THE IMPACT OF PSYCHOLOGICAL CONTRACT BREACH ON EXIT, VOICE, LOYALTY AND NEGLECT (EVLN MODEL)

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Abstract

Psychological contract existed since 1960's and have been widely researched. This dissertation studies Malaysian workforce's response to psychological contract breach on the EVLN model. The purpose of this research is to understand how psychological contract breach impacts the EVLN model. At the same time two moderating factors were included in this research to analyse how these moderators influence the impact on EVLN model. Variables examined were psychological contract breach, violation, relational psychological contract, Exit-voice-loyalty-neglect. A quantitative survey was carried out and total of 200 usable responses were collected. It was concluded that psychological contract breach impacts both exit and neglect positively and voice and loyalty negatively. Both violation and relational psychological contract moderate the impact between psychological contract breach and the EVLN model.

CHAPTER 1

INTRODUCTION

1.1 Background of the study

Rapid technological advancements, competitive business environments and economic pressures put companies today to the need to perform aggressively and to bring their products to market as quickly possible. Organizations are highly depends on its human capital to grow and compete in the marketplace. However, high turnover rates, tapping on the right skill sets and talent retention are some of the major issues faced by organizations today. Therefore retaining the right talents with an organization is equally important as hiring the right talents. Both organizations and employees working for that organization need to grow to achieve their individual goals. For organizations to keep their talents, fulfilling employees' reasonable needs are essential. Employees' today are not only driven by monetary benefits such as competitive salary which is part of their legal employment contract but they also expect intangible benefits in their employment package. This elucidate the significance of psychological contract in today's working environment.

Psychological contract have been used to examine the impact of a wide range of different types of change such as outsourcing (Agerfalk and Fitzgerald, 2008; Koh,

Ang and Straub, 2004), the effects of downsizing (Feldheim, 2007), transitions to market economies (Kase and Zupan, 2007), and behaviour and shifts from collective to individual employee representation (Calo, 2006). Researchers typically examine how the various types of organizational changes alters each party's perceived obligations and how such psychological contract changes affect employees' behaviours and attitudes. Hence it is reliable and proven theory to be used in this research as the aim of this research is to examine the impact of psychological contract breach among Malaysian employees and to analyse their responses in the event of a psychological contract breach takes place on Exit-Voice-Loyalty-Neglect (EVLN). According to Hirschman's study 1970 (as cited in Farrel, 1983), EVLN model is a tool used to identify ways employees use to respond to job dissatisfaction.

1.2 Problem statement

A good employer-organization relationship is inevitable for a happy and satisfied workforce, and eventually to a successful organization as a whole. When employees of an organization are happy, they will work towards the success of that organization by contributing extensively for its growth. There is a growing trend in today's leaders whereby they give considerable importance in caring for their employees' needs in order to be successful in the business arena.

In the context of Malaysian workforce, an *Employee Job Happiness Index 2017*, study conducted by jobstreet (2017) revealed that in Malaysia the unhappy employees outnumber happy ones.

According to the survey, almost half of the respondents (52%) are unhappy and feel disengaged with their roles. Among the top 3 reasons collected was unhappiness with 'management and leadership team', lack of career development and lack of training opportunities (jobstreet, 2017). Therefore it is imperative for employers to understand the changing landscape of the needs of employees in both tangible aspects such as competitive salary and other monetary benefits as well as intangible aspects which constitute of career development pathway, training as well as a good management practices in order to uplift employees' happiness in the workplace. This demonstrates the importance of psychological contract among the employees on top of the legal employment contract among Malaysian workforce.

Therefore it is necessary to explore further the psychological contract in the Malaysian workforce context. There are various studies done in Malaysian context touching psychological contracts covering moderating effect of utilisation of emotion on the relationship between grit and psychological contract (Ramasamy and Mun, 2017), downsizing and survivor reactions in Malaysia: modelling antecedents and outcomes of psychological contract violation(Arshad and sparrow,2010), and role of organizational justice in determining work outcomes of national and expatriate academic staff in Malaysia (Hassan and hashim,2011). However, to the best knowledge of the researcher, there are very limited study done in relation to psychological contract breach and its impact on EVLN model in Malaysia and the researcher intend to address this gap in this study. Hence the problem statement is, How psychological contract breach impacts Malaysian workforce and how the employees respond to the EVLN model?

