

**PSYCHOLOGICAL CONTRACT TYPE,
PERCEIVED CONTRACT BREACH, VIOLATION
AND JOB OUTCOMES (STRESS, BURNOUT,
SATISFACTION AND INTENTIONS TO LEAVE)**

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

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October, 2009

**IN THE NAME OF ALLAH, THE MOST MERCIFUL AND
BENEFICIENT**

Dedication

"I dedicate this thesis to my loving parents for their prayers, encouragement, support and guidance without which I would not be at this stage today"

(Acceptance by the Viva Voice Committee)

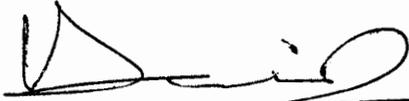
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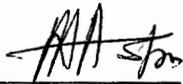
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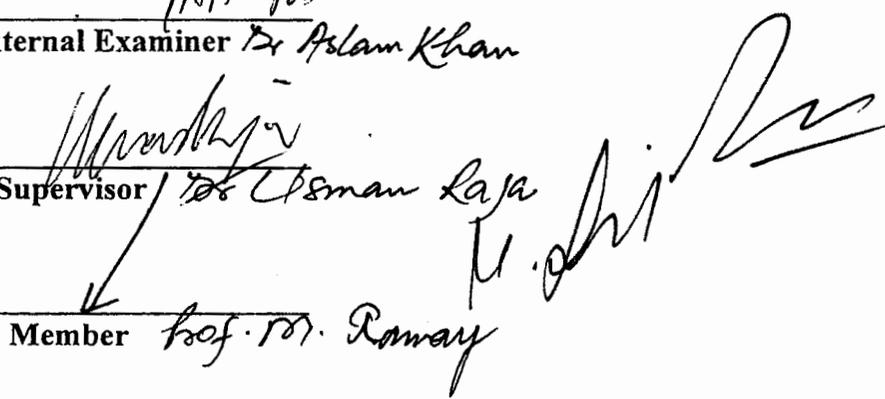
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ABSTRACT

The purpose of this study is to examine the impact of employee psychological contracts on important personal and attitudinal outcomes in the Pakistani context. More specifically, this study fulfills an important gap in the literature by examining the impact of psychological contract types, perceived contract breach and contract violation on job stress, burnout, satisfaction and intentions to leave. This study also analyzes the role of perceived contract breach as a potential mediator in the relationship between psychological contract types and outcomes and the role of contract violation as a mediator in the relationship between perceived contract breach and outcomes. This was a cross-sectional study in which data was collected from 361 employees by administering self-reported questionnaires in various public and private sector organizations of Pakistan.

The results of the study indicate that transactional contract type has a negative relationship with job satisfaction and a positive relationship with job stress, job burnout and intentions to leave, whereas relational contract type was found to be positively related to job satisfaction and negatively related to job burnout and intentions to leave. Perceived contract breach and contract violation were also found to be negatively related to job satisfaction and positively related to job stress, job burnout, intentions to leave. Moreover, perceived contract breach was found to mediate the relationship between relational contract type and outcomes (job satisfaction, burnout and intentions to leave) and contract violation was found to partially mediate the relationship between perceived contract breach and outcomes. In the end, the implications for research and managers have also been discussed.

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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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Figure 1. Impact of Psychological Contract Types on Perceived Contract Breach, Contract Violation on Outcomes (Job Stress, Job Burnout, Job Satisfaction and Intentions to Leave)

CHAPTER 1

INTRODUCTION AND RATIONALE OF THE STUDY

1.1. Introduction

Since the last two decades psychological contracts has received considerable theoretical and empirical attention in the organizational behavior research because current trends such as demographic diversity, global competition, technology, restructuring, downsizing and increased reliance on temporary workers have extreme effects on the relationship of employees with the organization (Csoka, 1995; Deery et al., 2006; Kissler, 1994; Morrison, 1994).

The conventional employment relationship of long-term job security, growth opportunities, retirement benefits and stable rewards in return for hard work and devotion may no longer exist (Cavanaugh and Noe, 1999; Rousseau, 1995; Sims, 1994; Turnley et al., 2003). An organization performs the human resource activities of recruitment and selection with the aim to find employees who have particular knowledge, proficiency and know-how that can support the organization in accomplishing high performance standards (Kickul, 2001). However, since employees often have very limited advancement opportunities due to leaner organizational structures and slow growth (Sims, 1994), they have started realizing that even if they meet satisfactory performance standards, their job security with their organization is not guaranteed (Wilhelm, 1994).

These organizational changes often create an environment of ambiguity and uncertainty, making it unclear what employee and employer obligations are toward each other and as a result it becomes more difficult to fulfill the obligations (McLean Parks and Kidder, 1994). This environment of uncertainty and failure on part of the organizations to fulfill its promises is destroying the trust of employees (Robinson, 1996; Rousseau, 1995) and due to this employees are changing their psychological contracts, which consist of beliefs about mutual obligation between them and the employer (Rousseau, 1989).

Consequently, there are increased chances that employees will misinterpret the employment relationship and perceive that the organization has breached their psychological contract which can cause feelings of violation that can lead to reduced employee performance, satisfaction and citizenship behaviors (Braun, 1997; McLean Parks & Schmedemann, 1994; Robinson, Kraatz, & Rousseau, 1994; Rousseau, 1995; Robinson, 1996; Robinson & Rousseau, 1994; Rousseau & McLean Parks, 1993).

1.2. Rationale for the Study

Due to these organizational changes it is becoming increasingly important for the organizations to not only attract but also retain valuable human resources (Montes and Irving, 2008). Organizations are achieving this objective by offering a number of incentives to employees, which have been classified, on the basis of theoretical and empirical evidence, into two distinctive psychological contract elements that is transactional and relational contract elements (Montes and Irving, 2008; Robinson, Kraatz, & Rousseau, 1994; Robinson & Morrison, 1995; Rousseau, 1995).

Although several researchers have suggested that it is valuable to study the transactional and relational elements of the psychological contract separately (Coyle-Shapiro & Kessler, 2000; Raja, Johns & Ntalianis, 2004) and speculated that these contract types might be differently related to employee and organizational outcomes (Rousseau, 1990, 1995; Rousseau & McLean-Parks, 1993; Shore & Barksdale, 1998) but there are only few studies which have empirically examined the differences between relational and transactional contracts (Arnold, 1996; Raja, Johns, & Ntalianis, 2004).

Due to this lack of research, few studies have reported that relational contracts have a positive relationship (and transactional contracts, a negative relationship) with job satisfaction, expected job tenure, job and organizational commitment and intentions to leave (Millward & Hopkins, 1998; Raja, Johns, & Ntalianis, 2004; Rousseau, 1990). However there is no study till-date which has examined the impact of transactional and relational contracts on job stress and burnout. Thus the main objective of this study is to fulfill this important gap in the literature by studying the impact of relational and transactional contract types separately on perceived contract breach, violation and outcomes consisting of job stress, burnout, satisfaction and intentions to leave.

Moreover, a number of empirical studies have exhibited that employees who perceive that the organization has breached their psychological contract, tend to react in unfavorable ways that influences their trust in the organization, job satisfaction, organizational commitment, professional commitment, in-role and extra-role performance, and organizational citizenship behaviors, and intent to leave an organization (Bunderson, 2001; Coyle-Shapiro & Kessler, 2000; Johnson & O'Leary-Kelly, 2003;

Robinson, 1996; Robinson & Rousseau, 1994; Robinson & Morrison, 2000; Raja et al., 2004; Turnley, Bolino, Lester, & Bloodgood, 2003; Turnley & Feldman, 1999a, 2000; Zhao et al., 2007).

On the other hand, there is very limited research which has investigated the impact of perceived contract breach on employee stress and burnout (Bocchino, Hartman, and Foley, 2003; Gakovic and Tetrick, 2003; Jackson et al., 1986; Maslach, Schaufeli & Leiter, 2001; Shore & Tetrick, 1994; Sutton, 1990). Therefore another objective of this study is to examine this important yet unexplored area in the literature by studying the impact of perceived contract breach on the stress and burnout experienced by the employees. Furthermore, the research literature on psychological contract indicates that there is a lack of empirical research on the distinct relationship of transactional and relational contract types with perceived contract breach (Arnold, 1996). Thus, another objective of this study is to analyze the impact of psychological contract types on perceived contract breach and the role of perceived contract breach as a mediator between psychological contract types and outcomes (job stress, burnout, satisfaction and turnover intentions).

Furthermore, even though there has been an enormous research on the relationship of perceived contract breach with employee attitudes and behavior, but there is very limited research which has investigated the impact of contract violation on outcomes. In fact contract violation has been examined in relation to organizational trust, job and organizational satisfaction, perceived obligations to their employers, role performance, organizational citizenship behaviors and intentions to quit (McLean & Kidder, 1994;

Robinson, 1996; Robinson, Kraatz, & Rousseau, 1994; Robinson & Morrison, 1995; Robinson & Rousseau, 1994; Raja et al., 2004) but there is no study till-date which has analyzed the impact of psychological contract violation on job stress and burnout. Hence this study makes an important contribution in the literature by examining the impact of psychological contract violation on outcomes (job stress, burnout, satisfaction and turnover intentions). Moreover, this study also investigates the role of psychological contract violation as a mediator in the relationship between perceived contract breach and outcomes.

Therefore this research study is based on job stress and burnout, which are considered very important job outcomes. Moreover since job satisfaction and intentions to leave are the most extensively examined attitudinal outcomes of psychological contracts, this study also examines these job related attitudes (Conway & Briner, 2005; Zhao et al., 2007). Therefore, it is the purpose of this research study to examine the impact of psychological contract types, perceived contract breach and contract violation on job stress, burnout, job satisfaction and intentions to leave.

According to a number of researchers, cross-cultural differences play a very important role in psychological contracts but they are not well understood (Rousseau and Tinsley, 1997). In the past psychological contracts are mostly been examined in the highly industrialized developed countries like Europe, North America and Asia (Rousseau & Schalk, 2000). Hui, Lee, and Rousseau (2004) pointed out that societal differences' is a key issue which affects the generalizability of the psychological contract construct.

However, Hui, Lee, and Rousseau (2004) argued that there has been a lack of empirical research examining the nature and form of employment relationships in the developing world. They further raised the question that is it possible to study the employee-employer relationship in a meaningful way in developing societies using the approaches derived from more developed countries. In response to these concerns Hui, Lee and Rousseau (2004) in their study analyzed the generalizability of psychological contract forms that have been observed in the West (Rousseau, 2000) to China. The results of this study confirmed the generalizability of the transactional, relational, and balanced psychological contract types to China.

However, there are very few studies which have examined psychological contracts in an under-developed country like Pakistan (Raja, Johns, & Ntalianis, 2004). Therefore, another objective of this study is to fulfill this unexplored area in the literature by investigating the dynamics of psychological contracts in an under-developed country like Pakistan. Specifically this study examines that whether psychological contract types which have been observed in the western societies generalize to Pakistan or not.

Since job stress and job burnout have never been linked to psychological contracts before, the following discussion reviews the literature on job stress and burnout and argue why it is important to link psychological contracts with job stress and burnout.

1.2.1. Job Stress

Job stress is considered very important because it is believed to be dysfunctional for the organizations as well as its members (French, Rogers, & Cobb, 1974; Kahn, Wolfe,

Quinn, Snoek, & Rosenthal, 1964). Job stress not only affects employee health but also affects organizational attitudes and behaviors by resulting in job dissatisfaction, low organizational commitment, high absenteeism, burnout and marginal job performance. (Daley and Parfitt, 1996; Jamal and Badawi, 1993; Baba, Jamal and Tourigny, 1998; Daniels, 1996; Jamal, 1984; Jamal and Baba, 1997; Kinicki, McKee and Wade, 1996; Thompson and Page, 1992; Westman and Eden, 1996).

Job stress occurs as a result of an individual's reaction to an environmental stimulus (Kahn, Wolfe, Quinn, Snoek, and Rosenthal, 1964; Selye, 1956). Although researchers have defined job stress in several ways, the most popular approach to define job stress is in terms of fit or match between the person abilities and the work environment, referred by French et al. (1974) as the person-environment fit model of job stress. This model states that job stress is a psychological reaction which arises as a result of poor or lack of fit between the person's capabilities and work environment, where unnecessary demands are frequently placed upon the person or the person does not feel that he or she is able to cope up with a particular situation (Caplan, Cobb, French, Van Harrison and Pinneau, 1975, 1982; Edwards, 1992; Folkman and Lazarus, 1991; French & Caplan, 1972; Jex, Beehr and Roberts, 1992; McGrath, 1970; McGrath, 1976; Schuler, 1980; Xie and Johns, 1995).

The person-environment fit model of job stress has been mostly applied in examining the individual differences of employees' which affect the way they perceive and react to stressors (Caplan, Cobb, & French, 1975; French et al., 1982). This research study is based on the person-environment fit model of job stress because it is considered very

popular in the behavioral sciences, incorporates both chronic and acute job stress and has received a strong empirical support (Jamal and Baba, 1992; Jamal, 1999).

Numerous studies have examined the impact of constructs similar to perceived organizational congruence on the reported stress levels by the employees (e.g., Ivancevich & Matteson, 1980; Matteson & Ivancevich, 1982). However, these studies have consistently followed the conceptualization of fit by Edwards and Harrison (1993) as either the extent to which the skill and abilities of the employee match the demands of the work environment or the degree to which the needs and preferences of the employee match the rewards and supplies provided by the environment. Misfit which arises between the employee and the organization due to these conceptualizations of fit has been reported to have an association with psychological, behavioral and physical strains (Caplan, 1987; French, Caplan, & Harrison, 1982).

Kahn and Byosiére (1992) on the basis of a literature review suggested that job stress has mainly been considered as a dependent variable because it occurs as a result of stressors, which are various stimuli inducing harmful psychological or physiological reactions (Kahn and Byosiére, 1992). But still the concept of psychological contract has never been linked to job stress. This is a very serious omission in the literature because job stress is considered very important personal outcome. Therefore it is the aim of this research study to fulfill this important gap in the literature by examining psychological contract types, perceived contract breach and violation as an antecedent to job stress.

1.2.2. Job Burnout

The concept of burnout has been widely studied in the area of applied psychology and occupational health (Lee and Ashforth, 1993). Initially, the term burnout was defined by Freudenberger (1974) as exhaustion, weakening and wearing out. Nowadays, the most important and extensively recognized definition of burnout is offered by Maslach and colleagues (Maslach, 1982; Maslach & Jackson, 1981; Pines & Maslach, 1980) who conceptualized burnout into three essential components consisting of emotional exhaustion, cynicism and inefficacy.

Among the three dimensions of burnout, exhaustion is considered as the most extensively reported and most comprehensively examined dimension of burnout (Maslach, Schaufeli and Leiter, 2001). Due to the strong association of exhaustion with burnout several researchers have even argued that the other two facets of burnout are less important or ineffective (Shirom 1989). Since emotional exhaustion is considered as a core dimension of burnout (Koeske and Koeske, 1989), some researchers have only used emotional exhaustion as a measure of burnout (Gaines and Jermier, 1983).

This research study is based on the definition of burnout by Pines and Aronson (1988), who used the term tedium for burnout and defined it as “a state of physical, emotional and mental exhaustion caused by long-term involvement in situations that are emotionally demanding” (p. 9). According to researchers tedium or in other words burnout occurs when an employee has too few positive and too many negative features in one’s work environment, specifically too many demands, pressures and conflicts along with too few rewards, acknowledgments, and successes (Kanner, Kafry, & Pines, 1978).

It is very important to understand the source of burnout and to deal with this problem because burnout can be potentially costly and damaging due to its consequences (Cordes and Dougherty, 1993). Job burnout is associated with a variety of job attitudes and withdrawal behaviors outcomes such as reduced satisfaction (Burke et al., 1984a; Jackson & Maslach, 1982; Maslach & Jackson, 1985) job and organizational commitment (Jackson et al., 1987; Leiter & Maslach, 1988), absenteeism (Firth & Britton, 1989), reduced quantitative and qualitative job performance (Maslach & Jackson, 1985), intentions to leave the job and actual turnover (Jackson et al., 1986; Lazaro et al., 1984).

The research literature on burnout suggests that a number of situational factors such as role overload, role conflict, role ambiguity, lack of social support, lack of feedback, lack of participation in decision making, lack of organizational trust, lack of mutual working relationships and lack of autonomy and control over work practices have been studied as an antecedent to individual burnout (Schwab and Iwanicki, 1982a; Brookings and colleagues, 1985; Fimian and Blanton, 1987; Cordes and Dougherty, 1993; Caplan, 1974; Cohen & Wills, 1985; Constable & Russell, 1986; Maslach & Jackson, 1984; Maslach, Schaufeli and Leiter, 2001; Laschinger et al., 2001).

Even though there has been a lot of research on how job or task related variables contribute to burnout, but still the research examining on how organization itself and its policies may be related to burnout is scarce. According to Maslach et al. (2001) the underlying values implicit in the organizational structures and processes can have important implications for burnout because these values influence the cognitive and emotional relationship that individuals develop with their job but still it is less explored.

Furthermore, the organizational perspective is also influenced by economic, social and cultural forces (Maslach et al., 2001). In recent times, organizations have gone through a lot of changes, such as mergers and downsizing, which significantly affects the employees by the changes brought in their psychological contract (Csoka, 1995; Kissler, 1994; Morrison, 1994; Deery et al., 2006).

