

**PERCEPTIONS OF ORGANIZATIONAL POLITICS  
AS A CAUSE OF PSYCHOLOGICAL CONTRACT  
BREACH AND CHANGE IN EMPLOYEES'  
ATTITUDES IN CASE OF DIFFERENT  
PSYCHOLOGICAL CONTRACT TYPES**

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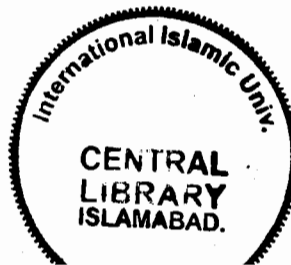
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**ISLAMABAD**



Accession No. TH 707

MS.  
688-409  
TAP

- 1- Organizational behavior - political aspects.
- 2- office politics.

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A thesis submitted in partial fulfillment of the requirements for the Degree of Masters of  
Philosophy/Science in Management with specialization in Management at the Faculty  
of Management Sciences  
International Islamic University,  
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April, 2010

***“In The Name of ALLAH, The most Merciful and Beneficent”***

**Dedication**

**“I dedicate this thesis to my loving parents and elder brother for their prayers,  
encouragement, support and guidance without which I would never been at this  
stage today”**

## Acceptance by Viva Voce Committee

**Title of Thesis:** "Perceptions of Organizational Politics as a cause of Psychological contract Breach and change in employees' attitudes in case of different Psychological Contract types"


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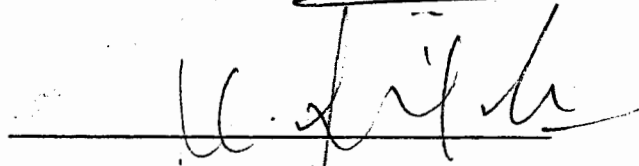
Accepted by the Faculty of Management Sciences, International Islamic University, Islamabad, in partial fulfillment of the requirements for the Master of Science/Philosophy Degree in Management Sciences with specialization in Management.

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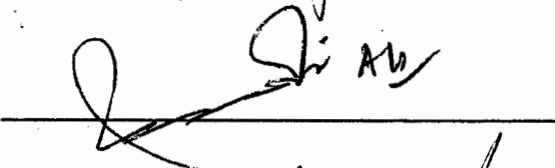
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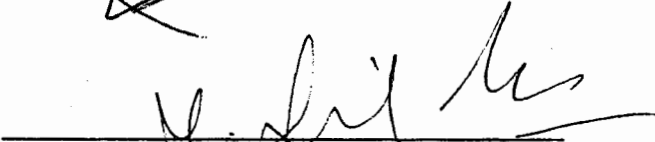
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## ABSTRACT

This research study is based on an aim to integrate two important research streams of organizational behavior: The Psychological Contract Theory and Organizational Politics. The main purpose of this research is to examine the role of Perception of Organizational Politics in evaluation of employees' psychological contracts and its impact on their work attitudes. More specifically, this study contributes the literature in two ways. Firstly, by examining the Organizational Politics as predictor of breach in Psychological contract of employees and it is suggested that Perceived Psychological Contract Breach mediates the relationship between Perception of Organizational Politics and Outcomes relationship. Secondly, by analyzing the moderating role of two Psychological contract types, the transactional and relational contract in Perception of Organizational Politics and outcomes relationship. Three outcome variables (Turnover Intentions, Affective Commitment and Job Satisfaction) are studied as outcome variables. Proposed model was tested with cross-sectional design study based on responses of 318 employees through self-reported questionnaire. Data was collected from various public and private sector organizations of Pakistan.

The results of this research indicate that Perception of Organizational Politics, Perceived Contract Breach and Transactional Contract are positively related to Turnover Intentions and negatively related to Affective Commitment and Job Satisfaction. It was also found that Relational Contract has a negative relationship with Turnover Intentions and positive relationship with Affective Commitment and Job Satisfaction. Moreover, Perceived Contract Breach was found to partially mediate the relationship between Perception of Organizational Politics and outcomes (Turnover Intentions, Affective Commitment and Job Satisfaction). Additionally, Transactional contract was found to moderate the relationship between Perception of Organizational Politics and Affective Commitment and Relational Contract found to moderate the relationship between Perception of Organizational Politics and Turnover Intentions and Affective Commitment. At the end implications for researchers and managers have also been presented and future research directions are suggested.

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## **Declaration**

I hereby declare that this thesis, neither as a whole nor as a part thereof, has been copied out from any source. It is further declared that I have prepared this thesis entirely on the basis of my personal effort made under the sincere guidance of my supervisor. No portion of the work, presented in this thesis, has been submitted in support of any application for any degree or qualification of this or any other university or institute of learning.

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## **ACKNOWLEDGEMENT**

All the praises are attributed to the Only Creator of the Universe “the Almighty Allah”, the Compassionate, the Merciful, and the Source of all knowledge and wisdom, who blessed me with health, courage, thought; cooperative family and talented, sincere and knowledgeable teachers to complete my research thesis. First of all I would like to offer my deepest and profound gratitude to my honorable supervisor Muhammad I. Ramay (Associate Professor/HOD Management) for his sincere guidance, support and encouragement during the completion of this research work. I would like to appreciate and gratitude Mr. Raja Amjad (Assistant Program Manager, MS/PhD Program) and Mr. Zafar Malik (MS/PhD Program Manager) especially for their continuous support and guidance during the period of my MS in this prestigious University.

**Tasneem Fatima**

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# CHAPTER 1

## INTRODUCTION

### 1.1 Introduction

The modern organizations are facing contingent practices like downsizing, outsourcing, temporary employment, restructuring, corporate mergers and acquisitions, which are producing uncertainty in workplaces. The mutual relationships between employer and employees do not exist in isolation but different contextual, social, environmental (Shore & Barksdale,1998) and organizational factors play important role in evaluation of mutual exchange relationships and turn into negative attitudes and behaviors. Therefore, these practices are becoming common causes of disagreements between employer and employees. Disagreements could be due to misunderstandings and uncertainty in the exchange relationships. This environment of uncertainty and misunderstandings destroy the trust of employees on the employer and give rise to a perception that their employer has failed to fulfill few obligations of the mutual exchange relationship (Robinson & Rousseau,1994; Coyle-Shapiro &Kessler, 2000) and employees evaluate their “psychological contracts”, comprising of beliefs about mutual obligations between them and the employer (Rousseau, 1989).

On the other hand, in the current global scenario, employees do not stick to their older belief to stay with an organization for the life time but, instead want to increase their employability (Cooper, 1999; Herriot & Pemberton, 1995) as well as mobility (Anderson &Schalk, 1998). Hence, Employers are facing critical issues of high



turnover rates, low performance and job satisfaction and employees are facing issues of job insecurity and slow growth.

In these circumstances there is increased probability that employees will misinterpret the employment relationship and perceive that their employer has breached their psychological contract which results into low performance, satisfaction and citizenship behaviors (McLean Parks & Schmedemann, 1994; Braun, 1997; Robinson & Rousseau, 1994; Rousseau, 1995; Robinson, 1996). Employers are more concerned to find the factors that cause misunderstandings and breach in mutual exchange relationships. Breach can be felt on both sides i.e. employee and employer but OB research is more focusing on the contract evaluation from the employees side because it leads to certain employees' behaviors and attitudes. Various attitudes like work satisfaction, turnover intentions and behaviors have been investigated as consequences of breach in employer-employee mutual exchange relationship (Zhao, Wayne, Glibkowski, & Bravo, 2007).

Therefore it is important to understand the contextual and organizational factors that cause breach in psychological contracts and also the negative work attitudes as result of disagreements and perception of breach.

## **1.2 Rationale for the Study**

Employee and employer relationship does not exist in isolation but organizational context and environment also affect this relationship. The environment of uncertainty and misunderstandings tear down the trust between employees and the employer and develops a perception that employer has failed to fulfill few obligations of the mutual exchange relationship (Robinson & Rousseau, 1994; Coyle-Shapiro & Kessler, 2000). Previous research has provided the evidence that a negative environment is developed

due to organizational politics and employees possess intentions to leave (Mintzberg, 1983; Ferris, Russ, & Fandt, 1989; Cropanzano, Howes, Grandey, & Toth, 1997). On the other hand it has been observed in previous studies that psychological contract breach has a negative impact on employee welfare and efficiency (Zhao et al., 2007).

Moreover, the fact how these distinct research areas i.e. organizational politics and psychological contract are interconnected, will contribute existing literature by explaining how psychological contract breach is developed due to organizational factors like organizational politics and how it impacts employees' attitudes and behaviours. This research will provide an insight to understand the role of organizational politics in psychological contract evaluation in terms of contract breach which can be helpful for the managers to develop methods or procedures to tackle the problems related to psychological contracts.

Rousseau (1989) defined psychological contracts as an individual's expectations regarding the obligations that exist in mutual exchange relationships between an employee and an employer. There is extensive research on consequences of psychological contract breach as various attitudes and behaviors like leaving intentions, work satisfaction and citizenship behaviors have been investigated as outcomes of psychological contract breach (Zhao et al., 2007). But, the factors relatively less studied, has been particularly based on social context that can play a role in assessment of psychological contract. Specifically, it is not clear that how employee feels that his/her psychological contract has been breached on the basis of his/her perceptions about the social context of the organization (Robinson & Brown, 2004; Shore, Tetrick, Taylor, Shapiro, Liden & Parks, 2004) and how he/she will response to this perception of breach. There is a need to investigate how employees' use their perceptions of social context characteristics, particularly organizational

politics to evaluate their psychological contract. Perception of Organizational Politics are mainly developed when self-serving behavior of the top management are observed, Perceptions of organizational politics is also based on idea of fairness like procedural justice (Andrews & Kacmar, 2001). It has been investigated that there is a linkage between employees' assessment of their exchange relationships with their employers and perception of organizational politics, procedural justice (Blader & Tyler, 2005; Hall, Hochwarter, Ferris, & Bowen, 2004; Rosen, Levy, & Hall, 2006). But there is little evidence of evaluation of Psychological contract on the basis of their Perception of Organizational Politics. Therefore, there is a need to integrate two OB research streams to figure out the relationship between Psychological Contracts and Perception of Organizational Politics. Many antecedents of psychological contract breach have been investigated but social context variables are also important to be studied to find a more conclusive list of variables that might be cause of perceived contract breach.

### **1.2.1 Perception of Organizational Politics and Psychological Contracts**

Literature is evident of the wide research on the outcome of psychological contract breach (Zhao et al., 2007). On the other hand, Perception of Organizational Politics have been studied extensively with many antecedents and consequences in the form of attitudes and behaviors of employees (Miller , Rutherford & Kolodinsky, 2008). There are rare studies that suggested a linkage between contextual factors like organizational politics and evaluation of exchange relationship between employee and employer (Rosen, Levy, & Hall, 2006) but in particular, there is a rare evidence

how perception of organizational politics lead to perception of breach in one's psychological contract and how one will response to this perception of breach.

There is a research gap to explain how psychological contract breach develops due to employees' perceptions of organizational politics in the work environment. Rosen *et al.*, (2009) proposed few models in their study to explain this linkage and found that only Environmental Responsiveness model proved to be significant. They explained the relation between organizational politics and perceived breach partially through social information processing (SIP) theory (Salancik & Pfeffer, 1978) which is based on the idea that employees build and infer the reality on the basis of the signals; they receive from the social context of their work environment. Other than the objective facts, they also respond to those realities which are partly built on the basis of information provided by their colleagues, observations about peers and interactions with the employer and others in power (Thomas & Griffin, 1983). The existence of political behaviors in an organization promote the idea that people in power are more concerned to benefit themselves and to use most of the resources for their own power and self-interests instead of wellbeing of employees (Hall et al., 2004). These perceptions further extend the thought of employees that employer will no longer be committed with them to fulfill their obligations in the mutual exchange relationship. Employees make assessments about the extent their employer is capable to fulfill their obligations and due to cognition of lack of fairness in the exchange relationship there are more chances of divergence between employees and the employer that increase the probability of breach in their psychological contracts (Morrison & Robinson, 1997). Moreover there is no research evidence that perceived breach mediates the relationship between Perception of Organizational Politics and Turnover

Intentions. This gap is identified and will be investigated in this study along with the other two outcome variables i.e. Affective Commitment and Job Satisfaction.

Therefore one of the objectives of this study is to find that Perceived breach is one of the consequences of Perception of Organizational Politics or conversely, Perception of Organizational Politics is an antecedent of Psychological contract Breach.

Another research gap exists in literature which is identified and investigated in this research that Perception of Organizational Politics has never been studied with Psychological Contract Types. Transactional and Relational contracts are considered as two major types of psychological contracts (Rousseau 1990, 1995; Herriot, Manning & Kidd 1997; Anderson & Schalk 1998; Millward & Hopkins 1998). Transactional contracts are based on economic or monetary benefits for shorter period of time. This contract type requires comparatively very little involvement of contracting parties with a focus on compensation and individual welfare rather than wellbeing of the organization.

Relational contracts, on the other hand, are based on socio emotional aspects of the contract like loyalty, commitment, and involvement other than pure economic benefits.

Millward and Herriot (2000) argued that psychological contract are comprised of the different levels of two contract types at the same time i.e. the relational and transactional. Consequently employees can possess characteristics of both contract types (Robinson, Kraatz & Rousseau 1994). Therefore it is really important to investigate how Perception of Organizational Politics and psychological contract types interact with each other and to what extent impact on employees' attitudes like job satisfaction, commitment and Turnover intentions. Conversely, it is significant to

study how psychological contract types (transactional and relational) moderate the relationship between Perception of Organizational Politics and outcomes.

### **1.3 Purpose of the Study**

The main purpose of this study is to integrate two OB research streams, Perception of Organizational Politics and Psychological Contracts theory. Firstly it is investigated that Perception of Organizational Politics is an antecedent of Perceived Breach. Secondly, the mediating role of Perceived Breach between Perception of Organizational Politics and outcomes (Turnover Intention, Affective Commitment and Job Satisfaction) relationship is examined. Thirdly moderation of Transactional and Relational contract is predicted in Perception of Organizational Politics-outcomes relationship. The results of these all relationships will be investigated in a developing country like Pakistan.

This study will make many contributions to the existing body of research. Mainly it will give a new research area to study Psychological Contracts with Perception of Organizational Politics. Two important issues of Psychological contract theory, the Perceived Breach and Psychological Contract types (Transactional and Relational) will further validate the role of Organizational Politics in mutual exchange relationship evaluations.

### **1.4 Statement of the Problem**

“To investigate the role of Perception of Organizational Politics as antecedent of Perceived Breach in psychological contract and outcomes” and

“How Perceived Breach and Psychological contract types (Relational and Transactional) mediate and moderate respectively between Perception of

Organizational Politics and Outcomes (Turnover intentions, Affective Commitment and Job Satisfaction) relationship”.

### **1.5 Objectives of Research**

The objectives of this research are three folds:

- 1) To investigate the role of Perception of Organizational Politics as a predictor of Perceived Psychological Contract Breach and outcomes.
- 2) To predict that Perceived Breach mediates the relationship between Perception of Organizational Politics and outcome variables.
- 3) To investigate the interactive effect of Psychological Contract types (Relational and transactional) and Perception of Organizational Politics on Employees' attitudes i.e. Turnover Intentions, Affective Commitment and Job Satisfaction.

### **1.6 Significance of Research**

This study contributes the existing body of knowledge of Psychological contracts and Perception of Organizational Politics. Individually both streams of research have extensive evidence of various antecedents and outcomes. This study has significance in two folds. Firstly, it replicates few relationships already proved in research i.e. the direct relationship of Perception of Organizational Politics, Perceived Breach and Psychological Contract types (Transactional and Relational) with the outcomes: Turnover Intentions, Affective Commitment and Job Satisfaction.

Secondly, it will contribute in existing literature by integrating both research streams of Psychological contracts and Perception of Organizational Politics. Because there is very rare evidence that Perception of Organizational Politics is an antecedent of Perceived breach in Psychological contract. This study has investigated this relationship with an additional step of mediation of Perceived Breach between

Perception of Organizational Politics and outcomes relationship. So it will explain the mechanism how Perception of Organizational Politics can be an antecedent of Perceived Breach and how perceived breach plays a role between Organizational Politics and outcome relationships.

There is a research gap in existing literature that Perception of Organizational Politics has never been investigated with type of Psychological Contract, so this research will help to explore this area of studying Psychological Contracts and Perception of Organizational Politics.

Another significant investigation is about the moderating role of Psychological contract types (relational and transactional) between Perception of Organizational Politics and outcome variables: Turnover Intentions, Affective Commitment and Job Satisfaction. The literature indicates that this relationship has never been studied so far, so this study will add a significant part in these research domains.

Furthermore the scale of Psychological Contract types (Relational and Transactional) will be further validated in Pakistan. Even there are few studies in which psychological contract types relational and transactional are studied separately, so it will be significant contribution in literature.

## **1.7 Research Questions**

A theoretical framework is developed in this study to address a number of research questions.

- Is Perception of Organizational Politics significantly related to outcomes (Turnover Intentions, Affective Commitment Job Satisfaction) as proved in previous research?



- Are Transactional and Relational contracts significantly associated with
- Employees' work outcomes specifically, Turnover Intentions, Affective Commitment and Job Satisfaction.
- Is Perceived Breach significantly related to the outcomes (Turnover Intentions, Affective Commitment and Job Satisfaction) as proved in prior research?
- Is Perception of Organizational Politics a significant predictor of Perceived Breach?
- How Perceived Contract Breach act as a mediator between the Perception of Organizational Politics and outcomes relationship?
- How Transactional and Relational contracts moderate the relationship Between Perception of Organizational Politics and outcomes?
- Do Psychological contract types (Transactional and Relational) generalize to a developing country like Pakistan?

## **CHAPTER 2**

### **LITERATURE REVIEW AND THEORETICAL FRAMEWORK**

#### **2.1 Perception of Organizational Politics**

Organizational politics is one of the features of organizational context and play an important role in organizational and individual outcomes. It was first described in literature by Burns (1961, p. 257), who proposed that it happens when “others (individuals) are made use of as resources in competitive situations”. Mintzberg (1983, p. 172) defined it as “individual or group behavior that is informal, ostensibly parochial, typically divisive, and above all in a technical sense, illegitimate-sanctioned neither by formal authority, accepted ideology, nor certified expertise (although it may exploit any one of these)” and it has been widely acknowledged by most of the researchers.

Politics has also been defined by many other researchers as deliberate and planned social influence practice in which behavior is tactically intended to achieve short and long period benefits (Gray & Ariss, 1985; Ferris, Russ, & Fandt, 1989). Whereas, the other researchers focused their conceptualizations about organizational politics as the activities those are self-serving and illegal, and frequently found detrimental for the

other employees as well as the organization (Ferris et al., 1989; Kacmar & Baron, 1999), and few referred them as organizationally non-sanctioned behaviors (Gandz & Murray, 1980; Schein, 1977). Organizational politics develop aversive environment that is linked with disagreements, clashes and power tactics to influence other employees (Gandz & Murray, 1980; Ferris & Judge, 1991).