However, there are other contributing factors that need to be considered when analysing the impact of psychological contract breach on the EVLN model as breach itself might not cause direct impact to the EVLN responses. Hence, it is necessary to study the moderating factors that contributes to the quantum of the impact. There are two variables identified which could probably moderate the impact. Violation and relational psychological contract will be used as moderators between psychological contract breach and the EVLN responses in this research.

1.3 Research Objective(s)

1.3.1 General objective

The overarching aim of this research is to examine the impact of psychological contract breach on EVLN responses among Malaysian employees. Essentially the research intend to examine the following specific objectives as an overall study.

1.3.1 Specific objective

This study intend to achieve below listed specific objectives derived from overall objective stated above:

- (a) To examine the impact of psychological contract breach on Exit responses of EVLN model
- (b) To examine the impact of psychological contract breach on Voice responses of EVLN model

- (c) To examine the impact of psychological contract breach on Loyalty responses of EVLN model
- (d) To examine the impact of psychological contract breach on Neglect responses of EVLN model

Additionally, the researcher would like to examine other contributing factors that might influence the impact between psychological contract breach on the EVLN model. Two factors have been identified. (1) Violation and (2) Relational psychological contract. These two factors will be used as moderators in this study to examine their role in moderating the impact.

1.4 Research Questions

- 1. How psychological contract breach impacts Exit responses?
- 2. How psychological contract breach impacts Voice responses?
- 3. How psychological contract breach impacts Neglect responses?
- 4. How psychological contract breach impacts Loyalty responses?
- 5. How violation moderates the impact between psychological contract breach and EVLN responses?
- 6. How relational psychological contract moderates the impact between psychological contract breach and EVLN responses?

1.5 Significance of the study

This study will contribute to the body of knowledge by examining the impact of psychological contract breach from employee's perspective and their responses when they experience job dissatisfaction in Malaysian workforce context. It will also provide additional information to the line managers and Human Resource department personnel to acknowledge the need to consider psychological contract in their hiring process and the need to be vigilant to employees' needs, especially when managing a different generation of workers collectively. Additionally for the policy makers, psychological contract can be part of their employment related planning and executions in future to build a satisfied workforce.

1.6 Definition of terms used

Table 1.6A Summary of terms used

	Definition of terms used
Exit	Refers to voluntarily withdrawing from an organization by quitting or (thinking about) quitting, search for another job, or getting transferred to another job within the same organization (Rusbult et al. 1988).
Voice	Voice referring to a situation where people actively and constructively try to improve working conditions (Naus and Roe, 2007).
Loyalty	Loyalty refers to optimistically wait for conditions to improve, by supporting their organization and demonstrating good citizenship (Rusbult et al. 1988).
Neglect	Passively allow conditions to deteriorate by reducing one's interest or effort, absenteeism or regularly late to work, or reduced the quality of work (Rusbult et al. 1988).

1.7 Conclusion

This chapter provided an insight into the research project. Concise background of the study and problem this research intend to examine is presented to provide an overview for the readers to understand the overall purpose of research. Following chapter will detail down the literature review related to this research paper.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter will provide relevant literature related to psychological contract breach and the EVLN model. The research examines psychological contract breach as the independent variable and Exit-Voice-Loyalty and Neglect as dependent variables. Violation and relational psychological contract are used as moderators in this study. The study is based in psychological contract theory and EVLN framework. The literature review section is structured by introducing psychological contract theory, followed by the psychological contract breach, the EVLN framework and subsequently two moderators used in the research (violation and relational psychological contract) will be discussed. At the end of the literature review, hypotheses and conceptual framework will be discussed.

2.1 Psychological contract theory

In order to understand psychological contract breach, it is important to have some background on psychological contract itself. The term psychological contract is in existence since 1960's. In general, psychological contract is characterized as an

individual's belief about the terms and conditions of a mutual exchange contract between her/him with another party (Robinson, 1996).

