.034
	Within Groups	155.587	374	.416		
	Total	174.485	403			

Table 1b. One-way analysis of variance for all dependent variables across tenure

Dependent Variable		Sum of Squares	Df	Mean	F	Sig.
				Square		
Perceived Breach	Between Groups	11.431	6	1.905	3.360	.003
	Within Groups	226.257	399	.567		
	Total	237.687	405			
Distributive Justice	Between Groups	15.946	6	2.658	3.091	.006
	Within Groups	343.062	399	.860		
	Total	359.008	405			
Procedural Justice	Between Groups	12.605	6	2.101	5.152	.000
	Within Groups	161.880	397	.408		
	Total	174.485	403			
Job Stress	Between Groups	8.991	6	1.498	2.465	.024
	Within Groups	242.588	399	.608		
	Total	251.579	405			

Table 1c. One-way analysis of variance for all dependent variables across marital status

Dependent Variable		Sum of Squares	Df	Mean Square	F	Sig.
Perceived Breach	Between Groups	11.711	1	11.711	20.938	.000
	Within Groups	225.976	404	.559		
	Total	237.687	405			
Distributive Justice	Between Groups	17.514	1	17.514	20.720	.000
	Within Groups	341.494	404	.845		
	Total	359.008	405			
Procedural Justice	Between Groups	17.319	1	17.319	44.297	.000
	Within Groups	157.166	402	.391		
	Total	174.485	403			
Job Stress	Between Groups	4.117	1	4.117	6.721	.010
	Within Groups	247.462	404	.613		
	Total	251.579	405			

Table 1d. One-way analysis of variance for all dependent variables across departments

Dependent Variable		Sum of Squares	Df	Mean	F	Sig.
				Square		
Perceived Breach	Between Groups	39.497	8	4.937	9.890	.000
	Within Groups	198.191	397	.499		
	Total	237.687	405			
Distributive Justice	Between Groups	46.478	8	5.810	7.380	.000
	Within Groups	312.530	397	.787		
	Total	359.008	405			
Procedural Justice	Between Groups	18.232	8	2.279	5.761	.000
	Within Groups	156.253	395	.396		
	Total	174.485	403			
Job Stress	Between Groups	11.614	8	1.452	2.402	.015
	Within Groups	239.965	397	.604		
	Total	251.579	405			
Intentions to Quit	Between Groups	23.941	8	2.993	3.738	.000
	Within Groups	317.809	397	.801		
	Total	341.749	405			

3.5. Procedure

3.5.1. Sampling Technique

Convenient sampling technique was adopted because of constraints of resources and time duration.

3.5.2. Data Analysis Tools

Data was coded and explored by using SPSS (version 18, PASW Statistics) software. Descriptives were found to check the normality of the records Q-Q plots were obtained

by applying normality tests, which depicted that nearly all the responses were normally plotted. Bivariate correlation is done to determine inter correlation among constructs. This study aimed to test associations of independent variable with multiple dependent constructs, so multiple regression methodology was applied to determine the associations among constructs.

Moderation regression analysis proposed by Baron and Kenny (1986) was used to test the hypotheses 1c, 2b, 3b and 4. In first step control variables were entered, in second step independent and moderator variables were entered in the equation and in third step interaction (product) term of independent and moderator variable was entered in the model.

Mediation analysis was used to test the hypotheses 7b, 8b, 9b and 10b. Baron and Kenny (1986) proposed that mediation takes place when the impact of independent variable reduces if independent variable and mediator are collectively entered in the regression model. In mediation controls were entered in first step, mediator in second step two and both dependent and independent variables were entered in third step of analysis.

CHAPTER 4

RESULTS

4.1. Hypotheses

The current endeavor investigated the given hypotheses.

Hypothesis 1a: Transactional contract will be negatively related to perceived breach.

Hypothesis 1b: Procedural justice will be negatively related to perceived breach.

Hypothesis 1c: Procedural justice moderates the relationship between transactional contract and perceived breach.

Hypothesis 2a: Distributive justice will be negatively related to perceived breach.

Hypothesis 2b: Distributive justice moderates the relationship between transactional contract and perceived breach.

Hypothesis 3a: Relational contract will be negatively related to perceived breach.

Hypothesis 3b: Procedural justice moderates the relationship between relational contract and perceived breach.

Hypothesis 4: Distributive justice moderates the relationship between relational contract and perceived breach.

Hypothesis 5: Perceived breach will be positively related to higher intentions to quit.

Hypothesis 6: Perceived breach will be positively related to higher job stress.

Hypothesis 7a: Relational contract will be negatively related to intent to turnover.

Hypothesis 7b: Perceived breach mediates the relationship between relational contract and intentions to quit.

Hypothesis 8a: Relational contract will be negatively related to job stress.

Hypothesis 8b: Perceived breach mediates the relationship between relational contract and job stress.

Hypothesis 9a: Transactional contract will be positively related to intent to turnover.

Hypothesis 9b: Perceived breach mediates the relationship between transactional contract and intentions to quit.

Hypothesis 10a: Transactional contract will be positively related to job stress.

Hypothesis 10b: Perceived breach mediates the relationship between transactional contract and job stress.

4.2. Descriptive Statistics

Normality plots were used to assess frequency distributions for all constructs. The examinations demonstrated normal distributions for all the variable of interest; there are no or very few outliers (insignificant). Table 2 shows the descriptive statistics (means and SD), reliabilities and the correlation for all variables. Correlations higher than .10 are significant at $p < .5$ (2- tailed). The means for transactional contract 2.82 (SD = .68), relational contract 2.75 (SD = .58), distributive justice 2.92 (SD = .94), procedural justice 2.82 (SD = .66), perceived breach 3.03 (SD = .77), job stress 2.70 (SD = .79) and intentions to quit 3.00 (SD = .92).