Organizational Politics is a contextual phenomenon and carries two factors, the “occurrence” and the “perception”, both have adverse affects on employees (Burns 1961; Gandz and Murray 1980; Porter 1976). For clear understanding of politics in organizations, both the aspects i.e. “occurrence” of political behavior and individuals’ “perceptions” of politics are important. Many researchers have criticized the scarcity of research on organization politics (Gandz & Murray, 1980; Madison, Allen, Porter, Renwick & Mayes, 1980) and developed frameworks to investigate occurrence (Vredenburgh & Maurer, 1984) and the perception (Ferris et al., 1989) of organizational politics. Research has witnessed this evolution of the phenomenon of Organizational Politics from objective fact to subjective perception. Each employee perceives it differently and develops some perceptions about the politics in the work environment. Parker, Diboye, & Jackson (1995) also confirmed that the Perception of Organization Politics is actually an important element of one’s perception of organizational context.

Previous research revealed that Organizational Politics was viewed positively (Hochwarter, Perrewe’, Ferris, & Guercio, 1999), neutrally (Pfeffer, 1981), and negatively (Ferris et al., 1989). Madison and colleagues (1980) explained how managers can identify the positive and negative utility of organizational politics in an organization. But Organizational Politics has been viewed as intentionally planned

influence tactics to accumulate power and benefits (Ferris et al., 1989). This description of organizational politics possess a negative tone and similar to the general opinion of employees who view it as a destructive phenomenon (Gandz & Murray, 1980). In addition, previous studies have shown that organizational politics are related to employees' evaluations and beliefs about their jobs, including perceptions of injustice (Beugre & Liverpool, 2006), job congruence (Vigoda, 2000), and discrimination (Gibson, 2006). Employees illustrate adverse reactions to organizational politics because politics are a stressor in the job environment (Ferris et al., 1989, 2002) that hinder employees from meeting personal and career goals (Cropanzano et al., 1997), associated with interpersonal conflict(Vigoda, 2002) and unfairness in mutual exchanges.

On the whole, most of empirical research indicated that employees respond in a negative manner to their perceptions of organizational politics (POP) in the work environment. Because the activities that give rise to POP (e.g. backstabbing, influence tactics, and favoritism-based employment decisions) often occur without concern for the welfare of the organization and co-workers (Kacmar & Carlson, 1997), POP are often, but not always (Fedor & Maslyn, 2002; Fedor, Maslyn, Farmer & Bettenhausen, 2008), perceived as harmful, divisive, and obstructive (Ferris, Adams, Kolodinsky, Hochwarter, & Ammeter, 2002; Mayes & Allen, 1977). Few studies reported negative association between employee's perceptions of growth opportunities and Perception of Organizational Politics (Gandz & Murray, 1980; Ferris & Kacmar, 1992). Organizational politics has been mostly investigated as predictor or consequence in previous research (Ferris et al., 1989; Poon, 2003). Few studies proposed moderating role of Perception of Organizational Politics e.g. Perception of Organizational Politics was found as significant moderator in

relationship of conscientiousness with job performance (Hochwarter, Witt, & Kacmar, 2000).

Kacmar & Carlson (1997) distinguished three dimensions of politics that can be observed in organizational politics which are general political behavior, going along to get ahead, and pay and promotion. General political behavior is based on employee perceptions about their colleagues indulged in political practices like backstabbing. Going along to get ahead are associated with influence or control practices such as fawning oneself by supporting the power group. Pay and promotion refers to the practices used to control the resources. These three dimensions indicate that how much an organization or employer is perceived to be political.

In most of the studies Perception of Organizational Politics has been studied as an overall construct. I have taken Perception of Organizational Politics as a whole and did not split it into its dimensions in this study.

## **2.2 Employees Attitudes**

### **2.2.1 Turnover Intentions**

Turnover Intentions refer to the possibility of an employee to leave his/her organization in a specific span of time. Turnover intentions reflect employee's psychological involvement or bonding with the organization (Zhao et al., 2007). It is different to actual turnover as it is intent of the individual to depart the organization in future but not the actual act of leaving. Therefore it measures employee's inner emotions towards his/her employer like affective commitment. Moreover, turnover intentions are not affected by external factors like work opportunities in the market, so precisely mirror employee's attitude and attachment with the organization. It has

been observed as a common reaction to negative actions in an organization (Lum, Kervin, Clark, Reid, & Sirola, 1998).

### **2.2.2 Affective Commitment**

Organizational commitment illustrates the potency of an employee's recognition and affection with an organization (Meyer & Allen, 1984). Meyer and Allen's (1991) proposed "three-component model" of commitment comprised of affective commitment, normative commitment and continuous commitment. Affective commitment is also called "attitudinal commitment" as it is considered to be more aligned to the theoretical and practical description of attitudes (Iverson & Buttigieg, 1999). It is explained as attitude of employee's towards his or her organization in terms of involvement and attachment. Affective Commitment includes an emotional factor more than continuous and normative commitment (Meyer and Allen, 1991).

Since this study has undertaken the employee's different attitudes towards his/her organization as outcome variables, therefore Affective commitment is selected as it is supposed to be best suited to the type and scope of this study.

When employees perceive breach in their psychological contract, there will be low probability to be attached and identified with the same organization (Zhao et al., 2007). On the other hand when employees perceive politics in organizational environment, they emotionally feel that employer will not think about their well being but will serve its own purpose. Therefore, these feelings create a negative thinking and employees do not like to be much attached with the organization.

### **2.2.3 Job Satisfaction**

Job satisfaction refers how an individual positively or negatively assess or evaluate his/her job or situation (Weiss & Cropanzano, 1996). Lock (1969) suggested that job satisfaction is supposed to be a comparison of perceived connection between the expected and actual offerings by an individual's job. A state of dissatisfaction occurs when there is a divergence and inconsistency between expected and actually received enticement.

Lock (1976) explained that individuals react affectively when they get outcomes inconsistent with their expectations. These affective reactions can be positive when outcomes encountered are valued and pleasant. Consistent with this argument there is a high possibility that job satisfaction will be more positive when it is felt that received outcomes are consistent with an individual's expectation. A strong correlation has been observed between employee's emotional adjustment and degree of their job satisfaction (Hoppock, 1935).

### **2.3 Perception of Organizational Politics and Outcomes Relationship**

Employees exhibit unpleasant reactions to POP because politics is a stressor in the job environment (Ferris et al., 1989, 2002) that hinders employees from meeting personal and career goals (Cropanzano et al., 1997) and leads towards interpersonal conflict (Vigoda, 2002). Extending this viewpoint, empirical research has provided evidence that there are a number of stress-related outcomes of POP, including job anxiety and burnout (Harris & Kacmar, 2005; Vigoda, 2002). In addition, previous studies have shown that organizational politics are related to employees' evaluations and beliefs about their jobs, including perceptions of injustice (Beugre & Liverpool, 2006), job congruence (Vigoda, 2000), and discrimination (Gibson, 2006). Moreover,

research has provided equivocal evidence for relationships between POP and outcomes such as task performance and OCBs.

Ferris et al. (2002) revealed a detailed model on antecedents and consequences of perception of politics in organizations. They empirically tested seven new outcome variables that were not included in their previous model presented in 1989, which included: in-role job performance, organizational commitment, trust, organizational cynicism, justice reactions, and organizational citizenship behaviors. The new added variables having strong empirical support from other studies, proved to be negatively related to POP (Ferris et al., 2002)

In a meta-analysis (Miller, et al., 2008) on POP, it was observed that the job satisfaction, job stress, leaving intentions, organizational commitment, and job performance have been investigated more frequently in research as consequences of POP.

### **2.3.1 Turnover Intentions and Perception of Organizational Politics**

Ferris et al. (1989) suggested that when employees perceive high level of politics they get disappointed and do not want to work with the same organization and show higher turnover intentions. But research exists with different results of Perception of Organizational Politics and Turnover intentions as most of the studies revealed positive relationship (e.g., Cropanzano et al. 1997, Study 1; Hochwarter et al. 1999, Study 2; Kacmar et al. 1999). Some studies found no relationship between POP and Turnover intentions ( Cropanzano et al. 1997, Study 2; Hochwarter et al. 1999, Study 2) and very few studies reported negative relationship with POP (Larwood et al. 1998).



### **2.3.2 Affective Commitment and Perception of Organizational Politics**

It has been frequently found in studies that POP has a negative association with organizational commitment (Ferris et al. 1989, 2002). Most of the POP studies treated organizational commitment as a collective whole and adopted it as unidirectional construct (Mowday et al. 1979). Many researches considered three-factor model of Allen and Meyer (1990) and could not find the significant difference among commitment dimensions. Few researchers used affective commitment subscale of Meyer and Allen (1984) and found significant results (Cropanzano et al. 1997; Hochwarter et al. 1999). Most of the measures used for organizational commitment in early studies were very much affective in nature (Miller et al., 2008). Therefore, Affective commitment is being selected as an outcome variable for this study.

In a recent meta-analysis on POP (Miller et al., 2008), it was found that in most of the studies POP was negatively related to commitment (Maslyn and Fedor 1998; Nye and Witt 1993; Witt 1998), few found positive relationship (Cropanzano et al. 1997, Study 1) and few reported no effect on organizational commitment (e.g., Cropanzano et al. 1997, Study 2).

### **2.3.3 Job Satisfaction and Perception of Organizational Politics**

Job satisfaction refers to an emotional state built with evaluation of individual's job (Locke 1976). In a recent meta-analysis on POP (Miller et al., 2008), it was found that most of the researches in this area reported negative relationship between POP and job satisfaction. Ferris et al. (1989) reported negative and direct relationship

between two variables. Results of other studies revealed negative effect with a wide range of correlations, indicating presence of moderators in the association between POP and job satisfaction (Cropanzano et al. 1997; Ferris et al. 2000; Kacmar et al. 1999; Valle and Perrewe' 2000).

Results of meta-analysis (Miller et al, 2008) indicated that POP has negative effect on job satisfaction and organizational commitment and reasonably positive effect on job stress and turnover intentions.

On the basis of previous research following relationships can be predicted:

*Hypothesis 1(a): Perception of Organizational Politics (POP) will be positively related to Turnover Intentions.*

*Hypothesis 1(b): Perception of Organizational Politics (POP) will be negatively related to Affective Commitment.*

*Hypothesis 1(c): Perception of Organizational Politics (POP) will be negative related to Job Satisfaction.*

## **2.4 Psychological Contracts**

Psychological contracts are supposed to be a foundation of employer-employee relationship and consist of “beliefs” and “viewpoint” about reciprocal obligations between two parties (Schein, 1965; Rousseau, 1989).

Organizations usually depend on written contracts to define and explain the employee-employer relationship. However, some contracts are psychological and may be understood by only one of the contracting parties (i.e., employer or employee). The concept of “Psychological Contract” is perceived as extremely useful

to explain and comprehend the recent employee-employer relationships and its effect on attitudes and behaviors (Morrison & Robinson, 1997; Rousseau, 2001; Shore & Coyle-Shapiro, 2003).

Argyris (1960) presented the concept of 'Psychological Contract'. For earlier few years the topic achieved popularity among OB researchers but again became distracted up to 1990's. Levinson and colleagues (1962) were first in conceptualizing the idea of Psychological Contract in perspective of reciprocity and described this concept as a set of beliefs about what each party is obligated to give and entitled to receive, in return for another party's contributions. Psychological Contracts consist of group of "implicit expectations" (Schein, 1988) on both sides. Employees make their expectations about the nature of the job to be performed, compensation package, rewards and opportunities for their development. On the other hand, organizations also have expectations from employees, which are acknowledged in its policies, procedures, performance standards and job descriptions.

Restructuring, downsizing, mergers and takeovers were observed due to the economic recession in many organizations. So there was an important issue, how employees respond to these changes and how they reacted towards their employers. The concept of psychological contracts facilitated to explain those changes and, therefore achieved attention again in OB research (Van den Brande, 1999).

Psychological contracts have been visualized as idiosyncratic in nature because employees perceive their relationships and employment deals with their employer individually (Rousseau, 1996, 2001; Turnley and Feldman, 1998).

The concept of psychological contract has been viewed from perspective of employer (Coyle-Shapiro, 2002), employee (Rousseau, 1990) and both employer and employee

(Dabos & Rousseau, 2004). But practically it was viewed as difficult to figure out the expectations of both parties as a whole (Rousseau, 1989). In 1989, Rousseau suggested a focused definition with employee's perspective as the main element defined it as how employees hold their viewpoint about the terms and conditions of exchange relationship between themselves and the employer. In this study psychological contract has been conceptualized from the perspective of employees.

Rousseau (1995, p.9) generally defined Psychological Contracts as sets of "individual beliefs, shaped by the organization, regarding terms of an exchange agreement between individuals and their organization"

Psychological contract are based on individual perceptions so more subjective in nature than stated agreements. In other words they are supposed to be established on the basis of individual perceptions and "exists in the eye of the beholder" (Rousseau, 1995, p.6). It has been examined that all employees possess their own perceptions and expectations regarding the mutual obligations that exist between themselves and their organizations (Dulac, Coyle-Shapiro, Henderson and Wayne, 2008). At the same time another important aspect to know is that the other party may not have the same expectation in the mutual relationship (Rousseau, 1989; Shore and Tetrick, 1994).

Research is evident that the concept of Psychological Contract has been differentiated from the expectations. Expectations are considered as what employees anticipate to get from their employer or organization whereas, psychological contracts comprise of the perceived promises for which they have justification to believe that a certain promise has been held (Morrison and Robinson, 1997). Rousseau (2001) suggested that promises are not always clearly or explicitly declared but perceived implicitly and even they could be inferred from the actions of the employer.

In spite of extensive literature in this area there is a need to explore it with theoretical and empirical research (Conway, 1996; Guest, 1998).

## 2.5 Psychological Contract Types

Psychological contracts types could be differentiated on the basis of two characteristics, "the time frame" and "performance requirements" (Rousseau, 1995). Time frame is associated with the duration of the exchange relationship which can be categorized as short-term vs. long-term and indicates the promised period of the relationship. Performance requirements explain the link between performance demands and the rewards employment provides which can be low vs. high. On the basis of these attributes, psychological contracts can be categorized into four types: transactional, relational, balanced and transitional.

Transactional contracts are considered as monetary in nature and contributions and compensations are exchanged on temporary or short period of time (Rousseau, 1995). Relational contracts are unrestricted perceived obligations having "economic" and "socio-emotional" elements. Relational contract is long-term and mutually satisfying relationship without particular performance-reward contingencies (Rousseau, 1995).

Balanced contract is a mix of the transactional and relational contract type where it carries the attribute of performance-reward contingencies from transactional contracts and open-ended and subjectivity elements from relational contracts (Rousseau, 1995).

Whereas, transitional contracts refers to the insufficiency of an agreement between the parties, which can arise from unbalanced circumstances for example radical organizational level transformations like downsizing can decrease or eliminate commitment between the employee and the employer (Rousseau, 1995).

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Millward and Herriot (2000) suggested that the transactional and relational contracts are not the one versus the other but psychological contract can be comprised of different levels of both contract types at the same time. Employees' psychological contracts can possess elements of relational and transactional contract types (Robinson, Kraatz & Rousseau, 1994). Whereas Rousseau (2000) proposed the Psychological Contract Inventory (PCI) on the basis of two traits and explained four dimensions: transactional, relational, balanced and transitional. This framework was further verified (Dabos & Rousseau, 2004; Rousseau, 2000).

This research is established on two divergent dimensions of Psychological Contract: "transactional and relational", because these types are well recognized in psychological contract research (Hui, Lee and Rousseau, 2004). Empirical research also confirmed the peculiarity between these two types of psychological contract (Robinson & Rousseau, 1994; Robinson, Kraatz & Rousseau, 1994).

### **2.5.1 Transactional Contracts**

Transactional contracts are based on short-period economic agreements having low level of involvement of the contracting parties with money-oriented interest (Rousseau, 1995; Morrison & Robinson, 1997). Employees give more importance to personal profits rather than wellbeing of the organization. Rousseau and McLean Parks (1993) suggested that the contract dimensions can be differentiated on the basis of few factors like focus, time-frame, stability, scope and tangibility.

Transactional contracts are majorly based on the idea that employee considers his/her job as monetary return of what he/she contributes for it (Rousseau & Wade-Benzoni, 1994). They lack emotional perspective and rely on economic exchange perspectives between two parties and focus to provide competitive compensation for services

provided by the individuals (Rousseau, 1995; De Meuse et al, 2001). These contracts carry calculative element as employees are more concerned about maintaining the balance and compensation in the relationship (Morrison & Robinson, 1997). They contain inducements that are explicit and extrinsic in nature and can be observed in terms of fairness and competitive pays (Montes and Irving, 2008).

### **2.5.2 Relational Contracts**

Relational contracts are based on socio emotional aspects of the contract like loyalty, commitment, and involvement other than economic benefits. The main concept of relational contract has been originated from social exchange perspective (Blau, 1964) and consists of emotional involvement along with economic rewards (Robinson et al., 1994). As traditional working association between an employee and organization, this type of contract stimulate feelings of emotional involvement in employee and obligate the employer to provide more than just enumerative compensation to the employee like training, personal development and career growth with assurance of job security (Morrison & Robinson, 1997; Rousseau & Mc Lean Parks, 1993). These contracts are considered as more intrinsic and affective having a higher tendency to be subjective and mostly illustrated as unconstrained exchanges (Montes and Irving, 2008).

Relational contracts are developed on the basis of trust between employee and the employer (Buch & Aldridge, 1991; Robinson, 1996; Rousseau, 1995) and comprise of perceived intangible inducements such as career and personal development (Robinson et al., 1994; Rousseau & Mc Lean Parks, 1993).

Relational type of psychological contract is supposed to be very significant as it has been contrasted with transactional contract type in previous research (Herriot, Manning & Kidd, 1997).

If these two contract types are compared, Relational contracts tend to explain emotional and affective elements of the contract whereas transactional contracts explain monetary or financial elements of the contract. Relational contracts are considered as intrinsic due to subjectivity and transactional contracts are extrinsic due to their objective nature. If these two types of contracts are compared on time frame factor, relational contracts have indefinite and indistinguishable period and relational contracts have definite and short range period. Moreover transactional contracts are stationary in nature whereas relational contracts keep on evolving and changing according to the circumstances.

Theoretical and empirical research also confirmed that transactional and relational contracts are distinguishable (Montes and Irving, 2008). They found that when relationship develops between employee and employer, employees are implicitly and explicitly promised with transactional and relational incentives. Transactional incentives comprise of competitive compensation whereas relational incentives include skill development opportunities and both promises together make the psychological contract (Coyle-Shapiro & Kessler, 2000).

The psychological contract typology has been developed in terms of content and exchange balance (Cuyper, Rigotti, Witte & Mohr, 2008). The content comprised of relational and transactional dimension whereas exchange balance was measured by comparing employees' perceptions on the number of employees' obligations relative to employer's obligations (Cuyper et al., 2008).