Another popular definition about psychological contract is 'individual beliefs, shaped by the organization, regarding terms of an exchange agreement between the individual and their organization' (Rousseau, 1995, p. 9) beliefs in the sense refers to an employee's own interpretation of both explicit and implicit promises. In organizational setting, psychological contract is an unwritten or undocumented agreement that bounds both employee and employer and serves as mutual agreement between the two parties (Robbins, 2003). These definitions provides a concrete foundation to understand how psychological contracts are associated with employees and organizations and its need to maintain an employee-organization relationship.

2.1.1 Parties involved in psychological contract

It is important to understand the parties involved in psychological contract in order to understand how it is emerges. Psychological contract emerges when any two individuals develop a relationship that involves a continuous exchange of either tangible or intangible things. In general psychological contract applies to other relationship such as tenants and landlords, teacher—student relationships, students and their professor, customer relationships and corporate reputation, IT outsourcing interfirm relationships (Conway and Briner, 2005). However, in work context, psychological contract generally refers to an individual employee's perspective with regards to their relationship for the organization they work for.

It was further argued that, employees' beliefs pertaining to his or her employment relationship might not necessarily shared by agents of the employing organization (Morrison and Robinson, 1997). This was further supported by Rousseau (1989), by stating that psychological contract is expectations held by a person which might or might not be shared by others and implied contract on the other hand as commonly shared and understood expectations. Therefore psychological contract is very much depend on the beholder and very important in work context.

2.1.2 Conceptualization of psychological contract

Researchers have conceptualized the relationship between employee and organization as a social exchange relationship. Based on this concept an organization provides its employees with socioemotional and material rewards as an exchange to their effort that helps an organization to achieve its goals and desires (Eisenberger et al. 1986; Rousseau 1995). This conceptualization formed the foundation for the psychological contract theory which forms the unwritten promises that employees presume that an organization have made to them with regards to job security, training, promotions and other factors that was not explicitly mentioned in their written contracts (Rousseau, 1995).

2.1.3 Reciprocal exchange

At the foundation of the employee-organization relationship is a psychological contract, comprised of beliefs about reciprocal obligations between the two parties (Rousseau, 1989). Reciprocation is defined as 'the process of fulfilling a contractual

relationship in which both parties seek continuously to meet their respective needs' (Levinson et al., 1962, p. 38). Hence it can be concluded that the driving force behind reciprocation is the needs that both employer and employee owe. From employee's perspective, when their needs are not met, they reciprocate with negative behaviour and attitude such as withholding effort and lower satisfaction. In practice psychological contract is viewed as the exchange to the employment contract in terms of exchanging an employee's creativity, flexibility, effort, skills knowledge, and abilities in return for pay or financial, job security, opportunities for advancement, status, and so on from the organization they worked for (Conway and Briner, 2009).

According to Rousseau(1995), employees' beliefs in reciprocal exchange arise due to situations such as overt promises(i.e bonus and promotion discussed during hiring process) as well as due to various factors that each party may take for granted such as fairness and good-faith. It was further argued that, while other types of agreements requires a verifiable document such as (i.e legal contracts), an actual agreement is not deemed necessary in psychological contract. What is significant is whether the parties involved in perceives agreement; 'Agreement exists in the eye Of the beholder and not necessarily in fact' (Rousseau and McLean Parks, 1993, p. 3).

In summary, psychological contract is defined as employees' beliefs about the reciprocal obligation between two parties (employee and his or organization) where these obligations are perceived promises and not necessarily acknowledged by the

agents of the organization and the researcher's conceptualization of psychological contract is consistent and align with this definition.

2.2 Psychological contract breach

Psychological contract breach occurs 'when one party in a relationship perceives another to have failed to fulfil promised obligation(s)' (Robinson & Rousseau, 1994, p. 247). Studies have indicated, when psychological contract is fulfilled employees often demonstrate a positive attitude and wellbeing towards work (Conway et al. 2011), have uplifted job performance (Turnley et al. 2003; Walker, 2013) and willing to embrace an identity with their organization (Rodwell et al.2015). On the other hand, when psychological contract is breached, it leads to unfulfilled need and followed by reactions such as frustration, anger and hatred (Conway and Briner, 2005).

