



Employees' reactions to psychological contract breach: A moderated mediation analysis

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ABSTRACT

This study examined the mediating role of acquiescent silence in the relationship between psychological contract breach and employee job satisfaction, as well as the moderating roles of perceived ethical climate on that relationship and on the mediation effect of acquiescent silence. Survey data were collected from a sample of 273 full-time employees from nine high-tech firms in Taiwan. The results showed that acquiescent silence partially mediated the relationship between psychological contract breach and job satisfaction. Moreover, the results from the moderation analysis showed that perceived ethical climate moderated the influence of psychological contract breach on acquiescent silence and the results from the moderated mediation analysis revealed that this mediation of acquiescent silence was moderated by perceived ethical climate such that at the lower level of perceived ethical climate, the mediation effect of acquiescent silence became stronger. Implications for managerial practices and suggestions for future research were discussed.

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1. Introduction

Psychological contract refers to employees' beliefs about the mutual obligations or the terms of the reciprocal exchange agreement that exists between themselves and their organizations (Rousseau, 1989). Psychological contract is one form of the social exchange relationship that develops between employees and their organizations, which has been conceived as an important framework for understanding the employment relationship in organizations (Shore & Tetrick, 1994). A core element in the psychological contract is employees' belief that their organizations will fulfill their commitments. When employees perceive that their organizations have failed to fulfill their obligations, the employees will then experience psychological contract breach (PCB; Robinson & Rousseau, 1994; Rousseau, 1995). In other words, PCB refers to the cognitive evaluations of employees about their organizations' failures to fulfill the promised obligations tacitly agreed on in the employment relationship (Morrison & Robinson, 1997). A direct consequence of PCB is a feeling of violation, a negative affectivity referred as psychological contract violation (Morrison & Robinson, 1997; Robinson & Morrison, 2000). The feeling of violation often results in a variety of negative job attitudes and behaviors, such as reduced job satisfaction, organizational commitment, and citizenship behaviors and workplace deviance (Bal, De Lange, Jansen, & Van Der Veld, 2008; Bordia, Restubog, & Tang, 2008; Rosen, Chang, Johnson, & Levy, 2009; Zhao, Wayne, Glibkowski, & Bravo, 2007), consequences harmful to employees' as well as their organizations' performance (Zhao et al., 2007). Though the negative consequences of PCB on employees' attitudes and behaviors are well understood, the mechanisms that cause these consequences are not fully explored.

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In this research, we aim to address the issue mentioned above by proposing and testing the mediation role of acquiescent silence on the relationship between PCB and employee job satisfaction. Acquiescent silence refers to employees' involuntary or passive withholding of relevant ideas or opinions about their own work because of the feeling of resignation (Pinder & Harlos, 2001; Van Dyne, Ang, & Botero, 2003). As a work behavior, acquiescent silence has been found dysfunctional to organizations because it can reduce innovations in workplace (Argyris & Schön, 1978), interfere with organizational change effort (Morrison & Milliken, 2000), and devastate employees' job satisfaction and organizational commitment (Morrison & Milliken, 2000; Vakola & Bouradas, 2005). Compared with deviant workplace behaviors, which are intentional and motivated by the need to restore equity or seek retributive justice (Aquino, Lewis, & Bradfield, 1999; Greenberg, 1990), acquiescent silence is passive, low risk-taking and may be more likely to be used by employees as a response to their perceived workplace injustice such as PCB. Because organizations often monitor and control their employees' work behaviors and performance, the explicit act of workplace deviance runs the risk of being detected and sanctioned by organizations. Acquiescent silence, however, is passive and can hardly be detected by co-workers or managers, which makes it less likely to bring undesirable consequences to employees. When employees feel that they are unable to correct the contract breach made by their organizations, they may choose to stop voicing their concerns about the breach and express a soundless remonstrance (e.g., withholding their comments during a departmental meeting purposely) (Morrison & Milliken, 2000), which constitutes an act of acquiescent silence. Yet, as a more likely response to PCB, the phenomenon of acquiescent silence has not been sufficiently examined by empirical research. Given the possible causal explanation of acquiescent silence on the effects of PCB on employees' job satisfaction, it is necessary to examine whether the acquiescent silence functions as a mechanism to mediate the influence of PCB on employees' job satisfaction. The first purpose of this study is to provide an empirical validation on this mediation role of acquiescent silence.