Maslach & Leiter (1997) proposed a model that focused on the extent of match or mismatch between the individual and six areas of work life consisting of workload, control, reward, community, fairness, and values, which are considered as most important organizational antecedents of burnout. According to this model, burnout occurs as a result of persistent mismatch or gap between employees and their work environment in terms of all or few of these six areas (Maslach, Schaufeli and Leiter, 2001). This model conceptualization of mismatch is close to the belief of a psychological contract (Rousseau 1995) where the focus of mismatch is on the long-term relationship people have with their work. As described by this model mismatches occurs when critical issues remain unresolved in the path of creating a psychological contract or when the changes in the working relationship becomes unacceptable for an employee.

Although the model proposed by Maslach & Leiter (1997) provides the basis for psychological contracts as an antecedent to job burnout, but still there has been very little research in this area. Therefore it is the objective of this research study to examine psychological contract types, perceived psychological contract breach and violation as an antecedent to job burnout.

Since job stress is experienced by an individual due to the lack of congruence between the employee abilities and work environment or due to an imbalance of what is needed and what is available to fulfill that demand and job burnout occurs when an individual is physically, mentally and emotionally exhausted due to demanding situations. For that reason it is anticipated that psychological contract types, perceived contract breach and violation would have an influence on job stress and burnout.

1.3. Purpose of the Study

The purpose of this study is to analyze the impact of psychological contract types, perceived contract breach and violation as an antecedent to outcomes (job stress, burnout, satisfaction and turnover intentions) in an under-developed country like Pakistan. In addition, this study also analyzes the mediating role of perceived contract breach in the psychological contract types and outcomes relationship and the mediating role of psychological contract violation in the psychological contract breach and outcomes relationship. Specifically I predicted a chain of mediation as follows: psychological contract types, breach, violation and outcomes.

This research study makes numerous contributions to the existing body of knowledge. In it, we bring together the literatures on psychological contract types, perceived contract breach, violation and outcomes consisting of stress, burnout, satisfaction and intentions to leave.

1.4. Statement of the Problem

“To investigate the impact of employees’ psychological contract, their perception of contract breach and feelings of violation on their job stress, burnout, job satisfaction and intentions to leave”.

1.5. Objectives of Research

This study has a number of objectives. The first objective of this study is to examine the psychological contract types: transactional and relational separately as there are only few studies which have examined these psychological contract types individually. The second objective of this study is to measure psychological contract types by using two scales developed by Rousseau (2000) and Millward and Hopkins (1998). Since the studies which have used either one of these scales have reported mixed reliability and validity (Raja, Johns, & Ntalianis, 2004), this study tries to measure psychological contract types by both of these scales and will suggest which scale is best in terms of scale reliability and validity.

The third objective of this study is to examine the impact of psychological contract types individually on perceived contract breach and outcomes (job stress, burnout, satisfaction and intentions to leave). The fourth objective of this study is to examine the role of perceived contract breach as a mediator between psychological contract types and outcomes. The fifth objective of this study is to examine the role of contract violation as a mediator between perceived contract breach and outcomes (job stress, burnout,

satisfaction and intentions to leave). Sixth and the last objective of this study is to examine psychological contracts in an under-developed country like Pakistan.

1.6. Significance of Research

This study makes numerous contributions to the existing body of knowledge on psychological contracts. Although psychological contract types, perceived contract breach and violation have been associated with a variety of organizational outcomes but still there is no study till-date which has examined the impact of psychological contract types, perceived contract breach and violation on job stress and burnout. I believe that this is a very serious omission in light of the fact that both job stress and burnout are important personal outcomes. This study fulfills an important gap in the literature by examining the impact of psychological contract types, perceived contract breach and violation on job stress and burnout.

Moreover, this is the first study which has examined psychological contract types by using two scales developed by Rousseau (2000) and Millward and Hopkins (1998) and will suggest which scale is better in terms of alpha reliability and factor loadings. This is among those few studies which have examined psychological contract types transactional and relational separately and the role of perceived contract breach as a mediator between psychological contract types and outcomes. Moreover, this is also among those few studies which have examined the role of contract violation as a mediator between perceived contract breach and outcomes. Last but not the least this is among those few

studies which examines the concept of psychological contract in an under-developed country like Pakistan.

1.7. Research Questions

This research study develops a framework that addresses a number of critical questions.

- First, are the transactional and relational psychological contract types related differentially to outcomes (Job Stress, Burnout, Satisfaction and Intentions to Leave)?
- Second, are the transactional and relational psychological contract types related differentially to breach?
- Third, does perceived contract breach act as a mediator between psychological contract types and outcomes (Job Stress, Burnout, Satisfaction and Intentions to Leave)?
- Fourth, does violation act as a mediator between perceived contract breach and outcomes (Job Stress, Burnout, Satisfaction and Intentions to Leave)?
- Fifth, does psychological contract types: transactional and relational generalizes to an under-developed country like Pakistan?

CHAPTER 2

LITERATURE REVIEW

2.1. Psychological Contracts

Psychological contracts are considered as the foundation of the employee and organization relationship as they are comprised of beliefs about mutual obligations between the two parties (Rousseau, 1989; Schein, 1965). The concept of psychological contract is considered very important as it helps in defining and understanding the contemporary employment relationship as well as employee attitudes and behavior (Morrison and Robinson, 1997; Rousseau, 2001; Shore and Coyle-Shapiro, 2003; Shore and Tetrick, 1994; Turnley and Feldman, 1998). Although the concept of psychological contract has received considerable importance, but still there is very limited theoretical and empirical research on this topic (Conway, 1996; Guest, 1998).

In early 1960s the term psychological contract was introduced for the first time, referring to the relationship that may exist between the employees and the organization (Argyris, 1960; Levinson, Price, Munden, Mandl, & Solley, 1962; Schein, 1965). Since then it has been defined by a number of researchers. Levinson (1962) was known to be the first researcher who conceptualized psychological contract from the perspective of reciprocity and defined psychological contract as a set of beliefs about what each party is obligated to give and entitled to receive, in return for another party's contributions (Levinson et al., 1962).

Farnsworth (1982) considered psychological contracts as an essential element of the employment relationship and described it as a bunch of promises that obligates one to future action. Moreover, according to Schein (1988) psychological contract comprise of a cluster of implicit expectations. Employees have expectations about the nature of the job to be performed, salary, benefits and opportunity for development. Similarly organizations also have expectations from employees, which are documented in its policies, procedures, performance standards and job descriptions.

Although the term psychological contract has been defined by numerous researchers but this research study is based on the conceptualization of psychological contracts by Rousseau (1989, 1995), because it's considered very popular among researchers. Rousseau (1989, 1995) defined psychological contract as an employee's perceptions and beliefs, influenced by the organization, about the terms and conditions of a reciprocal exchange agreement that exist between the employees and their employer. Furthermore, Rousseau (1989, 1995) considered psychological contract as the most appropriate concept because it helps the parties in a formal employment relationship to comprehend the approved terms and conditions by giving the meaning, interpretations and significance to it.

A psychological contract materializes when one party has implicitly or explicitly promised to offer a consideration in exchange for another party performance or contribution and therefore an obligation has been created to provide future benefits (Rousseau, 1989). Robinson and Rousseau (1994) highlighted the importance of psychological contracts by pointing out that without contracts the relationship between

the employee and employer might not last as the parties in the relationship have no incentive to contribute anything to the other.

Psychological contract has also been referred by a number of authors as employees' individualistic understanding and assessment of their employment deal (Rousseau, 1996, 2001; Turnley and Feldman, 1998). According to Rousseau (2001) analyzing the employment relationship from the perspective of the psychological contract is considered very important because it is perhaps well-matched to an individualistic labor market, where employees have a tendency to be involved in more idiosyncratic deal with their organization.

An important aspect of the psychological contract is that it is perceptual in nature and "exists in the eye of the beholder" (Rousseau, 1995, p. 6). In other words, all employees have their own perceptions and expectations about the reciprocal obligations that exist between themselves and their organization (Dulac, Coyle-Shapiro, Henderson and Wayne, 2008) but it is also important to understand that the other party in the exchange relationship might not have the same expectations (Lucero and Allen, 1994; Rousseau, 1989, Shore and Tetrick, 1994). The concept of psychological contract can be operationalized from the viewpoint of employer (Coyle-Shapiro, 2002), employee (Rousseau, 1990), or both (Dabos & Rousseau, 2004). This research study has operationalized psychological contract from the perspective of employees only.

The research literature on psychological contract suggests that it is different from expectations. According to Wanous (1977) expectations are simply what the employee anticipates to get from their organization. However as compared to expectations,

psychological contracts include perceived promises or obligations for which employees have reason to believe that a specific promise has been made (Morrison and Robinson, 1997). Furthermore, it is not necessary that promises are always explicitly stated, rather they may be inferred from the employer's actions too (Rousseau, 2001).

The psychological contract is also distinct from a formal employment agreement because it is not prepared once but somewhat it keeps on regulating throughout an employee's tenure in the organization (Rousseau and Parks, 1993). Events like new job assignments, relocations in the form of transfers, promotions and demotions and organizational restructuring may change the existing psychological contract with a new one.

2.2. Psychological Contract Types

According to Rousseau (1995) time frame and performance requirements are two important characteristics that help in the differentiation of psychological contract types. Time frame refers to the temporal feature of the employment relationship which can be short-term vs. long-term and indicates the promised duration of the relationship. Performance requirements refer to the link between performance demands and the rewards employment provides which can be low vs. highly specified performance-reward contingencies. Rousseau (1995) on the basis of these two traits classified psychological contracts into four dimensions: transactional, relational, balanced and transitional.

Transactional contracts are highly economic or monetary in nature and involve a short-term exchange of contributions and particular benefits (Rousseau, 1995). In contrast,

relational contracts refer to open-ended arrangements consisting of economic as well as socio-emotional terms. This contract type is a long-term mutually satisfying relationship without particular performance-reward contingencies (Rousseau, 1995).

Balanced contract is a combination of the transactional and relational contract type where it takes the feature of performance-reward contingencies from transactional contracts and open-ended arrangements from relational contracts (Rousseau, 1995). However, transitional arrangements refers to the deficiency of an agreement between the parties, which can arise from unstable circumstances for instance drastic organizational changes like downsizing can result into lack of commitment or no commitment at all between the parties (Rousseau, 1995).

Rousseau (2000) has also operationalized the Psychological Contract Inventory (PCI) framework on the basis of these two traits into four dimensions: transactional, relational, balanced and transitional, which have been confirmed by studies both in Latin America (Dabos & Rousseau, 2004) and Singapore (Rousseau, 2000).

This research study is only based on the transactional and relational contract types for a number of reasons. Firstly, these contract types as they are well-known in the psychological contract literature (Hui, Lee and Rousseau, 2004). Secondly, numerous studies have empirically demonstrated the distinction between the transactional and relational dimensions of the psychological contract (Restubog & Bordia, 2006; Robinson & Rousseau, 1994; Robinson, Kraatz and Rousseau, 1994; Turnley, Bolino, Lester, & Bloodgood, 2003). The following section describes transactional and relational contract types in more detail.

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2.2.1. Transactional Contracts

Transactional contracts are temporary and rigid in nature, involve a lack of association between both parties and have a purely economic or materialistic focus (Rousseau, 1995; Morrison & Robinson, 1997; Rousseau & McLean Parks, 1993). Transactional Contracts are based on the economic exchange perspectives and reflect a specific and monetizable exchange between the parties, where the main focus was to provide competitive wages and benefits for services provided by the employees (Rousseau & McLean-Parks, 1993; Rousseau, 1995; Rousseau, 1989; De Meuse et al., 2001). Transactional contracts are based on the concept of “a fair day’s work for a fair day’s pay” (Rousseau and Wade-Benzoni, 1994).

Transactional contracts are by nature calculative because employees are highly cautious about maintaining the balance and repayment in the relationship (Morrison & Robinson, 1997). Transactional contracts are lacking in affect and trust between the two parties (Shore & Tetrick, 1994). Transactional contracts comprise of incentives that tend to be more explicit in nature and publicly observable by consisting of assurances of fair and high pay (Montes and Irving, 2008).

2.2.2. Relational Contracts

The relational contract type of the psychological is considered very important as it’s frequently cited as compared to the transactional contract type (Herriot, Manning, and Kidd, 1997). Relational contracts have emerged from a social exchange perspective (Blau, 1964) and reflect an open-ended and less specific agreement between the parties, which is based on financial reward as well as emotional involvement (Robinson et al.,

1994). Relational contracts are long-lasting and extensive, as they are not only limited to purely economic or materialistic exchanges but also incorporate socio-emotional elements such as loyalty and support in an exchange for security or growth in an organization (Morrison & Robinson, 1997; Rousseau & McLean Parks, 1993).

Relational contracts are intrinsic in nature, have a highly subjective focus and are described as affect-laden and open-ended exchanges (Montes and Irving, 2008). Relational contracts are based on having an open and long-term relationship with the organization and include supervisors' support, training, development and career advancement opportunities (Robinson & Rousseau, 1994). Relational contracts are based on trust between the two parties (Buch & Aldridge, 1991; Robinson, 1996; Rousseau, 1989, 1995) and consist of intangible incentives such as personal support and growth opportunities (Robinson et al., 1994; Rousseau, 1989, 1990; Rousseau & McLean-Parks, 1993).

The theoretical and empirical research on transactional and relational contract elements suggests that they are distinct in nature (Montes and Irving, 2008). As soon as the employment relationship starts, employees are explicitly and implicitly promised a number of things comprising of transactional and relational incentives (Montes and Irving, 2008). Transactional incentives for example consisted of competitive compensation and relational incentives consisted of opportunities for skill development and together such promises form employees' psychological contract (Coyle-Shapiro & Kessler, 2000).

Although the differentiation between transactional and relational contract type suggests that employees may hold one or the other, but according to a number of researchers employees' psychological contracts contain both elements at the same time (Coyle-Shapiro & Kessler, 2000; McLean Parks, Kidder, & Gallagher, 1998; Rousseau, 1990). For example, Coyle-Shapiro and Kessler (2000) argued that transactional obligations, for instance financial compensation are considered as a part of most employees' psychological contracts.

The research literature on psychological contract suggests that there is value in studying the distinct elements of the psychological contract e.g. transactional and relational contract types separately (Coyle-Shapiro & Kessler, 2000; Raja, Johns & Ntalianis, 2004). Hui, Lee and Rousseau (2004) argued that it is important to understand the nature and types of psychological contract and examine the impact of these contract types on organizational outcomes, for developing a profound theoretical understanding of the psychological contract. Moreover, few studies have also speculated that these contract types might be differently related to employee and organizational outcomes (Rousseau, 1990, 1995; Rousseau & McLean-Parks, 1993; Shore & Barksdale, 1998

However, there are only few studies which have empirically examined the differences between relational and transactional contracts (Arnold, 1996; Raja, Johns, & Ntalianis, 2004). The study conducted by Raja, Johns, & Ntalianis (2004) provides the evidence that the relational and transactional elements of the psychological contract are differentially related to employee personality, attitudes, and behaviors. The main objective of this study is to fulfill this important gap in the literature by studying the

impact of relational and transactional contract types separately on perceived contract breach, violation and outcomes.

2.3. Psychological Contract Types-Outcomes Relationship

The research literature on the psychological contract types suggest that relational contracts will facilitate a positive relationship with personal and organizational outcomes better than as compared to transactional contracts (Rousseau, 1995; Rousseau & McLean Parks, 1993). In fact few studies have reported that relational contracts relate positively with (and transactional contracts, negatively) to job satisfaction, job and organizational commitment, expected job tenure and intentions to leave (Millward & Hopkins, 1998; Rousseau, 1990; Raja, Johns, & Ntalianis, 2004).

For instance, Raja et al. (2004) reported that relational contracts were positively (and transactional contracts were negatively) related to job satisfaction, affective commitment and negatively (and transactional contracts were positively) related to intentions to quit. Hui, Lee and Rousseau (2004) reported that the relationship of relational and balanced contract types with organizational citizenship behavior is mediated by instrumentality. On the other hand, for transactional contract type it was found that it has a direct relationship with OCB.

However, there is no study till-date which has examined the impact of transactional and relational contracts on job stress and job burnout. This is a very serious omission in light of the fact that both job stress and burnout are considered very important job outcomes. The main objective of this study is to fulfill this important gap in the literature by trying

to answer how the distinct characteristics of transactional and relational contracts are related with perceived contract breach, violation and employee attitudes (job satisfaction, turnover intentions) and employee personal outcomes (job stress and burnout).

A small number of studies have reported that lack of advancement or promotion opportunities and lack of recognition results in employee turnover (U.S. Merit Systems Protection Board, 1989; Mill, 2001; Selden & Moynihan, 2000). Moreover, past research has also found a significant relationship between career incentives and intentions to stay (Bluedorn, 1982; Hsu et al., 2003).

De-Vos and Meganck (2009) studied employees' point of view on retention from the perspective of the psychological contract and reported that employees' assessment of promises relating to career development opportunities emerged as a strong predictor of employee loyalty, employees' intentions to leave their job and their job search behaviors. Furthermore, assessment of promises relating to social atmosphere, career development and job content appears to have a significant and consistent impact on employee loyalty.

Kim and Wright (2007) reported that career development opportunities have an effect on work exhaustion experienced by employees. Kim and Wright (2007) argued that career development opportunities might affect work exhaustion because it helps in maintaining the psychological contract between the employee and the employer. According to Rousseau (1995) employees often expect that in return for their skills, efforts and time the organization will provide them career development opportunities. These advancement or promotion opportunities might enhance an employee's sense of personal achievement

and a belief that these promotion policies are fair might reduce feelings of helplessness (Cordes & Dougherty, 1993).