Table 2. Means, Standard Deviations, Correlations and Reliabilities for the main variables of interest in this study

	Mean	SD	1	2	3	4	5	6	7	8	9	10	11
1. Age	27.9	5.08											
2. Total Experience	3.76	1.67	.42**										
3. Marital Status	.26	.44	.39**	.39**									
4. Department	4.40	2.39	-.04	-.08	-.02								
5. Transactional Contract	2.82	.68	-.11*	-.18**	-.09	.15**	(.75)						
6. Relational Contract	2.75	.58	-.05	-.04	-.20**	.20**	.18**	(.71)					
7. Perceived Breach	3.04	.77	.21**	.20**	.22**	-.20**	-.19**	-.54**	(.68)				
8. Distributive Justice	2.92	.94	-.07	.01	-.22**	.18**	.07	.42**	-.47**	(.84)			
9. Procedural Justice	2.82	.66	-.14**	-.13*	-.32**	.17**	.43**	.40**	-.43**	.43**	(.77)		
10. Job Stress	2.70	.79	.05	.10*	.13**	-.04	.02	-.10	.18**	-.10*	.00	(.75)	
11. Intentions to Quit	3.00	.92	-.09	.06	.06	-.12*	.01	-.29**	.16**	-.18**	-.15**	.21**	(.76)

**Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Note: N=406. Alpha Reliabilities are given in parentheses.

4.3. Bivariate Correlation Analysis

The bivariate correlation disclosed that transactional contract has strong positive correlation to relational contract ($r = .18, p < .01$) and procedural justice ($r = .43, p < .01$), in simple we can say that individuals possessing transactional contract are likely to develop relational contract and will have high levels of procedural justice and trust over organization and employer over their stay in the organization. While transactional contract has significant negative relationship with breach perceptions ($r = -.19, p < .01$) and non-significant positive relationship with distributive justice ($r = .07, p > .05$) and outcomes job stress ($r = .02, p > .05$) and intent to quit ($r = .01, p > .05$). In comparison relational contract has significant positive correlation with distributive ($r = .42, p < .01$) and procedural justice ($r = .40, p < .01$), significant negative correlation with breach ($r = -.54, p < .01$) and outcome intentions to quit ($r = -.29, p < .01$), whereas negative but insignificant correlation with job stress ($r = -.10, p > .05$). Contract breach has significant negative relationship with procedural ($r = -.43, p < .01$) and distributive ($r = -.47, p < .01$) justice and significant positive relationship with outcomes job stress ($r = .18, p < .01$) and intentions to quit ($r = .16, p < .01$).

Distributive justice has significant positive correlation with procedural justice ($r = .43, p < .01$) and significant negative correlation with job stress ($r = -.10, p < .01$) and intentions to quit ($r = -.18, p < .01$). In contrast procedural justice has significant negative correlation with intentions to quit ($r = -.15, p < .01$) and insignificant positive correlation with job stress ($r = .00, p > .05$). Both the dependent (outcome) variables job stress and intentions to quit have a significant correlation with each other as well. Intentions to quit has significant positive correlation with job stress ($r = .21, p < .01$).

4.4. Regression Analysis

I performed a number of hierarchical regression analyses to investigate contract types, justice types and breach as forecasters of the job stress and intentions to leave. Regressing each outcome on the psychological contract type and perceived breach produced ten regression equations. Hypotheses 1a, 1b, 2a, 3a, 5, 6, 7a, 8a, 9a and 10a were assessed through hierarchical multiple regression analyses. Entering all control variables in first step of the model and independent variables in step two.

4.4.1. Contract Types and Contract Breach

Hypothesis 1a and 3a envisaged that transactional and relational contract ought to be negatively recounted to breach respectively. To examine these hypotheses I applied regression on the outcome (breach) individually on transactional and relational contract. The upshots of direct impacts of transactional contract and relational contract on breach perceptions are depicted in table 3 and 4 correspondingly.

Table 3: Regression analysis for the direct effects of transactional contract on perceived breach

Predictors	β	R ²	ΔR^2
Step 1: Controls		.07***	
Step 2: Transactional Contract	-.16***	.09***	.03***

Note: N = 406; control variables are age, marital status, tenure and department. * $p < .05$. ** $p < .01$. *** $p < .001$

Table 4: Regression analysis for the direct effects of relational contract on perceived breach

Predictors	β	R ²	ΔR^2
Step 1: Controls		.07***	
Step 2: Relational Contract	-.53***	.26***	.03***

Note: N = 406; control variables are age, marital status, tenure and department. * $p < .05$. ** $p < .01$. *** $p < .001$

The outcomes of analysis disclosed that transactional contract possess a very strong negative association with breach ($\beta = -.16, p < .001$). Thus this hypothesis results suggest that as transactional contracts are monetary in nature, individuals having this type of contract are expected to observe breach shortly.

Similarly, relational contract possess a very strong negative association with breach ($\beta = -.53, p < .001$) in other words, individuals having this type of contract are expected to observe breach soon thus confirming both hypotheses 1a and 3a. Transactional contract and relational contract both explained 25% variance in perceived contract breach respectively. Therefore every result is noteworthy and in expected way, hypotheses 1a and 3a are robustly held up.

4.4.2. Justice Types and Perceived Breach

Hypothesis 1b and 2a proposed that procedural justice and distributive justice ought to be negatively associated to breach respectively. To check these hypotheses author regressed dependent variable (breach) one by one on procedural justice and distributive justice. The upshots for the direct impact of procedural and distributive justice on perceived breach are revealed in table 5 and 6 correspondingly.

Table 5: Regression analysis for the main effects of procedural justice on perceived breach

Predictors	β	R ²	ΔR^2
Step 1: Controls		.07***	
Step 2: Procedural Justice	-.40***	.21***	.14***

Note: N = 406; control variables are age, marital status, tenure and department. * $p < .05$, ** $p < .01$, *** $p < .001$

Table 6: Regression analysis for the main effects of distributive justice on perceived breach

Predictors	B	R ²	ΔR^2
Step 1: Controls		.07***	
Step 2: Distributive Justice	-.44***	.26***	.19***

Note: N = 406; control variables are age, marital status, tenure and department. * $p < .05$, ** $p < .01$, *** $p < .001$

The results of analysis disclosed that procedural justice possess a very strong negative bond with perceived contract breach ($\beta = -.40, p < .001$), similarly distributive justice possess a very strong negative bond with breach ($\beta = -.44, p < .001$) confirming hypotheses 1b and 2a; in other words, individuals high in procedural and distributive justice perceptions are likely to experience very less breach at their work place. Procedural justice explained 14.4% and distributive justice explained 18.8% variance in perceived contract breach respectively. All results are in the predicted direction and significant, thus, hypotheses 1b and 2a are sturdily supported.

4.4.3. Perceived Breach and Outcomes

Hypothesis 5 and 6 proposed that perceived breach ought to be positively linked to turnover intentions and job stress respectively. To explore these hypotheses I regressed the outcomes intentions to quit and job stress separately on breach. The upshots for direct effects of breach on intentions to quit and job stress are revealed in table 7 and 8 respectively.