The possible scenarios that creates psychological contract breach can be easily seen in the work environments. For instance, an employee is expected to work within the operating hours of an organization. However, the employee might be willing to extend the working hours with the intention that his effort will be recognized and expect some monetary rewards in return. This expectation might not be materialized due to favouritism or bias or could be due to financial constraints from the employer end. In this case the employee's psychological contract is being breached. This scenario is considered as a gap of understanding between employer and employee as it was not explicitly mentioned to the employee that extra hours will lead to any kind of rewards. According to (Lester et al. 2000), when both employers and

employees failed to deliver what was promised or in the event of misunderstanding arises, it will lead to psychological contract breach.

2.2.1 Reneging and Incongruence

Reneging and incongruence are identified as the two root causes related to psychological contract breach (Morrison and Robinson, 2000). Reneging refers to a situation when the agents of an organization acknowledge that there is an obligation that need to be fulfilled and deliberately failed to meet that obligation. For example, a manager promised explicitly that an overseas assignment will be given within 2 years after joining and failed to uphold to it.

Conversely, incongruence happens when agents of an organization and employees completely have different opinion to determine the nature of given obligation and its existence. We can apply the same example mentioned, but the manager could have said 'people tend to be assigned to overseas assignment – generally within 3 years'. The misinterpretation from employee's end will cause a psychological contract breach.

Both reneging and incongruence may lead to psychological contract breach by creating inconsistency between what was understood by the employee and what was explained by the employer (Morrison and Robinson, 2000). I argue that in the context of Malaysian workforce, both this elements are very crucial in determining employees' response towards EVLN model as the nature of these two elements influences employees' decision making.

2.2.2 Implications of psychological contract breach

Researchers have associated psychological contract breach with employees' attitudinal responses such as reduction in job satisfaction, reduced organizational commitment and increase in intentions to leave an organization (Robinson, 1996; Robinson and Rousseau, 1994; Turnley and Feldman, 1999). These factors, in turn, are largely associated with employee behavioural responses, such as job performance (Li et al. 2016). The same argument was iterated by stating, psychological contract breach will result in reduced dedication and job contentment (Lambert et al. 2003), debased organizational commitment (Conway et al. 2011) and greater intention to leave the company (Dulac et al. 2008).

Besides the above mentioned responses, it was further illustrated that, an employee's perceptions of psychological contract breach will created negative outcomes for both the organizations and employees. Employees are anticipated to suffer from emotional reactions to the extreme level, withdraw from positive behaviours that they used to demonstrate and also they will develop negative attitude towards their organization following breach (Conway and Briner, 2005).

Conway and Briner (2005) also argued on the same ground stating, psychological contract breach is a vital aspect in explaining negative outcomes from employees as it will impact the emotional wellbeing and behaviours. Therefore I argue that in the context of Malaysian workforce, the implications derived from psychological contract breach will have severe impact on employees and crucial to be studied.

2.3 Exit, Voice, Loyalty, and Neglect (EVLN) framework

Psychological contract breach, its root causes and implications were discussed above and it was argued that when employees' experience psychological contract breach, it will create job dissatisfaction. As described in chapter 1, EVLN framework is used to identify ways employees use to respond to job dissatisfaction. The EVLN framework will be discussed in detail hereafter.

EVLN framework gives a typology of general reactions to dissatisfaction in exchange relationship (Rusbult et al. 1988). This framework (refer figure 2.0) consist of both constructive elements and destructive elements. Voice and loyalty are constructive as they are used to maintain satisfactory employment relationship and destructive elements are in exit and neglect as they are generally used when employees' already decided that the relationship is not worth maintaining (Si et al. 2008).