Research has shown that employees have a high level of job satisfaction and are in a better position to tolerate difficulty at work, when they have a feeling that their work is valued and their efforts are recognized (Spector, 1997; Cordes & Dougherty, 1993; Maslach et al., 2001).

Since transactional contracts are short-term and rigid in nature, have a purely economic focus and characterized by a lack of involvement, trust and affect between the two parties (Morrison & Robinson, 1997; Rousseau & McLean Parks, 1993; Shore & Tetrick, 1994). It can be argued that employee perceiving a transactional contract will tend to be dissatisfied with their jobs, feel stressed and burned out and think of leaving their jobs.

In contrast, since relational contracts are long-term and broad in nature and as they are not restricted to purely economic exchange but also include terms for loyalty in exchange for security or growth in an organization (Morrison & Robinson, 1997; Rousseau & McLean Parks, 1993). It can be argued that employee perceiving a relational contract will tend to be satisfied from their jobs, will not feel stressed and burned out and will not think of leaving their jobs.

Therefore, on the basis of previous research literature it can be theorized that relational contracts will have a positive relationship with job satisfaction and negative relationship with job stress, burnout and intentions to leave. Conversely, transactional contracts will

have a negative relationship with job satisfaction and a positive relationship with job stress, burnout and intentions to leave.

Hypothesis 1a. Transactional contracts will be negatively related to job satisfaction and positively related to job stress, job burnout and intentions to leave.

Hypothesis 1b. Relational contracts will be positively related to job satisfaction and negatively related to job stress, job burnout and intentions to leave.

2.4. Perceived Psychological Contract Breach

The concept of perceived contract breach is the component of the psychological contract theory that has received considerable attention in the organizational behavior literature. Psychological contract breach is defined as the perception on part of the employees that their organization has failed to fulfill its promises and obligations (Rousseau, 1989; Robinson & Rousseau, 1994; Rousseau, 1995). Over a period of time employees may come to perceive that their psychological contract has been breached (Robinson and Morrison, 2000; Montes and Irving, 2008). Robinson and Rousseau (1994) conducted a study of managers and reported that 55% of them believed that their employers have broken some aspect of their psychological contracts during their first two years of employment.

Employee's perception that their psychological contract has been breached is an inherently subjective phenomenon (Morrison and Robinson, 1997). Sometimes it occurs due to an actual breach of a contract and sometimes it is not much clear whether an actual breach occurred or not (Morrison and Robinson, 1997). Morrison and Robinson (1997)

considered renegeing and incongruence as the two basic reasons which lead to perceived contract breach.

Reneging takes place when organizational agents are unable or unwilling to fulfill promised obligations (Morrison and Robinson, 1997). In contrast, incongruence occurs when organizational agents and the employee have divergent perceptions about the nature of a given promise or whether a given obligation exists or not. Either renegeing or incongruence causes the employees to perceive that their psychological contract has been breached by creating an inconsistency in the eyes of the employees of what they were promised and what they actually got in return. Moreover, Morrison and Robinson (1997) considered employee vigilance as an important concept which leads to the perception of a psychological contract breach, described as the degree to which an employee anxiously observes that whether the terms and conditions of his or her psychological contract are fulfilled by the organization or not.

Robinson and Morrison (2000) conducted a longitudinal study on a sample of 147 newly hired managers and reported that employees were more likely to perceive a breach of their psychological contract when they had little interaction with organizational agents prior to being hired, when they had not gone through a formal socialization process, when their self-reported and organizational performance were low, when they had a history of psychological contract breach with former employers, and when they had many employment opportunities at the time of hire.

2.5. Psychological Contract Breach-Outcomes Relationship

Psychological contract breach is perhaps the most significant concept in the psychological contract theory as it tries to explain that why psychological contract impact employees' feelings, attitudes, and behavior in a negative way (Conway and Briner, 2005). The importance of the psychological contract breach can be judged from the fact it has received considerable theoretical and empirical attention and the meta-analytic study by Zhao, Wayne, Glibkowski, and Bravo (2007) is one such example.

Psychological contract breach affects employees' work attitudes and behaviors in negative ways because psychological contracts are so much essential to individuals' employment-related beliefs and experiences (Morrison and Robinson, 1997). The perception of a psychological contract breach not only leads to negative feelings about unmet expectations related with particular promises but also to more generalized feelings by the employee in terms of being valued and respected by the employing organization (Rousseau, 1989). Furthermore, the perception of a psychological contract breach indicates to the employee that the employer does not value the employee's contribution, is not committed and may not intend to continue the employment relationship (Coyle-Shapiro and Conway, 2005).

The discrepancy theory by Locke (1976) provides the explanation for psychological contract breach, where individuals compare what they have got with what they were promised and then arrive at a cognitive assessment of what has (or has not) been exchanged as part of their relationships.

Social exchange theory helps in explaining the damaging effects of psychological contract breach on employee attitudes and behaviors (Aselage and Eisenberger, 2003; Coyle-Shapiro & Conway, 2004; Rousseau, 1995; Zhao et al., 2007; Morrison & Robinson, 1997; Rousseau, 1995; Tumley et al., 2003). According to this theory the employee-employer relationship is governed by the rules of social exchange, where the parties in an exchange relationship provide tangible and intangible benefits to one another, for example money or socio-emotional support respectively (Blau, 1964).

The norm of reciprocity results in the exchange of these benefits, which suggests that individuals in an exchange relationship are obligated to return favors that have been provided by others in the path of exchanges with the purpose of strengthening interpersonal relationships (Gouldner, 1960). Furthermore, according to social exchange theory trust is a critical factor for the establishment and maintenance of interpersonal relationships. Thus, in accordance with social exchange theory, individuals seek to enter and maintain fair and balanced exchange relationships with their employer (Homans, 1961; Suazo et al., 2005; Suazo, 2009).

Psychological contract breach takes place when an employee fulfills his or her obligations but does not receive expected outcomes from the organization in return (Morrison and Robinson, 1997; Rousseau, 1995). These discrepancies characterize a disparity in the social exchange relationship between the employee and employer and have been described as a form of distributive justice (Sheppard, Lewicki, & Minton, 1992; Suazo, 2009; Morrison and Robinson, 1997; Rousseau, 1995). Employees' perception of unfulfilled promises made by an organization might contain high pay, long-

term job security, as well as advancement and promotional opportunities (Kickul, 2001). For instance, “A person promised market wages in exchange for hard work who does not receive them feels wronged” (Robinson and Rousseau, 1994, p. 247).

Furthermore, according to the perspective of equity theory (Adams, 1965), an employee is motivated to re-establish equilibrium in the social exchange relationship by various means including negative attitudes and behaviors. Employees can respond to this state of imbalance by either altering their own or organization’s obligations (Robinson et al., 1994). Whenever employees perceive a breach of psychological contract by the organization, employees lose trust in the organization and feel that they have been deceived and mistreated by the organization, which in turn causes employees to be less motivated and to behave in ways that is not in the best interest of the organization (e.g., Deery, Iverson, & Walsh, 2006; Rousseau, 1995; Rousseau, 1989; Zhao, Wayne, Glibkowski, & Bravo, 2007; Robinson, 1996; Robinson & Morrison, 1995).

Therefore, in accordance with the predictions of social exchange theory, disparity theory and equity theory, the empirical research on the outcomes of psychological contract breach has revealed a negative relationship between psychological contract breach and a variety of workplace attitudes and behavior (Suazo, 2009).

In fact, a large number of empirical studies have reported that psychological contract breach has a negative relationship with trust (e.g. Robinson and Rousseau, 1994; Robinson, 1996), job satisfaction (e.g. Robinson and Rousseau, 1994; Tekleab et al., 2005; Turnley and Feldman, 1998, 2000; Raja et al., 2004; Gakovic & Tetrick, 2003), organizational commitment (e.g. Robinson, 1996; Bunderson, 2001; Coyle-Shapiro and

Kessler, 2000; Lester et al., 2002; Raja et al., 2004; Conway & Briner, 2002), professional commitment (Suazo, Turnley and Mai-Dalton, 2005), employee performance (Restubog et al., 2006; Turnley et al., 2003), in-role job performance (e.g. Robinson, 1996; Turnley and Feldman, 1999a; Suazo, Turnley and Mai-Dalton, 2005) and organizational citizenship behaviors (Organ, 1988, 1990; Organ et al., 2006; Restubog, Bordia, & Tang, 2006, 2007; Robinson & Morrison, 1995; Robinson, 1996; Turnley and Feldman, 1999a, 2000; Turnley et al., 2003; Suazo et al., 2005) and intentions to remain (Turnley & Feldman, 1999).

Furthermore, studies have also reported that perceived contract breach has a positive association with a variety of undesirable attitudes and behaviors such as absenteeism (Deery, Iverson, & Walsh, 2006), anticitizenship behaviors (Kickul, Neuman, Parker, & Finkl, 2001), cynicism (e.g. Johnson and O'Leary-Kelly, 2003), workplace deviance (Bordia, Restubog and Tang, 2008), intentions to leave the organization (Robinson & Rousseau, 1994; Turnley & Feldman, 1999; Bunderson, 2001; Raja et al., 2004; Suazo et al., 2005 ; Tekleab et al., 2005) and actual turnover (e.g. Robinson, 1996; Bunderson et al., 2001).

2.5.1. Psychological Contract Breach-Job Satisfaction Relationship

According to Robinson and Rousseau (1994) when employees perceive a breach of the psychological contract, their satisfaction with both the job and the organization declines due to various reasons. Firstly, discrepancy between what was expected and what was received is considered as a major source of dissatisfaction (Wanous, 1973). Secondly, the promises which the organization has failed to fulfill might frequently be those

features of an employee's work which are influential basis for work satisfaction. Furthermore, employee perception that the organization is not fulfilling its obligations makes it extremely hard for an employee to have the motivation to perform and obtain satisfaction from doing their job (Porter and Lawler, 1968).

A number of empirical studies have also reported that psychological contract breach has a negative relationship with job satisfaction (Robinson and Rousseau, 1994; Tekleab et al., 2005; Turnley and Feldman, 1998, 2000; Coyle-Shapiro & Kessler, 2000; Raja et al., 2004). Therefore it is hypothesized that psychological contract breach would have a negative relationship with job satisfaction.

2.5.2. Psychological Contract Breach-Intentions to Leave Relationship

According to Robinson and Rousseau (1994) psychological contract is a kind of assurance which obligates the employee and the employer that if both parties performs their duties and responsibilities, the relationship will be reciprocally beneficial and perceived breach of the psychological contract weakens this bond. When employees perceive a breach of a psychological contract, they loses trust in the relationship and are more likely to question themselves that whether it will be beneficial to stay in the employment relationship or not and as a result they are more likely to leave (Robinson and Rousseau, 1994; Turnley & Feldman, 1999).

A number of studies have also reported that psychological contract breach has a positive relationship with intentions to leave the organization (Robinson & Rousseau, 1994; Turnley & Feldman, 1999; Raja et al., 2004; Suazo et al., 2005). Therefore it is

hypothesized that psychological contract breach would have a positive relationship with intentions to leave the organization.

It is expected that psychological contract breach will have a positive relationship with job stress and burnout. Although there are very few studies which have examined this relationship directly but there is also a plenty of indirect evidence in support for this hypothesis.

2.5.3. Psychological Contract Breach-Job Stress Relationship

According to Morrison and Robinson (1997) employees and organization not only exchange promised goods and services, but they also share a set of values, beliefs, and norms. According to researchers devastating environmental and organizational changes that are beyond the employee's ability to manage are related to occupational stress symptoms (French, Caplan, & Harrison, 1982; Harrison, 1985). Since these changes are considered to generate a lack of congruence between individual values and organizational culture (Chatman, 1991), it was hypothesized by Bocchino, Hartman, and Foley (2003) that employees experiencing incongruence will experience stress symptoms as well.

Bocchino, Hartman, and Foley (2003) reported that congruence between employee values and organizational values is negatively related both to perceived contract breach and occupational stress. Since this study was correlational in nature, so nothing can be implied about the cause and effect relationship. However the findings of this study indicate future research direction to find out the cause and effect relationship between value congruence and the psychological contract. Since value congruence and perceived

contract breach are somehow similar concepts, it is expected that perceived contract breach will have a positive relationship with job stress.

When employees perceive a breach of a psychological contract, it decreases the perceptions of predictability and control which are laid on the foundation of a psychological contract (Shore & Tetrick, 1994; Tetrick & LaRocco, 1987). As a result, this lack of predictability and control may cause the employees to experience stress and strain (Maslach, Schaufeli & Leiter, 2001; Sutton, 1990; Shore & Tetrick, 1994).

Similarly, the literature on organizational change suggests that when organizations are going through a phase of substantial change it not only causes the employees to perceive a breach of a psychological contract (Morrison & Robinson, 1997; Turnley & Feldman, 1998) but also results in employees experiencing stress (Howard & Frink, 1996; Shaw, Fields, Thacker, & Fisher, 1993; Zeitlin, 1995). Therefore, it can be argued that employee's perception of a psychological contract breach may be related to job stress.

2.5.4. Psychological Contract Breach-Job Burnout Relationship

Nowadays, employees are expected to give more in terms of effort, skills, time and flexibility, but receive less in terms of job security, career opportunities and lifetime employment (Cavanaugh and Noe, 1999; Turnley et al., 2003). Due to this employees are more likely to perceive a breach of the psychological contract (Rousseau, 1995), which is likely to generate burnout, because it destroys the belief of reciprocity which is critical for maintaining the well-being of employees (Maslach, Schaufeli and Leiter, 2001). This

provides the evidence that psychological contract breach will have a positive relationship with burnout.

Fulfillment of organizational obligations can also be conceptualized as a sign of organizational support for the employees (Guzzo, Noonan, & Elron, 1994). When employees perceive that the organization is not fulfilling the obligations associated with their psychological contract, they get the feeling that the organization does not give importance to their contributions or concerned about their wellbeing and that they cannot trust the organization because of its inability to respect its obligations (Robinson, 1995; Robinson, 1996). This inability of organizations to fulfill its obligations has been referred in the job stress and burnout literature as the lack of organizational support (Eisenberger et al., 1986). Research literature has shown that lack of organizational support is an important antecedent to job stress and burnout (Caplan, 1974; Cohen & Wills, 1985; Constable & Russell, 1986; Maslach & Jackson, 1984). Therefore it can be argued that employees perception of failure on part of the organization to fulfill its obligations or in other words perceived psychological contract breach results in employee experiencing job stress and burnout.

Gakovic and Tetrick (2003) reported that fulfillment of organizational obligations was a significant predictor of emotional exhaustion and job satisfaction. The results of this study suggested that when employees perceived the organization as fulfilling its obligations, they experienced lower levels of emotional exhaustion and they were more satisfied with their jobs. In other words, organizational failure to fulfill obligations towards its employees results in emotional exhaustion and job dissatisfaction for the

employees. Therefore on the basis of the results of this study, it can be argued that perceived organizational failure to fulfill obligations or in other words psychological contract breach will result in job dissatisfaction and emotional exhaustion for the employees.

A number of studies have reported that employee's expectations about the organization, the profession and their own personal efficacy significantly contributes to burnout (Cherniss, 1980; Jackson & Schuler, 1985; Maslach & Jackson, 1984). These expectations represent a source of demands placed upon employees in their workplace and is referred by Jackson and colleagues (1986) as achievement expectations and organizational expectations. Achievement expectations are referred to as the individuals' beliefs about what they will be able to accomplish with clients and organizational expectations are referred to as the individuals' expectations about the nature of the job particularly and the professional system in general.

Most of these expectations are shaped by the human resource professionals interested in attracting the applicants toward their organization (Wanous, 1973) or are perceived by the employees in their most recent training environment (Gold, 1985). In addition to high expectations, employees whose organizational and achievement expectations are more distant from the actual realities of the workplace are also reported to have higher levels of burnout, suggesting that unmet expectations can also be a cause of burnout (Cordes and Dougherty, 1993). When individuals enter the job or change their job from one organization to another, they compare their expectations with their experiences, which results in a disagreement influencing employees' reactions to their jobs (Porter & Steers,

1973). The greater the disagreement, probably the greater will be its effects for both the new employees and the organization (Wanous, 1973, 1976).

Jackson and her colleagues (1986) conducted a study on a sample of 248 teachers and examined the impact of unmet expectations on burnout; however they found no association between higher levels of unmet expectations and the three components of burnout. Although the results of the study were not significant and they attributed these results to methodological problems but still the theoretical arguments appear to justify further investigation of this variable as a potential contributor to burnout (Cordes and Dougherty, 1993).

The research literature on perceived contract breach suggests that is distinct from unmet expectations. Initially employees hold unrealistic expectations and when these expectations are not fulfilled, employees' performance and satisfaction may decline and they are more likely to leave their organization (Wanous, Poland, Premack and Davis, 1992). However, as compared to unfulfilled expectations, when a psychological contract is perceived to be breached, employees' reactions are likely to be more intense (Robinson and Rousseau, 1994).

A broken promise destroys trust in the relationship and produces anger and thus is expected to have more significant consequences than unmet expectations (Robinson and Rousseau, 1994). Therefore, it can be argued that when employees perceive a breach of the psychological contract, it will not only reduce their job satisfaction and intentions to continue with the current employer but it will also affect their well being and employees will feel more stress and burnout.