Table 7: Regression analysis for the main effects of perceived breach on intentions to quit

Predictors	B	R ²	ΔR ²
Step 1: Controls		.01***	
Step 2: Perceived Breach	.18***	.04***	.03***

Note: N = 406; control variables are age, marital status, tenure and department. * $p < .05$. ** $p < .01$. *** $p < .001$

Table 8: Regression analysis for the main effects of perceived breach on job stress

Predictors	B	R ²	ΔR ²
Step 1: Controls		.06***	
Step 2: Perceived Breach	.18***	.03***	.03***

Note: N = 406; control variables are age, marital status, tenure and department. * $p < .05$. ** $p < .01$. *** $p < .001$

The upshots of analysis show that breach possess a very strong positive link with intentions to quit ($\beta = .18, p < .001$) and job stress ($\beta = .18, p < .001$) confirming hypotheses 5 and 6; in other words, individuals having high perceptions of contract breach are expected to have higher levels of job stress and intentions to leave the workplace. Perceived breach explains 32% variation in intentions to quit and 32%

Table 11: Regression analysis for the main effects of transactional contract on intentions to quit

Predictors	β	R ²	ΔR^2
Step 1: Controls		.01	
Step 2: Transactional Contract	.01	.01	.00

Note: $N = 406$; control variables are age, tenure and department. * $p < .05$, ** $p < .01$, *** $p < .001$

Table 12: Regression Analysis for the main effects of transactional contract on job stress

Predictors	β	R ²	ΔR^2
Step 1: Controls		.00	
Step 2: Perceived Breach	.02	.00	.00

Note: $N = 406$; control variable is department. * $p < .05$, ** $p < .01$, *** $p < .001$

The outcomes of analysis show that relational contract is negatively and very significantly bonded to turnover intentions and negatively but non-significantly bonded to job stress. It shows that relational contract is a major forecaster of intentions to quit ($\beta = -.29, p < .001$), in simple words we can say that employees who possess relational contracts have lower intentions to leave the organizations and they will be more closely connected to their workplace. In contrast relational contract is not a significant predictor (moderate or weak forecaster) of job stress ($\beta = -.10, p < .05$); or we can say that employees who possess relational contracts does not necessarily have high or low job stress levels. There can be some other factors than relational contract which might be responsible for stress at the workplace. Thus, hypothesis 7a is accepted fully and while 8a is accepted partially. The upshots of regression show that transactional contract type is positively but non-significantly associated to turnover intentions and job stress. It shows that transactional contract is not a strong precursor of intentions to quit ($\beta = .01, p < .94$)

and job stress ($\beta = .02, p < .68$) rejecting hypotheses 9a and 10a. In other words we can say that employees who possess transactional contracts will not necessarily have high or low job stress levels and intentions to quit. There can be some other factors than transactional contract which might be responsible for stress, and intentions to quit at the workplace.

All the results are not in the expected path, hypothesis 7a is sturdily held up, and hypothesis 8a is partially supported, while hypotheses 9a and 10a are rejected. Relational contract explain 8.5% variation in turnover intentions and .9% ~ 1% variance in job stress. On the other hand transactional contract explain no variance in turnover intentions and job stress due to insignificant relationship.

4.5. Moderation Regression Analysis

To check the hypotheses 1c, 2b, 3b and 4, the current study adopted the stepwise hierarchical moderation regression method put forward by Baron and Kenny (1986). According to Barron and Kenny (1986) moderator influences the path and/or strength of the association in independent and dependent variable. Barron and Kenny (1986) proposed that following conditions should be fulfilled for occurrence of moderation: a) independent variable leads to dependent variable, b) moderator variable leads to dependent variables and c) interaction term when entered in third step of regression analysis is significant.

4.5.1. Procedural Justice as a Moderator between Transactional Contract and Perceived Breach

Hypothesis 1c proposed that procedural justice will act as a moderator in the bond between transactional contract and perceived contract breach. The results of analysis for hypothesis 1a show that transactional contract type was negatively and significantly linked to perceived breach. It posits transactional contract to be a strong precursor of perceived contract breach. Besides hypothesis 1b revealed that procedural justice was negatively and very significantly related to perceived breach.

Barron and Kenny's proposed conditions for determining moderation are fulfilled for transactional contract. So, to verify for the moderation of procedural justice in transactional contract and breach I regressed perceived breach with relational contract and procedural justice, by entering interaction term of procedural justice and transactional contract (moderator and independent variable) in third step of analysis. The results of this analysis for moderation of procedural justice in transactional contract and perceived breach are depicted in table 13.

Table 13: Regression analysis showing the moderating effects of procedural justice in the relationship between transactional contract and perceived breach

Predictors	B	R ²	ΔR ²
Step 1: Controls		.07***	
Step 2: Transactional Contract, Procedural Justice		.21***	
Step 3: TC X PJ	-1.25***	.25***	.04***

Note: $N = 406$; control variables are age, marital status, tenure and department. * $p < .05$. ** $p < .01$. *** $p < .001$

As procedural justice was entered in the third step of regression equation as a moderator (through interaction term), the results revealed that interaction term was highly significant at ($p < .001$, with $\beta = -1.25$, $R^2 = .25$, $f = 22.36$ and $\Delta R^2 = .04$) supporting hypothesis 1c. Procedural justice explained 4.2% variance in transactional contract and perceived breach bond. These results recommend that procedural justice moderates the bond in transactional contract and perceived breach. In simple words we can claim that employees possessing transactional contracts with higher procedural justice perceptions will feel less breach in their organizations.