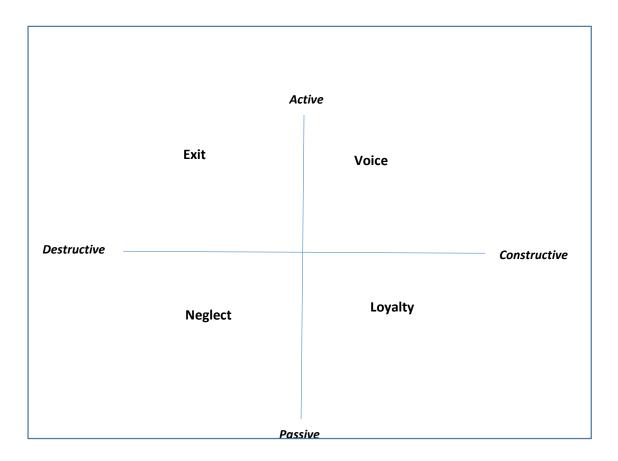


Figure 2.0: exit, voice, loyalty and neglect responses (Hagedoorn et.al 1999)

2.3.1 Exit

Exit is associated with the intention of leaving the organization by (1) quitting the job, for instance, if an employee think he should be send to overseas assignment due to his seniority and that psychological contract is breached, he may choose to leave the organization to some other organization which might recognizes his effort; (2) finding new job opportunities outside the organization or getting transferred to another department (i.e, request to transfer out from customer service department to payment collection department) within the same organization, hence this action also considered as leaving an organization due to circumstances that doesn't allow

quit as an option when faced with uncomfortable situations in their work (Naus and Roe, 2007).

Some of the previous studies on paid employees suggests that psychological contract fulfilment is negatively related to exit responses (Si et al. 2008; Turnley and Feldman, 1999). In contrast, I predict the responses will be relatively opposite in the context of psychological contract breach as breach will invoke behavioural and attitudinal responses. Hence, I would like to test the exit responses within psychological contract breach among Malaysian workforce. I therefore hypothesize that:-

H1: Psychological contract breach relates positively to exit responses.

2.3.2 Voice

Voice is referring to 'actively and constructively trying to improve conditions through discussing problems with a supervisor or co-workers, taking action to solve problems, suggesting solutions, seeking help from an outside agency like a union, or whistle-blowing' (Rusbult et al. 1988, p. 601).

We can view voice as an avenue that is used to enhance working conditions. For example, if an employee is not satisfied with the working environment as the consequence of psychological contract breach, he or she could actually explain the situation as well as their feelings to their supervisors and seek for clarifications. This could probably provide some solutions rather than completely exiting an organization.

According to Hegedoorn et al. (1999), voice is categorized as (1) considerate voice, whereby employees' use it constructively in their reaction to uncomfortable situations with the intention to solve the problem OR (2) aggressive voice, in where they can react destructively to uncomfortable events with the intent to take advantage of situations with selfish intention. I predict, in the context of Malaysian workforce when employees' experience psychological contract breach, it will be more to aggressive voice as they want the situations to improve by expressing their unhappiness. Therefore constructive voice will be of less of importance as generally the turnover rate in Malaysian firms are higher. I therefore hypothesize that:-

H2: Psychological contract breach relates negatively to constructive voice responses.

2.3.3 Loyalty

Loyalty is defined as waiting for situations to improve while giving support to the organization from both public and private perspectives, practice good citizenship behaviours or waiting and hoping for improvement over the time (Si and Li, 2012). From the employee-organization context, employees' whom respond from loyalty perspective, remain with the organization and continue to support it and they are optimistic that situation will change and improve eventually (Rusbult et al. 1988).

According to a study conducted in Hong Kong with regards to psychological contract breach, have indicated that employees are generally loyal to their employers. When there is psychological contract breach occurs, Hong Kong employees tend to demonstrate decreased loyalty towards their organization, less

willing to engage in citizenship behaviours and show reduction in job satisfaction (Kickul, Lester and Belgio, 2004).