Hypothesis 2. Perceived contract breach will be negatively related to job satisfaction and positively related to job stress, job burnout, intentions to leave.

2.6. Transactional and Relational Contract Types-Psychological Contract Breach Relationship

According to the literature on psychological contracts, the content and the degree to which psychological contracts are fulfilled affects a number of organizational outcomes such as employees retention, turnover and contributions to the employer (Robinson & Rousseau, 1994; Turnley & Feldman, 1999). The distinction between transactional and relational contract type has important implications not only for employee perception that their psychological contract has been breached but also for the way in which the employee reacts to this perception (Robinson et al., 1994; Morrison and Robinson, 1997). There has been a general agreement among researchers that after perceived breach, a psychological contract turn out to be more transactional in nature (Herriot and Pemberton, 1996; Pate et al., 2003).

Lambert, Edwards, and Cable (2003) suggested that the concept of psychological contract breach requires theoretical and empirical expansion. They further argued that employee reactions to the breach of a psychological contract may differ for the transactional and the relational contract types. Furthermore, Arnold (1996) argued that there are only few studies which have examined employee reactions in response to breach of different contract elements. It is expected that employee's reactions to breach would be different for transactional and relational contract types. In other words, transactional and relational

contract types would have a different relationship with perceived breach, which in turn would be differently related to outcomes.

Perceived breach of a transactional contract might create perceptions of injustice in the economic exchange relationship and initiate feelings of violation and the expected reaction being that the employee perceives that organization obligations are increased or their own obligations are reduced (Shore and Tetrick, 1994). However, employees having a perception of a highly transactional contract might have a less adverse reaction to breach and consequently less chances of converting into feelings of violation (Robinson and Rousseau, 1994).

Coyle-Shapiro & Kessler (2000) reported that the level of agreement between employees and employers regarding the content of relational contracts is stronger as compared to transactional contracts. Coyle-Shapiro (2002) emphasized that it is very important to take into account the saliency of a promise to the employee. According to Robinson et al. (1994) perceived breach of a promise which is considered very important aspect of the employment relationship in the eyes of an employee, might have much serious outcomes than perceived breach of a less important promise.

In particular, Robinson et al. (1994) argued that perceived breach of a relational contract are expected to have much intense consequences as compared to perceived breach of a transactional contract, because employees place greater emphasis on the employment relationship itself and will thus be more negatively influenced by breach (Robinson and Rousseau, 1994). Perceived breach of a relational contract might change the nature of the social relationship or destroy the relationship altogether because it leads to the erosion of

trust and relational promises and obligations on the part of both the employee and the organization (MacNeil, 1985; Robinson et al., 1994).

Since transactional contract elements have an objective, verifiable and event-focused nature (Morrison & Robinson, 1997; Rousseau, 1989, 1995; Rousseau & McLean-Parks, 1993) employees are expected to indulge in a clear comparison process of promised and delivered transactional inducements (Montes and Irving, 2008) and they are more likely to perceive a breach of the transactional contract. For example, if an employee has perceived a promise of high pay, it is a fairly uncomplicated process to assess whether that promise was fulfilled or not (Montes and Irving, 2008). Therefore it is hypothesized that transactional contracts would have a positive relationship with perceived breach.

As compared to transactional or purely economic exchanges, relational exchanges are governed by “norms of non instrumental concern” (Morrison & Robinson, 1997, p. 238), norms in which exchange partners are not as concerned with the immediacy of reciprocation. Moreover, the research has exhibited that perception’s of employer obligations change over time (Robinson et al., 1994). Since relational contracts are subjective in nature, these contracts may alter employees’ perceptions (Montes and Irving, 2008).

Relational contracts have a strong focus on the quality of the employee-employer relationship, as compared to transactional contracts (Rousseau, 1995). Previous research has established that individuals use multiple referents when judging their outcomes (Rice, Phillips, & McFarlin, 1990). Furthermore, Montes and Irving (2008) argued that since relational inducements tend to be less concrete as compared to transactional inducements,

promises may not be the most salient referent used when employees make judgments regarding relational delivered inducements. Therefore, it is expected that relational contracts would have a negative relationship with perceived breach.

Therefore the results of previous research studies suggest employee's perceptions of breach would be different for transactional and relational contract types. Employees are more likely to perceive a breach for transactional contract type as compared to relational contract type. Hence on the basis of above theoretical and empirical evidence it can be hypothesized that transactional contracts would have a positive relationship whereas relational contracts would have a negative relationship with perceived breach.

Hypothesis 3a. Transactional contract will be positively related to perceived breach.

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

2.7. Psychological Contract Breach as a Mediator between Psychological Contract Types and Outcomes

The role of perceived contract breach as a mediator has been examined in many studies. Tekleab et al. (2005) reported that contract breach fully mediated the effects of perceived organizational support on job satisfaction, but in this study the affective reactions to contract breach were not examined. Dulac, Coyle-Shapiro, Henderson and Wayne (2008) conducted a longitudinal study and reported that psychological contract breach partially mediated the effects of perceived organizational support (POS) and leader-member exchange (LMX) on intentions to leave.

Past research has supported the role of perceived contract breach as a mediator between psychological contract types and outcomes. For instance, Montes and Irving (2008) conducted a longitudinal study among a sample of 342 full-time temporary employees and reported that employees have different reactions in response to the fulfillment of their transactional and relational contracts. They also found that in contrast to transactional contract, trust is a necessary aspect of relational psychological contract breach effects.

Moreover according to the prior research, breach of relational contract has found to have stronger effects for some outcome variables as compared to transactional contracts (Restubog & Bordia, 2006; Robinson & Morrison, 1995; Turnley et al., 2003). Zhao et al. (2007) recently conducted a meta-analytic study and reported that the relationship between breach and satisfaction, turnover intentions, and organizational citizenship behaviors was found to be stronger for relational contract type as compared to transactional contract type.

Montes and Irving (2008) reported that transactional and relational contract breach has a negative relationship with satisfaction and change in employment intentions, but the magnitude of the relationship was stronger for relational as compared to transactional contracts. Furthermore, they also reported that relational and transactional contract breach had a positive relationship with feelings of violation and that the intensity of felt violation was more for relational contract breach as compared to transactional contract breach.

Lambert et al. (2003) conducted a study on employee satisfaction from a psychological contract perspective and reported that employee satisfaction level was found to be different for promised and delivered inducements of transactional and relational contract

types. It was found that the relationship between promised and delivered inducements and satisfaction was linear and positive for some inducements and for others the relationship was curvilinear.

Lambert et al. (2003) gave an explanation of these findings and suggested that inducements like pay and recognition might have a linear relationship with satisfaction as they satisfy a variety of employee needs. On the contrary, inducements like variety and skill development might have a curvilinear relationship with satisfaction because at high levels these needs may interfere with employee needs (e.g., ability to develop task expertise).

Since transactional and relational contract type are directly related with outcomes as well as breach and on the other hand breach is also related with outcomes, it can be argued that employees perception of psychological contract will transform into breach which will then affect employee attitudes and personal well being. Therefore it can be hypothesized that perceived breach will act as a mediator in the relationship between psychological contract types and outcomes.

Hypothesis 3c. Perceived breach will mediate the relationship between psychological contract types and outcomes (Job Stress, Burnout, Satisfaction and Intentions to Leave).

2.8. Psychological Contract Breach-Contract Violation Relationship

The term breach and violation was used interchangeably in the psychological contract literature of mid-1990s, where both the terms were implying the perception of broken

promises (Robinson & Morrison, 1995; Robinson & Rousseau, 1994). Later on Morrison and Robinson (1997) improved the definitional clarity and distinguished between them by defining perceived contract breach as “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” (p. 230) and psychological contract violation as an emotional suffering and feelings of anger, betrayal, injustice, mistrust and wrongful harm which develops from the realization that one’s organization has failed to fulfill its most important obligations.

Perceived contract breach can either be a short-term experience, resulting in individuals returning to their somewhat stable psychological contract state or otherwise it may develop into full violation. Violation indicates more intense reactions because of broken promises, due to more personalized and idiosyncratic nature of the psychological contract (Rousseau, 1989). Morrison and Robinson (1997) described psychological contract violation as a multifaceted construct because it includes a broad variety of responses. Violation may invoke responses of distress, disappointment and frustration at one point and more intense emotional reactions include anger, bitterness, resentment, outrage, betrayal and indignation as a result of broken promises (Morrison & Robinson, 1997; Pate and Malone, 2000; Robinson & Bennett, 1997; Robinson and Morrison, 1995; Robinson & Morrison, 2000; Rousseau, 1989).

Furthermore it is important to understand that perceived psychological contract breach is not always transformed into the strong emotional and affective reactions associated with psychological contract violation (Morrison and Robinson, 1997; Turnley and Feldman, 1999a). Whether perception of breach is transferred into feelings of violation depends on

the magnitude and significance of the obligation or promise which the organization failed to fulfill (Morrison & Robinson, 1997). Furthermore, when breach is perceived to be more serious, it would lead to stronger feelings of violation depending on other things being equal.

Psychological contract violation “is an emotional experience, yet it arises from an interpretative process that is cognitive in nature” (Morrison and Robinson, 1997, p. 230). The process of sense making is triggered when an employee encounters a difference between what they anticipated would occur and what they perceived to have happened (Weick, 1995), which helps in understanding how employees act in response to perceived contract breach (Conway & Briner, 2005; Parzefall & Coyle-Shapiro, 2007).

Morrison and Robinson (1997) argued that the degree to which perceived contract breach develops into violation is dependent on an interpretation process where employees cognitively evaluate the outcome itself e.g. the alleged breach as well as why the situation occurred and through this process employees tend to attach significance to the event (Wong and Weiner, 1981). As a result this interpretation process strongly affects the strength of emotions that the employee will experience (Ortony et al., 1988). In fact this interpretation process acts as a moderator in the relationship between perceived psychological contract breach and contract violation (Ortony et al., 1988).

Numerous empirical studies have supported this idea as well. Rousseau (1995) also suggested that employee perceptions of justice influence their reaction to perceived contract breach. Morrison & Robinson (1997) argued that cognitions of breach intensify feelings of violation, in relational exchange relationships. Moreover, if an employee

perceives a breach of the psychological contract, he or she is likely to feel greater anger and betrayal if the organization has historically promoted values such as integrity and concern for employees than if the organization was known for treating employees badly (Morrison & Robinson, 1997). Furthermore, perceived contract breach was related to more extreme feelings of violation when employees attributed that the organization has purposefully reneged on its promises and unfairly treated them in the process (Robinson and Morrison, 2000).

Therefore it is expected that perceived psychological contract breach would have a positive relationship with psychological contract violation. Past research has also supported this idea. Robinson and Morrison (2000) conducted a cross-sectional study and reported a positive correlation of 0.7 between psychological contract breach and violation. Moreover, Robinson and Morrison (1997, 2000) also reported that perceived psychological contract breach and violation are empirically different concepts, because psychological contract breach and violation were predicted by different sets of antecedents and the factor analysis of the items capturing psychological contract breach and psychological contract violation loaded onto their respective factors. Raja et al. (2004) reported that perceived breach is positively correlated with violation.

According to the social psychological research, whenever employees receive unexpected outcomes in the form of deficiency or excess it can lead to negative affective reactions as people normally find uncertainty and unpredictability not very pleasant (Olson, Roese, & Zanna, 1996). Locke (1976b) argued that whenever individuals come across outcomes not in agreement with their expectations they react with surprise and the affective feeling

of that reaction can be positive or negative depending on the outcome. When outcomes are pleasant or valued for the employees, it results in positive affective reactions (e.g. happiness), whereas when outcomes are unpleasant it results in negative affective reactions (e.g., anger and frustration) (Montes and Irving, 2008).

Conway and Briner (2002) studied the concept of psychological contracts by using a new approach of daily diaries and reported that broken promises occur regularly with respect to almost every aspect of work, which contributes significantly to emotional reactions. Furthermore they argued that the concept of psychological contract plays a very important role in understanding the fluctuations in emotions and mood on daily basis.

Conway and Briner (2002) reported that broken promises have a highly significant relationship ($p < .001$) with negative emotional reactions. In particular, broken promises have a significant negative relationship with depression and anxiety. Furthermore, it was also found that when employee perceive that the organization has broken its promises, they are more likely to feel betrayed as compared to feeling hurt (Conway and Briner, 2002). Therefore on the basis of above theoretical and empirical evidence it is expected that employees' perception of a breach of psychological contract is likely to transform into negative emotional responses such as feelings of disappointment, anger and betrayal (violation) and as a result perceived contract breach would have a positive relationship with contract violation.

Hypothesis 4. Perceived Psychological Contract breach will be positively related to violation.

2.9. Psychological Contract Violation-Outcomes Relationship

Although there has been a lot of theoretical and empirical research on psychological contract breach but still the domain of contract violation has been less explored. There are only few studies which have examined the consequences of psychological contract violation (McLean & Kidder, 1994; Robinson, 1996; Robinson, Kraatz, & Rousseau, 1994; Robinson & Morrison, 1995; Robinson & Rousseau, 1994; Raja et al., 2004). However this is a very important subject to understand, because the feelings of violation can have serious consequences for individual and the organization (Morrison and Robinson, 1997).

A number of studies have reported that psychological contract violation reduces employees' trust and loyalty toward their organization (Robinson, 1996), decreases satisfaction with their jobs and organizations (McLean & Kidder, 1994; Raja et al., 2004), reduces perceived obligations to their employers (Robinson, Kraatz, & Rousseau, 1994), lower role performance, organizational citizenship behaviors and increases the likelihood of quitting (Robinson & Morrison, 1995; Robinson & Rousseau, 1994).

Furthermore evidence also suggests that in extreme cases of violation, employees may look for revenge or retaliation by engaging in theft, sabotage, violence or aggressive behavior (Fisher & Baron, 1982; Greenberg, 1990; Robinson & Bennett, In press; Robinson & Bennett, 1997; Tripp & Bies, In press). Sometimes violation may lead to expensive lawsuits, which, if publicized, may damage an organization's external reputation (McLean Parks & Schmedemann, 1994).

Previous research studies provide sufficient evidence that psychological contract violation would have a negative relationship with job satisfaction and a positive relationship with intentions to leave the organization (Robinson, 1996; Robinson & Morrison, 1995; Robinson & Rousseau, 1994; Raja et al., 2004). Thus when employees are experiencing feelings of violation they are more likely to be dissatisfied from their job and they often have the intentions of leaving the organization. Hence it is hypothesized that contract violation would have a negative relationship with job satisfaction and a positive relationship with intentions to leave the organization. Moreover, feelings of violation will not only impact employee attitudes and behaviors it will also affect employee well-being in terms of job stress and burnout. Employees will feel more stressed and burned-out as a result of negative feelings e.g. depression, frustration, anger, betrayal.

Hypothesis 5a. Contract violation will be negatively related to job satisfaction and positively related to job stress, job burnout and intentions to leave.

2.10. Violation as a Mediator between Perceived Contract Breach and Outcomes

Although there has been an enormous amount of empirical research examining the direct relationship between psychological contract breach and workplace attitudes and behavior (Conway and Briner, 2002; Robinson, 1996) but still there are very few studies which have examined the indirect paths between psychological contract breach and workplace

attitudes and behaviors (Raja et al., 2004; Suazo et al., 2005; Turnley and Feldman, 2000).

It is important to examine the indirect paths because many of the reported negative correlations between perceived contract breach and workplace attitudes and behaviors are weak, or at best moderate (Robinson, 1996; Suazo, 2009; Tekleab, et al., 2005). The weak to moderate correlations are probably an indication that other factors are playing a role in the relationship between psychological contract breach and workplace attitudes and behaviors (Conway and Briner, 2005; Suazo et al., 2005). For example, few studies have also reported that employees' trust in the organization act as a mediator in the relationship between psychological contract breach and employee negative attitudes and behaviors (Lo & Aryee, 2003; Robinson, 1996; Robinson & Morrison, 1995).

Moreover, it was argued by Morrison and Robinson (1997) that psychological contract violation would mediate the relationship between perceived contract breach and attitudinal and behavioral outcomes. Psychological contract violation is therefore a process, which may transform the perception of psychological contract breach into negative workplace attitudes and behaviors (Suazo et al., 2005).

The affective events theory plays an important role in explaining the role of violation as a mediator (Weiss & Cropanzano, 1996; Zhao et al., 2007). According to this theory, employees experiences at work lead to affective reactions which in turn influences attitudes and behavior. Whenever employees perceive that their organization has been unsuccessful in fulfilling their promises within exchange relationships, they go through a cognitive process which helps in explaining their reaction towards their organization.

However, Zajonc (1998) stated that cognitions of breach themselves are unable to trigger an instrumental process except they first elicit an emotion. These views are consistent with Morrison and Robinson's thoughts that "violation represents a mental state of readiness for action" (1997, 231). Moreover, Zajonc (1998) suggested that cognitions and emotions shape and are shaped by each other.

The cognitive-motivational relational theory of emotion by Lazarus's (1991a, 1991b) further supports the speculation that violation will mediate the relationship between perceived contract breach and employee affective and attitude-based reactions. The importance of this theory lies in its two-step process where cognition is followed by emotion. The first step is known as "cognitive appraisal" where an individual goes through an assessment process to evaluate the importance of events for their own well-being. The second step "emotional response" is dependent upon the first step cognitive appraisal, which according to Lazarus (1991a) is a critical step as emotions cannot occur without a thorough process preceding them.