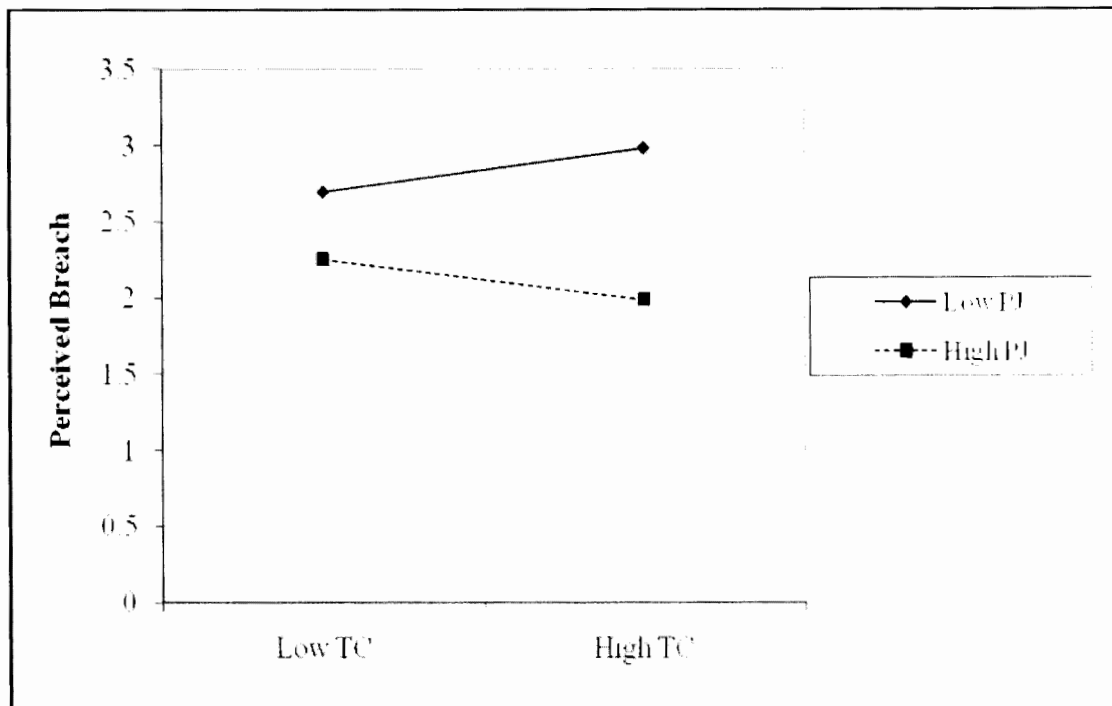


Figure 2: The interactive effects of procedural justice and transactional contract on perceived breach

Figure 2 illustrates a significant interaction plot. As forecasted, the essentially negative relation among transactional contract and perceived breach was stronger for employees who possess high procedural justice. So hypothesis 1c is fully supported for moderation of procedural justice in transactional contract and perceived breach relationship.

4.5.2. Distributive Justice as a Moderator between Transactional Contract and Perceived Breach

Hypothesis 2b predicted that distributive justice will be a moderator in the association between transactional contract and perceived contract breach. The results of the analysis for hypothesis 1a showed that transactional contract type was negatively and significantly associated to breach. It shows that transactional contract is a strong forecaster of perceived breach. Besides hypothesis 1b revealed that procedural justice was negatively and very significantly related to perceived breach.

Barron and Kenny's proposed conditions for determining moderation are fulfilled for transactional contract. So as to check for the moderation effects of distributive justice among transactional contract and breach I regressed perceived breach with relational contract and distributive justice by entering interaction term of distributive justice and transactional contract (moderator and independent variable) at third step of analysis. The results of regression analysis for moderation of distributive justice in transactional contract and breach are shown below in table 14.

Table 14: Regression analysis showing the moderating effects of distributive justice in the relationship between transactional contract and perceived breach

Predictors	B	R ²	ΔR ²
Step 1: Controls		.07	
Step 2: Transactional Contract, Distributive Justice		.27	
Step 3: TC X DJ	-.00	.27	.00

Note: N = 406; control variables are age, marital status, tenure and department. *p < .05. **p < .01. ***p < .001

As soon as distributive justice is entered in the third step of regression equation as a moderator (through interaction term), the results revealed that interaction term was not significant. Distributive justice explained no variance in transactional contract and breach. These results suggest that distributive justice is not a moderator in transactional contract and perceived breach. In simple words, we can say that, individuals who possess transactional contract will perceive breach soon, irrespective of higher or lower

distributive justice levels. It means there are some other factors which might influence the relationship of transactional contract and breach but distributive justice perceptions is an irrelevant factor in this context.

4.5.3. Procedural Justice as a Moderator between Relational Contract and Perceived Breach

Hypothesis 3b proposed that procedural justice ought to moderate the bond in relational contract and perceived contract breach. The results of analysis for hypothesis 3a disclosed that relational contract was negatively but significantly associated with perceived breach. It posits relational contract to be a strong forecaster of perceived breach. Besides hypothesis 1b revealed that procedural justice was negatively and very significantly related to perceived breach.

Barron and Kenny's proposed conditions for determining moderation are fulfilled for relational contract. So, to check for moderation of procedural justice in relational contract and breach I regressed breach with relational contract and procedural justice, by entering interaction term of procedural justice and relational contract (moderator and independent variable) in third step of regression. The results of this analysis for moderation of procedural justice in relational contract and breach are shown below in table 15.

Table 15: Regression analysis showing the moderating effects of procedural justice in the relationship between relational contract and perceived breach

Predictors	β	R^2	ΔR^2
Step 1: Controls		.07*	
Step 2: Relational Contract, Procedural Justice		.38*	
Step 3: RC X PJ	-.65*	.38*	.01*

Note: $N = 406$; control variables are age, marital status, tenure and department. * $p < .05$. ** $p < .01$. *** $p < .001$

As soon as procedural justice was put in third step of regression equation as a moderator (through interaction term), the results revealed that interaction term was significant at ($p < .05$, with $\beta = -.65$, $R^2 = .38$, $f = 6.41$ and $\Delta R^2 = .01$) supporting hypothesis 3b. Procedural justice explained 1.0% variance in relational contract and perceived breach relationship. These results imply that procedural justice act as a moderator in relational contract and perceived breach relationship. In simple words we can claim that employees possessing relational contracts with higher procedural justice perceptions will feel less breach in their organizations. These results imply that procedural justice act as a moderator in relational contract and perceived breach relationship.