Research on Psychological Contract Theory proposes that it is significant to investigate distinct elements i.e. transactional and relational contracts individually (Coyle-Shapiro & Kessler, 2000; Raja, Johns & Ntalianis, 2004). This is also pointed out that investigation of nature of Psychological contract is incredibly important because it will be helpful to know the association between Psychological Contract and employees' work outcomes (Hui, Lee & Rousseau, 2004). Many researchers suggested that the contract dimensions could have a linkage with work outcomes at individual and organizational level differently (e.g., Shore & Barksdale, 1998). However, there is inadequate research in which distinction between two types of psychological contracts have been studied (Arnold, 1996; Raja, Johns & Ntalianis, 2004). This is one of the aims of this research to bridge up this gap in research by exploring the relation of transactional and relational contract with employee outcomes separately.

## **2.6 Psychological Contract Types-Outcome Relationship**

Literature provides the evidence that positive personal and organizational attitudes are expected when contract is relational and negative attitudes are more promoted when contract is transactional (Rousseau, 1995; Rousseau & McLean Parks, 1993).

Few studies suggested that transactional contracts are negatively (and relational contracts, are positively) associated to job satisfaction, job and organizational commitment, expected job tenure and positively related to leaving intentions (Millward & Hopkins, 1998; Rousseau, 1990; Raja, Johns & Ntalianis, 2004). Raja et al. (2004) found that relational contracts have positive impact on job satisfaction, affective commitment and have negative effect on leaving intentions and opposite results were observed for transactional contract.

It was also found that lack of recognition and promotion opportunities are positively related to employee turnover (Mill, 2001; Selden & Moynihan, 2000). Consequently, past research also resulted that career incentives are significantly related to intentions to stay (Bluedorn, 1982; Hsu et al., 2003). The relationship between career development opportunities and work exhaustion experienced by employees has been studied and it was found that career development opportunities might impact work exhaustion because it helps in maintaining the psychological contract between the worker and the organization (Kim and Wright, 2007).

McDonald & Makin (2000) studied transactional and relational types on workers of a large holiday sector organization and revealed that permanent and short contract employees did not vary significantly in degree of relational and transactional contract but permanent employees possessed higher job satisfaction and organizational commitment as compared to temporary employees.

De-Vos and Megank (2009) investigated employees' leaving intentions in Psychological contract viewpoint and found that assessment of promises relating to career development opportunities appeared as significant predictor of employee loyalty, employees' leaving intentions and their job search behaviors.

Rousseau (1995) argued that employees usually expect a career development opportunities from the employer in return for their skills, efforts and time. These career advancement opportunities enhance a feeling of personal achievements and they realize that organization have fair policies that suppress their feelings of helplessness (Cordes & Dougherty, 1993).

Transactional contracts are temporary and rigid in nature and characterized lack of involvement, emotional element and trust between the employees and employer

(Morrison & Robbinson,1997; Rousseau & McLean Parks, 1993).It can be suggested that employee having a transactional contract will have intentions to leave, weak affective commitment with the organization and will be dissatisfied with their jobs.

Relational contracts are long-standing, dynamic and broader comparatively, because they are not limited up to the financial exchange but also comprise of emotional involvement and expectations more than monetary exchange in terms of personal growth, career development, trust and recognition from the employer (Morrison & Robbinson, 1997; Rousseau & McLean Parks, 1993). It can be argued that employees who perceive relational contract will be affectively committed, without thought of leaving their organization and feel satisfied with their jobs.

On the basis of literature evidence, it can be hypothesized that transactional contracts will have a positive effect on turnover intentions and negative effect on affective commitment and job satisfaction. Conversely, relational contracts will have a negative effect on turnover intentions and positive effect on affective commitment and job satisfaction.

*Hypothesis 2(a): Transactional Contract will be positively related to Turnover Intentions.*

*Hypothesis 2(b): Transactional Contract will be negatively related to Affective Commitment.*

*Hypothesis 2(c): Transactional Contract will be negatively related to Job Satisfaction.*

*Hypothesis 3(a): Relational Contract will be negatively related to Turnover Intentions.*

*Hypothesis 3(b): Relational Contract will be positively related to Affective*

*Commitment.*

*Hypothesis 3(c): Relational Contract will be positively related to Job Satisfaction.*

## **2.7 Perceived Psychological Contract Breach**

Perceived Breach is considered as one of the most imperative concepts in psychological contract theory., which can be described “Perceived breach refers to 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 . . . perceived breach represents a cognitive assessment of contract fulfillment that is based on an employee’s perception of what each party has promised and provided to the other” (Morrison & Robinson, 1997: 230). Perceived breach has been illustrated by many researchers and commonly found that it is employees’ perceptions that their employer has been failed to fulfill its promises and obligations (Rousseau, 1989, 1995; Robinson & Rousseau, 1994). Employees change their perceptions in their psychological contracts with the time as Robinson & Rousseau (1994) reported that 55% of the managers perceived a deviation on few of the promises by the employer after two years of their tenure.

Psychological contract involves perceived promises (Morrison & Robinson, 1997) which are not supposed to be clearly and explicitly stated always but can be deduced from the employer’s actions (Rousseau, 2001). Psychological Contract Breach is characterized as a subjective phenomenon, often it happens with the actual breach in Psychological Contract and often it occurs without clarity (Morrison and Robinson, 1997) but developed with the employee’s perception about the un-fulfillment of promises by the employer (Robinson& Rousseau, 1994).

Moreover, “reneging and incongruence” are supposed to be two basic logics that go towards Psychological Contract Breach (Morrison & Robinson, 1997). “Reneging” occurs when employers are not able or willing to accomplish obligation and go back on their promises or words. On the other hand, “incongruence” takes place when employer and the employee possess conflicting and contrary point of views regarding the content of a particular promise and there could be confusion about the existence of that promise. Reneging or incongruence, both lead towards the perception of breach by developing a feeling about the divergence between promised and delivered promises.

Morrison and Robinson (1997) further explained an important concept of employee vigilance that leads to the perception of breach in his/her psychological contract, which can be defined as the extent to which an employee anxiously examines the fulfillment or non-fulfillment of terms and conditions of his/her psychological by the employer.

Perceived breach and concept of violation has been used interchangeably but few researchers have distinguished this concept. Violation illustrates an emotional state of distress, suffering and feelings of disloyalty, aggression, and unjust impairment developed with the perception that employer has been failed to fulfill most outstanding obligations (Morrison & Robinson, 1997; Rousseau, 1989). The difference evidently indicates that breach is a result of an intentional and cognitive exploration intended to evaluate individual’s psychological contract, up to what extent is being maintained by his/her employer.

## **2.8 Psychological Contract Breach-Outcomes Relationship**

Breach is considered as a key concept in psychological contract theory because it describes how negative attitudes and behaviors are developed due to perception of breach in psychological contracts of employees (Conway & Briner, 2005). The negative association between psychological contract breach and work attitudes has been evidenced in literature extensively. A recent meta-analysis on psychological contract breach and outcomes (Zhao, et al., 2007) is an evidence of the extensive empirical and theoretical attention to this concept.

Rousseau (1989) suggested that psychological contract breach explains not only the negative attitudes of employees but also illustrate a more generalized feelings of employees, how they are esteemed and respected by the organization. Moreover, the perceived breach also indicates that employer has not recognized the employee's contributions and not interested to maintain relationship with the employee (Coyle-Shapiro & Conway, 2005).

The relationship between Psychological contract breach and its outcomes has been described with the help of few theories to establish a theoretical framework of this concept.

Social exchange theory (Blau, 1964) has been extensively adopted to illustrate psychological contracts and the damaging effect of psychological contract breach on employees attitudes and behaviors (Aselage and Eisenberger, 2003; coyle-Shapiro & Conway, 2004; Rousseau, 1995; Zhao et al., 2007; Morrison & Robinson, 1997; Turnley,2003).

According to social exchange theory, the rules of social exchange are used to manage the relationship between employee and employer where the parties in an exchange

relationship provide tangible and intangible benefits to each other like economic benefits, socio-emotional support etc (Blau, 1964). The phenomenon of reciprocity administers the exchange of benefits between the parties as one party is obligated to compensate the favors that have been offered by the other party. This reciprocity in exchange relationship maintain a balance between the parties and strengthen the exchange relationship (Gouldner, 1960).

Psychological contract breach has also been explained with the discrepancy theory of Lock (1976), which explains that individuals keep on comparing what they have got with what they were promised and make cognitive evaluation about what has been exchanged in their relationship and what are the discrepancies or divergence between the promised and fulfilled obligations. Employees perceive a breach when they fulfill their obligations towards the organization but organization fails to provide the expected returns to employee (Morrison & Robinson, 1997; Rousseau, 1995). This divergence creates a discrepancy between employee and the organization, which has been explained with distributive justice in literature (Sheppard, Lewicki & Minton, 1992; Rousseau, 1995; Morrison & Robinson, 1997; Suazo, 2009).

Research provides the evidence that Psychological Contract Breach has also been described with equity theory (Adams, 1965) which states that individuals are motivated to maintain equilibrium in their exchange relationship. If there is some imbalance in the relationship, they respond in different ways. They can react in the form of their negative attitudes and behaviors or by altering their own or other party's obligations (Robinson et. al., 1994). When employees perceive a breach in their psychological contract, their trust on their organization declines and they believe that they have been betrayed and mistreated by their employer, which give rise to the de-

motivation in employees which is considered against the organizational interests and wellbeing (Rousseau, 1989, 1995; Robinson & Morrison, 1995; Zhao, et al., 2007, Deery, Iverson & Walsh, 2006).

Therefore, Social exchange theory, Discrepancy theory and equity theory provide a theoretical support to the concept of Psychological Contract Breach and its negative impact on employees work attitudes and behaviors. Empirical research has also evidenced that perception of psychological contract breach leads to negative attitudes and behaviors (Zhao, et al., 2007; Suazo, 2009).

The empirical studies in this area resulted that Psychological Contract Breach established a negative relationship with organizational commitment (e.g. Robinson, 1996; Coyle-Shapiro & Kessler, 2000; Conway & Briner, 2002; Raja et al., 2004), professional commitment (Suazo, Turnley & Mai-Dalton, 2005), trust (Robinson & Rousseau, 1994; Robinson, Kraatz & Rousseau, 1994), job satisfaction (e.g. Robinson & Rousseau, 1994; Robinson et al., 2004; Turnley & Feldman, 1998, 2000; Gakovic & Tetrick, 2003; Raja et al., 2004; Tekleab et al., 2005), employee performance (Turnley et al., 2003; Restubog et al., 2006), in-role job performance (e.g. Robinson, 1996; Turnley & Feldman, 1999; Suazo, Turnley & Mai-Dalton, 2005), organizational citizenship behaviors (Organ, 1988, 1990; Organ et al., 2006; Restubog, Bordia & Tang, 2006, 2007; Robinson & Morrison, 1995; Robinson, 1996; Turnley & Feldman, 1999a, 2000; Turnley et al., 2003; Suazo et al., 2005) and intentions to remain (Robinson et al., 2004; Turnley & Feldman, 1999).

Moreover, empirical research reported a positive relationship between psychological contract breach and employees' undesirable attitudes and behaviors such as cynicism (e.g. Johnson & O'Leary-Kelly, 2003), workplace deviance (Bordia, Restubog &



Tang, 2008), anti-citizenship behaviors (Kickul, Neuman, Parker & Finkl,2001), workplace deviance(Bordia, Restubog & Tang, 2008), and absenteeism (Deery, Iverson & Walsh, 2006). Psychological Contract Breach has been found positively related to turnover intentions (e.g. Robinson & Rousseau,1994; Bunderson, 2001; Raja et al.,2004; Suazo, Turnley & Mai-Dalton, 2005; Tekleab et al., 2005) and actual turnover(e.g. Robinson, 1996; Bunderson et al., 2001).

### **2.8.1 Perceived Breach and Turnover Intentions**

Psychological contracts are held by both parties when mutual obligations are fulfilled and a balance is maintained in exchange relationship. As the psychological contracts are reciprocal in nature, when employees perceive a breach, their reaction to that negative perception is obvious (Robinson and Rousseau, 1994) and bonding between employees and employer become weaker. Employees trust level declines with perception of psychological contract breach (Robinson & Rousseau, 1994; Robinson, 1996) and they think that their stay with the same organization will not be feasible for their future wellbeing and they probably think to leave (Robinson & Rousseau, 1994; Turnley & Feldman, 1999).

Turnover intentions are considered as comparatively less controlled by external factors like accessibility to an another job option and more precisely translate their affective bonding with the organization as turnover intention is a common reaction to negative actions in working relationship (Lum, Kervin, Clark, Reid, & Sirola, 1998). Therefore breach promotes employees turnover intentions.

Several studies reported a positive effect of psychological contract breach on turnover or leaving intentions of employees (Robinson & Rousseau, 1994; Raja et al.,; Suazo et al., 2005).Therefore it can be hypothesized that there will be positive

relationship between psychological contract breach and employee's turnover intentions.

### **2.8.2 Perceived Breach and Affective Commitment**

Affective commitment in Meyer and Allen's (1991) three-component model is supposed to be more emotional in nature and also been regarded as Attitudinal commitment (Iverson & Buttigieg, 1999). It is also suggested that attachment with the organization can be translated in the form of affective commitment. Affective commitment explains employee's attachment to the organization on the basis of affect and emotions (Meyer & Allen, 1984). When breach occurs in an employee's psychological contract, his/her attachment with the organization declines. As perceived breach is based on employees' feelings about the non fulfillment of obligations by the employer, it effect employees' emotions and attitudes negatively and therefore their affective commitment decreases.

Schalk et al., (1995) found that breach in psychological contract reduces the organizational and job commitment and employees don't want to be identified or recognized with their organization.

A lot of studies reported negative relation between perceived breach and organizational commitment (e.g. Robinson, 1996; Coyle-Shapiro & Kessler, 2000; Conway & Briner, 2002; Guzzo et al., 1994) and professional commitment (Suazo, Turnley & Mai-Dalton, 2005).

But there are few studies which reported negative relationship between psychological contract breach and affective commitment (Raja et al., 2004). On the basis of literature, it can be hypothesized that perceived psychological contract breach will be negatively related to affective commitment with the organization.

### 2.8.3 Perceived Breach and Job Satisfaction

Job satisfaction is the fulfillment of an employee's expectation from his/ her job (Locke, 1969). If there is a difference between the expected and received inducement, feeling of dissatisfaction arises. When breach is perceived in one's psychological contract, his/her job satisfaction will be declined. If the logic of satisfaction is followed, perceived breach could affect employees' satisfaction in two ways. Firstly, a divergence between expected and received creates a main reason of dissatisfaction (Wanous, 1973). Secondly the unfulfilled promises might be more important and critical for the employee's job satisfaction.

There is extensive research evidence that perception of psychological contract breach is negatively related to employee's job satisfaction (Robinson, Kraatz & Rousseau, 1994; Coyle-Shapiro & Kessler, 2000; Robinson & Rousseau, 1994; Turnley & Feldman, 1998, 2000; Raja et al., 2004). Therefore it can be hypothesized that perceived contract breach will effect job satisfaction.

On the basis of previous empirical evidence, it can be hypothesized that perceived contract breach is positively related to turnover intentions and negatively related to affective commitment and job satisfaction.

*Hypothesis 4(a): Perceived Contract Breach will be positively related to Turnover*

*Intentions.*

*Hypothesis 4(b): Perceived Contract Breach will be negatively related to Affective*

*Commitment.*

*Hypothesis 4(c): Perceived Contract Breach will be negatively related to Job*

*Satisfaction.*

## **2.9 Perception of Organizational Politics and Perceived Breach**

Nearly two decades of empirical research has shown that employees respond in a negative manner to their perceptions of politics in the work environment. Employees show adverse reactions to POP because politics create stress in the work environment (Ferris et al., 1989, 2002).

Rousseau (1995) identified internal and external factors that can affect the formation and development of the psychological contract and the perception of promises. Social context may help the employees in making sense of information sent by an employer actions and behaviors as promises are not always explicitly stated but can be inferred from the employer's actions (Rousseau, 2001).

External factors are messages and social signals from coworkers, supervisors, or work groups, whereas internal factors are employee's internal interpretations and inclinations. Rousseau defined social cues as information obtained through peers or work groups. According to the theory of psychological contract (Rousseau, 1995); social cues perform three significant functions throughout the contracting process. First, social cues confer messages for contract formation. Second, social cues often transmit social pressure to conform to the group's perspective of promises or contract terms, and third, social cues may shape how an employee interprets the organization's actions (Rousseau, 1995).

Psychological contracts are held by employees with a belief that employer is fair with them and also have the obligations about the well being of the employees. But organizational politics involve the influential tactics of the group in power for personal benefits. These practices develop a feeling of unfairness and unlawful practices, which decrease the trust on employer and employees feel that employer is

no more interested to fulfil promises. Psychological contracts have been visualized as idiosyncratic in nature because employees perceive their relationships and employment deals with their employer individually (Rousseau, 1996, 2001; Turnley and Feldman, 1998). Similarly, employees may evaluate their psychological contract differently on the basis of their own perception of unjust and unfair practices of the employer. Therefore, they might evaluate their contract on the basis of their perception of the politics in employer's attitude or behavior that produce a negative cognition (of broken promise) in employees mind.

It has been investigated that there is a linkage between employees' assessment of their exchange relationships with their employers and perception of organizational politics and procedural justice (Blader & Tyler, 2005; Hall, Hochwarter, Ferris, & Bowen, 2004; Rosen, Levy, & Hall, 2006). But there is little evidence of evaluation of Psychological contract on the basis of their Perception of Organizational Politics. Therefore, there is a need to integrate two OB research streams to figure out the relationship between Psychological Contracts and Perception of Organizational Politics. Many antecedents of psychological contract breach have been investigated but social context variables are also important to be studied to find a more conclusive list of variables that might be cause of perceived contract breach.

Literature is evident of the wide research on the outcome of psychological contract breach (Zhao et al., 2007). On the other hand, Perception of Organizational Politics have been studied extensively with many antecedents and consequences in the form of attitudes and behaviors of employees (Miller et al., 2008). There are few studies that suggested a linkage between contextual factors like organizational politics and evaluation of exchange relationship between employee and employer (Hochwarter,

Ferris, & Bowen, 2004; Rosen, Levy, & Hall, 2006) but in particular, there is a rare evidence how perception of organizational politics lead to perception of breach in one's psychological contract and how one will response to this perception of breach.

There is a research gap to explain how psychological contract breach develops due to employees' perceptions of organizational politics in the work environment. Rosen *et al.*, (2008) proposed few models in their study to explain this linkage and found that only Environmental Responsiveness model proved to be significant. They explained the relation between organizational politics and perceived breach partially through social information processing (SIP) theory (Salancik & Pfeffer, 1978), which is based on the idea that employees build and infer the reality on the basis of the signals; they receive from the social context of their work environment. Other than the objective facts, they also respond to those realities which are partly built on the basis of information provided by their colleagues, observations about peers and interactions with the employer and others in power (Thomas & Griffin, 1983).