Dulac, Coyle-Shapiro, Henderson, and Wayne (2008) extended this theory in the perspective of the psychological contracts and suggested that perceived contract breach takes place when an employee cognitively evaluates that his or her organization has failed to fulfill its promises and how the employee comprehend that breach in terms of his or her own well-being lead to the feelings of violation. Moreover they argued that when an individual evaluates the behavior of others, it will influence their affective responses towards that behavior, thereby influencing their consequent attitudes toward the other (Dulac, Coyle-Shapiro, Henderson, and Wayne, 2008).

Even though the difference between psychological contract breach and violation is generally accepted (Morrison & Robinson, 1997; Robinson & Morrison, 2000; Conway and Briner, 2005) and evidence suggests that cognitions of breach affects emotional responses which in turn influences resulting attitudes and behaviors (Zhao et al., 2007), but still there are very few studies which have empirically examined this distinction (Robinson and Morrison, 2000).

According to the results of these studies, feelings of violation act as a mediator in the relationship between perceived contract breach and job attitudes and behaviors (Raja et al., 2004; Suazo et al., 2005; Suazo, 2009; Zhao et al., 2007). Raja et al. (2004) reported that psychological contract violation acted as a mediator in the relationship between perceived contract breach and outcomes, where perceived contract breach causes employees to experience violation which in turn leads to negative work attitudes such as reduced job satisfaction, affective commitment and increased turnover intentions.

Suazo, Turnley and Mai-Dalton (2005) reported that psychological contract violation has fully mediated the relationship between perceived contract breach and professional commitment and intent to leave. Moreover, Suazo (2009) reported that psychological contract violation acted as a mediator in the relationship between psychological contract breach and organizational commitment, job satisfaction, intentions to quit, perceived organizational support and OCB. Dulac, Coyle-Shapiro, Henderson and Wayne (2008) conducted a longitudinal study and reported that violation fully mediated the relationship between breach and outcomes consisting of commitment and trust and partially mediated the relationship between breach and turnover intentions.

Bordia, Restubog and Tang (2008) reported that psychological contract violation mediated the relationship between psychological contract breach and revenge cognitions. Furthermore revenge cognitions acted as a mediator in the relationship between violation and workplace deviance. According to the findings of this study, when employees' perceive that the organization has broken the promises made to them, they are likely to feel violated and in turn seek revenge and carry it out in the form of organizational deviance.

Bordia, Restubog and Tang (2008) reported that the relationship between relational contract breach and revenge cognitions was found to be mediated by feelings of violation. However, no relationship was found between transactional contract breach and feelings of violation. However the mediating role of feelings of violation between perceived contract breach and outcomes has received only limited attention in the literature (Bordia, Restubog and Tang, 2008). Specifically the relationship of violation for contract breach of transactional and relational contract elements has never been tested (Bordia, Restubog and Tang, 2008).

Therefore, on the basis of previous research it can be suggested that psychological contract breach (cognitive assessment) itself does not lead to unfavorable consequences but it is contract violation (its affective attitudinal outcome) which leads to unfavorable consequences. This also highlights the importance of differentiating the cognitive and affective dimensions of contract fulfillment in terms of psychological contract breach and violation respectively.

Although Robinson and Morrison (2000) empirically tested the relationship between psychological contract breach and feelings of violation but they did not describe the consequences of feelings of violation, apart from the emotional response of violation itself. This is a very serious omission and another purpose of this research study is to fulfill this important gap in the literature by studying the role of psychological contract violation as a mediator in the relationship between psychological contract breach and outcomes. Another contribution of this study is that it is examining outcome variables stress and burnout which have never been examined previously.

Specifically, in this study it is expected that psychological contract violation will be an important mediating variable in the relationship between psychological contract breach and workplace attitudes (job satisfaction and turnover intentions) and important personal outcomes (job stress and job burnout). Therefore violation can be considered as one of the means through which perceived contract breach is converted into outcomes such as job stress, job burnout, low job satisfaction and intentions to leave the organization.

Employees who perceive that their organization has failed to fulfill most important obligations will experience feelings of violation e.g. anger, mistrust and betrayal. These feelings will not only affect their attitudinal outcomes but will also affect their well-being. In particular, feelings of violation will not only make employees to be dissatisfied from their jobs and think of leaving their job but will also make them to feel stressed and burned out. Therefore, it is hypothesized that employee perception of breach will be positively related to violation and violation in turn will act as a mediator in the

relationship between psychological contract breach and outcomes (job stress, burnout, satisfaction and intentions to leave). Therefore, the following hypotheses are proposed:

Hypothesis 5b. Violation will mediate the relationship between perceived contract breach and Outcomes (job stress, burnout, satisfaction, intentions to leave).

2.11. Theoretical Framework

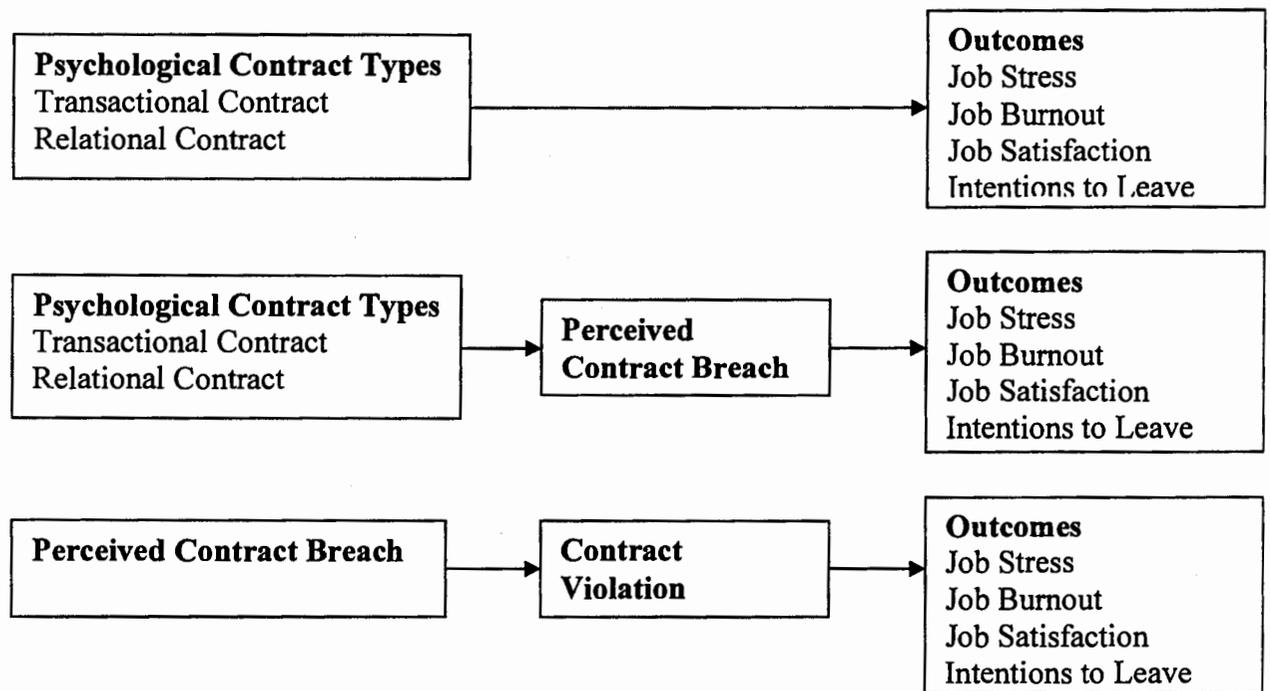


Figure 1. Impact of Psychological Contract Types on Perceived Contract Breach, Contract Violation on Outcomes (Job Stress, Job Burnout, Job Satisfaction and Intentions to Leave)

This theoretical framework is showing the impact of psychological contract types, perceived contract breach and violation on outcomes and showing the mediating impact of perceived contract breach in the relationship between psychological contract types and outcomes and the mediating impact of contract violation in the relationship between perceived contract breach and outcomes.

CHAPTER 3

RESEARCH METHODOLOGY

3.1. Sample and Data Collection

Data was collected through field survey across various organizations. The survey was administered personally by the author and was distributed to employees working in entry, middle and higher level positions. The sample comprised of employees working in sixteen well-established public and private sector organizations located in Islamabad, the capital city of Pakistan. For example, five of the organizations were in the telecommunication sector where four of the organizations were leading cellular service providers and the other being the largest landline service provider who has a vast network throughout the country. Data was also collected from employees working in the branch of a well-known foreign bank. Two of the organizations were in the educational sector with one being a public sector university and the other being a private sector university. Three of the organizations were in the energy sector with power generation, transmission and distribution as its core business. Data was also collected from the employees working in leading training organization in the power sector. Two organizations belonged to the private sector where one being an advertising agency and another being a famous radio channel. Two were typical governmental organizations with one dealing in technical education and training and another was a publicly owned seller of the compressed natural gas. This was a cross-sectional study as data was collected over a period of three months at one point of time only. Participation in the study was voluntary and a cover letter

guaranteed respondents of strict secrecy by explaining the purpose and scope of the study. Total of 400 questionnaires were distributed, which yielded 361 utilizable responses representing a response rate of 90 percent.

The sample represented a wide variety of occupations ranging from professional engineers, technicians, accountants, telecom, information technology, human resource, finance, marketing, sales and customer service professionals. Majority of the sample (67%) belonged to entry level and middle level managerial, technical and professional positions. 78% of the respondents were male and they had a mean age of 33.68 years (SD = 10.43). 34.5% of the respondents had a bachelor's degree, 56% had a master's degree and 7.5% had MPhil or higher degrees. Mean tenure was 7.68 years (SD = 9.54) with the current organization and total tenure was 10.32 years (SD = 9.72).

3.2. Measures

All measures were acquired from a "self-report" questionnaire because self reporting is considered to be more appropriate for these measures. Until mentioned, all measures were anchored on a five-point Likert scale which ranged from strongly disagree (1) to strongly agree (5) to indicate agreement with each statement and high variable scores indicate high levels of the construct in question. Following questionnaires were used for the collection of data.

3.2.1. Psychological Contract Types

This study measures psychological contract types by using two scales developed by Rousseau (2000) and Millward and Hopkins (1998). The reason behind measuring psychological contract types by these two scales is to find out which one is best in terms of reliability and validity. The scale reliability is assessed from the cronbach's alpha reliability coefficient and validity is assessed in terms of convergent and divergent validity by performing factor analysis and correlation analysis.

3.2.1.1. Psychological Contract Inventory

A 20-Item Psychological Contract Inventory developed by Rousseau (2000) was used to measure Psychological Contract. This instrument consists of 10 relational and 10 transactional items. Respondents were asked to consider their relationship with their current organization and indicate the degree to which their organization has made the obligation or commitment to them.

Example of transactional and relational items include "provides short-term employment" and "provides secure employment" respectively. The cronbach's alpha reliability coefficient of 0.77 was obtained for the transactional contract type and 0.82 was obtained for the relational contract type.

3.2.1.2. Millward and Hopkins Scale

This study has utilized the shortened version of Millward and Hopkins (1998) scale, consisting of 9 relational and 9 transactional items extracted from the study conducted by Raja et al. (2004). Respondents were asked to specify the extent to which they think the

statements reflect their feelings and perceptions about their job. Example of transactional and relational item includes “My loyalty to the organization is contract specific” and “I expect to grow in this organization” respectively.

Based on the results of factor analysis two items were excluded from the transactional contract scale and as a result cronbach’s alpha reliability coefficient of .71 was obtained for the transactional contract type. The cronbach's alpha reliability coefficient of .87 was obtained for the relational contract type.

3.2.2. Psychological Contract Breach

A five-item scale developed by Robinson and Morrison (2000) was used to assess perceived psychological contract breach. This measure obtained employees’ perceptions of how well their organization has fulfilled their psychological contract (Robinson, 1996; Robinson and Morrison, 2000; Rousseau, 1989). Past research has demonstrated that this instrument has adequate levels of reliability and construct validity (Robinson and Morrison, 2000).

A sample item states “My employer has broken many of its promises to me even though I’ve upheld my side of the deal”. Based on the results of factor analysis two items were excluded from the scale and as a result cronbach’s alpha reliability coefficient of .81 was obtained for psychological contract breach.

3.2.3. Psychological Contract Violation

Psychological contract violation was assessed by a four-Item scale developed by Robinson and Morrison (2000). While perceived breach has a cognitive assessment of

contract fulfillment, feelings of violation captured strong affective and emotional reaction expressed by anger, frustration and betrayal in response to broken promises. Robinson and Morrison (2000) reported that the 4 item scale has good reliability and validity. A sample item states “I feel betrayed by my organization”. The cronbach's alpha reliability coefficient of .84 was obtained for this scale.

3.2.4. Outcomes

3.2.4.1. Job Burnout

A 21-Item Burnout Measure developed by Pines and Aronson (1988), originally referred to as Tedium Measure was used to assess burnout. The Burnout Measure (BM) is the second most extensively used burnout self-report questionnaire. As the definition offered by Pines and Aronson (1988) does not limit burnout to certain occupational groups as compared to the MBI, BM is the suitable scale to measure burnout outside the human services occupations.

This measure represents three dimensions mental, emotional and physical exhaustion each represented by 7 items. Examples of items for mental, emotional and physical exhaustion include “being unhappy”, “feeling depressed” and “being tired” respectively. These 21 items were randomly placed and assessed on a seven-point likert scale (1 = never; 2 = once in a while; 3 = rarely; 4 = sometimes; 5 = often; 6 = usually; 7 = always) which measured the extent to which respondent evaluated his or her burnout situation. Overall level of burnout was calculated by taking their mean score on all 21 items. The cronbach's alpha reliability coefficient of .92 was obtained for this burnout scale.

3.2.4.2. Job Stress

A 13-Item scale developed by Parker and Decotiis (1983) was used to assess Job Stress. This scale has good psychometric properties and is often used to measure overall job stress (Jamal and Badawi, 1993; Baba, Jamal and Tourigny, 1998). A sample item states "I feel like I never have a day off". The cronbach's alpha reliability coefficient of .84 was obtained for this scale.

3.2.4.3. Job Satisfaction

Hoppock's (1935) scale was used to measure Job Satisfaction, which consists of four multiple-choice questions, each having seven answer choices. For instance, for the question "Which of the following shows how much of the time you feel satisfied with your job?" response options range from 1, "never," to 7, "all the time". The cronbach's alpha reliability coefficient of .74 was obtained for this scale.

3.2.4.4. Intentions to Leave

A three-item scale extracted from the Michigan Organizational Assessment Questionnaire (Cammann, Fichman, Jenkins, & klesh, 1982) was used to assess intentions to leave the organization. Items included "I often think about leaving the organization". Initially the cronbach's alpha reliability coefficient for this scale was .46 but the scale if item deleted analysis suggested that the reliability of the measure can be improved to .63 by deleting the reverse-coded item "If I may choose again, I will choose to work for the current organization". Therefore this item was excluded from the further study and finally the cronbach's alpha reliability coefficient of .63 was obtained for this scale.

3.3. Control Variables

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

		Sum of Squares	Df	Mean Square	F	Sig.
Stress	Between Groups	4.091	6	.682	1.843	.091
	Within Groups	112.132	303	.370		
	Total	116.223	309			
Intentions to leave	Between Groups	35.984	6	5.997	6.860	.000
	Within Groups	294.629	337	.874		
	Total	330.613	343			
Burnout	Between Groups	22.175	6	3.696	4.609	.000
	Within Groups	194.837	243	.802		
	Total	217.012	249			
Satisfaction	Between Groups	50.677	6	8.446	8.072	.000
	Within Groups	323.329	309	1.046		
	Total	374.006	315			

Organization was used as a control variable, as shown in Table 1, the one-way analysis of variance revealed significant differences across organizations in job stress ($F = 1.84, p > .05$), intentions to leave ($F = 6.86, p < .001$), job burnout ($F = 4.61, p < .001$) and job satisfaction ($F = 8.07, p < .001$). A post-hoc tukey test revealed that these differences

were evident for four organizations, which included private advertising agencies, a public and a private sector university, a private radio station and government organizations.

Therefore the effects of these four organizations were controlled using dummy coding in all analysis. Four dummy coded variables O1, O3, O4, and O7 were created to represent these four organizations.

3.4. Procedure

3.4.1. Sampling

The sampling technique applied in this research study was random sampling.

3.4.2. Data Analysis Tools

The software used for data analysis was SPSS 15 (trial version). Data was analyzed by using descriptive statistics, factor analysis, correlation and linear regression analysis. Descriptive statistics were obtained for sample descriptions. Factor analysis was conducted to determine the convergent and discriminate validity of the scales. Correlation analysis was conducted to find inter-correlations among study variables. Simple linear regression analysis and mediated regression analysis was conducted to test Hypothesis.

CHAPTER 4

RESULTS

4.1. Hypothesis

This study tested the following hypothesis:

Hypothesis 1a. Transactional contracts will be negatively related to job satisfaction and positively related to job stress, job burnout and intentions to leave.

Hypothesis 1b. Relational contracts will be positively related to job satisfaction and negatively related to job stress, job burnout and intentions to leave.

Hypothesis 2. Perceived contract breach will be negatively related to job satisfaction and positively related to job stress, job burnout, intentions to leave.

Hypothesis 3a. Transactional contract will be positively related to perceived contract breach.

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

Hypothesis 3c. Perceived contract breach will mediate the relationship between psychological contract types and outcomes (Job Stress, Burnout, Satisfaction and Intentions to Leave).

Hypothesis 4. Perceived contract breach will be positively related to violation.

Hypothesis 5a. Contract violation will be negatively related to job satisfaction and positively related to job stress, job burnout and intentions to leave.