As suggested by Robinson and Rousseau (1994), paid employees will lower their effort as a way to show their reduction in loyalty .Likewise, studies have indicated that when employees feel their psychological contract is being maintained or upheld will show increased level of work commitments(Sturges et al. 2005). Restubog and Bordia (2006) stated that the effects of breach will be exaggerated in mutual relationships as it is an indication of betrayal. When psychological contract breach is experienced, I predict that employee's would reduce their loyalty towards their organization as the feeling of untrustworthiness will emerge.. I therefore hypothesize that:-

H3: Psychological contract breach relates negatively to loyalty responses.

2.3.4 Neglect

Neglect defined as allowing situations to get worse through reduced effort or interest, develop the attitude of absences or late to work, making use of working hours for personal business and increase in error rate (Si and Li, 2012). Previous studies have highlighted that among paid employees, individual who perceived a lack of fulfilment shown less effort, high absence rate and the quality of their work will deteriorate (Turnley and Feldman, 1999). For instance, if an employee feels that he is not getting noticed or acknowledged for the effort he put in over the weekends to sort out some critical problems, he might stop contributing the extra hours and spend it with his family. His assumption of extra hours to be reciprocated

by his employer did not materialize and might cause a psychological contract breach. Subsequently, his or her attitude towards work will be influenced by the characteristics described above. Hence, psychological contract breach will invoke strong neglect responses among employees. I predict the same scenario is being experienced by would Malaysian workforce. I therefore hypothesize that:-

H4: Psychological contract breach relates positively to neglect responses.

2.4 Violation and relational psychological contract as moderators

Previous researches have mainly explored the effect of psychological contract breach to the EVLN model (Si and Li, 2008; Vantilborgh, 2014) with certain moderators or mediators such as trust and organizational commitment. However there are other contributing factors that possibly impacts the relationship between these two variables that was not explored in the past researches. For instance, the actual breach may not be that impactful if the breach did not activate violation in employees.

Hence, violation, plays an important role in determining the EVLN responses an employee choose in the event of a psychological contract breach. As the consequence of violation, the response by an employee could vary. When an individual perceive low psychological fulfilment, they may develop feelings of distress, disappointment, frustration and anger. Such emotions might create changes in their behaviour and attitudes (Morrison & Robinson, 1997). I argue that psychological breach will carry even stronger emotional feeling among employees.

Therefore it is important to study the nature of such factors that contributes to the EVLN responses. This research will capture a combination of moderating factors that contributes to the impact to the EVLN responses among employees. Relational psychological contract and violation are introduced as moderators in this research.

2.4.1 Relational and transactional psychological contract

Literatures also pays great emphasis on two broad areas of psychological contract which are categorized as transactional in nature and also those are relational based. According to Rousseau and McLean Parks, 1993 (as cited by Millward and Hopkins, 1998), contracts based on transactional nature is consist of discrete, short term and monetary base obligations with limited involvement from both employee and the employer. In contrast, relational based psychological contract on the other hand entails broad, open ended and long term obligations, and it is based on both monetizable as well as socio-emotional elements such as support and loyalty.

Psychological contracts are characterized as a continuum ranging from transactional to relational. The earlier is associated with economic exchange and later as social exchange (Blau, 1964). It was further proposed that in transactional contracts, individuals are compensated based on satisfactory performance and they are employed based on their current value to an organizations whereas a relational contract is not restricted by any time frame and it establishes a continuous relationship between and individual an organization. Additionally, under the transactional psychological contract, an individual is acknowledged based on their unique skill sets and competencies required to perform certain job demands which

fits the characteristics of an exchange relationship and basically for the transactional oriented individuals, their working organization is merely a place to work. They invest less emotion and dedication to their organization and their focus is to seek instant reward out of the employment such as monetary rewards as well as credentials.

Relational psychological contract on the other hand, suggests that employees identify themselves with an organization through promotion within, socialization and mentoring (Rousseau, 1995). It implies that individual will fully incorporate a company's culture and values and link it as their identity with and organization. Cuyper and Witte (2010), in their theoretical contribution have associated the description of transactional and relational contracts to two different types of employees. They emphasized the former to temporary or contractual workers and the later to permanent workers of an organization. I uphold the same understanding in Malaysian workforce context as generally job seekers look for permanent jobs compared to temporary or contractual jobs. On top of job security, permanent employees will develop loyalty as the duration of permanent jobs is relatively longer than contractual jobs which cultivates a relational bonding between employees and their working organizations.

