The Role of Physiological Contract Breach on Employee Reactions: 
Moderating Role of Organizational Trust

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Abstract
Psychological contract Breach (PCB) play a crucial role to shape employee reactions (ERs)
Therefore; this study investigated the possessions of Psychological contract Breach on employee’s reactions (organizational behavior regarding citizenship, job satisfaction) under the moderation of organizational trust. Data were collected from 340 employees of the Health sector by using the technique of simple random sampling. Confirmatory factor analysis (CFA) technique has been used to check the validity of the data while structure equation modeling (SEM) technique has been used for test the relationship between variables. Our findings revealed that psychological contract breach had negative and significant relationships with employees’ reactions (organizational citizenship behavior, job satisfaction). Further, organizational trust is also significantly moderated on the relationship between PCB and employees’ reactions (organizational behavior regarding citizenship, job satisfaction).

Keywords: Psychological contract breach, Employee reaction, Organizational citizenship behaviors, Job performance, Organizational trust

I. Introduction
Human resource shortage situation has been existing in the healthcare sector of the world. World health gathering calls it “crises in physical condition. In the same way, the healthcare sector of Pakistan is confronting the like difficulty. In 1994, the management of Pakistan introduced lady health workers program (LHWP) to raise it. LHWs were hired to give services of health care to residents of the state and a smaller amount of urbanized area. These LHWs worked with sincerity and efficient. An important, the rural women in progress to follow healthcare services without uncertainty. These LHWs contain different problems regarding pay and endorsement, not reward of operating cost, deficiency of profit, life lack of confidence and obvious use (CLOSSER, 2015; Wazir, Shaikh, & Ahmed, 2013). These troubles caused
depressing responses, and these snags involve being permanent. In addition, similar scholars
had contributed to observe ERs in specific contexts. In the same way, researchers had explored
ERs, but incomplete research concentration had been known to examine the ERs of the LHWs.
Most of the researchers from the ground of healthcare had explained the LHWs” troubles but
before research had not examined the factor which complete ERs of the LHWs (Wazir et al.,
2013).

ERs include a different mechanism, i.e., organizational citizenship behaviors (OCB),
Job satisfaction. In adding, earlier studies had recognized many histories such as PCB, human
resource administration practices(Bamford, Wong, & Laschinger, 2013; Chambel, 2014). In
the same way, ERs are reckon significant regarding diverse projects success of the organization.
The institutional trust also has significance to increase governmental achievement. It has as
well got an essential place to present just surroundings and to complete workers expectations
at the workplace. Moreover, Agarwal, (2014) and Katou, (2013) used OT as a mediator in their
study in a different context. Further, Aryee, Budhwar, and Chen (2002) had also explored OT
as a mediator in their study on Pakistan. In addition, previous studies ignored the OT as
moderator, particularly between the healthcare employees of Pakistan. For that reason, the
current study addresses this space on the foundation of recommendations (Ghosh, Rai, & Sinha,
2014; Kraft, 2008). So, the current study investigated the effects of PCB on ERs by using OT
as moderator among the LHWs in Pakistan.

II. Literature Review

Employee Reactions are measured important factors which help to improve
organizational achievement and efficiency. Employee Reactions exemplify different behaviors
and attitudes of workers such as organizational citizenship behaviors and job satisfaction.

A. Physiological contract

Most of the previous researchers required to describe the psychological contract; the
majority of these definitions have rebounded related themes that contain ideas, expectations,
obligations, and reciprocity. This study used the definition such as psychological contract refers
to the belief of employee in a joint responsibility between the organization and employee
(Robinson, Kraatz, & Rousseau, 1994). Most of the Researchers argued that the nature of the
psychological contract is subjective and it depends on the viewpoints of employees regarding
what responsibilities must be fulfilled by the organization (Robinson et al., 1994).