Hypothesis 5b. Violation will mediate the relationship between perceived contract breach and Outcomes (Job Stress, Burnout, Satisfaction and Intentions to Leave).

4.2. Descriptive Statistics

Table 2 presents the means, standard deviations, correlations, and reliabilities for the main variables of interest in this study. The mean for Rousseau's transactional and relational contract type was 2.67 ($SD = 0.70$) and 3.38 ($SD = 0.66$) respectively. The mean for Millward and Hopkin's transactional and relational contract type was 2.85 ($SD = 0.70$) and 3.67 ($SD = 0.70$) respectively. These values are also consistent with the research by Raja et. al. (2004) who reported mean of 2.61 for transactional contract type and of 3.74 for relational contract type.

The mean and standard deviation for outcome variables was stress ($M = 2.86$, $SD = .64$), burnout ($M = 2.94$, $SD = .95$), satisfaction ($M = 4.7$, $SD = 1.10$) and Intentions to leave ($M = 2.64$, $SD = 1.0$). The mean for perceived contract breach and violation was 2.67 ($SD = 0.88$) and 2.34 ($SD = 0.90$) respectively. These values are consistent with research by Raja et al. (2004) who reported means of 2.63 ($SD = 0.74$) for breach and of 2.22 ($SD = 0.77$) for violation. These values are also consistent with Robinson and Morrison (2000) who in a study of recent U.S. MBA graduates reported means of 2.63 ($SD = 0.95$) for perceived breach and of 2.05 ($SD = 0.95$) for feelings of violation.

Table 2. Means, standard deviations, correlations, and reliabilities for the main variables of interest in this study

	Mean	SD	1	2	3	4	5	6	7	8	9	10
1. Transactional Contract (PCI)	2.67	.70	(0.77)									
2. Relational Contract (PCI)	3.38	.66	-0.1	(0.82)								
3. Transactional Contract (Millward and Hopkin's)	2.85	.70	.52**	.041	(0.71)							
4. Relational Contract (Millward and Hopkin's)	3.67	.70	-.20**	.55**	-.05	(0.87)						
5. Perceived Contract Breach	2.67	.88	.089	-.44**	-.04	-.54**	(0.81)					
6. Contract Violation	2.34	.90	.31**	-.19**	.18**	-.41**	.39**	(0.84)				
7. Job Stress	2.86	.64	.24**	-.12*	.10	-.27**	.35**	.47**	(0.84)			
8. Job Burnout	2.94	.95	.24**	-.42**	.24**	-.54**	.43**	.44**	.53**	(0.92)		
9. Job Satisfaction	4.70	1.10	-.23**	.23**	-.20**	.43**	-.40**	-.39**	-.28**	-.45**	(0.74)	
10. Intentions to Leave	2.64	1.0	.34**	-.32**	.15**	-.46**	.39**	.36**	.39**	.46**	-.40**	(0.63)

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

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

Note: N = 361; alpha reliabilities given in parentheses

4.3. Factor Analysis

One important objective of this study was to measure psychological contract types by two scales developed by Rousseau (2000) and Millward and Hopkins (1998) and suggest which one is best in terms of scale validity. The scale validity is assessed in terms of convergent and divergent validity by performing factor analysis.

4.3.1. PCI

To check the construct validity of the transactional and relational contract items of the PCI, a confirmatory factor analysis by using the method principal component analysis was obtained. The results of the factor analysis suggested that all the transactional and relational items loaded onto their respective factors. Overall the results of the factor analysis, as shown in appendix 1, suggested a good convergent and discriminate validity of the transactional and relational items of the PCI.

4.3.2. Millward and Hopkins

To check the construct validity of the transactional and relational contract items of Millward and Hopkin's (1998), a confirmatory factor analysis by using the method principal component analysis was obtained. The results of the factor analysis suggested that all the transactional and relational items loaded onto their respective factors except for two transactional reverse-coded items which did not load onto any factor and hence these two items consisting of "My job means more to me than just a means of paying the bills" and "It is important to be flexible and to work irregular hours if necessary" were excluded from the study. Overall the results of the factor analysis, as shown in appendix

2, suggested a good convergent and discriminate validity of the transactional and relational items.

4.3.3. Psychological Contract Breach and Contract Violation

To check the construct validity of the psychological contract breach and violation scale, a confirmatory factor analysis was conducted with the principal component analysis. The results of the factor analysis suggested that all the breach and violation items loaded onto their respective factors except two breach items consisting of “I have not received everything promised to me in exchange for my contributions” and “My employer has broken many of its promises to me even though I've upheld my side of the deal” which were excluded from further study.

Therefore the result of the confirmatory factor analysis conducted for this study indicates that psychological contract breach and psychological contract violation are distinct constructs (see appendix 3). These results are consistent with previous studies which on the basis of factor analysis provided the evidence for the discriminate validity of these two constructs and reported that breach and violation are theoretically and empirically distinct concepts (Robinson and Morrison, 2000; Raja et al., 2004; Suazo et al., 2005).

4.4. Bivariate Correlation Analysis

The bivariate correlation analysis of the transactional and relational contract types from the Rousseau's PCI and Millward and Hopkins further provides support for the construct validity of these two measures. The significantly high correlation between Rousseau's PCI and Millward and Hopkins's transactional contract type ($r = .52, p < .01$) and

relational contract type ($r = .55, p < .01$) provides the support for the convergent reliability of these two measures.

Furthermore, the Rousseau's transactional and relational contract types were found to be negatively correlated ($r = -.10, p > .05$) with each other but the relationship was not significant. Similarly, the Millward and Hopkins's transactional and relational contract types were found to be negatively correlated ($r = -.05, p > .05$) with each other but the relationship was not significant. However, one interesting finding was that Rousseau's transactional contract type was found to have a significant negative correlation with Millward and Hopkins relational contract type ($r = -.20, p < .01$). These findings suggest that transactional and relational contract types are distinct and support the discriminate reliability of the transactional and relational contract types.

One very important objective of this study was to measure psychological contract types by two scales Rousseau and Millward and Hopkins and suggest which one is best. On the basis of the reliability and factor analysis, it was discovered that Rousseau measure is comparatively better than Millward and Hopkins's and the rest of the analysis in this study are based on the Rousseau's contract types.

The transactional contract type was found to have a significant positive correlation with stress ($r = .24, p < .01$), burnout ($r = .24, p < .01$), intentions to leave ($r = .34, p < .01$) and significant negative correlation with job satisfaction ($r = -.23, p < .01$). The relational contract type was found to have a significant negative correlation with job stress ($r = -.12, p < .01$), job burnout ($r = -.42, p < .01$), intentions to leave ($r = -.32, p < .01$) and significant positive correlation with job satisfaction ($r = .23, p < .01$).

The transactional contract type was found to have a significant positive correlation with contract violation ($r = .31, p < .01$) and a positive but non-significant correlation with perceived contract breach ($r = .09, p > .05$). In contrast, relational contract type was found to have a significant positive correlation with both perceived contract breach ($r = -.44, p < .01$) and contract violation ($r = -.19, p < .01$). Perceived contract breach was found to have a significant positive correlation with contract violation ($r = .39, p < .01$).

Contract breach was found to have a significant positive correlation with stress ($r = .35, p < .01$), burnout ($r = .43, p < .01$) and intentions to leave ($r = .39, p < .01$) and a significant negative correlation with satisfaction ($r = -.40, p < .01$). Similarly, contract violation was found to have a significant positive correlation with stress ($r = .47, p < .01$), burnout ($r = .44, p < .01$) and intentions to leave ($r = .36, p < .01$) and a significant negative correlation with satisfaction ($r = -.39, p < .01$).

All dependent variables were significantly correlated with each other as well. Stress was found to have a significant positive correlation with burnout ($r = .53, p < .01$), intentions to leave ($r = .39, p < .01$) and a significant negative correlation with job satisfaction ($r = -.28, p < .01$). Burnout was found to have a significant positive correlation with intentions to leave ($r = .46, p < .01$) and a significant negative correlation with job satisfaction ($r = -.45, p < .01$). Satisfaction was found to have a significant positive correlation with intentions to leave ($r = -.40, p < .01$). The bivariate correlation among the variables as shown in the correlation matrix indicate provisional support for all “main effect” hypotheses dealing with contract type and outcomes, breach and outcomes, contract type and breach, violation and outcomes and breach and violation.

4.5. Regression Analysis

I performed several hierarchical regression analyses to test contract types, perceived contract breach and contract violation as predictors of the outcome variables job stress, job burnout, job satisfaction and intentions to leave. Regressing each of the four outcome variables on the contract types and on perceived contract breach and contract violation resulted in twelve regression equations. Hypothesis 1a, 1b, 2, 3a, 3b, 4, 5a were tested using hierarchical multiple regression analyses. The first step of the regression analyses consisted of entering all of the control variables into the model. The second step of the analyses consisted of entering the independent variables into the model.

4.5.1. Contract Types and Outcomes

Hypothesis 1a predicted that transactional contracts will be negatively related to job satisfaction and positively related to job stress, job burnout and intentions to leave. Hypothesis 1b predicted that relational contracts will be positively related to job satisfaction and negatively related to job stress, job burnout and intentions to leave. To test these predictions I regressed the outcome variables job stress, job burnout, job satisfaction and intentions to leave one by one on the transactional and relational contract types. The results of these regression analyses for the main effect of transactional and relational contract types on job stress, job burnout, job satisfaction and intentions to leave are shown below in table 3, 4, 5 and 6 respectively.

Table 3. Regression analysis for the main effects of contract types on job stress

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.01	
Step 2:			
Transactional Contracts	.22***		
Relational Contracts	-.08	.06***	.05***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 4. Regression analysis for the main effects of contract types on job burnout

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.06**	
Step 2:			
Transactional Contracts	.15*		
Relational Contracts	-.38***	.24***	.18***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 5. Regression analysis for the main effects of contract types on job satisfaction

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.10***	
Step 2:			
Transactional Contracts	-.18**		
Relational Contracts	.24***	.19***	.09***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 6. Regression analysis for the main effects of contract types on intentions to leave

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.08***	
Step 2:			
Transactional Contracts	.28***		
Relational Contracts	-.27***	.24***	.16***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

The result of the regression analysis revealed that transactional contract type was a significant predictor of job satisfaction ($\beta = -.18, p < .01$), stress ($\beta = .22, p < .001$), burnout ($\beta = .15, p < .05$) and intentions to leave ($\beta = .28, p < .001$) confirming hypothesis 1a. The result of the regression analysis revealed that relational contract type was a significant predictor of job satisfaction ($\beta = .24, p < .001$), job burnout ($\beta = -.38, p < .001$) and intentions to leave ($\beta = -.27, p < .001$). However relational contract type was not found to be a significant predictor of job stress ($\beta = -.08, p > .05$). Therefore, hypothesis 1b was confirmed for all outcomes except job stress.

Therefore as all the results are significant and in the predicted direction, hypothesis 1a and 1b is strongly supported, except for relational contract type which was found to have a non-significant relationship with job stress. Transactional and relational contracts together explained 9% variance in job satisfaction, 5% variance in job stress, 18% variance in burnout and 16% variance in intentions to leave.

4.5.2. Perceived Contract Breach and Outcomes

Hypothesis 2 predicted that perceived contract breach will be negatively related to job satisfaction and positively related to job stress, job burnout, intentions to leave. To test these predictions I regressed the outcome variables job satisfaction, job stress, job burnout and intentions to leave one by one on perceived contract breach. The results of these regression analyses for the main effect of perceived contract breach on job satisfaction, job stress, job burnout and intentions to leave are shown below in table 7, 8, 9 and 10 respectively.

Table 7. Regression analysis for the main effects of perceived contract breach on job satisfaction

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.13***	
Step 2:			
Perceived Contract Breach	-.35***	.25***	.12***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

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

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.01	
Step 2:			
Perceived Contract Breach	.34***	.13***	.12***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 9. Regression analysis for the main effects of perceived contract breach on job burnout

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.07**	
Step 2:			
Perceived Contract Breach	.40***	.22***	.15***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 10. Regression analysis for the main effects of perceived contract breach on intentions to leave

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.09***	
Step 2:			
Perceived Contract Breach	.36***	.21***	.12***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

The results of the regression analysis revealed that perceived contract breach has a significant negative relationship with job satisfaction ($\beta = -.35, p < .001$) and a significant positive relationship with job stress ($\beta = .34, p < .001$), job burnout ($\beta = .40, p < .001$) and intentions to leave ($\beta = .36, p < .001$) confirming hypothesis 2. Perceived contract breach explained 12% variance in job satisfaction, 12% variance in job stress, 15% variance in burnout and 12% variance in intentions to leave. Therefore as all the results are significant and in the predicted direction, hypothesis 2 is strongly supported.

4.5.3. Contract Types and Perceived Contract Breach

Hypothesis 3a predicted that transactional contract will be positively related to perceived contract breach. Hypothesis 3b predicted that relational contract will be negatively related to perceived contract breach. To test this prediction I regressed the outcome variable perceived contract breach on transactional and relational contract types. The result of this regression analyses for the main effect of transactional and relational contract type on perceived contract breach is shown below in table 11.

Table 11. Regression analysis for the main effects of transactional and relational contract types on perceived contract breach

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.04*	
Step 2:			
Transactional Contract	.05		
Relational Contract	-.45***	.23***	.19***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

The results of the regression analysis revealed that transactional contract does not have a significant relationship with perceived contract breach ($\beta = .05$, $p > .05$). Although the relationship between transactional contract and perceived contract breach was positive but it was not significant. Therefore hypothesis 3a was not supported. The results of the regression analysis revealed that relational contract has a significant negative relationship with perceived contract breach ($\beta = -.45$, $p < .001$). Therefore hypothesis 3b was strongly

supported. Moreover, transactional and relational contract types explained a variance of 19% in perceived contract breach.

4.5.4. Psychological Contract Breach and Violation

Hypothesis 4 predicted that perceived contract breach will be positively related to violation. To test this prediction I regressed the contract violation on breach and control variables. The result of this regression analyses for the main effect of perceived contract breach on contract violation is shown below in table 12.

Table 12. Regression analysis for the main effects of perceived contract breach on contract violation

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.05**	
Step 2:			
Contract Violation	.36***	.18***	.13***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

The results of the regression analysis revealed that perceived contract breach was a significant predictor of contract violation ($\beta = .36, p < .001$) lending support to hypothesis 4. Perceived contract breach explained a variance of 13% in contract violation. Therefore hypothesis 4 was strongly supported.

4.5.5. Contract Violation and Outcomes

Hypothesis 5a predicted that contract violation will be negatively related to job satisfaction and positively related to job stress, job burnout and intentions to leave. To

test these predictions I regressed the outcome variables job satisfaction, job stress, job burnout and intentions to leave one by one on contract violation. The results of these regression analyses for the main effect of contract violation on job satisfaction, job stress, job burnout and intentions to leave are shown below in table 13, 14, 15 and 16 respectively.

Table 13. Regression analysis for the main effects of contract violation on job satisfaction

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.12***	
Step 2:			
Contract Violation	-.36***	.24***	.12***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 14. Regression analysis for the main effects of contract violation on job stress

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.01	
Step 2:			
Contract Violation	.47***	.23***	.22***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 15. Regression analysis for the main effects of contract violation on job burnout

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.08***	
Step 2:			
Contract Violation	.40***	.23***	.15***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 16. Regression analysis for the main effects of contract violation on intentions to leave

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.09***	
Step 2:			
Contract Violation	.34***	.20***	.11***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

The results of the regression analysis revealed that contract violation has a significant negative relationship with job satisfaction ($\beta = -.36, p < .001$) and a significant positive relationship with job stress ($\beta = .47, p < .001$), job burnout ($\beta = .40, p < .001$) and intentions to leave ($\beta = .34, p < .001$). Contract violation explained a variance of 12% in job satisfaction, 22% in job stress, 15% in job burnout and 11% in intentions to leave. Therefore hypothesis 5a was strongly supported.

4.6. Mediation Regression Analysis

To test the hypotheses 3c and 5b, this research study has adhered to the mediation regression method 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 a significant predictor of dependent variable. Secondly, the independent variable must act as a significant predictor of mediator variable. Thirdly, when dependent variable is regressed on both the independent and mediating variable, the mediating variable must act as a significant predictor of the dependent variable. Mediation exists when all three requirements are fulfilled. Full mediation is established if

the independent variable is non-significant when the mediator variable is entered in the equation and partial mediation is established if the effect of independent variable is lesser when mediator variable is entered in the equation.

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

Hypothesis 3c predicted that perceived contract breach will mediate the relationship between psychological contract types (transactional and relational) and four outcomes (job stress, job burnout, job satisfaction and intentions to leave). The results of the regression analysis for hypothesis 1a and 1b as shown in the tables 3, 4, 5 and 6 revealed that both psychological contract types are a significant predictor of the four outcome variables, except for relational contract type which was found to be a non-significant predictor of job stress. Moreover, the results of the hypothesis 3a and 3b, as shown in table 11, revealed relational contract type as a significant predictor of perceived contract breach, but the transactional contract type was found to have a non-significant relationship with perceived contract breach.

In order to check for the mediation effects of perceived contract breach, I regressed the four outcome variables on the contract types and perceived contract breach together. The result of this regression analyses for the mediation effect of perceived contract breach in the relationship between contract types and job satisfaction, job stress, job burnout and intentions to leave is shown below in table 17, 18, 19 and 20 respectively.