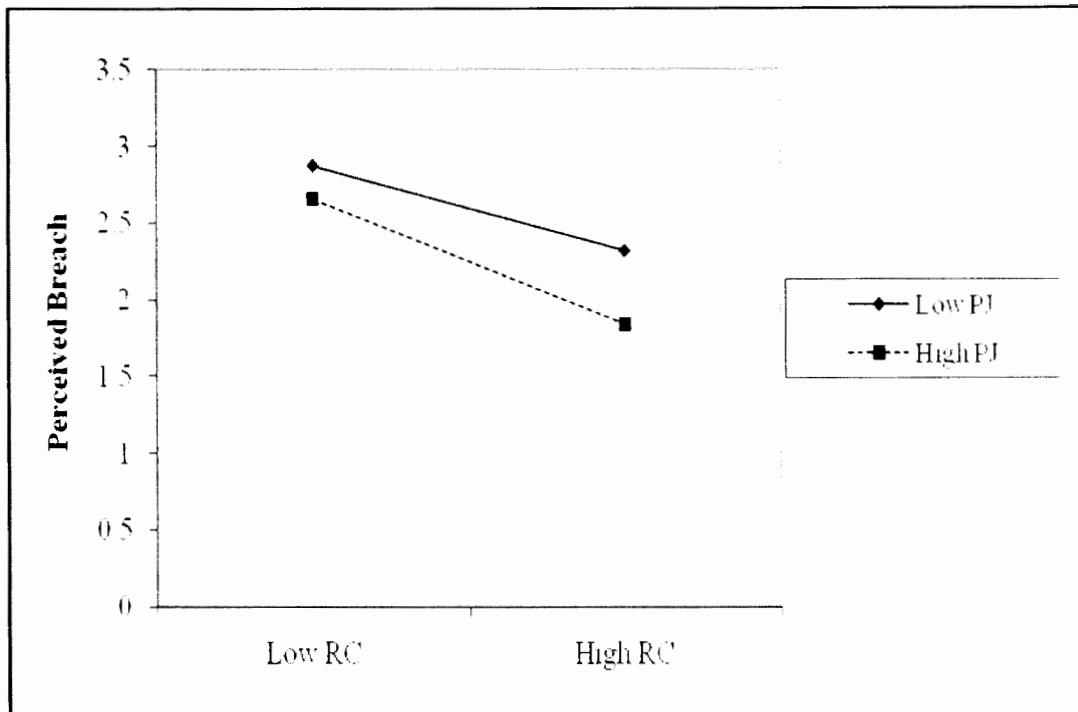


Figure 3: The interactive effects of procedural justice and relational contract on perceived breach

Figure 3 shows a significant interaction plot. As proposed, the negative bond between relational contract and breach was sturdier for individuals who possess high procedural justice. So hypothesis 3b is supported strongly for moderation of procedural justice in relational contract and breach.

4.5.4. Distributive Justice as a Moderator between Relational Contract and Perceived Breach

Hypothesis 4 proposed that distributive justice will behave like a moderator in relational contract and breach relationship. The upshots of regression for hypothesis 3a exposed: relational contract was negatively and significantly associated to perceived breach. It shows that relational contract is a strong precursor of perceived breach. Besides

hypothesis 2a revealed distributive justice to be negatively and very significantly associated to perceived breach.

Barron and Kenny's proposed conditions for determining moderation are fulfilled for relational contract. In order to check for the moderation of distributive justice in relational contract and breach I regressed the breach with relational contract and distributive justice, by entering interaction term of distributive justice and relational contract (moderator and independent variable) in third step of analysis. The results of this regression for moderation of distributive justice in relational contract and breach relationship are shown below in table 16.

Table 16: Regression analysis showing the moderating effects of distributive justice in the relationship between relational contract and perceived breach

Predictors	β	R^2	ΔR^2
Step 1: Controls		.07*	
Step 2: Relational Contract, Distributive Justice		.39*	
Step 3: RC X DJ	-.51*	.40*	.01*

Note: $N = 406$; control variables are age, marital status, tenure and department. * $p < .05$. ** $p < .01$. *** $p < .001$

As distributive justice was put in the third step of regression equation as a moderator (through interaction term), the results revealed that interaction term was significant at ($p < .05$, with $\beta = -.51$, $R^2 = .40$, $f = 5.51$ and $\Delta R^2 = .01$) revealing moderate acceptance for hypothesis 4. Distributive justice explained .8% ~ 1% variance in the relationship among breach perceptions and relational contract. These results imply that distributive justice moderate relational contract and perceived breach association. In simple words we can

claim that employees possessing relational contracts with higher distributive justice perceptions will feel less breach in their organizations.

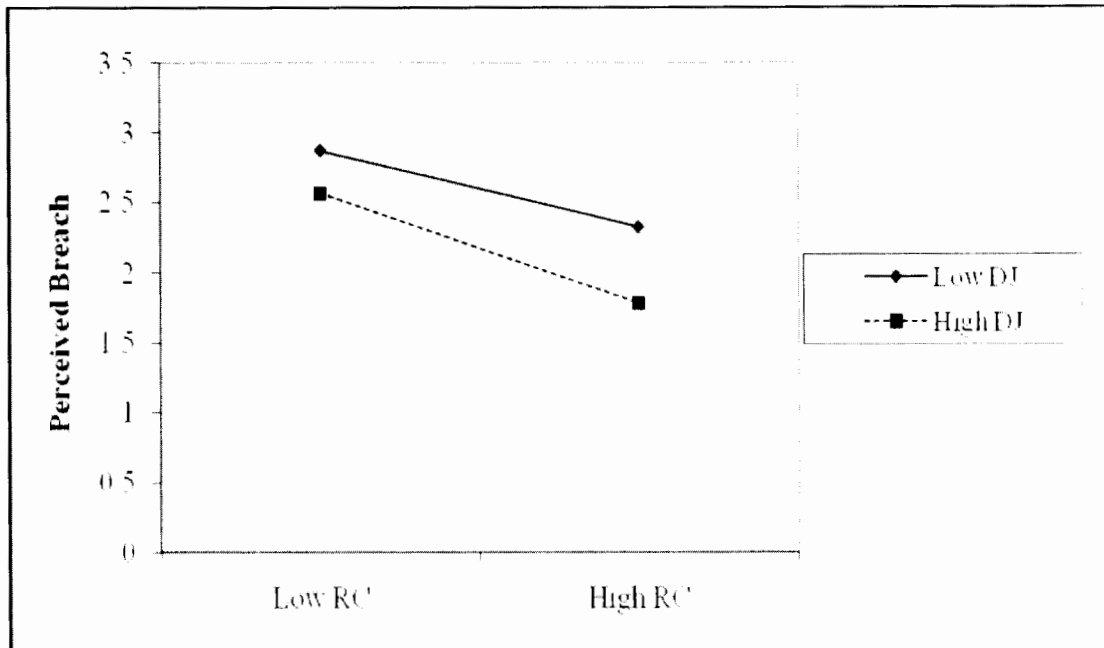


Figure 4: The interactive effects of distributive justice and relational contract on perceived breach

Figure 4 shows a significant interaction plot. As expected, the negative bond between relational contract and breach was sturdier for individuals who possess high distributive justice. Thus, hypothesis 4 is supported for moderation of distributive justice among relational contract and breach associations.

