Disentangling the Effects of Psychological Contract Breach Inducements: Relational and Transactional Contract Elements and the Mediating Roles of Frustration

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ABSTRACT

Studies concerning employment relationship have been attended in the last decade. Particularly, psychological contract is defined as the mutual relationship between employer and employee. However, few studies have explored the different inducements from employees to result in different emotional reactions and performance in the work domain and family domain. Because the different inducements from psychological contract may produce different reactions, this research tries to find out the mediating processes and boundaries of this relationship between PCBs, frustration and affective commitment. This study of 370 participants showed that RCB and TCB results in affective commitment via frustration. Further, individuals with PCBs seemed to result in employee’s frustration, and then his/her affective commitment. These findings provide support for affective events theory and direction for the effectiveness of PCBs increasing employee’s frustration and decreasing affective commitment. We discuss theoretical and practical implications from the results and provide directions for future research.

Keywords: PCB, Affective commitment, Frustration
INTRODUCTION

Research examining employment relationships and their effects on work consequences has increased in recent years (Argyris, 1960; Levinson, Price, Munden, & Solley, 1962; Schein, 1965; Rousseau, 1989, 1990, 1995; Payne, Culbertson, Boswell, & Barger, 2008; Cuyper, Rigotti, Witte, & Mohr, 2008). The psychological contract (PC) is defined as employees’ beliefs concerning the mutual obligations or the reciprocal exchange employments between employees and their organization (Rousseau, 1989). When employees perceive that their organization has failed to fulfill its obligations, the PC is breached (Robinson & Rousseau, 1994). Most prior studies have focused on the employees’ levels of PC breach (PCB) (e.g., Bordia, Restubog, & Tang, 2008; Kiewitz, Restubog, Zagenczyk, & Hochwarter, 2009; Restubog, Bordia, & Bordia, 2011) and the match between promised and delivered inducements (Lambert, 2011; Lambert, Edwards, & Cable, 2003; Montes & Irving, 2008). These assessments have effective relationships between employee’s attitudinal and behavioral responses. Less attention has been paid to the breaches of different contracts, including relational and transactional contract breaches, on job performance outcomes. Prior studies have argued that there are two types of PCs, relational and transactional, which lead to different outcomes (e.g., Bal & Kooij, 2011; Cohen, 2012; Macneil, 1985). One particular concern is the relationship between different types of PCBs and different outcomes. For example, negative emotions and negative evaluations of employees may be influenced by the different types of PCs in which people
perceive an unfulfilled obligation with their organization. Therefore, this study investigates how the types of PCBs are related to negative job behaviors, and how different negative emotions mediate the relationship between the types of PCBs and job behavior.

A characteristic of recent operationalizations of PCBs is that prior studies have focused on the overall level to which an organization has fulfilled its inducements (e.g., Rousseau & Tijoriwala, 1998). This may be realized by either directly asking individuals the extent to which they consider the overall contract to be promised, thereby making a global measure, or by evaluating the average level of fulfillment of a number of standard inducements, thereby making a composite assessment (Lambert, 2003; Zhao, Wayne, Glibkowski, & Bravo, 2007). The average PCB score is made such that the breached and fulfilled obligations have equal influences in the increment or decrement of outcomes. However, because we consider breached obligations as different inducement breaches, it follows that breached inducements have a stronger influence on different employee responses.

According to the affective events theory, a negative event at the workplace causes negative emotional reactions such as anger or frustration (Morrison & Robinson, 1997; Weiss & Cropanzano, 1996). These emotions affect the cognitive evaluations of a person’s job in such a way that the experience of negative emotions will cause increasingly negative job attitudes in the workplace (Proost et al., 2012; Rousseau, 1989; Zhao et al., 2007).

The PC is breached when one or more obligations are not fulfilled (Morrison &
Robinson, 1997; Robinson & Morrison, 2000). A PCB produces a combination of disappointment and anger emotions (Morrison & Robinson, 1997). At its most basic level, the breach causes frustration or anger stemming from the perceived failure to receive something that is both expected and desired (Robinson & Morrison, 1995; Robinson & Rousseau, 1994). With this study, we extend the understanding of PC assessments and outcomes. Compared with the consequences of a breach with a single construct, we argue that different emotions may follow different types of PCBs and mediate the associations between PCBs and employee behaviors.

**THEORY AND HYPOTHESES**

The social exchange theory (SET) emphasizes that people who recognize that they are valued are likely to engage emotionally in their exchanges with others (Blau, 1964). When employees contribute to their organization with high job performance, the organization offers inducements to employees to join and have positive emotions with it. In other words, employees are more likely to feel psychologically attached to their organization and reciprocate with high levels of positive emotions and behaviors when they feel valued and respected.