Table 17. Regression analysis showing the mediating effects of perceived contract breach in the relationship between contract types and job satisfaction

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.11***	
Step 2:			
Contract Breach		.23***	
Step 3:			
Transactional Contract	-.17**		
Relational Contract	.09	.27**	.04**

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

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

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.01	
Step 2:			
Perceived Contract Breach		.12***	
Step 3:			
Transactional Contract	.20**		
Relational Contract	.06	.16**	.04**

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 19. Regression analysis showing the mediating effects of perceived contract breach in the relationship between contract types and job burnout

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.05**	
Step 2:			
Perceived Contract Breach		.20***	
Step 3:			
Transactional Contract	.14*		
Relational Contract	-.27***	.28***	.08***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 20. Regression analysis showing the mediating effects of breach in the relationship between contract types and intentions to leave

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.08***	
Step 2:			
Contract Breach		.21***	
Step 3:			
Transactional Contract	.26***		
Relational Contract	-.17**	.30***	.09***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

As the transactional contract type was found to be a non-significant predictor of perceived contract breach and since it violates the necessary condition for the mediation to take place, it was found that perceived contract breach does not act as a mediator in the relationship between transactional contract and outcomes. Therefore the following

discussion talks about the results of mediation analyses for perceived contract breach in the relationship between relational contract type and outcomes.

When perceived contract breach was entered in the equation as a mediator, considerable reduction in the effect size of relational contract type was observed for satisfaction (from $\beta = .24$, $\Delta R^2 = 0.09$, $p < .001$ to $\beta = .09$, $\Delta R^2 = 0.04$, $p > .05$) and marginal reduction was observed for burnout (from $\beta = -.38$, $\Delta R^2 = 0.18$, $p < .001$ to $\beta = -.27$, $\Delta R^2 = 0.08$, $p < .001$) and intentions to leave (from $\beta = -.27$, $\Delta R^2 = 0.16$, $p < .001$ to $\beta = -.17$, $\Delta R^2 = .09$, $p < .01$) supporting hypothesis 3c except for job stress. As the relational contract type was found to be a non-significant predictor of job stress and since this violates the necessary condition for the mediation to take place, it was found that perceived contract breach does not act as a mediator between relational contract and job stress. These results suggest that perceived contract breach fully mediates the relationship between relational contract and outcomes (satisfaction) and partially mediates the relationship between relational contract and outcomes (burnout and intentions to leave).

4.6.2. Violation as a Mediator between Perceived Contract Breach and Outcomes

Hypothesis 5b predicted that contract violation will mediate the relationship between perceived contract breach and the four outcomes (job stress, burnout, satisfaction and intentions to leave). The results of the regression analysis for hypothesis 2 and 4 as shown in tables 7, 8, 9, 10 and 12 revealed breach as a significant predictor of the four outcome variables as well as the contract violation. In order to check for the mediation

effects of contract violation, I regressed the four outcome variables on perceived contract breach and contract violation together. The result of this regression analyses for the mediation effect of contract violation in the relationship between perceived contract breach and job satisfaction, job stress, job burnout and intentions to leave is shown below in table 21, 22, 23 and 24 respectively.

Table 21. Regression analysis showing the mediating effects of contract violation in the relationship between perceived contract breach and job satisfaction

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.12***	
Step 2:			
Contract Violation		.24***	
Step 3:			
Contract Breach	-.26***	.30***	.06***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 22. Regression analysis showing the mediating effects of contract violation in the relationship between perceived contract breach and job stress

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.01	
Step 2:			
Contract Violation		.23***	
Step 3:			
Contract Breach	.20***	.27***	.03***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 23. Regression analysis showing the mediating effects of contract violation in the relationship between perceived contract breach and job burnout

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.07***	
Step 2:			
Contract Violation		.23***	
Step 3:			
Contract Breach	.28***	.30***	.07***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 24. Regression analysis showing the mediating effects of contract violation in the relationship between perceived contract breach and intentions to leave

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.09***	
Step 2:			
Contract Violation		.19***	
Step 3:			
Contract Breach	.30***	.26***	.07***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

When violation was entered in the equation as a mediator, marginal reduction in the effect size of perceived breach was observed for stress (from $\beta = .34$, $\Delta R^2 = 0.12$, $p < .001$ to $\beta = .20$, $\Delta R^2 = 0.03$, $p < .001$), burnout (from $\beta = .40$, $\Delta R^2 = 0.16$, $p < .001$ to $\beta = .28$, $\Delta R^2 = 0.07$, $p < .001$), satisfaction (from $\beta = -.35$, $\Delta R^2 = 0.12$, $p < .001$ to $\beta = -.26$, $\Delta R^2 = 0.06$, $p < .001$) and intentions to leave (from $\beta = .36$, $\Delta R^2 = 0.12$, $p < .001$ to $\beta = .30$, $\Delta R^2 = 0.07$, $p < .001$)

<.001) supporting hypothesis 5b. These results suggest that violation partially mediates the relationship between perceived contract breach and outcomes consisting of job stress, job burnout, job satisfaction and intentions to leave. These results indicate that the negative outcomes of breach are partially a function of the degree of felt violation.

4.7. Additional Analysis

Although not hypothesized but I also examined the role of psychological contract violation as a mediator in the relationship between contract types and outcomes. For examining this mediation analyses, I tested the following additional hypothesis.

Hypothesis 6a. Transactional Contract will be positively related to contract violation.

Hypothesis 6b. Relational Contract will be negatively related to contract violation.

Hypothesis 7. Contract violation will mediate the relationship between psychological contract types and outcomes (Job Satisfaction, Job Stress, Job Burnout and Intentions to Leave).

4.7.1. Contract Types and Violation

Hypothesis 6a predicted that transactional contract will be positively related to contract violation. Hypothesis 6b predicted that relational contract will be negatively related to contract violation. To test this prediction I regressed the contract violation on transactional and relational contract types. The result of this regression analyses for the main effect of transactional and relational contract types on contract violation is shown below in table 25.

Table 25. Regression analysis for the main effects of transactional and relational contract types on contract violation

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.05**	
Step 2:			
Transactional Contract	.27***		
Relational Contract	-.16**	.15***	.10***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

Transactional contract type was found to have a significant positive relationship with violation ($\beta = .27, p < .001$). Relational contract type was found to have a significant negative relationship with violation ($\beta = -.16, p < .05$). Transactional and relational contract types together explain 10% variance in contract violation.

4.7.2. Violation as a Mediator between Contract Types and Outcomes

Hypothesis 7 predicted that contract violation will mediate the relationship between psychological contract types (transactional and relational) and the four outcomes (job stress, job burnout, job satisfaction and intentions to leave). The results of the regression analysis for hypothesis 1a, 1b as shown in tables 3, 4, 5 and 6 revealed psychological contract types (transactional and relational) as a significant predictor of the four outcome variables, except for relational contract type which was found to have a non-significant relationship with job stress. Moreover, the results of the hypothesis 6a and 6b, as shown in the table 25 revealed psychological contract types as a significant predictor of contract violation. In order to check for the mediation effects of violation, I regressed the four outcome variables on contract types and violation together. Regressing each of the four

outcome variables on contract violation and the two contract types resulted in four regression equations. The result of this regression analyses for the mediation effect of contract violation in the relationship between contract types and job satisfaction, job stress, job burnout and intentions to leave is shown below in table 26, 27, 28 and 29 respectively.

Table 26. Regression analysis showing the mediating effects of contract violation in the relationship between contract types and job satisfaction

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.10***	
Step 2:			
Contract Violation		.23***	
Step 3:			
Transactional Contract	-.11*		
Relational Contract	.19***	.28***	.05***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 27. Regression analysis showing the mediating effects of contract violation in the relationship between contract types and job stress

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.01	
Step 2:			
Contract Violation		.22***	
Step 3:			
Transactional Contract	.09		
Relational Contract	-.01	.23	.01

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 28. Regression analysis showing the mediating effects of contract violation in the relationship between contract types and job burnout

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.06**	
Step 2:			
Contract Violation		.20***	
Step 3:			
Transactional Contract	.06		
Relational Contract	-.33***	.31***	.11***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 29. Regression analysis showing the mediating effects of contract violation in the relationship between contract types and intentions to leave

Predictors	β	R^2	ΔR^2
Step 1:			
Controls		.08***	
Step 2:			
Contract Violation		.21***	
Step 3:			
Transactional Contract	.22***		
Relational Contract	-.24***	.31***	.10***

Note: $N = 361$; control variable is organization. * $p < .05$. ** $p < .01$. *** $p < .001$.

When violation was entered in the equation as a mediator, considerable reduction in the effect size of transactional contract was observed for stress (from $\beta = .22$, $\Delta R^2 = 0.06$, $p < .001$ to $\beta = .09$, $\Delta R^2 = 0.01$, $p > .05$), burnout (from $\beta = .15$, $\Delta R^2 = 0.18$, $p < .05$ to $\beta = .06$, $\Delta R^2 = 0.11$, $p > .05$) and marginal reduction was observed for satisfaction (from $\beta = -.18$,

$\Delta R^2=0.09, p <.01$ to $\beta =-.11, \Delta R^2=0.05, p<.05$) and intentions to leave (from $\beta =.28, \Delta R^2=0.16, p <.001$ to $\beta =.22, \Delta R^2=0.10, p <.001$) supporting hypothesis 7. These results suggest that violation fully mediates the relationship between transactional contract and outcomes (stress and burnout) and partially mediates the relationship between transactional contract and outcomes (satisfaction and intentions to leave). These results indicate that the negative outcomes of transactional contracts are partially a function of the degree of felt violation.

When violation was entered in the equation as a mediator, marginal reduction was observed for burnout (from $\beta =-.38, \Delta R^2=0.18, p <.001$ to $\beta =-.33, \Delta R^2=0.11, p <.001$), satisfaction (from $\beta =.24, \Delta R^2=0.09, p <.001$ to $\beta =.19, \Delta R^2=0.05, p <.001$) and intentions to leave (from $\beta =-.27, \Delta R^2=0.16, p <.001$ to $\beta =-.24, \Delta R^2=0.10, p <.001$) supporting hypothesis 7, except for the relationship between relational contract and job stress. As the relational contract type was found to be a non-significant predictor of job stress and since this violates the necessary condition for the mediation to take place, it was found that contract violation does not act as a mediator between relational contract and job stress. These results suggest that violation partially mediates the relationship between relational contract and outcomes (job burnout, satisfaction and intentions to leave).

Therefore, the results of the hypothesis 7 revealed that contract violation mediates the relationship between psychological contract types (transactional and relational) and outcomes, except for the relationship between relational contract and job stress. Thus the additional hypothesis 7 was fully supported.

CHAPTER 5

DISCUSSION

5.1. Major Findings

This research study has been very successful in answering a number of critical questions which were developed through the literature review and theoretical framework of this study. The first research question asked in this study was the transactional and relational contract types have a different relationship with outcomes consisting of Job Stress, Burnout, Satisfaction and Intentions to Leave. This research study has fully answered this question by finding out that transactional and relational contract types are distinct and have a different relationship with the outcomes. The findings of this study report that transactional contracts type has a negative relationship with job satisfaction and a positive relationship with job stress, job burnout and intentions to leave. In contrast, relational contract type has a positive relationship with job satisfaction and a negative relationship with job burnout and intentions to leave.

The second research question asked in this study was the transactional and relational contract types have a different relationship with perceived contract breach. This research study has fully answered this question by finding out that relational contract type has a significant negative relationship with perceived contract breach. However, transactional contracts type was found to have a positive but non-significant relationship with perceived contract breach.

The third research question asked in this study was the perceived contract breach act as a mediator between psychological contract types and outcomes (Job Stress, Burnout, Satisfaction and Intentions to Leave). This research question is answered only for the relational contract type as the findings of this study reported that perceived contract breach mediates the relationship between relational contract type and outcomes (Job Burnout, Satisfaction and Intentions to Leave). However perceived contract breach was not found to mediate the relationship between transactional contract type and outcomes.

The fourth research question asked in this study was violation act as a mediator between perceived contract breach and outcomes (Job Stress, Burnout, Satisfaction and Intentions to Leave). This research study has fully answered this question by reporting that violation partially mediates the relationship between perceived contract breach and outcomes consisting of job stress, burnout, satisfaction and intentions to leave.

The fifth and the last research question asked in this study were psychological contract types: transactional and relational as observed in the west will generalize to an under-developed country like Pakistan. The results of this study suggest that transactional and relational contract types both generalize to Pakistan. The cronbach alpha reliabilities and the results of the factor analysis suggest that transactional and relational contract types both generalize to Pakistan.

5.2. Findings and Discussion

I have found a good support for all most all the hypothesis proposed in this study. This study has found a consistent support for the favorable impact of a relational contract on

job stress, burnout, job satisfaction, and intentions to leave and the unfavorable impact of a transactional contract, perceived contract breach and violation on these same outcomes.

Hypothesis 1a suggests a relationship between transactional contracts and outcomes. This hypothesis is fully supported as transactional contracts was found to be negatively related to job satisfaction and positively related to job stress, job burnout and intentions to leave. Similarly Hypothesis 1b is supported for all outcomes except job stress, as relational contracts was found to be positively related to job satisfaction and negatively related to job burnout and intentions to leave.

Hypothesis 2 proposes a relationship between perceived contract breach and outcomes. This hypothesis is fully supported as perceived contract breach was found to be negatively related to job satisfaction and positively related to job stress, job burnout, intentions to leave.

Hypothesis 3a predicts that transactional contract will be positively related to perceived contract breach. Although the relationship between transactional contract and perceived contract breach was found to be positive but it was not significant and therefore hypothesis 3a was not supported. This finding was very surprising since it is always believed that individuals having a transactional contract are more likely to perceive a breach of the psychological contract. This finding suggest that although transactional contract is monetary and short-term in nature, but still individuals having a transactional contract will not always perceive a breach of the contract. In contrast, Hypothesis 3b was strongly supported as relational contract was found to be negatively related to perceived contract breach.

Hypothesis 3c predicts that perceived contract breach will mediate the relationship between psychological contract types (transactional and relational) and four outcomes (job stress, job burnout, job satisfaction and intentions to leave). This hypothesis was supported only for relational contract type, where perceived contract breach was found to fully mediate the relationship between relational contract and job satisfaction and partially mediates the relationship between relational contract and outcomes (burnout and intentions to leave). These findings suggest that employees perceptions of a breach of a relational contract fully transforms into low job satisfaction for employees and partially transforms into job stress and intentions to leave. Therefore, perceived breach of a relational contract not only affects employee job satisfaction and intentions to leave but also affects employee wellbeing by making employees feel burnout. These findings are consistent with previous research which have argued that in contrast to transactional contracts employees are going to take the breach of a relational contract more seriously, which in turn will affect not only employee attitudes and behavior but also their wellbeing (Robinson and Rousseau, 1994; MacNeil, 1985; Restubog & Bordia, 2006; Robinson & Morrison, 1995; Turnley et al., 2003; Zhao et al., 2007).

Hypothesis 4 was strongly supported where perceived contract breach was found to be positively related to feelings of violation. This finding was consistent with previous research studies which reported a positive relationship between perceived contract breach and violation (Robinson and Morrison, 1997, 2000; Raja et al., 2004), implying that perception of a contract breach transforms into feelings of violation.

Hypothesis 5a was fully supported where contract violation was found to be negatively related to job satisfaction and positively related to job stress, job burnout and intentions to leave. These findings are consistent with previous research studies which reported that contract violation has a negative relationship with job satisfaction and a positive relationship with intentions to leave (Robinson, 1996; Robinson & Morrison, 1995; Robinson & Rousseau, 1994; Raja et al., 2004).

Hypothesis 5b was also supported, where violation was found to partially mediate the relationship between perceived contract breach and outcomes consisting of job stress, burnout, satisfaction and intentions to leave. These findings suggest that employee perception of a psychological contract is followed by a more intense emotional reaction, which in turn not only affects employee job satisfaction and intentions to leave but also affect their wellbeing in terms of job stress and burnout. In particular, employee perception of a psychological contract is transformed into feelings of violation, which in turn negatively affects their job satisfaction but also makes them to feel more stress, burnout and their intentions to leave their job.

This finding is also consistent with previous research studies which have reported that contract violation acts as a mediator between perceived contract breach and outcomes consisting of job satisfaction and intentions to leave (Raja et al., 2004; Suazo et al., 2005; Zhao et al., 2007; Suazo, 2009; Dulac, Coyle-Shapiro, Henderson and Wayne, 2008).

In this study, I also examined the role of psychological contract violation as a mediator in the relationship between psychological contract types (transactional and relational) and outcomes. For examining this mediation analyses, I tested three additional hypothesis 6a,

6b and 7. Hypothesis 6a and 6b was fully supported as transactional contract type was found to have a significant positive relationship with violation and relational contract type was found to have a significant negative relationship with violation respectively.

Hypothesis 7 predicted that contract violation will mediate the relationship between psychological contract types (transactional and relational) and outcomes (Job Satisfaction, Job Stress, Job Burnout and Intentions to Leave). Hypothesis 7 was supported for transactional contract type as violation was found to fully mediate the relationship between transactional contract and outcomes (stress and burnout) and partially mediate the relationship between transactional contract and outcomes (satisfaction and intentions to leave). These findings suggest that employees feelings of violation of a transactional contract fully transforms into job stress and burnout and partially transforms into low job satisfaction for employees and intentions to leave. Therefore, feelings of violation of a transactional contract fully affect employee job satisfaction and intentions to leave but also affect their wellbeing by making them feel more stress and burnout. These results indicate that the negative outcomes of transactional contracts are partially a function of the degree of felt violation.