4.6. Mediation Regression Analysis

To check the hypotheses 7b, 8b, 9b and 10b, the current study adopted the stepwise mediation regression method proposed by Baron and Kenny (1986). Baron and Kenny proposed following clauses to be there to determine a mediation relationship. First, the independent variable should be a strong forecaster of dependent variable. Second, the independent variable should be a strong precursor of mediator. Third, when dependent

variable is regressed mutually on the independent and mediating variable, the mediator necessarily behaves as a strong predictor of the dependent variable. Mediation only subsists when all the above stated conditions exist. Complete mediation is when independent variable becomes non-significant as soon as mediator is entered in regression and partial mediation is established when the impact of independent variable becomes lesser as mediator is entered into the regression equation.

4.6.1. Perceived Breach as a Mediator between Contract Types and Outcomes

Hypotheses 7b and 8b proposed that breach will mediate in relational contract and outcomes (intentions to quit and job stress). The end products of analysis for hypothesis 7a and 8a as depicted in tables 9 and 10 exposed that relational contract is a strong precursor of intentions to quit and a moderate predictor of job stress. And also hypotheses 9b and 10b proposed that breach will mediate in transactional contract and outcomes (intentions to quit and job stress). The upshot of analysis for hypothesis 9a and 10a expose that transactional contract was positively but non-significantly associated to turnover intentions and job stress. It shows that transactional contract is not a strong forecaster of intentions to quit and job stress.

Barron and Kenny's proposed conditions for determining mediation are not fulfilled for transactional contract because transactional contract was not proved to be a strong forecaster of outcomes (intentions to quit and job stress) and because it defies the required clauses for mediation to occur, so we will straight forwardly reject the hypotheses 9b and 10b as there will be no mediation in this case. To test for mediation of

breach I regressed the outcomes separately with relational contract and breach. The upshots of this regression for mediation of breach between relational contract and outcomes (intentions to quit and job stress) are revealed in tables 17 and 18.

Table 17: Regression analysis showing the mediating effects of perceived breach in the relationship between relational contract and intentions to quit

Predictors	β	R ²	ΔR^2
Step 1: Controls		.02***	
Step 2: Perceived Breach	.17***	.05***	
Step 3: Relational Contract	-.27***	.10***	.05***

Note: N = 406; control variables are age, marital status, tenure and department. * $p < .05$, ** $p < .01$, *** $p < .001$

Table 18: Regression analysis showing the mediating effects of perceived breach in the relationship between relational contract and job stress

Predictors	β	R ²	ΔR^2
Step 1: Controls		.02	
Step 2: Perceived Breach	.16	.04	
Step 3: Relational Contract	.02	.04	.00

Note: N = 406; control variables are age, marital status, tenure and department. * $p < .05$, ** $p < .01$, *** $p < .001$

As soon as perceived contract breach was put in the regression model as a mediator, great drop in the impact size of relational contract was noted for intentions to quit (from $\beta = -.30$, $\Delta R^2 = .09$, $p < .001$ to $\beta = -.27$, $\Delta R^2 = .05$, $p < .001$) and job stress (from $\beta = -.10$, $\Delta R^2 = .01$, $p < .05$ to $\beta = .02$, $\Delta R^2 = .00$, $p < .77$) supporting hypotheses 7b and 8b. These upshots imply that perceived breach partially mediates relational contract and outcomes (intentions to quit and job stress) relationship. In current scenario, as the above values

depict that breach perceptions enhance and strengthen the relationship between relational contract and outcomes. In other words we can say that individuals possessing relational contract, when encounter breach will have higher intentions to leave the organizations and higher levels of job stress.

CHAPTER 5

DISCUSSION

5.1. Major Findings

5.1.1. Overview

The current investigation has been very crucial in responding to various significant queries extended from literature and theoretical scaffold of this research. The first research issue highlighted was do distributive and procedural justice impact different contract types? This study reveals that relational and transactional contract possess dissimilar association with justice types. Specifically relational contract was significantly positively related to both the justice types, whereas transactional contract was significantly positively related to procedural justice only, it was not related to distributive justice, having non-significant relationship.

Second research question was does procedural and distributive justice moderate the link among transactional and relational contracts? This study reveals that procedural justice moderates the link between both the contract types and breach, in contrast distributive justice is found to moderate the bond among relational contract and perceived breach but it does not moderate the association among transactional contract and breach.

The third query was does relational and transactional contract have dissimilar impact on breach? The verdicts of current research detail that both psychological contract types have significant negative relationship to breach. Thus both relational and transactional contract impact perceived breach in the same direction but the strength of this impact varies in contract types.

The fourth research question was; does perceived breach mediate in psychological contract types and outcome relationships? Current study provides partial support to this answer. This study revealed that perceived breach mediates the bond only in context of relational contract and outcomes (perceived job stress and intent to quit); whereas, breach does not mediate the bond in transactional contract type and outcomes.

Fifth and the last research question was: do organizational justice perceptions, contract types and their respective measures be generalized and applied to Pakistan? The outcomes of this research advocates, both the contract types and justice types are applicable to Pakistan despite the fact that there are vast cultural differences in Pakistan as compared to western world. The Cronbach alpha reliabilities are high enough for generalizing the applicability of these measures in Pakistan.

5.2. Findings and Discussion

In broad-spectrum this endeavor established reasonable support for most of the predictions. From all, eight of ten hypotheses fully hold up in focal effects. In moderation three out of four hypotheses showed significant interaction terms thus proving moderation. In full model analysis two mediation hypotheses were proposed, among which one showed full mediation i.e. breach is proven as a mediator of the link in relational contract and perceived job stress. Partial mediation was found in relational contract, breach and turnover intentions. On the other hand no mediation was found for transactional contract and outcomes (intentions to quit and job stress) with perceived breach. This study established support for negative connection of relational contract with perceived breach and outcomes. In contrast this study proves consistent negative associations among breach and transactional contract; however no relationship was

established between transactional contract and perceived stress; similarly no relationship was established between transactional contract and intent to turnover. Above all this study finds favorable support for relational contract, breach and outcomes and in contrast unfavorable support for transactional contract, breach and outcomes.