The existence of political behaviors in an organization promote the idea that people in power are more concerned to benefit themselves and to use most of the resources for their own power and self-interests instead of wellbeing of employees (Hall et al., 2004). These perceptions further extend the thought of employees that employer will no longer be committed with them to fulfill their obligations in the mutual exchange relationship. Employees make assessments about the extent their employer is capable to fulfill their obligations and due to cognition of lack of fairness in the exchange relationship there are more chances of divergence between employees and the employer that increase the probability of breach in their psychological contracts (Morrison & Robinson, 1997).

On the basis of these theoretical supports it can be hypothesized that Perception of Organizational Politics will be an antecedent of perception of breach in Psychological Contract.

*Hypothesis 5: Perception of Organizational Politics will be positively related to Perceived Contract Breach.*

## **2.10 Perceived Breach as a Mediator between POP and Outcomes**

Perceived contract breach has been studied as mediator in many studies. Tekleab et al., (2005) found that perceived contract breach fully mediated the relationship between perceived organizational support and job satisfaction. Similarly, it was found that perceived contract breach partially mediated the impact of perceived organizational support (POS) and leader-member exchange (LMX) on leaving intentions (Dulac, Coyle-Shapiro, Henderson & Wayne, 2008).

Politics has been found as a predictor of employees' negative attitudes (Ferris et al, 1989, 2002). Previous studies have confirmed that organizational politics are related to employees' beliefs and evaluations about their jobs, including perceptions of injustice (Beugre & Liverpool, 2006), job congruence (Vigoda, 2000), and discrimination (Gibson, 2006).

Ferris et al. (2002) revealed a detailed model on antecedents and consequences of perception of politics in organizations. They empirically tested seven new outcome variables that were not included in their previous model presented in 1989 that included: in-role job performance, organizational commitment, trust, organizational cynicism, justice reactions, and organizational citizenship behaviors. The new added

variables having strong empirical support from other studies, proved to be negatively related to POP (Ferris et al., 2002)

In a meta-analysis (Miller, et al., 2008) on POP, it was observed that the job satisfaction, job stress, turnover intentions, organizational commitment, and job performance have been investigated more frequently in research as consequences of POP. In the same manner recent meta-analysis on Psychological Contract Breach, it has been revealed that perceived contract breach is negatively related to work attitudes like organizational commitment and job satisfaction, and positively related to turnover intentions (Zhao et al., 2007).

To date, research has failed to assess the emotional implications of POP. However, several recent studies have shown that emotions play a vital role in explaining how employees evaluate and respond to their work environments (Fisher, 2002; Fuller et al., 2003; Weiss et al., 1999). Unfortunately, empirical studies have not integrated POP with the literature that examines emotions in the work context and, as a result, it is not known to what extent emotional responses explain the effects of POP on employee attitudes and behaviors. It indicates a gap in POP research that how POP effect employees emotional responses.

POP and Perception of breach are supposed to be cognitive in nature that turn into emotional responses. At the same time both constructs are antecedents of negative outcomes. Environmental responsiveness model proved a significant mediation of perceived contract breach between POP and outcomes relationship (Rosen et al., 2008).

The mediating role of perceived breach between POP and outcomes can be supported through social information processing (SIP) theory (Salancik & Pfeffer, 1978) which



explains that employees build and infer the reality on the basis of the signals; they receive from the social context of their work environment. In the same manner when employees perceive political attitudes and behaviors in their work environment they react negatively and perceive a breach in their psychological contract that give rise to the negative attitudes.

Using these theoretical arguments, it is proposed that Psychological Contract Breach will mediate the relationship between POP and outcomes (Job Satisfaction, Turnover Intentions, and Organizational Commitment).

*Hypothesis 6(a): Perceived Contract breach will mediate the relationship between Perception of Organizational Politics and Turnover Intentions.*

*Hypothesis 6(b): Perceived Contract Breach will mediate the relationship between Perception of Organizational Politics and Affective Commitment.*

*Hypothesis 6(c): Perceived Contract Breach will mediate the relationship between Perception of Organizational Politics and Job Satisfaction.*

## **2.11 Psychological Contract Types as Moderator between POP and Outcomes**

Previous research has verified that perceptions of organizational politics make inverse effects on many of the work outcomes (Kacmar & Baron, 1999). Miller et al., (2008) found that most of the studies proved a negative relationship between POP and job satisfaction (Cropanzano et al. 1997; Ferris et al. 2000; Kacmar et al. 1999) but correlation sizes indicated that there could be some moderators in this relationship. The presence of moderators was also proposed by studying that about 75% of variance is inexplicable by statistical techniques (Hunter & Schmidt, 2004).

Christiakni, Ewitz, Hochwarter, Ferris & Castro (2002) investigated moderating role of psychological climate in relationship between perception of politics and work outcomes. They suggested that positive psychological climate can reduce the negative effect of POP on employees' attitudes like leaving intentions and organizational commitment.

Ferris et al. (1989) investigated that age and ethnic membership predict POP with the idea that younger employees are new to organizational life and think that they can get promotion and growth on the basis of their abilities and efforts, while aged employees who possess more work experience will more likely to perceive the presence of politics in the organization. It was also proposed that employees who are ethnic minority members are more likely to come across more politics in the workplace than the others. The moderating role of age and ethnicity was further investigated and found that both moderators intensify the perception of politics and work outcomes relation (Ferris et al., 2002).

It was also found that the prospective moderators between pop-outcomes relationship could be cultural differentiation and work settings (e.g. public organizations and MNC). Miller et al., (2008) also verified the presence of above mentioned moderators in POP and work outcomes relationship. Ferris et al., (2002) pointed out a need of more structured research on moderator of POP relationships.

Research on psychological contract suggests that it is significant to investigate distinct elements of the psychological contract i.e. transactional and relational contracts individually (Coyle-Shapiro & Kessler, 2000; Raja, Johns & Ntalianis, 2004). Many researchers found association between contract types and work outcomes at employee and organizational level (Rousseau & McLean-Parks, 1993;

Shore & Barksdale, 1998). But there are very limited studies in which differentiation between relational and transactional contracts have been studied (Arnold, 1996; Raja, Johns & Ntalianis, 2004).

This study identifies a gap in existing literature that POP has never been studied with psychological contract types (Transactional and Relational) so far. Therefore, it is really imperative to investigate how Perception of Organizational Politics and psychological contract types interact with each other and how this interaction impacts on employees' attitudes (job satisfaction, commitment and Turnover intentions). Conversely, it is significant to study how psychological contract types (transactional and relational) moderate the relationship between Perception of Organizational Politics and outcomes.

Transactional contract requires comparatively very little involvement of contracting parties with a focus on compensation and individual welfare rather than wellbeing of the organization. A latest meta-analysis on Psychological contract breach and outcomes reported a larger effect on organizational commitment when employees scored a higher score in transactional contract breach, whereas a larger effect on Job Satisfaction and Turnover Intentions was observed when employees scored higher in Relational Contract breach (Zhao et al., 2007).

Different studies proved that POP and transactional contract both are positively related to turnover intentions and negatively related to affective commitment and job satisfaction (Miller et al., 2008; Zhao et al., 2007). Therefore, it can be proposed that interaction of POP and transactional contract will make stronger impact on turnover intentions, affective commitment and job satisfaction, when transactional contract is also high.

*Hypothesis 7(a): Transactional Contract will moderate the Perception of*

*Organizational Politics-Turnover Intentions relationship such that it will be stronger when Transactional Contract is High.*

*Hypothesis 7(b): Transactional Contract will moderate the Perception of*

*Organizational Politics-Affective Commitment relationship such that it will be stronger when Transactional contract is High.*

*Hypothesis 7(c): Transactional Contract will moderate the Perception of*

*Organizational Politics-Job Satisfaction relationship such that it will be stronger when Transactional Contract is High.*

Literature proved that POP is positively related to turnover intentions and negatively related to affective commitment and job satisfaction (Miller et al., 2008). On the other hand, Relational contracts are based on socio emotional aspects of the contract like loyalty, commitment, and involvement other than pure economic benefits. Relational contract is negatively related to turnover intentions and positively related to affective commitment and job satisfaction (Zhao et al., 2007). It illustrates that relational contract will neutralizes the negative effects of POP in employees' attitudes.

Therefore it can be hypothesized that POP and relational contract interact each other such that the relationship between POP and turnover intentions, affective commitment and job satisfaction will be stronger when relational contract is low.

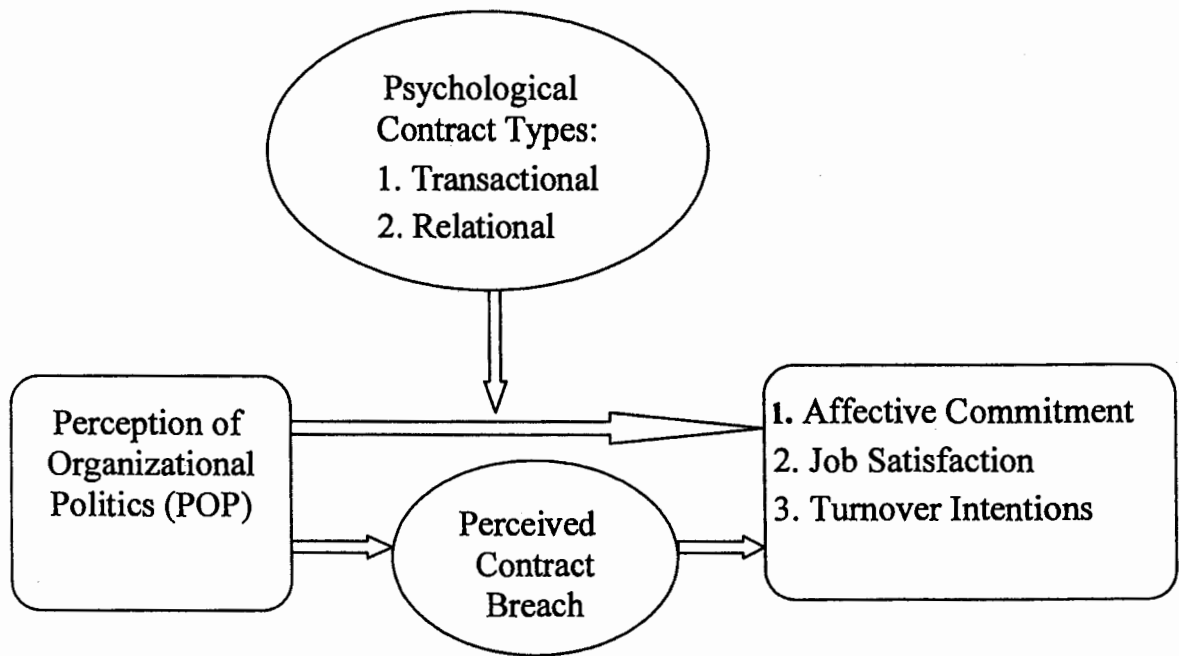
*Hypothesis 8(a): Relational Contract will moderate the Perception of Organizational*

*Politics- Turnover Intentions relationship such that it will be stronger when Relational Contract is low.*

*Hypothesis 8(b): Relational Contract will moderate the Perception of Organizational Politics-Affective Commitment such that it will be stronger when Relational Contract is low.*

*Hypothesis 8(c): Relational Contract will moderate the Perception of Organizational Politics –Job Satisfaction relationship such that it will be stronger when Relational Contract is low.*

## 2.12 Theoretical Framework



**Figure 1. Relationship between POP, Perceived Breach, Psychological Contract Type and Outcomes**

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1 Sample and Data Collection**

Data was collected through field survey across different private and public sector organizations of Pakistan. Two of the organizations were top telecom companies and five were well-established universities including both private and public universities. One of the organizations was a well-known multinational company concerned with FMCG and one organization was from Oil and gas sector.

Total of 450 questionnaires were distributed, out of which 340 (response rate 75%) were received back. After deducting incomplete questionnaires, 318 were used (response rate 70%). Respondents were categorized into three management levels including employees working in upper management (4.1%), middle management (24.5%), and lower management level (71.4%). The qualification of respondents ranged from high school (10 years of education) to doctoral degree. 63.8% of the respondents were having Master degree, 15% were Bachelor degree holders, 13% were Phil/MS degree holders and 5% were having PhD Degree and remaining 3% were undergraduate.

69.8% respondents were male and mean age was 32 (SD=8.12) years with average working experience with the present organization was 4.75 (SD=5.27) years and their total working experience was 7.78 (SD=7.19) years.

The sample represented a wide variety of occupations consisting of clerical staff, technicians, IT professionals and engineers, Administrators, accountants, marketing specialists, educationists and top executives. Sample represented different departments. For example 33.3% belonged to Administration, 32% Academics, 17% finance, 17% IT/Engineering, 5% HRM and 3% Marketing department. Respondents have diversity in their specialization as majority of the employees have specialization in Finance/Accounts (24.8%), HRM/MGT (19.5%), Marketing (16.4%), Engineering/IT (11.6%), Languages/Sociology/Arts (12.9%) and remaining 10% have their specialization in Natural, Environmental and Agricultural sciences.

## **3.2 Measures**

All measures were acquired from “self report” questionnaire because self reporting is supposed to be more suitable for the variables taken in this study. Almost all items were measured on a five point Likert scale 1 through 5, where “1” indicates strongly disagree and “5” indicates strongly agree. Detail of measures and adopted scales is given below.

### **3.2.1 Perception of Organizational Politics (POP)**

A 12-item scale of Perception of Organizational Politics developed by Kacmar and Ferris (1991) was adopted .It was measured on 5 point likert scale. High scores indicated a strong Perception of Organizational Politics in the organization. The cronbach’s alpha reliability of 0.88 was obtained for this 12-item scale. Examples of



Perception of Organizational Politics are “One group always gets ahead” and “Favoritism not merit gets people ahead”.

### **3.2.2 Psychological Contract Types**

A 20-item Psychological Contract Inventory (PCI) developed by Rousseau (2000) was adapted to determine Psychological Contract types. This scale comprises of 10 items for Transactional contract and 10 items for Relational Contract. Respondents were asked to consider their relationship with their current organization and point out the extent and scope to which their employer has made the promises to them.

Example of Transactional items includes “provides short-term employment” and Relational items include “provides secure employment. The cronbach’s alpha reliability coefficient for Transactional type and Relational type was obtained equal which was 0.89.

### **3.2.3 Psychological Contract Breach**

Perceived contract breach was measured through 5-Item scale developed by Robinson and Morrison (2000). An adequate level of reliability and construct validity (Alpha=.92) has been proved in previous research (Robinson and Morrison, 2000). This scale obtained employees’ perceptions of how well the organization has fulfilled their psychological contract (Robinson and Morrison, 2000; Rousseau, 1989). An example of its items is “My employer has broken many of its promises to me even though I’ve upheld my side of the deal”. In this study cronbach’s alpha reliability coefficient of 0.91 was obtained for this construct.

### **3.2.4 Outcomes**

#### **3.2.4.1 Turnover Intentions**

A 3-item scale taken out from the Michigan Organizational Assessment Questionnaire (Cammanan, Fichman, Jenkins & Klesh, 1982) was adapted to measure employee's turnover/leaving intentions. The cronbach's alpha reliability coefficient was 0.85 obtained for this study. The example of items is "I often think about leaving the organization".

#### **3.2.4.2 Affective Commitment**

Affective commitment was measured using Meyer and Allen's (1990) eight-item scale. A sample item is: "I really feel as if this organization's problems are my own.". On 5-point Likert scale "1" indicated strongly disagree that illustrate no affective commitment with the organization and "5" indicated strongly agree which explains very strong affective commitment with the organization. Cronbach's alpha reliability for this scale was 0.86 in this study.

#### **3.2.4.3 Job Satisfaction**

Job Satisfaction was measured with Hoppock's (1935) scale using self reported response. This scale consists of four multiple-choice questions each comprising of seven options for answer. For example, "Which one of the following shows how you think of your job as compared with other people?" is given with response options range from 1, "No one dislikes his job more than I dislike mine" to 7, "No one likes their job better than I like mine". Initially the cronbach's alpha reliability coefficient for this scale was 0.59, but the scale if item deleted analysis suggested that the reliability of the measure can be improved to 0.81 by deleting the item "Choose one

of the following statements which best tells how well you like your job?" Therefore this item was excluded from the further study and finally the cronbach's alpha of 0.81 was obtained for this scale.

### 3.3 Control Variables

To identify the control variables, One-way analysis of variance was used for all dependent variables and it was revealed that two factors are commonly significant for all outcomes.

**Table 1. ONE WAY ANOVA of all dependent variables for "Designation/Grade"**

		Sum of		Mean		
		Squares	df	Square	F	Sig.
<b>Turnover Intentions</b>	Between Groups	12.089	2	6.045	5.117	.007
	Within Groups	372.083	315	1.181		
	Total	384.172	317			
<b>Affective Commitment</b>	Between Groups	7.215	2	3.608	6.204	.002
	Within Groups	183.189	315	.582		
	Total	190.404	317			
<b>Job Satisfaction</b>	Between Groups	29.151	2	14.576	8.920	.000
	Within Groups	514.718	315	1.634		
	Total	543.869	317			

**Table 2. One-way ANOVA for all dependent variables for "Specialization"**

		Sum of		Mean		
		Squares	df	Square	F	Sig.
<b>Turnover Intentions</b>	Between Groups	31.087	8	3.886	3.401	.001
	Within Groups	353.085	309	1.143		
	Total	384.172	317			
<b>Affective Commitment</b>	Between Groups	12.548	8	1.569	2.725	.006
	Within Groups	177.856	309	.576		
	Total	190.404	317			
<b>Job Satisfaction</b>	Between Groups	49.137	8	6.142	3.836	.000
	Within Groups	494.732	309	1.601		
	Total	543.869	317			

As shown in Table 1, Designation/Grade (which describes the management levels: upper, middle, lower) produced significant difference in Turnover Intentions ( $F=5.11$ ,  $P < .01$ ), Affective Commitment ( $F=6.20$ ,  $p < 0.01$ ) and Job Satisfaction ( $F= 8.92$ ,  $p < 0.001$ ).

Specialization also proved to be significant for all outcomes as shown in Table 2. One-way analysis of variance for Designation/Grade resulted that it had a significant relation with Turnover Intentions ( $F = 3.40$ ,  $p < 0.01$ ), Affective Commitment ( $F = 2.72$ ,  $p < 0.01$ ) and Job Satisfaction ( $F = 3.83$ ,  $p < 0.001$ ).

**Table 3. One-way ANOVA for “Perceived Breach”**

Factors		Sum of Squares	df	Mean Square	F	Sig.
Designation	Between Groups	15.217	2	7.609	8.458	.000
	Within Groups	283.361	315	.900		
	Total	298.579	317			
Specialization	Between Groups	28.292	8	3.536	4.043	.000
	Within Groups	270.287	309	.875		
	Total	298.579	317			
Tenure	Between Groups	71.194	50	1.424	1.672	.006
	Within Groups	227.385	267	.852		
	Total	298.579	317			

Perceived Breach was treated as dependent variable in Perception of Organizational Politics-Perceived Breach direct relationship and to fulfill one of the conditions for mediation relationship. Therefore One way analysis of variance was applied and found that three demographic variables are significant for perceived breach. Results indicated that for Perceived breach Designation/Grade ( $F = 8.45$ ,  $p < 0.001$ ), Specialization ( $F= 4.04$ ,  $p < 0.001$ ) and Tenure ( $F = 1.67$ ,  $p < 0.01$ ) had to be controlled.