According to the SET (Blau, 1964), employees in balanced relationships are more likely to report positive job attitudes than employees in unbalanced relationships are. The PC is
defined as “individual beliefs, shaped by the organization, regarding an exchange agreement between individuals and their organizations” (Rousseau, 1995, p. 9). There are two broad categories of a PC, namely transactional and relational (Rousseau, 1995). A relational contract helps facilitate the exchange process because it generates a mutual agreement with the exchange of socioemotional components (Rousseau, 1995), and refers to the long-term aspects of the relationship in which there is a mutual investment in the activities of each party (Rousseau & Parks, 1993). By contrast, a relational contract refers to the components of the relationship that are aimed at mutual investment and career development; a transactional contract refers to the economic components of the exchange agreement between employees and their organization. Rousseau and Parks (1993) argued that a transactional contract refers to the short-term financial aspects of the relationship in which there is little mutual involvement in the activities between employees and their organization.

The breach of a relational contract is likely to reduce both the levels of trust in the employment relationship and identification with the organization, causing individuals to prioritize their interests over those of the organization (Robinson, 1996). When employees with a relational contract perceive that their organization has not fulfilled its promises, they may reduce the affective commitment that they emotionally feel toward their organization (Meyer, Allen, & Smith, 1993). Whereas a relational contract breach (RCB) is likely to reduce affective commitment, in addition, a transactional contract refers to a short-term
involvement with the organization. Therefore, a transactional contract breach (TCB) occurs when employees with a transactional contract focus on the monetary aspects of the exchange agreement with their employer.

Meyer and Allen (1991) argued that affective commitment is a person’s emotional attachment to an organization. Together, RCBs and TCBs are more likely to cause employees to feel psychologically detached from their employers and reciprocate with negative behaviors when feeling unvalued. Therefore, when organizations fail to fulfill their promises, affective commitment is likely to decrease.

**Hypothesis 1a**: An RCB is negatively related to affective commitment.

**Hypothesis 1b**: A TCB is negatively related to affective commitment.

**Negative emotions as mediators of the relationship between PCBs and affective commitment**

When employers fail to fulfil their obligations, employees are likely to experience negative emotions such as anger and frustration, which contribute to the construction of work attitudes and behaviors (Johnson & O’Leary-Kelly, 2003; Mignonac & Herrbach, 2004; Robinson & Morrison, 2000). In addition, a prior study argued that negative workplace feelings such as frustration increase employee deviance in the organization (Bennett & Robinson, 2000). Weiss and Cropanzano (1996) suggested that the particular role of affective reactions in the workplace is a counterbalance to theories that focus exclusively on judgment
processes (Weiss & Cropanzano, 1996). For example, employees responded to contract breaches by lowering their negative emotional reactions and behaviors toward the organization (Morrison & Robinson, 1997; Zhao et al., 2007). Consistent with this statement, different types of PCBs may cause feelings of frustration and anger. These emotions may affect the cognitive evaluations of a person’s job in such a way that the experience of negative emotions react negatively in terms of attitudinal and behavioral outcomes and tend to hinder an employee’s ability to establish positive interpersonal relationships in an organization (Duffy, Ganster, Shaw, Johnson, & Pagon, 2006).

Extensive research has demonstrated the relationship between undesirable job stress and negative employee reactions such as anger (Kahn & Byosiere, 1992; Spector & Jex, 1998). More specifically, employees with PCBs have increased anger and frustration (Morrison & Robinson, 1997). The emotional harms from PCBs are likely to manifest themselves in the form of strain experienced by the employee. The harmful effects of a PCB on an employee’s work life suggest that the ripple effect from the experience of a breach may result in affective commitment being mediated by anger and frustration. In addition, PCBs are likely to result in a combination of disappointment and anger. At its most basic level, the breaches cause frustration or anger stemming from the perceived failure to receive something that is both expected and desired (Robinson & Morrison, 1995; Robinson & Rousseau, 1994). Central to the experience of a breach are the feelings of anger and frustration emanating from the
perception that one has been betrayed or mistreated (Ortony et al., 1988; Rousseau, 1989; Schein, 1965).

This study addresses the aforementioned topics by examining the effects of different PCBs on job behaviors and the mediating role of negative emotions (i.e., anger and the feeling of frustration) on the types of PCBs and job behaviors. These two negative emotions show remarkable differences in their psychological and physiological appearances and lead to different psychological and physiological effects. Thus, frustration and anger may have different effects on cognitive processes in this study. First, psychologically, frustration is “an interference with the occurrence of an instigated goal response at its proper time in the behavior sequence” (Dollard et al., 1939, p. 7) and responds less to anxiety than does anger (Keenam & Newton, 1984); whereas anger theoretically concurs in aggressive tendencies and is built from aggression-related ideas, memories, and bodily sensations (Bodenhausen et al., 1994). Second, frustration does not produce serious physiological effects such as cardiovascular conditions (Berkowitz, 1989); whereas anger produces symptoms of arousal, such as perceptions of greater cardiac activity (Henry, 1986). To the extent that the physiological symptoms of an emotional experience show any direct or indirect influences on cognition, frustration and anger may result in very different consequences.