B. Physiological contract Breach
A PCB is referred to as the obligation of employees that their organization was unsuccessful in completing the obligations connected with past shared promises (Gakovic & Tetrick, 2003). The achievement which is inconsistent with the faith of employees that create a mutual obligation that has the potential to build awareness in the eyes of employees regarding the contract breach (Robinson et al., 1994).

C. Organization Trust

Some of the previous studies describe that etymologically is the word trust that implies commitment and loyalty. Conversely, word trust roots probably were attached to the communities where most of the people want and began to live together, but the basis for any type of relations such as social relations is the trust. (Möllering, Bachmann, & Hee Lee, 2004). In addition, trust is like a psychological condition that receives the goal of others without questioning. (Huff & Kelley, 2003) Moreover, Organizational trust imitates the explicit keenness of employees in working (Tan & Lim, 2009).

D. Employee Reaction

ERs are measured essential factors which support to improve organizational efficiency and success. ERs represent different attitudes and behaviors of workers such as promise, inspiration, appointment and behaviors of citizenship (Ahmad-Mughal, Nisar, Othman, & Kamil, 2017; Asif, Nisar, Faisal, & Khalid, 2017; Butt, Nisar, Nadeem, & Baig, 2017; Gill, Nisar, Azeem, & Nadeem, 2017; Katou, 2013; Nisar, Marwa, Ahmad, & Ahmad, 2014; Saleem, Nisar, & Imran, 2017).

E. Job Performance

Job performance refers to the effectiveness and efficiency of behaviors of human beings that help to achieve the organizational goals. In this learning, there are two dimensions of job performance such as contextual performance and task performance (Borman & Motowidlo, 1993).

F. Organization Citizenship Behavior (OCB)

OCB refers to displaying helping, voluntary and extra-role behavior to the employees and support to the institution in different conscience and fields (Newton, Blanton, & Will, 2008). The concept of OCB is that type in which employees go away from the expectations in accordance to fulfill the goals of the institution and show their behavior as self-sacrificing (Chiaburu & Lim, 2008).

G. Psychological Contract Breach and Employee Reaction
The current study inspected the impacts of PCB on job satisfaction and job outcomes, a purpose behind it to stay with associations such as perceived managerial support, and OCB. Additionally, this study also investigated whether the impact of PCB on these outcomes varied on the basis of various types of psychological contract. Data are collected from eighty-nine full and part-time workers. The results of the study indicated that breach of psychological contract of one employee had a vital impact on his job satisfaction and the purpose behind it to remain, and POS. In addition, there was a vital communication between PCB and the types of psychological contract in a way that when an employee experienced to breach his psychological agreement, the impact of PCB on PMS and OCB is different and depending on the type of psychological contract (S. Ahmad, Nisar, & Naqvi, 2016; Ballou, 2013).

The current study investigated the relationship between PCB and job satisfaction. The prime objectives of current study were to examine the impact of PCB on job satisfaction. The scope of the study was the school of the private sector of Peshawar Pakistan. By using the technique of nonprobability convinces sampling of data collection, 380 questionnaires were distributed to a female and male teacher. Out of them only 276 questionnaires were filled and returned that was 72% of distributed questionnaires. On the basis of the literature, this study develops the hypothesis that there is a significant relationship between PCB and turnover purpose. However, the result of the study rejected the hypothesis and concluded that there is no significant relationship between PCB and turnover objective and also finds that PCB has significant impact on job Satisfaction. The study was quantitative by the natural and SPSS was used to composed and analyzed the data (A. Ahmad & Khan, 2015).

H. Organization Trust and Psychological Contract Breach

The study by Erkutlu and Chafra (2013) conducted on ten universities of Turkey and date were collected from 848 teachers by using the technique of simple random sampling. They used moderated hierarchical regression to investigate the moderating impact of employees’ trust between the relationship of managerial deviance association and sound management. (Erkutlu & Chafra, 2013).