Another issue deserving our attention is that researchers have not yet sufficiently attended to the influences of organizational contexts on the relationship between PCB and employees' attitudinal and behavioral responses. Employees seldom react similarly to their perceived contract breaches across different organizational contexts (Dulac, Coyle-Shapiro, Henderson, & Wayne, 2008). By examining the moderating effects of job cognitions (e.g., the likelihood of being punished by the organization or the existence of attractive employment alternatives) on the relationship between PCB and employees' withdrawal behaviors, Turnley and Feldman (1999) concluded that organizational situations can moderate the effects of PCB on employees' attitudinal and behavioral responses. In the present study, we argue that perceived ethical climate (PEC), as employees' cognitive awareness of their organizations' moral context, can act as a moderator on the relationship between PCB and employees' reactions to PCB. Our argument is based on Barnett and Schubert (2002), which noted that employees' perception of their organizations' ethical climate is an important factor affecting their causal evaluations of their experienced PCB. Under a higher level of PEC, employees often sense more organizational justice and support (Koh & Boo, 2001), a cognition which deters the causal interpretation of PCB as a wrongful act purposefully committed by their organizations and thus helpful for buffering the negative influence of PCB on employees' attitudes and behaviors. As such, we intended to examine the extent to which the perceived ethical climate, as an important cognition of organizational context, moderates the relationships between PCB, acquiescent silence, and job satisfaction. The second purpose of our study is to verify a moderated mediation model, which jointly examines the moderating effect of PEC on the PCB–acquiescent silence relationship and the moderating effect of PEC on the mediation influence of acquiescent silence on the PCB–job satisfaction relationship. By achieving the aforementioned two purposes, this study may contribute to the literature by enriching our understanding about how PCB can work to affect employee attitudes and behaviors.

1.1. Literature review and hypotheses

1.1.1. Mediating role of acquiescent silence on the PCB–job satisfaction relationship

Based on social exchange theory (Blau, 1964), studies in the literature have shown that employees are likely to respond to PCB with negative affect and job attitudes. For example, PCB has been found to be negatively related to employees' job satisfaction and organizational commitment (Bal et al., 2008; Rosen et al., 2009; Zhao et al., 2007). The negative influence on job attitudes from PCB can lead to various employee counter-productive work behaviors including absenteeism (Deery, Iverson, & Walsh, 2006), psychological withdrawal behaviors (Lo & Aryee, 2003), and workplace deviance (Bordia et al., 2008).

Acquiescent silence, defined as “withholding relevant ideas, information, or opinions, based on resignation” (Van Dyne et al., 2003, p. 1366), is a type of counter-productive work behavior which can be a result of reduced job satisfaction because of PCB. Employees who experienced PCB are inclined to feel unfairly treated and may develop negative affective responses and attitudes, such as the feeling of violation (Morrison & Robinson, 1997) and reduced job satisfaction (Zhao et al., 2007); and, affected by the negative affect and attitudes, employees may choose to remain silent instead of engaging in deviant behaviors as revenge on their organizations for their perceived PCB (Morrison & Milliken, 2000; Ng & Feldman, 2012; Pinder & Harlos, 2001). Compared with workplace deviance, the act of silence can avoid causing disruption of workgroup harmony and detection and sanctions by managers. In other words, when a PCB occurs, employees may feel dissatisfied with their jobs and are likely to passively accept the fact of the breach based on a feeling of resignation. Although the above argument suggested that the affective or attitudinal consequences of PCB could result in employee silence, the opposite may occur. That is, PCB may lead to silence first and the silence then renders a reduction in job satisfaction.

Based on cognitive dissonance theory (Festinger, 1957), Epitropaki (2013) argued that PCB can arouse dissonant cognitions about one's organizations and can stimulate employees to take actions, for example, reducing their level of identification with their organizations, to remedy their cognitive dissonance. As employees' perceived contract breach represents an unmet expectation of the benefits promised by their employers to pay for the contributions they have made to their employers (Morrison & Robinson, 1997), a

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