## **3.4 Procedure**

### **3.4.1 Sampling**

The main population of the respondents was comprised of nine organizations mainly including telecom services companies and public and private sector universities. The random sampling technique was used in this research study.

### **3.4.2 Data Analysis Tools**

SPSS 15 (trial version) was used for data analysis. Data was analyzed using different tests. Internal consistency of scales was measured through Reliability Analysis of scales. All scales had Cronbach's alpha value more than 0.7. The normality of the data was checked with Q-Q Plots. Through frequency tables, Histograms Charts with bell curves were displayed to show the normal distribution of data with skewness and kurtosis for all variables. Mean and Standard deviations were obtained through descriptive statistics. Bi-variate Correlation analysis was applied to find the inter-correlations among study variables. Linear regression analysis was adopted to test direct relationships i.e. between Perception of Organizational Politics and three outcomes, between Perception of Organizational Politics and Breach, between Perceived Breach and outcomes and finally between Psychological Contract Types and the outcomes.

Mediated Regression analysis was conducted to test the mediation effects of Perceived Breach between Perception of Organizational Politics and outcomes relationships.

Moderated Regression Analysis was used to investigate the interactional effects of Perception of Organizational Politics and Psychological contract types (Transactional and Relational) on three outcomes variables.

Adopting the procedures, recommended by Baron and Kenny (1986), control variables were entered in the first step. In the next step, the Independent variable which was Perception of Organizational Politics and one moderator, were entered. In the final step interaction term of independent variable and the moderator (which was entered in the second step), was introduced and repeated this process for each outcome variable one by one.

For all significant interactions terms, interaction plots were made. Out of six interaction terms, three interaction terms were significant and plots were drawn for each of significant terms. The sizes of significant interactions were between 1-3%. Although, it is difficult to identify the interaction effect and 1% of the variance could be regarded as significant because social sciences research mostly reported the interaction effect ranged from 1 to 3% of variance as significant results (Champoux and Peters, 1987)

## **CHAPTER 4**

### **RESULTS**

#### **4.1 Hypothesis**

The study tested the following hypotheses:

Hypothesis 1(a): Perception of Organizational Politics (POP) will be positively related to Turnover Intentions.

Hypothesis 1(b): Perception of Organizational Politics (POP) will be negatively related to Affective Commitment.

Hypothesis 1(c): Perception of Organizational Politics (POP) will be negative related to Job Satisfaction.

Hypothesis 2(a): Transactional Contract will be positively related to Turnover Intentions.

Hypothesis 2(b): Transactional Contract will be negatively related to Affective Commitment.

Hypothesis 2(c): Transactional Contract will be negatively related to Job Satisfaction.

Hypothesis 3(a): Relational Contract will be negatively related to Turnover Intentions.

Hypothesis 3(b): Relational Contract will be positively related to Affective Commitment.

Hypothesis 3(c): Relational Contract will be positively related to Job Satisfaction.

Hypothesis 4(a): Perceived Contract Breach will be positively related to Turnover Intentions.

Hypothesis 4(b): Perceived Contract Breach will be negatively related to Affective Commitment.

Hypothesis 4(c): Perceived Contract Breach will be negatively related to Job Satisfaction.

Hypothesis 5: Perception of Organizational Politics will be positively related to Perceived Contract Breach.

Hypothesis 6(a): Perceived Contract breach will mediate the relationship between Perception of Organizational Politics and Turnover Intentions.

Hypothesis 6(b): Perceived Contract Breach will mediate the relationship between Perception of Organizational Politics and Affective Commitment.

Hypothesis 6(c): Perceived Contract Breach will mediate the relationship between Perception of Organizational Politics and Job Satisfaction.

Hypothesis 7(a): Transactional Contract will moderate the Perception of Organizational Politics-Turnover Intentions relationship such that it will be stronger when Transactional Contract is high.

Hypothesis 7(b): Transactional Contract will moderate the Perception of Organizational Politics-Affective Commitment relationship such that it will be stronger when Transactional contract is high.

Hypothesis 7(c): Transactional Contract will moderate the Perception of Organizational Politics-Job Satisfaction relationship such that it will be stronger when Transactional Contract is high.



Hypothesis 8(a): Relational Contract will moderate the Perception of Organizational Politics- Turnover Intentions relationship such that it will be stronger when Relational Contract is low.

Hypothesis 8(b): Relational Contract will moderate the Perception of Organizational Politics-Affective Commitment such that it will be stronger when Relational Contract is low.

Hypothesis 8(c): Relational Contract will moderate the Perception of Organizational Politics –Job Satisfaction relationship such that it will be stronger when Relational Contract is low.

Table 4. Means, Standard Deviations, Correlations and Reliabilities for the main variables in the study

	Mean	SD	1	2	3	4	5	6	7
1. Perception f	3.1631	.80817	(0.88)						
Organizational Politics									
2. Transactional Contract	3.1340	.82766	.536**	(0.89)					
3. Relational Contract	3.1403	.75187	-.586**	-.516**	(0.89)				
4. Perceived Breach	3.0748	.97051	.701**	.681**	-.611**	(0.91)			
5. Turnover Intentions	2.9874	1.10086	.699**	.611**	-.571**	.740**	(0.85)		
6. Affective Commitment	3.1718	.77529	-.660**	-.609**	.585**	-.729**	.737**	(0.86)	
7. Job Satisfaction	4.3868	1.30984	-.630**	-.586**	.475**	-.662**	.715**	.679**	(0.81)

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

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

Note: N=318; Alpha reliabilities given in parentheses

## **4.2 Descriptive Statistics**

The main descriptive statistics including means, standard deviations, correlations and reliabilities for the main variables of interest in this study are presented in Table 4. The mean for Perception of Organizational Politics was 3.16(SD=0.80).

The mean for transactional contract and relational contract types were 3.13 (SD=0.82) and 3.14 (SD=0.75) respectively. The mean for Perceived breach was 3.07 (SD=0.97). This value is almost consistent with Robinson and Morrison (2000) who reported a mean of 2.63(SD=0.95) in a recent study.

The mean and standard deviation for outcome variables was Turnover Intentions (M = 2.98, SD = 1.10), Affective Commitment (M= 3.17,SD=0.77) and Job Satisfaction (M=4.38, SD= 1.30).

## **4.3 Factor Analysis**

The scale validity was assessed in terms of convergent and discriminate validity by performing factor analysis for Psychological contract type scale.

### **4.3.1 Psychological Contract Inventory (PCI)**

To evaluate the construct validity of the Transactional and Relational contract items of Psychological contract Inventory, a Confirmatory Factor Analysis was performed by adopting the principal component analysis method for extraction. Applying Varimax rotation method the results of factor analysis reported that all the transactional and Relational items loaded onto their respective factors. On the whole, the results of the factor analysis proved a good degree of convergent and discriminate validity of the two contract types, Transactional and Relational items of

Psychological Contract Inventory developed by Rousseau (2000). Factor Analysis of PCI is given in appendix 1.

#### **4.4 Bi-variate Correlation Analysis**

The bivariate correlation analysis for all variables was conducted that resulted that all variables were significantly correlated with one another. Perception of Organizational Politics found to be positively correlated with Transactional contract ( $r = 0.53, p < .01$ ), and negatively correlated with Relational contract ( $r = -0.58, p < .01$ ). Perception of Organizational Politics showed significantly high correlation with Perceived Breach ( $r = 0.70, p < .01$ ). Three outcome variables were also found to be significantly correlated with Perception of Organizational Politics such that Turnover Intentions ( $r = 0.69, p < .01$ ), Affective Commitment ( $r = -0.66, p < 0.01$ ) and Job Satisfaction ( $r = -0.63, p < 0.01$ ).

There was a significant negative correlation between Transactional and Relational contract ( $r = -0.51, p < .01$ ). Moreover, Transactional contract established a positive significant correlation with Perceived Breach ( $r = 0.68, p < 0.01$ ). Whereas Relational Contract was found to be negatively correlated with Perceived Breach ( $r = -0.611, p < 0.01$ ). Transactional and Relational contract types indicated significant correlation with all three outcome variables. Transactional contract indicated a positive correlation with Turnover Intentions ( $r = 0.61, p < 0.01$ ), whereas negatively correlation with Affective Commitment ( $r = -0.60, p < 0.01$ ), and Job Satisfaction ( $r = -0.58, p < 0.01$ ). Relational contract indicated a negative significant correlation with Turnover Intentions ( $r = -0.57, p < 0.01$ ) and significant positive correlation with Affective Commitment ( $r = 0.58, p < 0.01$ ) and Job Satisfaction ( $r = 0.47, p < 0.01$ ).

Perceived Breach was also found to be positively correlated with Turnover Intentions ( $r = 0.74, p < 0.01$ ), and negatively correlated with Affective Commitment ( $r = -0.72, p < 0.01$ ) and Job Satisfaction ( $r = -0.66, p < 0.01$ ).

The outcome variables were also indicating significant correlation with each other. Turnover Intentions revealed a negative correlation with other two outcome variables i.e. Affective Commitment ( $r = -0.73, p < 0.01$ ) and Job Satisfaction ( $r = -0.71, p < 0.01$ ). Whereas Affective Commitment and Job Satisfaction was found to have positive correlation ( $r = 0.67, p < 0.01$ ) with each other.

The bi-variate correlation among the variables as shown in the correlation matrix provides preliminary support for the “main effect” hypotheses including: Perception of Organizational Politics and outcomes, Perceived breach and outcomes, Perception of Organizational Politics and Perceived Breach, and Psychological contract types and outcomes.

#### **4.5 Regression Analysis**

Several hierarchical regression analyses were carried out to test Perception of Organizational Politics, Psychological contract types (Transactional and Relational) and Perceived Contract Breach as predictors of the outcome variables Turnover Intentions, Affective Commitment and Job Satisfaction and Perception of Organizational Politics as predictor of Perceived Contract Breach. Regressing each of the three outcome variables on the Perception of Organizational Politics, Psychological contract types (Transactional and Relational) and Perceived Contract Breach, and regressing Perceived Breach on Perception of Organizational Politics resulted in 13 regression equations.

Hierarchical multiple regression analyses were applied to test Hypotheses 1a, 1b, 1c, 2a, 2b, 2c, 3a, 3b, 3c, 4a, 4b, 4c, 5. In the first step of the regression analyses all control variables were entered and independent variable was entered into the model in the second step of analyses.

#### 4.5.1 Perception of Organizational Politics and Outcomes

Hypothesis 1a predicted that Perception of Organizational Politics (POP) will be positively related to Turnover Intentions. Hypothesis 1b predicted that Perception of Organizational Politics (POP) will be negatively related to Affective Commitment. And Hypothesis 1c assumed that Perception of Organizational Politics (POP) will be negative related to Job Satisfaction. To test these hypotheses, I regressed the outcome variables, Turnover Intentions, Affective Commitment and Job Satisfaction one by one on Perception of Organizational Politics (POP). The results of these regression analyses for the main effect of Perception of Organizational Politics on Turnover Intentions, Affective Commitment and Job Satisfaction are shown below on table 5, 6 and 7 respectively.

**Table 5. Regression analysis for the main effects of POP on Turnover Intentions**

Predictors	$\beta$	$R^2$	$\Delta R^2$
<b>Step1:</b>			
Controls		0.04*	
<b>Step 2:</b>			
Perception of Organizational Politics	0.72***	0.53***	0.49***

**Note: N = 318; Control variables are Designation, Specialization.**

\*p < .05, \*\*p < .01, \*\*\*p < .001

**Table 6. Regression analysis for the main effects of POP on Affective Commitment**

Predictors	$\beta$	$R^2$	$\Delta R^2$
<b>Step1:</b>			
Controls		0.05**	
<b>Step 2:</b>			
Perception of Organizational Politics	-0.65***	0.46***	0.40***

**Note: N = 318; Control variables are Designation, Specialization.**

**\*p <.05, \*\*p <.01, \*\*\*p <.001**

**Table 7. Regression analysis for the main effects of POP on Job Satisfaction**

Predictors	$\beta$	$R^2$	$\Delta R^2$
<b>Step1:</b>			
Controls		0.08***	
<b>Step 2:</b>			
Perception of Organizational Politics	-0.62***	0.43***	0.35***

**Note: N = 318; Control variables are Designation, Specialization.**

**\*p <.05, \*\*p <.01, \*\*\*p <.001**

The results of the regression analysis revealed that Perception of Organizational Politics (POP) was a significant predictor of Turnover Intentions ( $\beta = 0.72, P < .001$ ), Affective Commitment ( $\beta = -0.65, p < .001$ ) and Job Satisfaction ( $\beta = -0.62, p < .001$ ). These results confirmed Hypotheses 1a, 1b and 1c.

Perception of Organizational Politics explained 49% variance in Turnover Intentions, 40% variance in Affective Commitment and 35% variance in Job Satisfaction.

As all the results are significant and in the predicted direction, therefore hypotheses 1a, 1b and 1c are strongly supported.

#### 4.5.2 Transactional Contract and Outcomes

Hypothesis 2a predicted that Transactional Contract will be positively related to Turnover Intentions. Hypothesis 2b predicted that Transactional Contract will be negatively related to Affective Commitment. And Hypothesis 2c assumed that Transactional Contract will be negative related to Job Satisfaction. To test these predictions I regressed the outcome variables Turnover Intentions, Affective Commitment and Job Satisfaction one by one on Transactional Contract. The findings of these regression analyses for the main effect of Transactional Contract on Turnover Intentions, Affective Commitment and Job Satisfaction are shown below on table 8,9 and 10 respectively.

**Table 8. Regression analysis for the main effects of Transactional Contract on Turnover Intentions**

Predictors	$\beta$	$R^2$	$\Delta R^2$
<b>Step 1:</b>			
Controls		0.03**	
<b>Step 2:</b>			
Transactional Contract	0.60***	0.37***	0.34***

**Note: N = 318; Control variables are Designation, Specialization.**

**\*p <.05, \*\*p <.01, \*\*\*p <.001**





**Table 9. Regression analysis for the main effects of Transactional Contract on Affective Commitment**

Predictors	$\beta$	$R^2$	$\Delta R^2$
<b>Step1:</b>			
Controls		0.04***	
<b>Step 2:</b>			
Transactional Contract	-0.59***	0.39***	0.34***

Note: N = 318; Control variables are Designation, Specialization.

\*p <.05, \*\*p <.01, \*\*\*p <.001

**Table 10. Regression analysis for the main effects of Transactional Contract on Job Satisfaction**

Predictors	$\beta$	$R^2$	$\Delta R^2$
<b>Step1:</b>			
Controls		0.05***	
<b>Step 2:</b>			
Transactional Contract	-0.56***	0.35***	0.30***

Note: N = 318; Control variables are Designation, Specialization.

\*p <.05, \*\*p <.01, \*\*\*p <.001

The results of the regression analysis revealed that Transactional Contract was a significant predictor of Turnover Intentions ( $\beta = 0.60$ ,  $P < .001$ ), Affective Commitment ( $\beta = -0.59$ ,  $p < .001$ ) and Job Satisfaction ( $\beta = -0.56$ ,  $p < .001$ ). These results confirmed Hypotheses 2a, 2b and 2c.

Transactional Contract explained 34% variance in Turnover Intentions, 34% variance in Affective Commitment and 30% variance in Job Satisfaction.

As all the results are significant and in the predicted direction, therefore hypotheses 2a, 2b and 3c are strongly supported.

### 4.5.3 Relational Contract and Outcomes

Hypothesis 3a predicted that Relational Contract will be negatively related to Turnover Intentions. Hypothesis 3b predicted that Relational Contract will be positively related to Affective Commitment. And Hypothesis 3c assumed that Relational Contract will be positively related to Job Satisfaction. To test these predictions I regressed the outcome variables Turnover Intentions, Affective Commitment and Job Satisfaction one by one on Relational Contract. The results of these regression analyses for the main effect of Relational Contract on Turnover Intentions, Affective Commitment and Job Satisfaction are shown below on table 11, 12 and 13 respectively.

**Table 11. Regression analysis for the main effects of Relational Contract on Turnover Intentions**

Predictors	$\beta$	$R^2$	$\Delta R^2$
<b>Step1:</b>			
Controls		0.03**	
<b>Step 2:</b>			
Relational Contract	-0.57***	0.35***	0.31***

Note: N = 318; Control variables are Designation, Specialization.

\*p <.05, \*\*p <.01, \*\*\*p <.001

**Table 12. Regression analysis for the main effects of Relational Contract on Affective Commitment**

Predictors	$\beta$	$R^2$	$\Delta R^2$
<b>Step1:</b>			
Controls		0.04***	
<b>Step 2:</b>			
Relational Contract	0.56***	0.36***	0.31***

**Table 13. Regression analysis for the main effects of Relational Contract on Job Satisfaction**

Predictors	$\beta$	$R^2$	$\Delta R^2$
<b>Step 1:</b>			
Controls		0.05***	
<b>Step 2:</b>			
Relational Contract	0.46***	0.26***	0.21***

**Note:** N = 318; Control variables are Designation, Specialization.

\*p <.05, \*\*p <.01, \*\*\*p <.001

The results of the regression analysis revealed that Relational Contract was a significant predictor of Turnover Intentions ( $\beta = -0.57, P < .001$ ), Affective Commitment ( $\beta = 0.56, p < .001$ ) and Job Satisfaction ( $\beta = 0.46, p < .001$ ). These results confirmed Hypotheses 3a, 3b and 3c.

Relational Contract explained 31% variance in Turnover Intentions, 31% variance in Affective Commitment and 21% variance in Job Satisfaction.

As all the results are significant and in the predicted direction, therefore hypotheses 3a, 3b and 3c are strongly supported.

#### **4.5.4 Perceived Contract Breach and Outcomes**

Hypothesis 4a predicted that Perceived Contract Breach will be positively related to Turnover Intentions. Moreover Hypothesis 4b stated that Perceived Contract Breach will be negatively related to Affective Commitment. And in the same manner Hypothesis 4c predicted that Perceived Contract Breach will be negatively related to Job Satisfaction. Outcome variables Turnover Intentions, Affective Commitment and

Job Satisfaction were regressed on Perceived Contract Breach one by one. The results of these regression analysis for the main effect of Perceived Contract Breach on Turnover Intentions, Affective Commitment and Job Satisfaction are shown below in table 14,15 and 16.