The purpose of the study is to examine whether genuine management is associated with organizational deviance or not and also investigate the moderating effects of PCB and workers’ trust between these relationships. This study is a reply to the call for additional research on interpersonal and managerial factors that may hand out as moderators of abnormal behaviors (Yang et al., 2011). In addition, interpersonal and situational factors are middle to managerial deviance (Holtz & Harold, 2013). Moreover, it is significant to observe the direct and
moderating impacts of variables regarding social exchange in a study. Our information, this study is one of the first attempt to look at the moderating impacts of interpersonal variables on the place of work deviance in a particular study. (Erkutlu & Chafra, 2013).

III. Theoretical Model

Figure 1: Liquidity Management, Systematic Risk, and Economic Indicators Interaction

Source: The authors

IV. Methodology

A. Sample Size and Sampling Technique

Sampling refers to a systematic process about selecting the portion of the population concerning inference the conclusion regarding the entire population (Singleton, Straits, & Straits, 2005). This technique of sampling is quite suitable when the research is unable to collect data from entire population. In this case, researchers use the technique of sampling which allows comprehensive study results. Simple random sampling is one type of probability sampling in this sampling makes sure the equal right to participate. All the participants of the population have equal chances for selection (Baker, 2005).

The present study used a technique of simple random sampling to collect the data from respondents because by using this technique results get accurate, suitable trustworthy and comprehensive. In this study, the sample size is 300.

B. Measurements

In this study, all measure and instrument adapted from the previous studies these studies suitable and trustworthy scales. This study used the five point Liker scale in term to measure the items of the variables. In this scale, five represents the “strongly agree”, four represents the “agree”, three represents the “neutral”, two represents the “disagree” and one represents the “strongly disagree”.

Source: The authors

Organizational Trust

Employee Reaction

- Job Performance
- Organization Citizenship Behavior

Psychological Contract Breach

H1

H3
C. Psychological Contract Breach
A scale by Cassar & Buttigieg (2015) which consists of 4 items is used to measure the PCB. This scale is widely used in previous studies with high coefficient alpha value (Tsai, Chen, & Liu, 2007). In addition, Wang (2011) reported the high value of coefficient alpha value (\(\alpha=0.95\)) for task performance.

D. Organizational Trust
A scale that is used by Scott (1981) and also used by Ruder (2003) which consists of 4 items is used to measure the followers’ Organizational trust. This scale is widely used in previous studies with high coefficient alpha value (Tsai et al., 2007). Wang (2011) reported the high value of coefficient alpha value (\(\alpha=0.95\)) for task performance.

E. Organizational Citizenship Behavior
A scale that is used by Lee and Allen (2002) and also used by Saks (2006) which consists of 8 items is used to measure the followers’ psychological Contract fulfillment. This scale is widely used in previous studies with high coefficient alpha value (Tsai et al., 2007).

F. Liquidity Management
A scale that is used by Cammann et al. (1983) and also used by Saks (2006) which consists of 3 items is used to measure the followers’ psychological Contract fulfillment. This scale is widely used in previous studies with high coefficient alpha value (Tsai et al., 2007). In addition, Wang (2011) reported the high value of coefficient alpha value (\(\alpha=0.95\)) for task performance.

G. Procedure
The current study collected data from the employees of the banks data through questionnaires these employees were working in different departments of universities and colleges. The participants came from a diversity of ranks of organizational hierarchy (low, mid, and upper-level). The data were collected from employees of different branches located in two cities; Lahore and Sargodha by using simple random sampling. About 500 questionnaires were distributed to the employees of the banks. Two ways for questionnaires sharing were adopted. First, an online of questionnaires Second, hard copy of questionnaires were handed over HR with a request to share out among employees. About 320 questionnaires were returned (an actual response rate of 63.4 percent). For the duration of the data screening procedure, ten questionnaires (containing missing values) were eliminated, and ten questionnaires were disqualified because of outliers of values. Remain 300 questionnaires were used in the procedure of analysis (an effective response rate of 59.8 percent).
H. Data Analysis Techniques

To check the perceptions of the respondent, this study used the demographic analysis, descriptive statistics, and correlation analysis and regression analysis is used to test the relationships between variables. The reliability and validity of the constructs is checked by using confirmatory factor analysis. While, this study used the technique of structure equation modeling (SEM) to check the hypotheses of the study.