Similarly, hypothesis 7 was supported for relational contract type as well, as violation was found to partially mediate the relationship between relational contract and outcomes (job burnout, job satisfaction and intentions to leave). However, contract violation was found not to mediate the relationship between relational contract and job stress. Therefore, the additional hypothesis 7 was fully supported as contract violation was

found to mediate the relationship between psychological contract types (transactional and relational) and outcomes.

5.3. Limitations

There are two important issues which deserves attention in this research study. One very important issue is that all measures used in this study were self-reported. Although self reported data was well suited for this kind of study but self reported data could potentially be an indication of common method bias.

Another important issue is that data was collected through a cross-sectional study. Although the results of this study demonstrate that psychological contract types, perceived contract breach and violation as an antecedent to job stress, burnout, job satisfaction and intentions to leave, but the exact cause and effect relationship can be known by using the longitudinal design of study.

Although the research literature on psychological contracts has identified and examined a number of moderators in the relationship between perceived contract breach and contract violation but still examining these moderators were out of the scope of this research study.

5.4. Implications for Research

This study makes numerous contributions to the existing body of knowledge on psychological contracts as well as the research on job stress and job burnout. Firstly, this study is one of those few studies, which has examined psychological contract types: transactional and relational separately. Secondly, this study fulfills an existing gap in the

literature by linking psychological contract types with job stress and job burnout, which have never been examined in the context of psychological contract. Thirdly, the results of this study further supported the findings of previous studies, which reported that psychological contract types: transactional and relational are distinct in nature and have different relationship with outcomes. In fact, this study has reported that relational contract relate positively (and transactional contract relate negatively) with job satisfaction and relational contract relate negatively (and transactional contract relate positively) with job stress, job burnout and intentions to leave. Fourthly, the results of this study have also supported the findings of previous studies by reporting that transactional and relational contract types are differently related to perceived contract breach, where relational contract type was found to have a significant negative relationship with perceived contract breach and transactional contract type was found to have a positive but non-significant relationship with perceived contract breach. Fifthly, this is the first study which has examined the role of psychological contract breach as a mediator in the relationship between psychological contract types, where psychological contract breach was found to mediate the relationship between relational contract and outcomes. Sixthly, the results of this study have supported the findings of previous studies by reporting that psychological contract violation act as a mediator in the relationship between psychological contract breach and outcomes. Lastly, this is the first study which has reported that psychological contract violation act as a mediator in the relationship between psychological contract types and outcomes.

5.5. Implications for Managers

This research study has important practical implications as well. Organizational agents should give importance to employees' psychological contracts because employees' psychological contract, their perception of a contract breach and their feelings of violation impact their job stress, job burnout, job satisfaction and intentions to leave. Organizational agents should understand the working environment which shape employees psychological contract and make them perceive a breach of the psychological contract. Because if the organizational agents will understand the causes behind employees perception of a psychological contract breach and the factors which transforms perceived psychological contract breach into violation, organizational agents would be better off in reducing these factors and in turn they will reduce chances of employees experiencing job stress, burnout, intentions to leave and lower job satisfaction and as a result employees will feel better and perform well.

Due to the rising claims of job stress and burnout in Pakistan as well as globally (Aldred, 2000; Sauter & Hurrell, 1999; Jamal, 1999), and the potential loss of profitability and productivity due to reduced production, , absence, lost time, accidents and illness (Baker & Green, 1991; Beehr & Newman, 1978; Tafalla & Evans, 1997; Ganster and Schaubroeck, 1991; Joure, Leon, Simpson, Holley and Frye, 1989; Minter, 1991; Murphy, 1988), job stress and job burnout experienced by the employees is undoubtedly a very important issue. The research literature on job stress and burnout has mostly examined the job and role-related factors. This study has fulfilled an important gap in the literature and suggests that psychological contract types, perception of a contract breach

and violation plays a very important role in the employees' experience of stress and burnout.

5.6. Future Research Directions

A number of future research directions can be implied from this study. Although there has been a lot of research on the consequences of perceived psychological contract breach and violation, more research is needed on the distinct elements of the psychological contract and their relationship with the job and organizational outcomes. Since this was the first study which linked psychological contract types, perceived contract breach and violation with employees' personal outcomes consisting of job stress and burnout, future research should validate these findings by conducting more empirical research on this idea in different organizational settings. Furthermore, since this is among those few studies which examined the role of perceived contract breach and violation as a mediator in the relationship between psychological contract types and outcomes. Future research should also validate these findings as well.

Furthermore, future research studies should imply the longitudinal designs for collecting data. This research idea can be tested in two points in time. At time1, respondents' distinct psychological contract type and its relationship with outcomes can be assessed. At time2, perception of breach and feelings of violation and its relationship with the psychological contract types can be assessed, because different psychological contract types would have a different reaction to perceived contract breach. Moreover, the impact of perceived contract breach and violation onto outcomes and the mediating role of perceived breach and violation in the relationship between psychological contract types

and outcomes and the mediating role of violation in the relationship between perceived contract breach and outcomes can be assessed. In this way the nature of events can be assessed in exact point of time of their occurrence.

Future research should examine the role of moderators in the relationship between perceived contract breach and violation. Since the main emphasis of this research study was on the outcomes job stress and burnout, future research can examine the personality variables which have been linked to job stress and burnout as a moderator in the relationship between perceived psychological contract breach and feelings of violation. Since situational and personality variables both have been studied as an antecedent to job stress and burnout, future research should examine the interactions of psychological contract types, perceived contract breach and violation and personality variables as an antecedent to job stress, burnout and other job and organizational outcomes.

5.7. Conclusion

This study provides a significant contribution by theoretically and empirically integrating the psychological contract, job stress and job burnout literature. In particular the results of this study have established that the perspective of psychological contracts can be an important antecedent which can lead to the employee experience of stress and burnout. The results of this study suggest that relational contract type relate negatively (and transactional contract type, positively) with job stress, burnout and intentions to leave and positively (and transactional contract type, negatively) with job satisfaction. Furthermore relational contract type was found to have a negative relationship with perceived contract breach. Perceived contract breach was found to fully mediate the relationship between

relational contract and outcomes (job satisfaction) and partially mediate the relationship between relational contract and outcomes (burnout and intentions to leave). Psychological contract violation was found to partially mediate the relationship between perceived contract breach and outcomes consisting of job stress, burnout, satisfaction and intentions to leave. Psychological contract violation was found to fully mediate the relationship between transactional contract and outcomes (stress and burnout) and partially mediate the relationship between transactional contract and outcomes (satisfaction and intentions to leave). Moreover, psychological contract violation was found to partially mediate the relationship between relational contract and outcomes (job burnout, satisfaction and intentions to leave).

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Appendix 1. Summary of CFA of psychological contract inventory showing factor loadings of the items on psychological contract dimensions

Items	Factor Loadings	
	Transactional Contract	Relational Contract
1. Provides short-term employment.	.66	
2. Makes no commitment to retain me in the future.	.68	
3. Provides employment for a specific or limited time only.	.64	
4. Requires me to do only limited duties I was hired to perform.	.59	
5. Pays me only for specific duties I perform.	.59	
6. Expects our jobs to be limited to specific well-defined responsibilities.	.49	
7. Has made no promises to continue my employment.	.68	
8. Can terminate my employment any time.	.41	
9. Is training me only for my current job.	.52	
10. Expects my limited involvement in the organization.	.41	
11. Offers steady employment.		.41
12. Provides stable benefits to employees' families.		.64
13. Shows concern for my personal welfare.		.77
14. Sacrifices short-term organizational interests for employee interests.		.51
15. Gives wages and benefits I can count on.		.25
16. Is responsive to employee concerns and well-being.		.73
17. Makes decisions with my interests in mind.		.68
18. Shows concern for my long-term well-being.		.78
19. Provides secure employment.		.69
20. Provides stable wages over time.		.66

Appendix 2. Summary of CFA of Millward and Hopkins psychological contract measure showing factor loadings of the items on psychological contract dimensions

Items	Factor Loadings	
	Transactional Contract	Relational Contract
1. I work only the hours set out in my contract and no more.	.60	
2. My commitment to this organization is defined by my contract.	.70	
3. My loyalty to the organization is contract specific.	.71	
4. I prefer to work a strictly defined set of working hours.	.69	
5. I only carry out what is necessary to get the job done.	.61	
6. I do not identify with the organization's goals.	.45	
7. I work to achieve the purely short-term goals of my job.	.52	
8. I expect to grow in this organization.		.72
9. I feel part of a team in this organization.		.76
10. I have a reasonable chance of promotion if I work hard.		.72
11. To me working for this organization is like being a member of a family.		.75
12. The organization develops/rewards employees who work hard and exert themselves.		.65
13. I expect to gain promotion in this company with length of service and effort to achieve goals.		.65
14. I feel this company reciprocates the effort put in by its employees.		.70
15. My career path in the organization is clearly mapped out.		.62
16. I am motivated to contribute 100% to this company in return for future employment benefits.		.72

Appendix 3. Retained items with their factor loadings for the perceived contract breach and contract violation measures

Items	Factor Loadings	
	Perceived Contract Breach	Contract Violation
1. Almost all the promises made by my employer during recruitment have been kept so far.	.86	
2. I feel that my employer has come through in fulfilling the promises made to me when I was hired.	.94	
3. So far my employer has done an excellent job of fulfilling its promises to me.	.79	
4. I feel a great deal of anger toward my organization.		.75
5. I feel betrayed by my organization.		.89
6. I feel that my organization has violated the contract between us.		.81
7. I feel extremely frustrated by how I have been treated by my organization.		.78

Appendix 4
Questionnaires

Dear Participant,

I am working as a Research Associate in the Faculty of Management Sciences, International Islamic University, Islamabad. I am conducting a research study that explores the psychological aspects of job. More specifically, I am interested in exploring the effects of the perceptions of work obligations on job stress, burnout, and job satisfaction. You could help me in my research by filling out this questionnaire. I would greatly appreciate your participation in this study.

Please provide your honest and most accurate responses to the questions in this questionnaire. I assure you that your responses will be held in strictest anonymity. Please read the instructions carefully and answer all the questions. There are no "trick" questions, so please answer each item as frankly and as honestly as possible. It is important that all the questions be answered. I once again thank you for your assistance and cooperation.

Sincerely,
Amber Jamil

"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":

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

1	Provides short-term employment.	1	2	3	4	5
2	Makes no commitment to retain me in the future.	1	2	3	4	5
3	Provides employment for a specific or limited time only.	1	2	3	4	5
4	Requires me to do only limited duties I was hired to perform.	1	2	3	4	5
5	Pays me only for specific duties I perform.	1	2	3	4	5
6	Expects our jobs to be limited to specific well-defined responsibilities.	1	2	3	4	5
7	Has made no promises to continue my employment.	1	2	3	4	5
8	Can terminate my employment any time.	1	2	3	4	5
9	Is training me only for my current job.	1	2	3	4	5
10	Expects my limited involvement in the organization.	1	2	3	4	5
11	Offers steady employment.	1	2	3	4	5
12	Provides stable benefits to employees' families.	1	2	3	4	5
13	Shows concern for my personal welfare.	1	2	3	4	5
14	Sacrifices short-term organizational interests for employee interests.	1	2	3	4	5

1 = *Strongly Disagree* 2 = *Disagree* 3 = *Neutral* 4 = *Agree* 5 = *Strongly Agree*

15	Gives wages and benefits I can count on.	1	2	3	4	5
16	Is responsive to employee concerns and well-being.	1	2	3	4	5
17	Makes decisions with my interests in mind.	1	2	3	4	5
18	Shows concern for my long-term well-being.	1	2	3	4	5
19	Provides secure employment.	1	2	3	4	5
20	Provides stable wages over time.	1	2	3	4	5

To what extent you think the following statements reflect your feelings and perceptions about your job.

21	I work only the hours set out in my contract and no more.	1	2	3	4	5
22	My commitment to this organization is defined by my contract.	1	2	3	4	5
23	My loyalty to the organization is contract specific.	1	2	3	4	5
24	I prefer to work a strictly defined set of working hours.	1	2	3	4	5
25	I only carry out what is necessary to get the job done.	1	2	3	4	5
26	I do not identify with the organization's goals.	1	2	3	4	5
27	I work to achieve the purely short-term goals of my job.	1	2	3	4	5
28	My job means more to me than just a means of paying the bills.	1	2	3	4	5
29	It is important to be flexible and to work irregular hours if necessary.	1	2	3	4	5
30	I expect to grow in this organization.	1	2	3	4	5
31	I feel part of a team in this organization.	1	2	3	4	5
32	I have a reasonable chance of promotion if I work hard.	1	2	3	4	5
33	To me working for this organization is like being a member of a family.	1	2	3	4	5
34	The organization develops/rewards employees who work hard and exert themselves.	1	2	3	4	5
35	I expect to gain promotion in this company with length of service and effort to achieve goals.	1	2	3	4	5
36	I feel this company reciprocates the effort put in by its employees.	1	2	3	4	5
37	My career path in the organization is clearly mapped out.	1	2	3	4	5
38	I am motivated to contribute 100% to this company in return for future employment benefits.	1	2	3	4	5

39	Almost all the promises made by my employer during recruitment have been kept so far.	1	2	3	4	5
40	I feel that my employer has come through in fulfilling the promises made to me when I was hired.	1	2	3	4	5
41	So far my employer has done an excellent job of fulfilling its promises to me.	1	2	3	4	5
42	I have not received everything promised to me in exchange for my contributions.	1	2	3	4	5
43	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
44	I feel a great deal of anger toward my organization.	1	2	3	4	5
45	I feel betrayed by my organization.	1	2	3	4	5
46	I feel that my organization has violated the contract between us.	1	2	3	4	5
47	I feel extremely frustrated by how I have been treated by my organization.	1	2	3	4	5
48	Working here makes it hard to spend enough time with my family.	1	2	3	4	5
49	I spend so much time at work, I can't see the forest for the trees.	1	2	3	4	5
50	Working here leaves little time for other activities.	1	2	3	4	5
51	I frequently get the feeling I am married to the company.	1	2	3	4	5
52	I have too much work and too little time to do it in.	1	2	3	4	5
53	I sometimes dread the telephone ringing at home because the call might be job-related.	1	2	3	4	5
54	I feel like I never have a day off.	1	2	3	4	5
55	Too many people at my level in the company get burned out by job demands.	1	2	3	4	5
56	I have felt fidgety or nervous as a result of my job.	1	2	3	4	5
57	My job gets to me more than it should.	1	2	3	4	5
58	There are lots of times when my job drives me right up the wall.	1	2	3	4	5
59	Sometimes when I think about my job I get a tight feeling in my chest.	1	2	3	4	5
60	I feel guilty when I take time off from job.	1	2	3	4	5
61	I often think about leaving the organization.	1	2	3	4	5
62	It is highly likely that I will look for a new job in the next year.	1	2	3	4	5
63	If I may choose again, I will choose to work for the current organization.	1	2	3	4	5

Read each statement and describe how often you feel this way in your job by marking the appropriate number according to the following scale.

1 = Never 2 = Once in a while 3 = Rarely 4 = Sometimes 5 = Often
6 = Usually 7 = Always

64	Being tired	1	2	3	4	5	6	7
65	Feeling depressed	1	2	3	4	5	6	7
66	Having a good day	1	2	3	4	5	6	7
67	Being physically exhausted	1	2	3	4	5	6	7
68	Being emotionally exhausted	1	2	3	4	5	6	7
69	Being happy	1	2	3	4	5	6	7
70	Being "wiped out"	1	2	3	4	5	6	7
71	"Can't take it anymore"	1	2	3	4	5	6	7
72	Being unhappy	1	2	3	4	5	6	7
73	Feeling run-down	1	2	3	4	5	6	7
74	Feeling trapped	1	2	3	4	5	6	7
75	Feeling worthless	1	2	3	4	5	6	7
76	Being weary	1	2	3	4	5	6	7
77	Being troubled	1	2	3	4	5	6	7
78	Feeling disillusioned and resentful	1	2	3	4	5	6	7
79	Being weak and susceptible to illness	1	2	3	4	5	6	7
80	Feeling hopeless	1	2	3	4	5	6	7
81	Feeling rejected	1	2	3	4	5	6	7
82	Feeling optimistic	1	2	3	4	5	6	7
83	Feeling energetic	1	2	3	4	5	6	7
84	Feeling anxious	1	2	3	4	5	6	7

The questions given below have 7 options please mark ONE that best reflects your feelings.

85. 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

86. 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
87. 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
88. 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

Please circle the appropriate response or fill in the blanks

1. Gender Male Female
2. Marital status Single Married Divorced Widowed
3. Age _____
4. What is the name of organization your currently working in? _____
5. What department are you currently working in? _____
6. What is your current designation / grade? _____
7. Education (highest degree or certificate attained) _____
8. Area of specialization _____
9. How long have you been working with your present organization? _____
10. Total working experience? _____
11. Type of Employment Permanent Contractual Part-time

FORWARDING SHEET

The thesis entitled "Psychological Contract Type, Perceived Contract Breach, Violation and Job Outcomes (Stress, Burnout, Satisfaction And Intentions To Leave)" submitted by Ms. Amber Jamil in partial fulfillment of M.S degree in Management Sciences with specialization in Management, has been completed under my guidance and supervision. I am satisfied with the quality of student's research work and allow her to submit this thesis for further process as per IIU rules & regulations.

Date: _____

Signature: _____

Name : Muhammad I. Ramay