**Table 14. Regression analysis for the main effects of Perceived Breach on Turnover Intentions**

Predictors	$\beta$	$R^2$	$\Delta R^2$
<b>Step1:</b>			
Controls		0.03**	
<b>Step 2:</b>			
Perceived Breach	0.73***	0.54***	0.51***

**Note: N = 318; Control variables are Designation, Specialization.**

**\*p <.05, \*\*p <.01, \*\*\*p < .001**

**Table 15. Regression analysis for the main effects of Perceived Breach on Affective Commitment**

Predictors	$\beta$	$R^2$	$\Delta R^2$
<b>Step1:</b>			
Controls		0.04***	
<b>Step 2:</b>			
Perceived Breach	-0.73***	0.55***	0.50***

**Note: N = 318; Control variables are Designation, Specialization.**

**\*p <.05, \*\*p <.01, \*\*\*p < .001**

**Table 16. Regression analysis for the main effects of Perceived Breach on Job Satisfaction**

Predictors	$\beta$	$R^2$	$\Delta R^2$
<b>Step1:</b>			
Controls		0.05***	
<b>Step 2:</b>			
Perceived Breach	-0.64***	0.44***	0.39***

**Note: N = 318; Control variables are Designation, Specialization.**

**\*p <.05, \*\*p <.01, \*\*\*p <.001**

The results of the regression analysis revealed that perceived contract breach has a significant positive relationship with Turnover Intentions ( $\beta = 0.73$ ,  $p < .001$ ) and significant negative relationship with Affective Commitment ( $\beta = -0.73$ ,  $p < .001$ ) and Job Satisfaction ( $\beta = -0.64$ ,  $p < .001$ ), which are confirming Hypotheses 4a, 4b, 4c. This is also evident from the above results that Perceived Contract Breach explained 51% variance in Turnover Intentions, 50% variance in Affective Commitment and 39% variance in Job Satisfaction. Therefore as all the results are significant and in predicted direction, hypotheses 4a, 4b, and 4c are strongly supported.

#### **4.5.3 Perception of Organizational Politics and Perceived Breach**

As predicted in Hypothesis 5, Perception of Organizational Politics will be positively related to Perceived Contract Breach. To test this prediction I regressed Perceived Contract Breach on Perception of Organizational Politics. The results of this regression analysis for the main affect of Perception of Organizational Politics on Perceived Breach are shown below in table 17.

**Table 17. Regression analysis for the main effects of POP on Perceived Contract Breach**

Predictors	$\beta$	$R^2$	$\Delta R^2$
<b>Step1:</b>			
Controls		0.06***	
<b>Step 2:</b>			
Perceived Breach	0.69***	0.52***	0.46***

**Note: N = 318; Control variables are Designation, Specialization.**

**\*p <.05, \*\*p <.01, \*\*\*p <.001**

The results of above regression analysis revealed that Perception of Organizational Politics has a significant positive relationship with Perceived Breach ( $\beta = 0.69$ ,  $p < .001$ ). Perception of Organizational Politics explained 46% variation in Perceived Breach. Therefore hypothesis 5 was strongly supported.

#### **4.6 Mediation Regression Analysis**

To test the hypotheses 6a, 6b and 6c Mediation regression analysis was adopted proposed by Baron and Kenny (1986). According to Baron and Kenny (1986) there are three conditions for determining a mediation relationship.

Firstly, the independent variable must act as significant predictor of dependent variable. Secondly, the independent variable must act as a significant predictor of mediating variable.

Thirdly, when dependent variable is regressed on both the independent and mediating variable, the mediating variable must act as a significant predictor of dependent variable. Mediation exists when all three requirements are fulfilled. Full mediation is established if the independent variable is non-significant when the mediator entered

in the equation and partial mediation is established if the effect of independent variable is decreased when mediator variable is entered in the equation.

#### 4.6.1 Perceived Breach as Mediator between Perception of Organizational Politics and Outcomes

Hypothesis 6a, 6b and 6c predicted that Perceived Contract breach will mediate the relationship between Perception of Organizational Politics and Turnover Intentions, Affective Commitment and Job Satisfaction respectively. The findings of the regression analysis for hypothesis 1a, 1b and 1c as shown in tables 5, 6 and 7 revealed that Perception of Organizational Politics is a significant predictor of the three outcome variables Turnover Intentions, Affective Commitment and Job Satisfaction. Moreover, the results of hypothesis 5 as shown in table 17, revealed Perception of Organizational Politics as a significant predictor of Perceived contract Breach. First two conditions for mediated Regression were fulfilled.

**Table 18. Regression analysis showing the mediating effects of Perceived Contract Breach in the relationship between POP and Turnover Intentions**

Predictors	$\beta$	$R^2$	$\Delta R^2$
<b>Step 1:</b>			
Controls		0.03**	
<b>Step 2:</b>			
Perceived Breach		0.54***	0.51***
<b>Step 3:</b>			
Perception of Organizational Politics	0.36***	0.61***	0.06***

**Note:** N = 318; Control variables are Designation, Specialization.

\*p <.05, \*\*p <.01, \*\*\*p <.001



**Table 19. Regression analysis showing the mediating effects of Perceived Contract Breach in the relationship between POP and Affective Commitment**

Predictors	$\beta$	$R^2$	$\Delta R^2$
<b>Step 1:</b>			
Controls		0.04***	
<b>Step 2:</b>			
Perceived Breach		0.55***	0.50***
<b>Step 3:</b>			
Perception of Organizational Politics	-0.27***	0.59***	0.03***

Note: N = 318; Control variables are Designation, Specialization.

\*p <.05, \*\*p <.01, \*\*\*p <.001

**Table 20. Regression analysis showing the mediating effects of Perceived Contract Breach in the relationship between POP and Job Satisfaction**

Predictors	$\beta$	$R^2$	$\Delta R^2$
<b>Step 1:</b>			
Controls		0.05***	
<b>Step 2:</b>			
Perceived Breach		0.44***	0.39***
<b>Step 3:</b>			
Perception of Organizational Politics	-0.34***	0.50***	0.05***

Note: N = 318; Control variables are Designation, Specialization.

\*p <.05, \*\*p <.01, \*\*\*p <.001

In order to check for the mediation effects of Perceived Contract Breach, I regressed the three outcome variables on the Perception of Organizational Politics and Perceived Contract Breach together. The results of this regression analyses for the mediation effect of Perceived contract Breach in the relationship between Perception of Organizational Politics and Turnover Intentions, Affective Commitment and Job Satisfaction are shown in table 18, 19 and 20 respectively.

When perceived Contract Breach was entered in the equation as a mediator, marginal reduction in the effect size of Perception of Organizational Politics was observed for Turnover Intentions (from  $\beta = 0.72$  ,  $\Delta R^2 = 0.49$  ,  $p < .001$  to  $\beta = 0.36$  ,  $\Delta R^2 = 0.06$  ,  $p < .001$  ), Affective Commitment (from  $\beta = -0.65$ ,  $\Delta R^2 = 0.40$  ,  $p < .001$  to  $\beta = -0.27$  ,  $\Delta R^2 = 0.03$ ,  $p < .001$ ) and Job Satisfaction (from  $\beta = -0.62$ ,  $\Delta R^2 = 0.35$ ,  $p < .001$  to  $\beta = -0.34$  ,  $\Delta R^2 = 0.05$ ,  $p < .001$ ).

Results support hypothesis 6a, 6b and 6c. These results also revealed that Perceived Contract Breach partially mediated the relationship between Perception of Organizational Politics and all three outcomes Turnover Intentions, Affective Commitment and Job Satisfaction.

#### **4.7 Moderated Regression Analysis**

In order to test Hypothesis 7a, 7b,7c, 8a, 8b, and 8c, I performed moderated regression analyses. Firstly three outcomes were tested with Transactional Contract as moderator and Secondly Relational contract was entered as moderator between Perception of Organizational Politics and three outcome variables one by one.

#### 4.7.1 Moderation with Transactional Contract

Hypothesis 7a, 7b and 7c predicted that Transactional Contract will moderate the Perception of Organizational Politics and three outcome variables Turnover Intention, Affective Commitment and Job Satisfaction respectively.

To test these hypotheses, I entered Transactional Contract as moderator between POP and outcomes relationship one by one.

**Table 21 .Regression Analysis showing the moderating effects of Transactional Contract in the Relationship between POP and Turnover Intentions(TI)**

Predictors	$\beta$	R <sup>2</sup>	$\Delta R^2$
<b>Step1:</b>			
Controls		0.04**	
<b>Step 2:</b>			
POP, Transactional Contract		0.59***	0.55***
<b>Step 3:</b>			
POP X TC	0.090	0.59	0.00

**Note: N = 318; Control variables are Designation, Specialization.**

**\*p <.05, \*\*p <.01, \*\*\*p <.001**

Hypothesis 7a predicted that Transactional Contract will moderate the relationship between Perception of Organizational Politics such that it will be stronger when Transactional Contract is High. Results revealed that Transactional Contract was interacted with Perception of Organizational Politics insignificantly ( $\beta = 0.09$ ,  $p > .05$ )

to predict Turnover Intentions. The interaction could not explain variance in Turnover Intentions ( $\Delta R^2 = 0.00$ ,  $F = 0.12$ ,  $p > 0.05$ ). So hypothesis 7a was rejected.

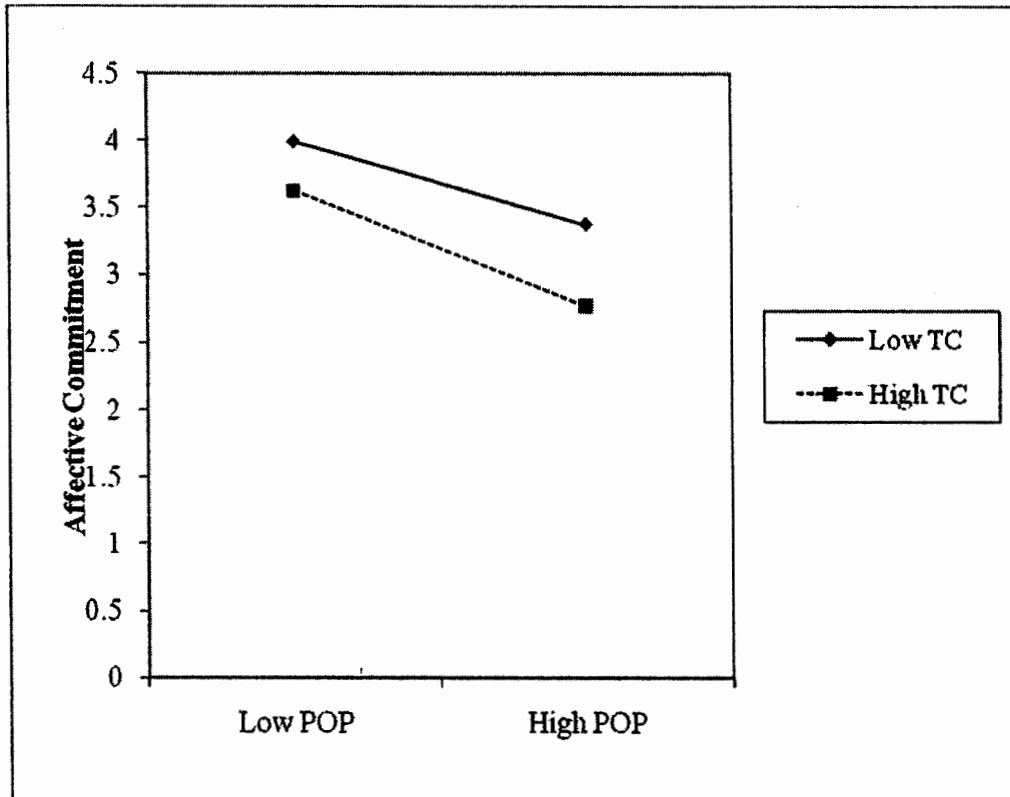
**Table 22 .Regression Analysis showing the moderating effects of Transactional Contract in the Relationship between POP and Affective Commitment(AC)**

Predictors	$\beta$	$R^2$	$\Delta R^2$
<b>Step1:</b>			
Controls		0.055**	
<b>Step 2:</b>			
POP, Transactional Contract		0.554***	0.48***
<b>Step 3:</b>			
POP X TC	0.56*	0.53*	0.01*

**Note: N = 318; Control variables are Designation, Specialization.**

\* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$

Hypothesis 7b predicted that Transactional Contract will moderate the Perception of Organizational Politics-Affective Commitment relationship such that it will be stronger when Transactional contract is high. Results revealed that Interaction of Transactional Contract with Perception of Organizational Politics was significant ( $\beta = -0.56$ ,  $p < .05$ ) for Affective Commitment. The interaction term POP X TC explained 1% variance in Affective Commitment ( $\Delta R^2 = 0.01$ ,  $F = 4.31$ ,  $p < 0.05$ ).So hypothesis 7b was confirmed.



**Figure 2: Interactive effects of POP and Transactional Contract on Affective Commitment**

Figure 2 shows the significant interaction plots between Perception of Organizational Politics and Affective Commitment for both individuals having high Transactional contract. As predicted, the negative association between Perception of Organizational Politics and Affective Commitment was stronger for individuals possessed higher Transactional Contract. So Hypothesis 7b is supported significantly.

**Table 23 .Regression Analysis showing the moderating effects of Transactional Contract in the Relationship between POP and Job Satisfaction**

Predictors	$\beta$	$R^2$	$\Delta R^2$
<b>Step1:</b>			
Controls		.08***	
<b>Step 2:</b>			
POP, Transactional Contract		0.50***	0.422***
<b>Step 3:</b>			
POP X TC	0.094	0.50	0.000

**Note: N = 318; Control variables are Designation, Specialization.**

\*p <.05, \*\*p <.01, \*\*\*p <.001

Hypothesis 7c predicted that Transactional Contract will moderate the Perception of Organizational Politics-Job Satisfaction relationship such that it will be stronger when Transactional Contract is high. Results revealed that Transactional Contract was interacted with Perception of Organizational Politics insignificantly ( $\beta = 0.09, p > .05$ ) to predict Job Satisfaction. The interaction could not explain variance in Turnover Intentions ( $\Delta R^2 = 0.00, F = 0.11, p > 0.05$ ). So hypothesis 7c was rejected.

#### **4.7.2 Moderation with Relational Contract**

Hypothesis 8a, 8b and 8c, predicted that Transactional Contract will moderate the Perception of Organizational Politics and three outcome variables Turnover Intention, Affective Commitment and Job Satisfaction respectively

To test these hypotheses I entered Relational Contract as moderator between Perception of Organizational Politics and outcomes relationship one by one.

**Table 24 .Regression Analysis showing the moderating effects of Relational Contract in the Relationship between POP and Turnover Intentions(TI)**

Predictors	$\beta$	$R^2$	$\Delta R^2$
<b>Step1:</b>			
Controls		.04*	
<b>Step 2:</b>			
POP, Relational Contract		0.57***	0.52***
<b>Step 3:</b>			
POP X RC	0.408**	0.58**	0.013**

**Note:** N = 318; Control variables are Designation, Specialization.

\*p <.05, \*\*p <.01, \*\*\*p <.001

Hypothesis 8a predicted that Relational Contract will moderate the Perception of Organizational Politics- Turnover Intentions relationship such that it will be stronger when Relational Contract is low. Results revealed that interaction of Transactional Contract with Perception of Organizational Politics proved to be significant ( $\beta = -0.40$ ,  $p < .01$ ) to predict Turnover Intentions. The interaction explained 1.3% variance in Turnover Intentions ( $\Delta R^2 = 0.013$ ,  $F = 0.12$ ,  $p < 0.01$ ). So hypothesis 7a was confirmed.

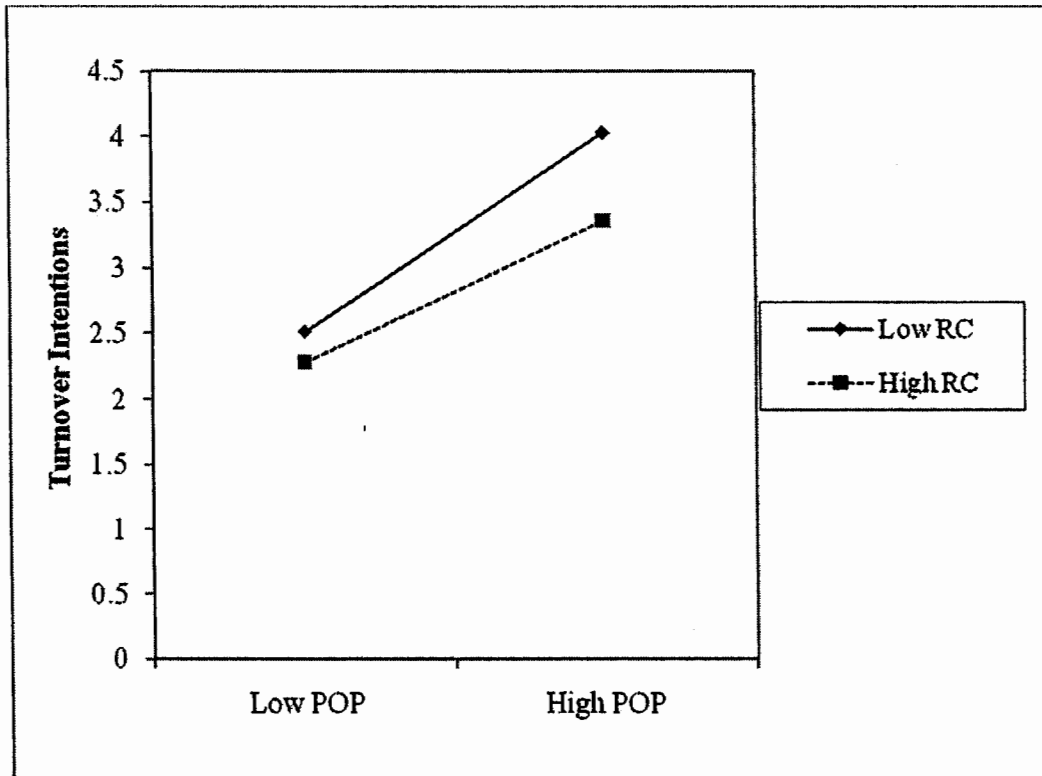


Figure 3: Interactive effects of POP and Relational Contract on Turnover Intentions

Fig 3 shows a significant interaction plot. As predicted, the essentially positive association between Perception of Organizational Politics and Turnover Intentions was stronger for individuals possess low Relational Contract. So hypothesis 8a is fully supported for moderation of Relational Contract between Perception of Organizational Politics and Turnover Intentions in the predicted direction.



**Table 25 .Regression Analysis showing the moderating effects of Relational Contract in the Relationship between POP and Affective Commitment(AC)**

Predictors	$\beta$	$R^2$	$\Delta R^2$
<b>Step1:</b>			
Controls		.05**	
<b>Step 2:</b>			
POP, Relational Contract		0.51***	0.46***
<b>Step 3:</b>			
POP X RC	0.43**	0.53**	0.015**

**Note: N = 318; Control variables are Designation, Specialization.**

**\*p <.05, \*\*p <.01, \*\*\*p < .001**

Hypothesis 8b predicted that Relational Contract will moderate the Perception of Organizational Politics-Affective Commitment such that it will be stronger when Relational Contract is low, Results revealed that Interaction of Relational Contract with Perception of Organizational Politics was significant ( $\beta = 0.43$ ,  $p < .01$ ) to Affective Commitment. The interaction term POP X RC explained 1.5% variance in Affective Commitment ( $\Delta R^2 = 0.015$ ,  $F = 10.10$ ,  $p < 0.01$ ). So hypothesis 8b was confirmed.