V. Data Analysis and Findings

Table 1: Measure Model Assessment (Confirmatory Factor Analysis)

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Items</th>
<th>Loadings</th>
<th>Alpha</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Psychological Contract Breach</td>
<td></td>
<td></td>
<td>0.819</td>
<td>0.881</td>
<td>0.654</td>
</tr>
<tr>
<td></td>
<td>PCB1</td>
<td>0.734</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PCB2</td>
<td>0.855</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PCB3</td>
<td>0.847</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PCB4</td>
<td>0.782</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Trust</td>
<td></td>
<td></td>
<td>0.786</td>
<td>0.874</td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td>OT1</td>
<td>0.743</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OT2</td>
<td>0.882</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OT3</td>
<td>0.883</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Reaction</td>
<td></td>
<td></td>
<td>0.071</td>
<td>0.786</td>
<td>0.554</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>JS1</td>
<td>0.744</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>JS2</td>
<td>0.832</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>JS3</td>
<td>0.644</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OCB</td>
<td>OCB1</td>
<td>0.784</td>
<td>0.817</td>
<td>0.867</td>
<td>0.523</td>
</tr>
<tr>
<td></td>
<td>OCB2</td>
<td>0.633</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OCB3</td>
<td>0.792</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OCB4</td>
<td>0.769</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OCB5</td>
<td>0.692</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OCB6</td>
<td>0.652</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 1 highlights the composite reliability, factor loadings and average variance extract that ensure the convergent validity of the variables. It shows the loadings of all the indicators in the respective variables of the study. The convergent validity of the scale is said to be perfect if the items load highly (i.e., > 0.50) on their linked constructs (Hair, Ringle, & Sarstedt, 2011). In this study, all the indicators were loaded on their exacting constructs from a lower bound of 0.590 to an upper bound of 0.852.

Another measures to check the convergent validity are composite reliability and standard variance. If the value of AVE is greater than 0.50 and the value of composite reliability is greater than 0.80 then the convergent validity is perfect (Barclay, Higgins, & Thompson,
The values of AVE of the study are above 0.50 and the values of composite reliability is greater than 0.8 that indicate the perfect the convergent validity of all constructs.

Table 2: Heterotrait-Monotrait Ratio

<table>
<thead>
<tr>
<th></th>
<th>JS</th>
<th>OCB</th>
<th>OT</th>
<th>PCB</th>
</tr>
</thead>
<tbody>
<tr>
<td>JS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OCB</td>
<td>0.084</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OT</td>
<td>0.794</td>
<td>0.85</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PCB</td>
<td>0.836</td>
<td>0.798</td>
<td>0.699</td>
<td></td>
</tr>
</tbody>
</table>

Table 2 of the study presented the HTMT ratio that is an efficient approach to check the discriminant validity of the variables. The value of HTMT ratio should be less than 0.90 to make sure the discriminant validity. The ratio of HTMT of this study is less than the 0.90 that is the proof of discriminant validity (Gold & Arvind Malhotra, 2001).

Table 3: Structural Equation Modelling (SEM) Main Effects

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Standardized Beta</th>
<th>Standard Error</th>
<th>t-value</th>
<th>Decision</th>
<th>R²</th>
<th>F²</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a</td>
<td>PCB -&gt; OCB</td>
<td>-0.529</td>
<td>0.078</td>
<td>6.805</td>
<td>Supported</td>
<td>0.456</td>
<td>0.04</td>
</tr>
<tr>
<td>H1b</td>
<td>PCB -&gt; JS</td>
<td>-0.14</td>
<td>0.109</td>
<td>1.677</td>
<td>Supported</td>
<td>0.431</td>
<td>0.013</td>
</tr>
</tbody>
</table>

Hypothesis 1a predicted the negative relationship between the PCB and organization citizenship Behavior intention of bank customers. Results concluded that the significant and negative relationship between PCB and OCB (β = -0.529, t = 6.805) and support Hypothesis 1a. Furthermore, hypothesis 1b predicted an effect of PCB on Job Satisfaction of bank employees. Results determined a significant and negative effect of PCB and job satisfaction (β = -0.140, t = 1.677) and support to Hypothesis 1b.