Hall and Mirvis ,1995 (as cited by Millward and Hopkins, 1998), have proposed that employees attached to the core business of an organization are having more relational contract in nature compared to those on the periphery of the organization whom are more transactional in nature.

Hence, I predict that the type of psychological contract an employee establish with an organization have strong influence in the impact between psychological contract and exit-voice-loyalty-neglect responses. However, I would like to examine the relational psychological continuum in this research as in the relational contract continuum, the locus of responsibility resides on employer, meaning employees will stay loyal to in return for long term benefit like career development as well as job security (Millward and Hopkins, 1998). Hence, I predict relational psychological contract will be a moderator in the EVLN responses. I therefore hypothesize that:-

H5: Relational psychological contract moderates the impact between psychological contract breach and exit, voice, loyalty and neglect responses.

2.4.2 Psychological Contract violation

Some background around psychological contract violation is necessary before understanding how it develops. Violation is involving "feelings of betrayal and deeper psychological distress [whereby] ... the victim experiences anger, resentment, a sense of injustice and wrongful harm" (Rousseau, 1989: 129). It implies that, violation goes a long way past the negligible discernment that a promise have been broken, and it is sensible to accept that employees can see that their organization have neglected to fulfil a commitment without encountering the solid emotional reaction related with the term violation.

According to (Morrison and Robinson, 1997), violation is the emotional and affective state that might, under certain circumstances, continue from the belief that an employee's organization have failed in adequately maintaining the psychological contract. Similarly, violation was defined as the 'failure of organizations or other parties to respond to an employee's contribution in ways the individual believes they are obligated to do so' (Rousseau, 1989, p. 128). Rousseau's argument was, perceived violation would damage relationships, leading to extreme emotional reactions such as outrage, withdrawal of trust, commitment and behaviours crucial to the organization.

Violation is perceived as multifaceted. Emotions literatures have defined violations reflects an "emotional blend" or a combination of first-order feelings (Robinson and Morrison, 1997). On the same note, the combination of anger emotions and disappointment emotions forms violations. At very minimum level, violation involves distress, frustration and disappointment originated from perceived failure to get something that is both desired and expected (Robinson and Morrison, 1997). It was further stressed that central to the experience of violation are feeling of resentment, anger, indignation, bitterness, and even outrage that discharge from the perception that one have been mistreated or betrayed (Robinson and Morrison, 1997). Violation represents the readiness for action from the mental state with a "feeling" that is experienced at a deep visceral level. This particular feeling state might be accompanied by: inability to detach oneself from the issue which will give rise to the emotion, expression of distress and anger such as tone of voice and

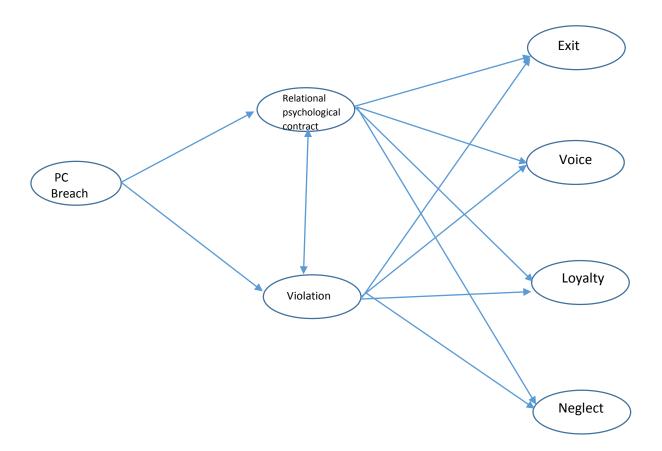
gestures (Robinson and Morrison, 1997). The blend of all these emotions can lead to behavioural and attitudinal responses.