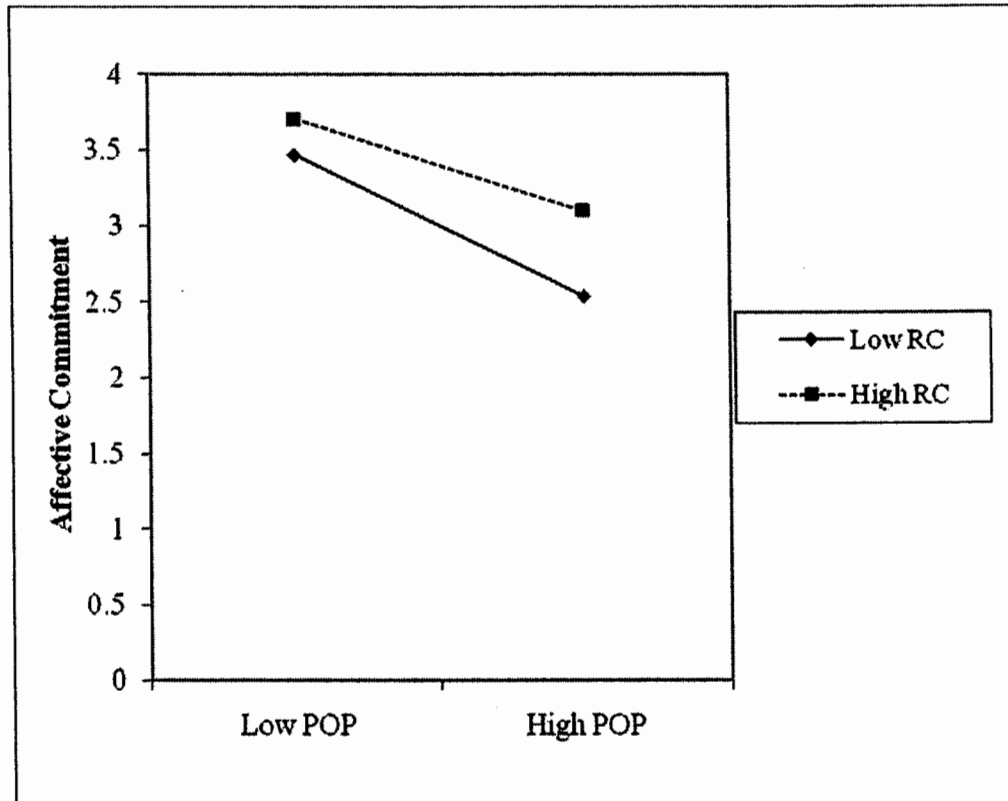


Figure 4: Interactive effects of Perception of Organizational Politics and Relational Contract on Affective Commitment

Figure 4 presents the significant interaction plots between Perception of Organizational Politics and Affective Commitment for both individuals having high and low Relational contract. As predicted, the negative association between Perception of Organizational Politics and Affective Commitment was stronger for individuals possessed lower Relational Contract. So Hypothesis 8b is significantly supported.

**Table 26 .Regression Analysis showing the moderating effects of Relational Contract in the Relationship between POP and Job Satisfaction(JS)**

<b>Predictors</b>	<b><math>\beta</math></b>	<b><math>R^2</math></b>	<b><math>\Delta R^2</math></b>
<b>Step1:</b>			
Controls		0.082***	
<b>Step 2:</b>			
POP, Relational Contract		0.45***	0.373***
<b>Step 3:</b>			
POP X RC	0.044	0.45	0.00

**Note: N = 318; Control variables are Designation, Specialization.**

**\*p <.05, \*\*p <.01, \*\*\*p < .001**

Hypothesis 8c predicted that Relational Contract will moderate the Perception of Organizational Politics–Job Satisfaction relationship such that it will be stronger when Relational Contract is low. Results revealed that Relational Contract was interacted with Perception of Organizational Politics insignificantly ( $\beta = 0.04$ ,  $p > .05$ ) to predict Job Satisfaction. The interaction could not explain variance in Job Satisfaction ( $\Delta R^2 = 0.00$ ,  $F = 0.08$ ,  $p > 0.05$ ). So hypothesis 8c was rejected.

Overall out of six interactions, three were proved to be significant. Interaction plots were also found to be in accordance to the predicted hypothesis for supported hypotheses. When Transactional Contract was entered as moderator between Perception of Organizational Politics and three outcomes, only one interaction was

proved to be significant, which was moderation of Transactional Contract between Perception of Organizational Politics and Affective Commitment. When Relational Contract was entered as moderator, two out three interactions were significant. Moderation of Relational Contract between Perception of Organizational Politics and two outcomes the Turnover Intentions and Affective Commitment were found to be significant whereas interaction for Job Satisfaction was observed insignificant.

## **CHAPTER 5**

### **DISCUSSION**

#### **5.1 Major Findings**

This research study has been overall successful in providing answers to many critical research questions which were developed on the basis of literature review and theoretical framework proposed in this study. A new framework was developed to integrate Organizational Politics and Psychological Contracts research domains and results indicated a significant effect about this integration.

Firstly this study proved the main effects of Perception of Organizational Politics, Psychological contract types (Transactional and Relational) and Perceived Breach on outcome variables. It was proved that Perception of Organizational Politics and Perceived Breach and Transactional contract have same type of significant relationship with three outcomes i.e. positive relationship with Turnover Intentions and negative relationships with Affective Commitment and Job Satisfaction. However, Relational contract found to be negatively related to Turnover Intentions and positively related to Affective Commitment and Job Satisfaction.

Secondly, mediation of Perceived Breach was predicted between Perception of Organizational Politics and three outcome variables, the Turnover Intentions, Affective Commitment and Job Satisfaction. Findings indicated that Perceived Breach partially mediated the relationship between POP and outcomes.

Thirdly, moderation of Psychological contract types, Transactional and Relational contracts was predicted between Perception of Organizational Politics and Outcomes

(Turnover Intentions, Affective Commitment and Job Satisfaction). Results indicated that interaction of Relational Contract and Perception of Organizational Politics were found to be more significant predictors of outcomes than interaction of Transactional Contract and Perception of Organizational Politics.

Fourthly, the results of mediation and moderation analysis supported that integration of Perception of Organizational Politics and Psychological Contracts (types and Perceived breach) is significant, which is a successful addition in OB research.

Finally, it was predicted that Psychological contract types Transactional and Relational contracts both will also generalize to Pakistan as in developed countries. Higher cronbach's alpha reliabilities and factor analysis for both contract types suggested that Transactional and Relational contracts are generalized in Pakistan.

## **5.2 Findings and Discussion**

A significant support has been found for almost all of the proposed hypothesis in this study except few. This study has replicated previous research findings for impact of Perception of Organizational Politics on Turnover Intentions, Affective Commitment and Job Satisfaction.

Hypothesis 1a,1b and 1c suggested that Perception of Organizational Politics (POP) will be positively related to Turnover Intentions, negatively related to Affective Commitment and Job Satisfaction. These hypotheses are fully supported and results were found on the predicted direction. The results are consistent with the previous research as reported in meta-analysis (Miller et al., 2008) that Perception of politics leads to negative attitudes.

Hypothesis 2a, 2b and 2c proposed that Transactional Contract would be positively related to Turnover Intentions and negatively related to Affective Commitment and Job Satisfaction respectively. Results strongly supported these hypotheses in the predicted directions.

Hypothesis 3a, 3b and 3c suggested that Relational Contract would be negatively related to Turnover Intentions and positively related to Affective Commitment and Job Satisfaction.

Results indicated support for the proposed hypotheses in the predicted direction. These results are also consistent with the previous research that suggested that transactional contracts are short-term and made on the basis of economic exchange and lack the trust and involvement and Relational contracts involve emotional attachment and more than monetary obligations (Morrison & Robinson, 1997; Rousseau & McLean Parks, 1993; Shore & Tetrick, 1994). This study also replicated the previous results that Relational contracts promote positive relationship and Transactional contracts facilitate negative relationship with the personal and organizational outcomes (Rousseau, 1995; Rousseau & McLean Parks, 1993).

Hypothesis 4a, 4b and 4c suggested that Perceived Contract Breach would be positively related to Turnover Intentions and negatively related to Affective Commitment and Job Satisfaction respectively. Results fully supported these hypothesis which are consistent with the previous research findings (Robinson & Rousseau, 1994; Tekleab et al., 2005; Raja et al., 2004).

Hypothesis 5 predicted that Perception of Organizational Politics will be positively related to Perceived Contract Breach. Results revealed that this hypothesis is strongly supported with highly significant effect size. It confirms that political environment of

the organization promote a feeling of incongruence between expected and received obligations and employees make cognition of breach in their psychological contract. This result contributed the research that Perception of Politics is an antecedent of Psychological Contract Breach.

Hypothesis 6a, 6b and 6c predicted that Perceived Contract breach will mediate the relationship between Perception of Organizational Politics and three outcomes, Turnover Intentions, Affective Commitment and Job Satisfaction respectively. The first two conditions of mediation analysis were significantly proved. First was that the perception of Organizational Politics is significant predictor of three outcome variables Turnover Intentions, Affective Commitment and Job Satisfaction (Hypothesis 1a,1b,ac are strongly supported). Second condition was that the Perception of Organizational Politics is a significant predictor of Perceived contract Breach (Hypothesis 5 was fully supported). First two conditions for mediated Regression were fulfilled.

The mediated regression analysis resulted that Perceived Contract Breach partially mediated the relationship between Perception of Organizational Politics and Turnover Intentions. So hypothesis 6a was confirmed with partial mediation. The mediation analysis for hypothesis 6b resulted that Perceived Contract Breach partially mediated the relationship between Perception of Organizational Politics and Affective Commitment. Moreover, Perceived Contract breach was also found to be significant as a mediator between Perception of Organizational Politics and Job Satisfaction Therefore hypothesis 6c was also confirmed.

These findings of mediated regression analysis suggest that employees' Perception of Breach due to Perception of Organizational Politics partially transform into Turn over



Intentions and their Affective Commitment with the organization and job satisfaction. These findings of mediation of Perceived Contract Breach between Perception of Organizational Politics and two outcomes (Affective Commitment, Job Satisfaction) are consistent with previous one and only study that also suggested that Perception of Organizational Politics cause a breach in psychological contract of employees when they perceive that self serving behavior of employer and political environment in the organization will give rise to the perceptions that employer is no more interested to fulfill its obligations and wellbeing of employees (Rosen et al., 2008). Rosen et al., (2008) found that perceived contract breach fully mediated the relationship between Perception of Organizational Politics and two outcomes the affective commitment and Job satisfaction. However, mediation of perceived breach between POP and Turnover Intentions has never been studied, so this study contributes the literature in this regard.

Rosen et al.,(2009) reported a full mediation between POP and attitudes(Affective Commitment and Job Satisfaction) whereas this study reported partial mediation for affective commitment and Turn over Intention and no mediation for job satisfaction. The reason could be that the direct effect size of Organizational Politics on outcome variables is much higher due to employees' strong perceptions of Organizational Politics in the workplaces that de-motivate them. The partial mediation of Perceived Breach also identifies the presence of some other mediators in this relationship.

Hypothesis 7a, 7b and 7c predicted that Transactional Contract will moderate the Perception of Organizational Politics-outcomes (Turnover Intentions, Affective Commitment and Job satisfaction) relationship respectively, in such a way that these will be stronger when Transactional Contract is High. The results of moderated

regression analysis revealed that interaction of POP and transactional contract was only found to be significant for Affective commitment. Therefore hypothesis 8b was confirmed. Moreover, it was found that interaction of POP and Transactional contract was not significant for Turnover Intentions and Job Satisfaction, so hypothesis 7a and 7c are not confirmed.

Hypothesis 8a, 8b and 8c predicted that Relational Contract will moderate the Perception of Organizational Politics and three outcomes (Turnover Intentions, Affective Commitment and Job satisfaction) relationship respectively, in such a way that these relationships will be stronger when Relational Contract is low. Results of moderated regression analysis revealed that interaction of POP and Relational contract was found to be significant for Turnover Intentions and Affective Commitment. Therefore hypothesis 8a and 8b are confirmed. Moreover it was found that interaction of POP and Relational Contract was not found to be significant for Job satisfaction so, hypothesis 8c was rejected.

These results suggested that the negative association between POP and Affective Commitment was stronger for individuals possessed lower Relational Contract. Similarly the positive association between POP and Turnover Intentions will be stronger for those employees who are lower in Relational contracts.

Overall out of six interactions, three were proved to be significant. When Transactional Contract was entered as moderator between Perception of Organizational Politics and three outcomes, only one interaction was proved to be significant, which was moderation of Transactional Contract between Perception of Organizational Politics and Affective Commitment. When Relational Contract was entered as moderator, two out three interactions were significant.

Moderation of Relational Contract between Perception of Organizational Politics and two outcomes the Turnover Intentions and Affective Commitment were found to be significant whereas interaction for Job Satisfaction was observed insignificant. These results contribute the literature as no previous study has discussed the interactional effect of POP and Psychological Contract types (Relational and Transactional). However previous research provide the evidence that POP and Transactional contracts are negatively related to employee attitudes like job satisfaction, affective commitment and positively related to leaving intentions and actual turnover whereas relation contracts revealed opposite results (Miller et al., 2008; Zhao et al., 2007).

Therefore this study revealed that interaction of Relational Contract and POP predicted more significant impact on outcomes (Affective Commitment and Turnover Intentions). Interaction of POP and Transactional contract impacted the outcomes in predicted direction but found to be significant.

### **5.3 Limitations**

The present study carries few limitations which needs attention for any future research. The data was collected on self reporting method. Although for the selected variables, self reporting is supposed to be appropriate but still carries a common method bias.

The second issue was that the data was collected through cross-sectional design. However longitudinal design is better to understand the transitions take place in employees' psychological contracts and their evaluation.

Few more interactions between variables could be studied but these were going out of the scope of this thesis. For example some other models that integrate POP and

Psychological contract constructs could be tested to find more insight about this integration.

#### **5.4 Implications for Research**

This research work makes many contributions to the existing literature on Organizational Politics research and Psychological Contracts theory. The significance or contribution of this research is two folds by providing two types of evidences. Firstly, it replicated the previous research findings and secondly it has tested new relationships and filled up many research gaps. These contributions can be summarized as following:

Firstly it has successfully tried to integrate two different streams, the Organizational Politics and Psychological Contract theory, of organizational behavior research.

Secondly, this study has filled a research gap by finding that POP is a significant predictor of Psychological contract breach, which has a very rare research evidence.

Thirdly, it introduced new finding in the existing research by founding that Perceived Contract Breach partially mediates the relationship between POP and outcomes (Turnover Intentions, Affective Commitment and Job Satisfaction). This study is the first that found the mediation of Psychological Contract Breach between POP and Turnover Intentions.

Fourthly, it is first study that found the moderating effect of Psychological contract types (Transactional and Relational) between POP and outcomes. So this study filled a gap in research by combining the POP and Psychological Contract types to find their impact on outcomes.

Fifthly, this study confirmed the previous research that Transactional and Relational types are two distinct types of Psychological Contracts in such a way that Transactional contracts promote undesired work attitudes like Turnover Intentions and Relational contracts develop positive attitudes like job satisfaction and Affective Commitment and these types are generalized to Pakistan also.

Sixthly this study confirmed the previous research that POP leads to negative attitudes, for example, POP is positively related to employees' Turnover Intentions and negatively related to Affective Commitment and Job Satisfaction.

Seventhly, Psychological Contract Breach is positively related to Turnover intentions and negatively related to Affective Commitment and Job Satisfaction, which is consistent with the previous research.

## **5.5 Implications for Managers**

This research provides significant implications to the practitioners as well. It has addressed the major causes of negative attitudes related to the work context or environment. It has related the employees' psychological contracts evaluation process on the basis of organizational factors specifically Perception of Organizational Politics. It is imperative for the employers to understand that by minimizing the perceptions of organizational politics in the work environment, they can overcome the negative factors in employer-employee exchange relationship that cause a breach in their psychological contract.

This study illustrate that Organizational Politics make direct effect on employee's psychological contracts with the employer. If the organizations carry political environment, employees lose trust and feeling of insecurity rises. They evaluate their

psychological contract on the basis of employer's political behavior and react on that in the shape of their attitudes like high turnover intentions, and low affective commitment and job satisfaction.

These attitudes are real critical issues in today's management because these affect the organization's profitability and success. The employees always seek fairness in their relationships with the employer. And the organizations, which provide the job security, fair practices, and recognition to their employees, always get emotional attachment by them. This emotional bonding increases their trust level and they feel more satisfaction and never think to leave the organization. These findings are helpful for the employers to understand which type of the environment can create the emotional attachment in their employees and raise their satisfaction level.

## **5.6 Future Research Directions**

This study suggests many directions for future research. It is recognized through literature review that consequences of Psychological contract breach and Perception of Organizational Politics have been studied extensively in separate research studies. But there is a very rare evidence that these two constructs have been studied together to examine their consequences. Therefore, research can be conducted to study these constructs together.

In this study Psychological contract types (Transactional and Relational) have been studied as moderator. The contract types can be studied in a different position or relation with Perception of Organizational Politics.

This study investigated the Perceived Contract Breach as mediator, but it can also be studied as moderator to investigate the interactive effect of POP and Perceived Contract Breach.

The selection of outcome variables was limited up to three attitude variables due to the scope of the study, but few other behavioral variables like job performance and OCB etc. can be included in the model to get a more complete knowledge in this line of research.

It is also suggested that future studies should imply longitudinal design to understand the transition in psychological contract types with the time line due to Organizational Politics or other contextual or organizational factors. Other changes in Psychological contracts can also be investigated by selecting the longitudinal design. For example transition of Perceived Contract breach into violation can be studied with time gaps.

Few other moderators can be studied in POP-outcome relationship as there is need to study these factors in detail. POP can be studied more extensively by considering its three dimensions with other variables to find that which dimension produces more negative attitudes in employees and which dimension can be helpful to promote certain types of behaviors.

## **5.7 Conclusion**

This study offers an important contribution by integrating two research areas, Perception of Organizational Politics and The Psychological Contract Theory, both theoretically and empirically. It provides a theoretical framework that supports this useful integration and tests it empirically. In particular, the findings of this research study indicated that POP is an important predictor of Perception of Breach in psychological contract of employees. It also found that POP and Perceived Breach are positively related to Turnover Intentions and negatively related to Affective Commitment and Job Satisfaction.

It also filled a research gap by studying the Perceived Breach as a mediator between POP and outcomes relationship. Results indicated a partial mediation for all three outcomes and confirmed the prediction made in this study.

Moreover, this study is first in research that investigated role of Psychological Contract types (Transactional and Relational) as moderator in POP-outcome relationship. Relational Contract was observed as a more significant moderator in POP-outcome relationship whereas; Transactional contract indicated significant result only for Affective Commitment as Moderator.