5.2.1. Main Effects Hypotheses

Hypothesis 1a: Transactional contract will be negatively associated to perceived breach.

Current research established support for hypothesis 1a ($\beta = -.16, p < .00$). Thus this hypothesis results suggest that as transactional contracts are monetary in nature, individuals having this type of contract are expected to observe breach shortly.

Hypothesis 1b: Procedural justice will be negatively linked to perceived contract breach.

Hypothesis 1b is strongly supported ($\beta = -.40, p < .001$). It reveals that whenever the levels of procedural injustice will increase in the organizations the perceptions of breach will also increase. In the vice versa when procedural justice perceptions increase the employees will be likely to perceive less breach.

Hypothesis 2a: Distributive justice will be negatively linked to perceived contract breach.

This is strongly supported ($\beta = -.44, p < .001$). It clarifies that whenever the levels of distributive injustice (pay inequities) will increase in the workplace the perceptions of breach will also increase. In the vice versa when distributive justice perceptions increase the employees will be likely to perceive less breach.

Hypothesis 3a: Relational contract will be negatively associated to perceived breach.

In contrast to transactional contracts the results for relational contract show that relational contracts are negatively associated to breach perceptions. Reasonable support is established for 3a ($\beta = -.53, p < .001$) hypothesis. In simple we can say that individuals

possessing relational contract perceive breach less frequently as compared to the individuals having transactional contracts.

Hypothesis 5: Breach will be positively linked to higher intentions to leave.

Hypothesis 5 predicted that breach perceptions lead to intentions to quit, it is strongly supported ($\beta = .18, p < .001$), thus employees having breach of relational contract will develop higher intentions of leaving the organization but transactional contract is found to have no connection to intentions to quit in current study. This result might be because of the sample and sector under study. Thus rigorous testing is required for testing of such relationship before claiming causality in this relationship.

Hypothesis 6: Breach will be positively linked to higher job stress.

Similarly hypothesis 6 is also supported ($\beta = .18, p < .001$), employees having breach of the contract develop that feeling of stress on their jobs resulting in lowering of their performance. These effects are consistent with earlier investigation of organizational research that employees will take breach of relational contracts more seriously (Restubog and Bordia, 2006; Zhao et al., 2007).

Hypothesis 7a: Relational contract will be negatively linked to intent to turnover.

Hypothesis 7a is strongly supported, it is found relational contract is a strong antecedent of intentions to turnover ($\beta = -.29, p < .001$). It reveals that individuals possessing relational contents in their contracts are less likely to have intentions to quit, and will remain committed or attached to their organizations for longer periods of their life span.

Hypothesis 8a: Relational contract will be negatively linked to job stress.

Besides relational contract is not fully linked to perceived job stress leading to lower discernments of perceived stress on job ($\beta = -.10, p < .05$). It depicts that the role of relational contract in stress perceptions is not very clear in current study; or there might be some other factors which are not taken into account in present study which alter this relationship. And individuals having relational contract might or might not perceive job stress in certain situations.

Hypothesis 9a: Transactional contract will be positively linked to intent to turnover.

Hypothesis 10a: Transactional contract will be positively linked to job stress.

For hypotheses 9a and 10a, results were steady as to past research showing that transactional contract type and its breach was not related to intentions to quit ($\beta = .01, p < .939$) and job stress ($\beta = .02, p < .677$) due to insignificant relationships. In simple we can say that individuals having short term focus do not pay much attention to the job stress; and also they know that their stay in organization is inherently short term so their intentions to quit in this regard remain unrelated to their contracts. These results also confirm the reliability of previous research (Robinson and Rousseau, 1994; Zhao et al., 2007). Thus hypotheses 9a and 10a are rejected due to insufficient support.

5.2.2. Moderating Hypotheses

Hypothesis 1c: Procedural justice moderates the relationship in transactional contract and breach.

Support is instigated for hypothesis 1c which proposed that procedural justice behaves as a moderator among transactional contract type and perceived breach ($p < .001$, with $\beta = -$

1.25, $R^2 = .25$, $f = 22.36$ and $\Delta R^2 = .04$). Individuals possessing transactional contracts are less likely to perceive breach when their organization strongly adhere the rules of procedural justice. But if the procedural injustice will increase in organizations the employees possessing transactional focus will likely to perceive breach firstly.

Hypothesis 2b: Distributive justice moderates the relationship between transactional contract and perceived breach.

Hypothesis 2b is not supported ($p < .939$, with $\beta = -.00$, $R^2 = .27$, $f = .000$ and $\Delta R^2 = .00$), it revealed that distributive justice does not operate as a moderator among transactional contract and breach. In other words, we can say that individuals who possess transactional contract do not consider distributive justice to be an important factor in perceiving breach. This finding is quite exceptional and against the proposed relationship. In order to find out the reasoning underlying such results should be focused in more detail in future studies. The unsupportive results might be because of sector under study or sample selection.

Hypothesis 3b: Procedural justice moderates the relationship between relational contract and perceived breach.

Support is found for hypothesis 3b ($p < .05$, with $\beta = -.65$, $R^2 = .38$, $f = 6.41$ and $\Delta R^2 = .01$); revealing that procedural justice acts as a moderator in relational contract type and breach. It means individual having affect laden contents in their contracts focus more on the procedures applied in their organizations to determine the level of justice in their organizations, and are less likely to perceive breach shortly because of these long term orientations in their perception projections.

Hypothesis 4: Distributive justice moderates the relationship between relational contract and perceived breach.

Support is found for hypothesis 4 at ($p < .05$, with $\beta = -.51$, $R^2 = .40$, $f = 5.51$ and $\Delta R^2 = .01$) revealing that distributive justice acts as a moderator in relational contract type and breach. It means individual having relational contents in their contracts also give more attention on what they get as a result of their efforts in the work. So besides procedures, the actual distribution of rewards and pays also alters their perceptions of breach towards their agencies.

5.2.3. Mediating Hypotheses

Hypothesis 7b: Perceived breach will act as a mediator in relational contract and intentions to quit.

Partial support is established for the hypothesis 7b revealing that breach of relational contract will mediate in relational contract and intentions to quit (from $\beta = -.29$, $\Delta R^2 = .09$, $p < .001$ to $\beta = -.27$, $\Delta R^2 = .05$, $p < .001$), which supports the conformity of previous research (Restubob and Bordia, 2006; Robinson and Morrison, 1995; Zhao et al., 2007) in our context. This finding reveals that relational contract breach partially converts into intentions to quit. In simple words we can say that individuals who develop breach perceptions in long term relationships within organizations will consequently develop intentions to leave the organizations. Because their emotional attachment gets disturbed as a result of harmful effects of breach; and as the time passes this breach will transform into intentions to quit the organization.