Because PCBs can induce negative emotional responses from employees (Morrison & Robinson, 1997), and because reluctance to innovate on the employer’s behalf can be
conceptualized as a form of negative reciprocation, employees who perceive critical PCBs are likely to respond with anger and frustration, both immediately after the breach and as time passes. For example, prior studies have found that the perceptions of PCBs increased high levels of employee neglect (Turnley & Feldman, 1999), whereby employees responded by weakening their affective commitment (Ng, Feldman, & Lam, 2011). In addition, Coyle-Shapiro and Conway (2005) argued that different types of PCBs do not occur all at once, but rather happen over time. Thus, we consider anger and frustration as two types of emotional mediations, which the breached employees have the responses to result in affective commitment.

*Hypothesis 2a:* Anger is mediated by the relationship between different types of PCBs (i.e., RCB and TCB) and affective commitment.

*Hypothesis 2b:* Frustration is mediated by the relationship between different types of PCBs (i.e., RCB and TCB) and affective commitment.

**METHODS**

*Participants and procedure*

This study selected the work and home experiences of respondents from a plastic group in Southern Taiwan. Subgroups included manufacturing, electronics, education, and service organizations. Six hundred participants were full-time employees. To avoid a common
method bias, the authors collected data from two independent sources over two time periods.

In this study, the authors assigned two survey periods for the volunteered employees. As was done in other studies, follow-up data were collected three months (Time 2) after the first survey administration (Time 1) (Ng, Feldman, & Lam, 2010; Rosen, Chang, Johnson, & Levy, 2009). The authors handed the survey questionnaires in sealed envelopes to key contacts working in different companies, asked them to distribute the questionnaires and gifts (approximately US$10) to volunteering employees, and asked the volunteers to have their partners complete a separate survey that was also sealed in an envelope with a return stamp. The surveys measured PCBs, frustration, and anger at Time 1 in the workplace. Using the same procedure as at Time 1, each employee was asked to complete the second survey measuring affective commitment at Time 2. At the end of each questionnaire, all participants were asked to provide personal information (e.g., identification and date of birth) to match the two questionnaires.

A total of 412 surveys were returned at Time 1. Three months later, the same 412 employees were invited to complete a second survey in their organizations. At Time 2, 381 samples returned usable questionnaires, yielding a return rate of 92%. After excluding questionnaires with missing or unavailable data, the final sample (370 individuals) comprised 282 (76%) male employees with an average age of 44 years and 88 (24%) female employees with an average age of 41.7 years. Couples had a maximum of four children, and the
minimum number of children was zero. The employees worked an average of 45 hours per week (standard deviation [SD] = 19.50).

**Measures**

*RCB and TCB.* To assess the level of breaches from the employee perspective, this study revised the Rousseau (1990) study and Robinson and Morrison’s (2000) 10-item measure at Time 1. A sample item of the RCB measure was “I almost do not expect to grow in this organization,” and a sample item of the TCB measure was “I cannot gain more monetary benefits from this organization.” As a reliability score, the subscales of alpha coefficients ranged from .81 to .87, implying adequate internal consistency.

*Frustration.* A total of six items was taken from Spector’s scale (1978) to measure employee frustration at Time 1. A sample item was “Now and again I feel thwarted in my efforts to do a good job.”

*Anger.* At Time 1, feelings of annoyance and irritability were assessed using a three-item scale developed by Keenan and Newton (1984). A sample item was “I feel annoyed at work.”

*Affective commitment.* This item was measured using Meyer et al.’s (1993) 3-item measures at Time 2. A sample item was “I believe I have many personal values for this organization.”

*Control variables.* Data analyses controlled for the respondents’ age, sex, job position,
and work hours to minimize the effects of demographic characteristics, because these variables are frequently used in work-stress research (Maslach, Schaufeli, & Leiter, 2001).

RESULTS

Preliminary analyses

Prior to testing the hypotheses, this study conducted confirmatory factor analyses to assess the construct validity of the study measures. Acceptable fit indexes were applied to the hypothesized five-factor model (i.e., with RCB, TCB, anger, frustration, and affective commitment each loaded onto their specific factors), yielding the following: $\chi^2 = 891.60$, a root mean square error of approximation (RMSEA) of .12 ($p < .05$), a comparative fit index (CFI) of 0.91, a Tucker–Lewis index of 0.90, and a parsimonious goodness of fit index of 0.50. These results were close to the model fit indexes, providing sufficient confidence to test the hypotheses.