This study is one of those few studies that investigated two Psychological contract types, Transactional and Relational separately and confirmed its generalizability in Pakistani context as well.



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## Appendix 1

**Confirmatory Factor Analysis of Psychological Contract Inventory**  
 showing factor loading of the items on Psychological Contract types  
 (Transactional and Relational)

<b>Items</b>	<b>Factor Loadings</b>	
	<b>Transactional Contract</b>	<b>Relational Contract</b>
TC1: Provides short-term employment	.738	
TC2: Makes no commitment to retain me in the future	.761	
TC3: Provides employment for a specific or limited time only	.745	
TC4: Requires me to do only limited duties I was hired to perform	.689	
TC5: Pays me only for specific duties I perform	.684	
TC6: Expects our jobs to be limited to specific well-defined responsibilities	.633	
TC7: Has made no promises to continue my employment	.719	
TC8 :Can terminate my employment any time	.571	
TC9: Is training me only for my current job	.665	
TC10: Expects my limited involvement in the organization	.635	
RC1: Offers steady employment		.554
RC2: Shows concern for my personal welfare		.692
RC3: Provides stable benefits to employees' families		.756
RC4: Sacrifices short-term organizational interests for employee interests		.605
RC5: Gives wages and benefits I can count on		.660
RC6: Makes decisions with my interests in mind		.709
RC7: Is responsive to employee concerns and well-being		.731
RC8: Shows concern for my long-term well-being		.791
RC9: Provides secure employment		.719
RC10: Provides stable wages over time		.677

## Appendix 2.

### Questionnaire

Please circle the appropriate response or fill in the blanks.

1. Gender                      Male              Female
2. Marital status              Single              Married
  
3. Age \_\_\_\_\_
  
4. What is the name of organization you are currently working in  
\_\_\_\_\_
  
5. Type of organization : a) Government    b) Semi Government    c) Private
  
6. What department are you currently working in?  
\_\_\_\_\_
  
7. What is your current designation / grade?  
\_\_\_\_\_
  
8. Education (highest degree or certificate attained)  
\_\_\_\_\_
  
9. Area of specialization \_\_\_\_\_
  
10. How long have you been working with your present organization?  
Years \_\_\_ Months \_\_\_
  
11. Total working experience?  
Years \_\_\_ Months \_\_\_

1=Strongly Disagree 2= Disagree 3= Netral 4= Agree 5= Strongly Agree

**A. How do you perceive the existence of Politics in your Organization?**

1	One group always gets their way	1	2	3	4	5
2	Influential group no one crosses	1	2	3	4	5
3	Policy changes help only a few	1	2	3	4	5
4	Build them up by tearing others down	1	2	3	4	5
5	Favoritism not merit gets people ahead	1	2	3	4	5
6	Don't speak up for fear of retaliation	1	2	3	4	5
7	Promotions go to top performers	1	2	3	4	5
8	Rewards come to hard workers	1	2	3	4	5
9	Encouraged to speak out	1	2	3	4	5
10	No place for Yes men	1	2	3	4	5
11	Pay and promotion policies are not politically applied	1	2	3	4	5
12	Pay and promotion decisions are consistent with policies	1	2	3	4	5

**B. "Consider your relationship with your current employer. To what extent has your employer made the following commitment or obligation to you? Please answer each question using the following scale"**

13	Provides short-term employment	1	2	3	4	5
14	Makes no commitment to retain me in the future	1	2	3	4	5
15	Provides employment for a specific or limited time only	1	2	3	4	5
16	Requires me to do only limited duties I was hired to perform	1	2	3	4	5
17	Pays me only for specific duties I perform	1	2	3	4	5
18	Expects our jobs to be limited to specific well defined responsibilities	1	2	3	4	5
19	Has made no promises to continue my employment	1	2	3	4	5
20	Can terminate my employment any time	1	2	3	4	5
21	Is training me only for my current job	1	2	3	4	5
22	Expects my limited involvement in the organization	1	2	3	4	5
23	Offers steady employment	1	2	3	4	5
24	Provides stable benefits to employees' families	1	2	3	4	5
25	Shows concern for my personal welfare	1	2	3	4	5
26	Sacrifices short-term organizational interests for employee interests	1	2	3	4	5
27	Gives wages and benefits I can count on	1	2	3	4	5
28	Is responsive to employee concerns and well-being	1	2	3	4	5

29	Makes decisions with my interests in mind	1	2	3	4	5
30	Shows concern for my long-term well-being	1	2	3	4	5
31	Provides secure employment	1	2	3	4	5
32	Provides stable wages over time	1	2	3	4	5

**C. Perceived Contract Breach**

33	Almost all the promises made by my employer during recruitment have been kept so far	1	2	3	4	5
34	I feel that my employer has come through in fulfilling the promises made to me when I was hired	1	2	3	4	5
35	So far my employer has done an excellent job of fulfilling its promises to me	1	2	3	4	5
36	I have not received everything promised to me in exchange for my contributions	1	2	3	4	5
37	My employer has broken many of its promises to me even though I've upheld my side of the deal	1	2	3	4	5

**D. Describe how you feel about your job using the same scale given above:**

38	I often think about leaving the organization.	1	2	3	4	5
39	It is highly likely that I will look for a new job in the next year.	1	2	3	4	5
40	If I may choose again, I will choose to work for the current organization.	1	2	3	4	5

**E. How much you are committed with your organization?**

41	I would be very happy to spend the rest of my career with this organization.	1	2	3	4	5
42	I enjoy discussing my organization with people outside of it.	1	2	3	4	5
43	I really feel as if this organization's problems are my own.	1	2	3	4	5
44	I could easily become as attached to another organization as I am to this one.	1	2	3	4	5
45	I do not feel like "Part of the family" to this organization.	1	2	3	4	5
46	I do not feel "emotionally attached" to this organization.	1	2	3	4	5
47	This organization has a great deal of personal meaning for me.	1	2	3	4	5
48	I do not feel a strong sense of belongingness to my organization.	1	2	3	4	5



The questions given below have 7 options please mark the most appropriate:

**49 . Which one of the following shows how much of the time you feel satisfied with your job?**

1. Never
2. Seldom
3. Occasionally
4. About half of the time
5. A good deal of the time
6. Most of the time
7. All the time

**50. Choose one of the following statements which best tells how well you like your job.**

1. I hate it
2. I dislike it
3. I don't like it
4. I am indifferent to it
5. I like it
6. I am enthusiastic about it
7. I love it

**51. Which one of the following best tells how you feel about changing your job?**

1. I would quit this job at once if I could
2. I would take almost any other job in which I could earn as much as I am earning now
3. I would like to change my job, but I would do so if I could get a better job
4. I would like to exchange my present job for another one
5. I am not eager to change my job, but I would do so if I could get a better job
6. I cannot think of any jobs for which I would exchange
7. I would not exchange my job for another

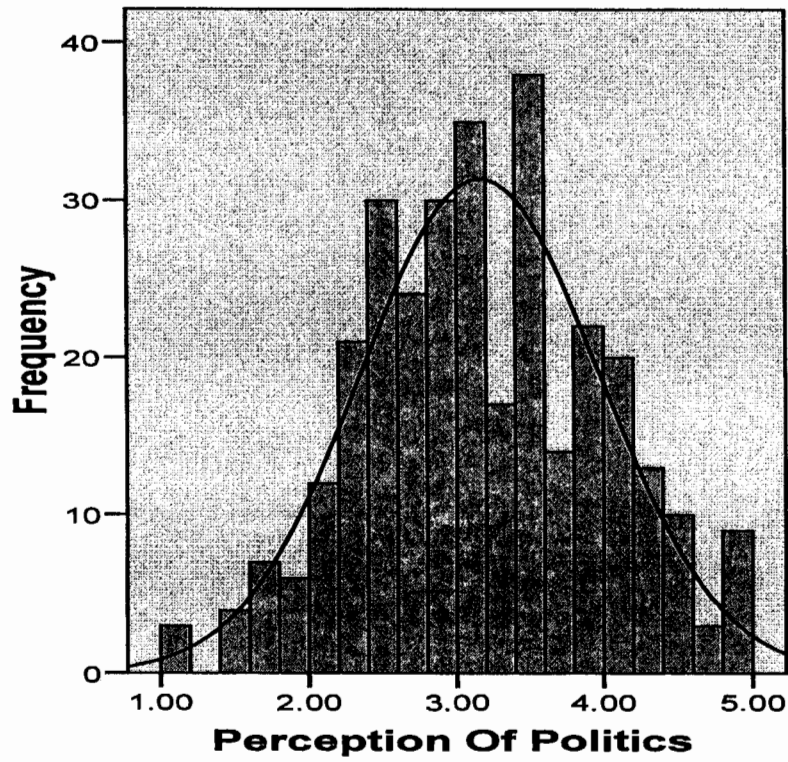
**52. Which one of the following shows how you think you compare with other people?**

1. No one dislikes his job more than I dislike mine
2. I dislike my job much more than most people dislike theirs
3. I dislike my job more than most people dislike theirs
4. I like my job about as well as most people like theirs
5. I like my job better than most people like theirs
6. I like my job much better than most people like theirs
7. No one likes their job better than I like mine

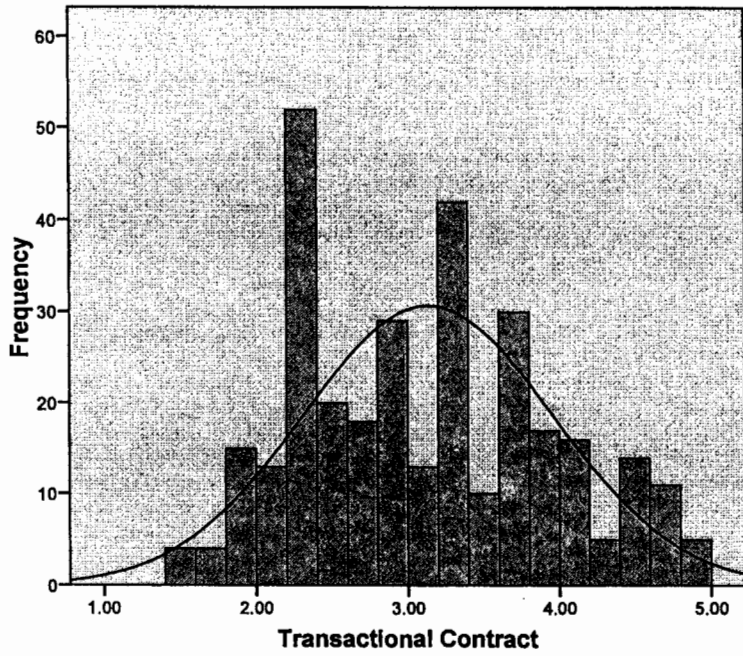
### Appendix 3

Histograms with normal distribution curves for all variables

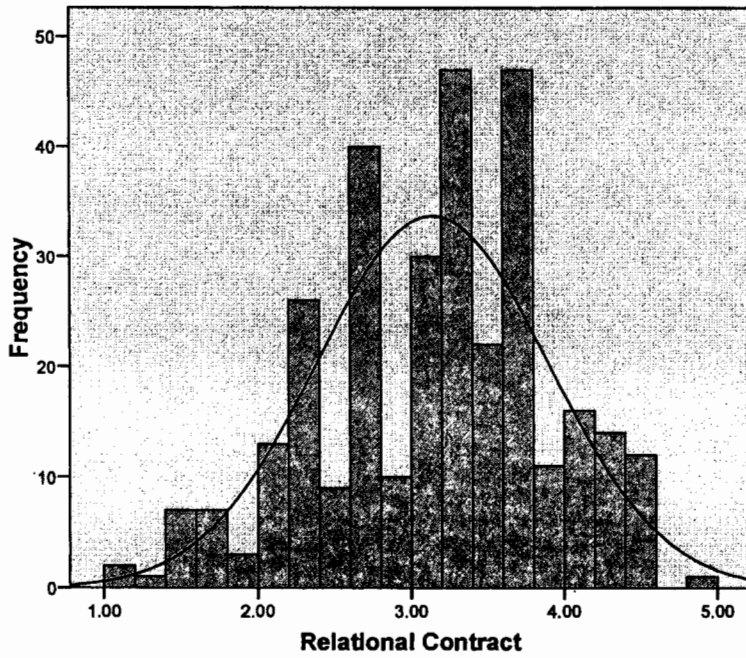
#### Perception Of Politics



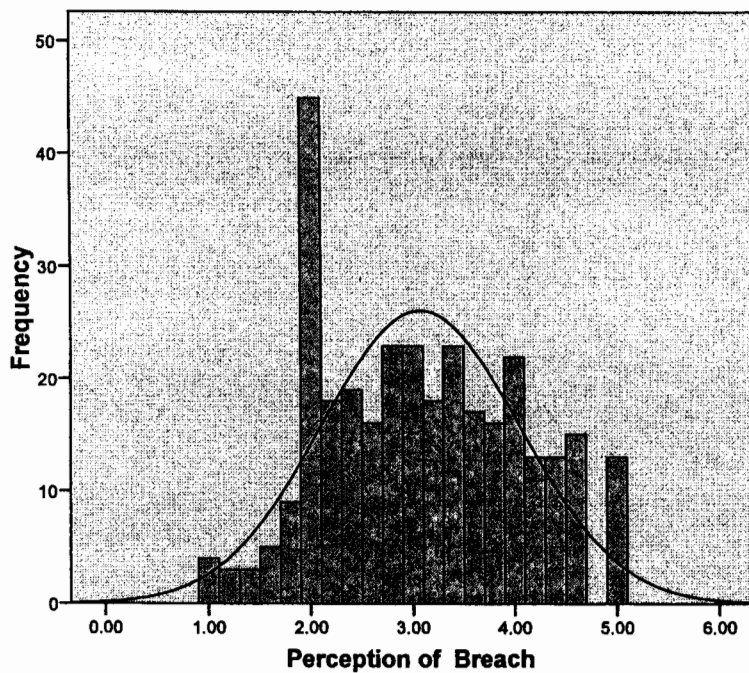
### Transactional Contract



### Relational Contract

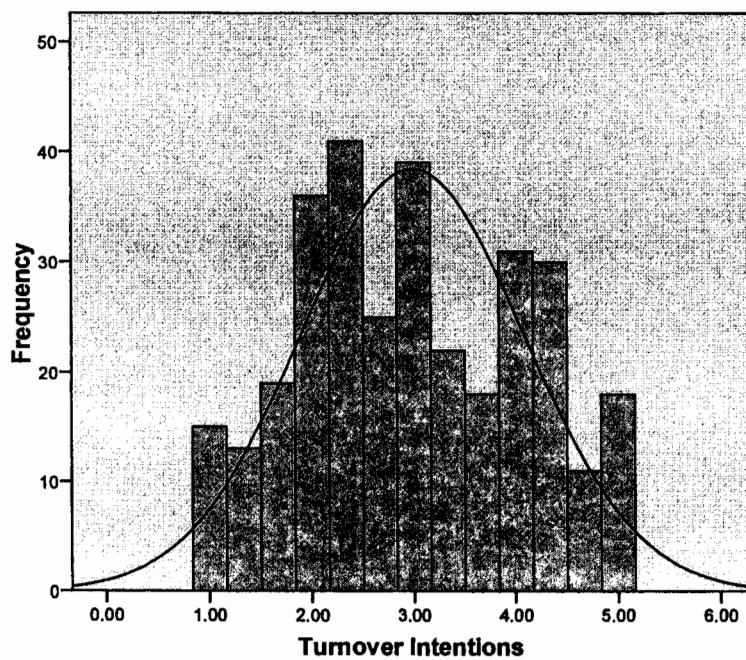


### Perception of Breach



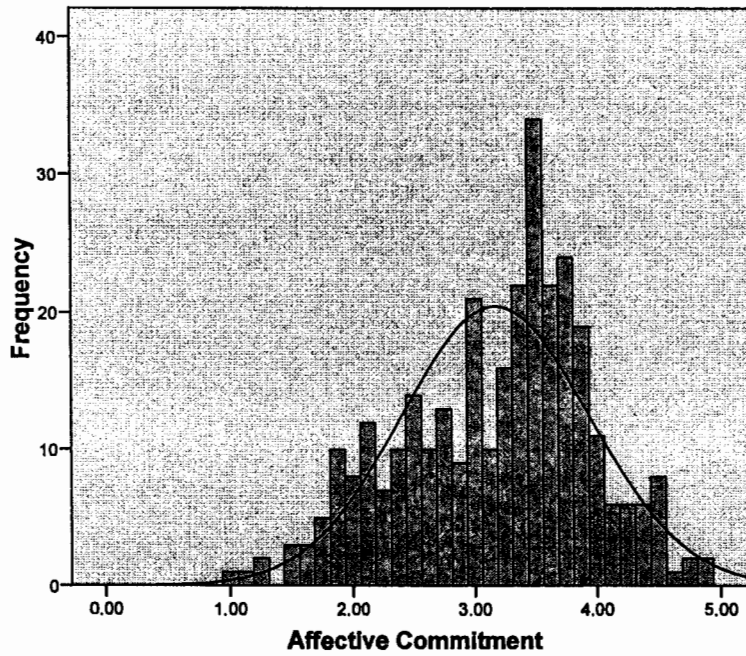
Mean = 3.07  
Std. Dev. = 0.971  
N = 318

### Turnover Intentions



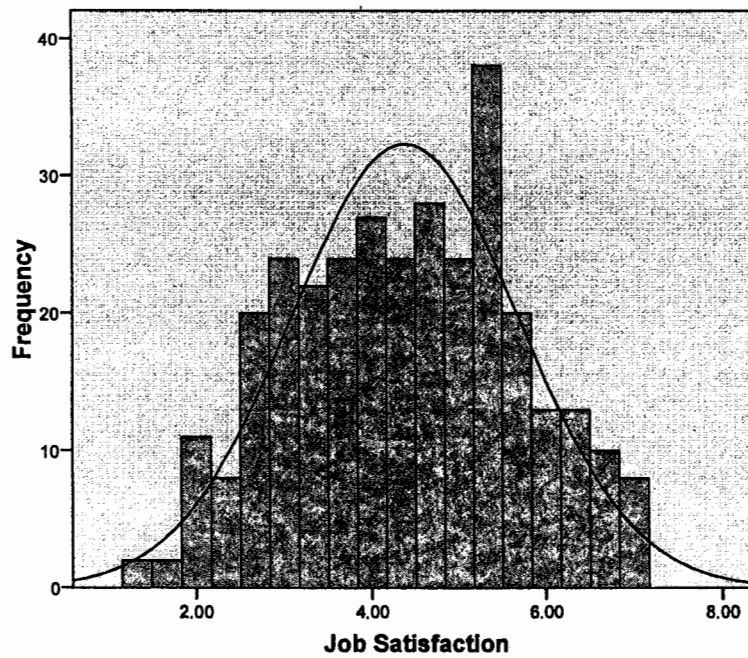
Mean = 2.99  
Std. Dev. = 1.101  
N = 318

### Affective Commitment



Mean =3.17  
Std. Dev. =0.775  
N =318

### Job Satisfaction



Mean =4.39  
Std. Dev. =1.31  
N =318