Table 4: Moderating Role of Perceived Organizational Trust

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Standardized Beta</th>
<th>Standard Error</th>
<th>t-value</th>
<th>Decision</th>
<th>R²</th>
<th>F²</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2a</td>
<td>PCB *OT-&gt;OCB</td>
<td>0.09</td>
<td>0.089</td>
<td>0.437</td>
<td>Supported</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H2b</td>
<td>PCB*OT-&gt;JS</td>
<td>0.163</td>
<td>0.091</td>
<td>2.037</td>
<td>Supported</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results shown in Table 4, indicated that the interaction terms representing PCB*OT (β = 0.163, t = 2.037) are significant which means that organizational trust significantly moderates on the relationship of psychological contract Breach and employees’ reactions.

VI. Conclusion and Discussions

The result of the current study revealed that PCB is doing a very significant and positive impact in determining enhanced ERs among the Heath workers. Furthermore, the moderating
impact of OT between the relations of PCB and ERs. This impact showed that in existence of health workers small rank of belief on organizations caused depressing actions still when the organization is given that reasonable surroundings and fulfilling their indirect promises.

These outcomes were matching with earlier studies (Chambel, 2014; Ghosh et al., 2014), (Chambel, 2014), (Kraft, 2008), (Elamin & Tlaiss, 2015), (Bal, de Lange, Ybema, Jansen, & van der Velde, 2011), (Loi, Hang-Yue, & Foley, 2006). In addition, when workers observe that association is very soon and trustworthy in its business among them, people lean to show improved ERs. Moreover, the fair feeling inside the association encouraged workers to positive character reactions which in rotate supplement managerial success and efficiency (Gupta & Kumar, 2012), (Elamin & Tlaiss, 2015), (Ahmad et al., 2016) and (Biswas, Varma, & Ramaswami, 2013). In the same way, workers feel pleasure and show improved reactions when organization give pleasant interpersonal surroundings, show be concerned for human resources, complete their indirect promises. Moreover, the PCs implementation have a significant and positive effect on workers’ reactions. (Kraft, 2008) (Moore, 2014) and (S. Ahmad et al., 2016). If association fulfill the PCs, the workers recognize that association principles and they are going to help to achieve the managerial Bunch mark by showing improved reactions. In the same way, my research had as well completed these results in the situation of the health sector in Pakistan. The outcome depicted that the health sector reacted absolutely at what time they observe that the organization provided just surroundings and complete their indirect responsibilities. The result showed that in the existence of OT these interactions were improved into the contrary side. The result was a little dissimilar from theoretical perspectives but similar to past research (Kraft, 2008). For example, Jiang examines the correlation of PCB and ERs in the existence of OT as a moderator between the universities teacher in different countries, i.e. Australia, Korea and China. The outcome of his study exposed that OT in a hostile way moderate this connection that means OT changes the directions of PCB effect on ERs (Jiang, 2015).

The current study has several limitations. This study was collected data at one point due to barriers and social norms. The respondents are interconnected with each other. The data were collected only from the health sector from Gujranwala and Lahore of the provinces of Punjab, Pakistan. Accordingly, the results might not be comprehensive to the other sector workers such as workers of service sector. In addition, this study suggested that to conduct a longitudinal study in future studies. Moreover, this study examined the impact of PCB on ERs.
The current research examined the two mechanisms of ERs: Job Performance and OCB. Upcoming research should take in other apparatus, i.e., job satisfaction and turnover intentions.

References