Hypothesis testing

Descriptive statistics, means, standard deviations, and Cronbach alpha coefficients at T1 and T2 of the sample (N = 370) are shown in Table 2. No demographic characteristics were significantly related to any of the outcome variables. The RCB was negatively related to affective commitment ($r = -0.21$, $p < .01$), and the TCB was negatively correlated with affective commitment ($r = -1.40$, $p < .01$).
Structural equation modeling with LISREL 8.8 software was used (Jöreskog and Sörbom 2006) to examine the hypotheses for this theoretical model. Table 3 indicates that this theoretical model had the characteristics of a fully mediating model. As Table 3 shows, the theoretical model exhibited a fair fit ($\chi^2 = 102.66$ with 3 degrees of freedom; RMSEA = .30; CFI = 0.82; and a goodness-of-fit index of 0.90). However, the results of the structural analysis of alternative models 1–3 did not provide an acceptable fit to the data. Under the principle of model parsimony, these findings suggested that the theoretical model best fits the data of this study.

In the theoretical model, Figure 1 shows that the direct effect of RCBs on affective commitment was significant, supporting Hypothesis 1a. In addition, the results showed the direct effect of TCBs on affective commitment, thus supporting Hypothesis 1b. Anger partially mediated the relationship between two types of PCBs (i.e., RCB and TCB) and affective commitment, supporting Hypothesis 2a. Frustration partially mediated the relationship between two types of PCBs (i.e., RCB and TCB) and affective commitment, supporting Hypothesis 2b (Figure 1).

**DISCUSSION**

This study proposed that negative emotions (i.e., frustration and anger) mediated the relationships between different PCBs and affective commitment. Another purpose of this
study was to examine emotional reactions as mediators of the effects of PCBs. Specifically, this study examined whether employees results in emotional reactions on affective commitment. The findings indicate that negative emotions and negative employee evaluations may be influenced by the different types of PCs that employees perceive are unfulfilled by their organization. This study determined that PCBs result in frustration or anger stemming from the perceived failure to receive something that is both expected and desired. With this study, we extend the understanding of PC assessments and outcomes. Compared with the consequences of a breach with a single construct, we found that different emotions followed different types of PCBs and mediated the associations between PCBs and employee behaviors.

**Implications, limitations, and future directions**

This study builds on the implications of PCBs and different emotional reactions on affective commitment. On the basis of the SET, this study suggests that PCBs may result in negative emotions and a reduced affective commitment. People who recognize that they are valued are likely to engage emotionally in their exchanges with others (Blau, 1964). Therefore, when employees contribute to their organization with a high affective commitment, the organization offers inducements to join and have positive emotions with it. Conversely, employees may not feel psychologically attached to their organization and reciprocate with positive emotions or behaviors when feeling unvalued or disrespected. This study extends our
understanding of the mechanisms underlying the effects of negative emotions on affective commitment. As a practical implication, this study’s findings indicate possible antecedents for anger and frustration. This information is especially relevant to managers in organizations where employees are likely to respond negatively toward their organization on the basis of their personal beliefs. The study also extends research on how employees with PCBs display low affective commitment with their organization through negative emotions.

This study has several limitations. First, most of the data were collected from the same source by using self-administered surveys. Therefore, several precautions were taken to minimize common method variance (CMV), following the suggestions of Podsakoff, MacKenzie, Lee, and Podsakoff (2003). The independent and dependent variables were collected at different times, which introduced a time lag into the data collection to minimize unreliable design and demand characteristics. CMV did not appear to significantly affect this study; however, future studies are encouraged to collect data from multiple sources and to evaluate work behaviors collected from alternate sources. A longitudinal design is also recommended to reduce CMV in self-administered surveys.

A second limitation is that the data were collected from only a plastic group in Taiwan. Many organizational features in this sample are not unique to plastic groups. Therefore, the results may not be generalizable to other sectors. Furthermore, the Taiwanese sample might limit the generalization of results to other countries. Samples from different countries are
essential in establishing whether findings may be generalized to other situations. However, prior studies have employed eastern samples to examine hypotheses based on Western theories (Yen, Yu, & Chiu 2009; Van Dijk & Kluger 2011). Those results resulted in the same outcomes as studies with Western samples. Furthermore, this study controlled demographic variables such as sex and age to reduce the generalizability problem because demographic characteristics are common variables in human studies. Therefore, generalizability might not be a critical problem in this study.

A third limitation is that the results of this study may have been influenced by the cultural environment. De Vos, Buyens, and Schalk (2003) investigated 975 newcomers from 6 large private firms (in the fields of telecommunications, electronics, consulting, and financial services) in Belgium. They found that changes in the perceptions of promises that newcomers made to their organizations were affected by their perceptions of their own contributions. Therefore, it is possible that different contexts may produce different findings. In future studies, researchers should use ratings based on multiple sources, such as supervisors and peers, in different organizational settings.
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