Hypothesis 8b: Perceived breach will act as a mediator in relational contract and job stress.

Strong support was found for hypothesis 8b showing full mediation of breach on relational contract and job stress perceptions (from $\beta = -.10$, $\Delta R^2 = .01$, $p < .05$ to $\beta = .02$, $\Delta R^2 = .00$, $p < .768$) supporting hypotheses 7b and 8b. It reveals that relational contract breach mediates the relationship of relational contract and job stress. It is a significant finding in organizational research, because job stress perceptions have been neglected in the past research of psychological contract and breach research. Thus relational contract breach not only transform into intentions to quit but also affect well-being of employees by developing perceptions of job stress in them.

Hypothesis 9b: Perceived breach mediates the relationship between transactional contract and intentions to quit.

Hypothesis 10b: Perceived breach mediates the relationship between transactional contract and job stress.

As the pre requisites for mediations were not fulfilled for hypotheses 9b and 10b, so these two hypotheses were rejected without further testing. It reveals that perceived breach of transactional contract was not related to outcomes under study in current scenario and perceived breach is not a mediator in transactional contract and job stress relationship and also in transactional contract and intentions to quit relationship. These results remain constant with earlier research which says that relational contract and breach of relational contract is more related to outcomes, and transactional contract and breach of transactional contract does not impact much to outcomes, because for employees breach of relational contract is of more concern in comparison to transactional contract breach

(Robinson and Rousseau, 1994; Robinson and Morrison, 1995; Turnley et al., 2003). As the direct relationship of perceived breach with outcomes was strong so above results also give the insight that several other factors might exist along with perceived breach in transactional contract and outcomes relationship, which are not known and does not come under the scope of current study.

Given that data is gathered from Pakistan and cultural variations and diversity is there however the results are approximately parallel to the previous studies on the same issue. This shows that western measures of the respective constructs are applicable to Pakistani context, despite the difference in cultures.

5.3. Limitations

Although this study finds full and partial support for many hypotheses, however current study has few drawbacks and constraints which should not be ignored. The first important issue is that current research employed self-reported measures. Even though self-reported data collections procedure is suitable for current sort of study still self-reported information can lead to common method bias.

Secondly, this study has a cross-sectional design. Though the outcomes of study indicate that procedural and distributive justice act as moderators in psychological contract types and breach, and also contract types and perceived breach act as antecedents to job stress and intentions to quit but the causality relationships could not be inferred from this study. For proving causality longitudinal study design should be incorporated.

5.4. Implications for Research

Current study crafts various inputs to on hand literature of psychological contracts and justice. At the outset current research is one out of those research endeavors that scrutinized the contract types and their impacts independently on breach and outcomes. Secondly current study fills an important loop hole in research by relating justice types with contract types, which has never been examined before. Thirdly current research effort is one among those which linked job stress with psychological contracts and established that perceived job stress has no relationship with transactional contract. Fourthly, the conclusions of current study offer further support to the results of prior literature, which stated that types of contract relational and transactional are discrete in their characteristics and content and have dissimilar relationships with outcomes.

5.5. Implications for Managers

This research has several useful insinuations as well. Firstly the managers must take into account employee's psychological contracts, perceptions of justice and perceptions of breach along with their feelings towards job stress and intentions to quit. Because if managers will better understand these components of work environment, and causes behind employees perceptions of breach, they will be in better position in plummeting these issues and consequently they will be successful in managing employees' psychological contracts with the organization and consequently employees will perform well and feel better at the workplace.

Secondly job stress has received extensive support in job and job related factors. But not considered in psychological contract perceptions, by including this construct managers would be at an advantage in lessening its negative impacts on employees' job stress.

5.6. Future Research Directions

This study highlights a number of future research directions. Even with the fabulous research in the realm of psychological contract and organizational justice, one part that further requires attention is to inspect the integration of these constructs in detail, current study proposed and studied interaction of justice in psychological contracts which is not fully supported, it directs that justice might be a strong mediator (and not a strong moderator) of psychological contract types and perceived contract breach. This relationship remains unexplored being out of capacity of current research. Besides in current study transactional contract was not related to job stress and intent to quit, but the finding is consistent with prior literature (Amber, 2009). So further studies are required to generalize and confirm this relationship in different scenarios. Further research should take into account personality factors for studying variance in above relationships; future research should be done to explore hypothesized conduits longitudinally, to set up causality in proposed relationships.

5.7. Conclusion

This research offers a momentous input by theoretically and empirically incorporating literature of justice and psychological contracts. Despite some limitations, the scope of current study proves that turnover intentions and job stress are the two major arenas which should be further developed and can facilitate managers in enhancing efficiency and productivity. The main crux of current research is that justice perceptions are an important part of employees' psychological contracts but they remained unexplored in previous research. Justice perceptions are found to moderate relational contract type. Both the justice types are significant moderators in relational contract and breach.

Another interesting finding of the study was that transactional contract and breach relationship was moderated by procedural justice. Besides transactional contract has no impact on job stress and intent to quit. Suffice is to say, that justice can be an important factor in psychological contract formation and breach. Moreover this study depicts that employers ought to cautiously evaluate employees' wants and needs and craft honest efforts at fulfilling their commitments.

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APPENDIX A
Custom Tables

Custom table reflecting distribution of education, department and designation on the basis of gender and marital status

		Marital Status			
		Single		Married	
		Gender		Gender	
		Male	Female	Male	Female
		Count	Count	Count	Count
Education	0	0	0	1	0
	Bachelors	41	39	11	7
	Masters	12	12	7	5
	BBA or B.Com	24	74	6	9
	MBA or M.Com	28	71	17	40
Department	5	0	0	0	1
	Remittance	0	18	1	4
	Operations	26	24	16	22
	Recovery	17	24	0	5
	Collections	37	45	2	9
	Marketing/ Customer Services	13	23	12	7
	Credit	1	16	1	3
	Personal Banking	2	8	4	1
	SME	0	15	0	0
	Miscellaneous	9	24	6	11
Designation/Grade	Upper Management	1	2	0	3
	Middle Management	24	63	16	32
	Lower Management/ Front	80	132	26	27
	Line Managers				