According to affective events theory, events that happens in work will evoke specific emotions which in turn, prompt certain behaviour and attitude due to its influence to both the content as well as the process of individual's thinking (Zhao et al. 2007). Hence, I predict violation plays a vital role in moderating the EVLN responses when psychological contract breach is experienced. Therefore I hypothesize that:-

H6: Violation moderates the impact between psychological contract breach and exit, voice, loyalty and neglect responses.

There is a gap identified in the literature whereby the previous studies in relation to psychological contract breach did not addressed the role of violation and relational psychological contract in determining the EVLN responses. My study will fill this gap. Figure 2.6 is the conceptual framework proposed for this research. The conceptual framework is adopted from psychological contract theory and EVLN framework. This conceptual framework identifies the dependent and independent variables and to illustrate their relationship as well as the moderators used in this research. The variables and hypotheses were discussed in the section above.

2.5 Conceptual Framework



2.6 Conclusion

This chapter covered the literatures related to the dependent independent and moderating variables used in the research. It also provides an insight into the previous researches done in relation to psychological contract. Hypotheses were developed together with conceptual framework. Following chapter will introduce the research method used for this research.

CHAPTER 3

RESEACRH METHODOLOGY

3.1 Introduction

The previous chapter demonstrated the conceptual framework and in detail hypotheses development. It sets a base for the subsequent chapter which will detail down the analysis, results of the findings and conclusion. Chapter 3 primarily describes and discuss the methodology used in collecting data required for this research. In total seven constructs used in this study and each construct used in this study was carefully evaluated.

3.2 Research Design and strategy

Research design serves as an overall plan on how the research questions will be answered and it contains concise objectives derived from research questions a study intend to address, the data collection sources, data collection process and analysis techniques (Saunders et al. 2012). It involves, making appropriate decisions in terms of methodological choice (quantitative, qualitative or multiple methods) as well as deciding on the research strategies such as a case study, an experiment or a survey depending on the nature of the research. Design technique, procedures, sampling methodology, budget and schedule should be considered in planning a research design (Hair et al.2006).

3.3 Research Methodology

Quantitative methodology is used in collecting data for this research paper. "Quantitative" is a synonym for any data collection, for instance questionnaire or data analysis process, for instance statistics that uses or generated numerical data (Saunders et al. 2012). This was further supported by Hair et al. (2006), whereby it was argued the ultimate aim of quantitative study is intended to provide facts that enables researchers to predict the causal relationship between dependent and independent variables proposed, acquire meaningful knowledge on the relationship and to validate it finally. This concept is very much what the researcher of this paper is trying to achieve.

According to Hair et al. (2006), the general emphasis in quantitative research was meant to use formalized common questions as well as pre-defined options for response in surveys. The purpose of using survey questionnaire is to administer large number of respondents. This is further endorsed by (Creswell, 2003), by reiterating the intention to generalize the sample to a population. With this, data collection for this research will be done through self-administered questionnaire via survey.

Survey is generally associated with deductive research approach and frequently used in business and management researches to seek answer to 'What', 'Who', 'Where', 'How much' and 'How many' types of questions. Surveys using questionnaires as the instrument gained its popularity as it applies collection of

standardized data sizeable population in most economical way (Saunders et al., 2012). As the researcher would like control the expenses in conducting the data collection and in the interest of time, survey will be used for this research.

With this established method, my research used an online survey to get responses from employees working in Kuala Lumpur, specifically in Golden Triangle. Originally the questionnaire was distributed through Google forms for the necessary data collection required. Major advantage of using online survey is due to its ability to cover large sample size by increasing the geographical flexibility (Hair et al., 2006). According to (Roztocki, 2001), online surveys are less expensive, have the ability to reach respondents in shortest time and also reduce human error. On the other hand, there are some potential problems that may arise as part of this process as well such as chances of same participant submit multiple responses, incomplete responses, invalid responses or biased responses (Roztocki, 2001). However, along the way, researcher hit with difficulty to control the originality (same respondent with multiple response) and at the same time, the response rate was very low in the first week since the questionnaire was released for response. With the experience, I quickly switched to physical data collection method through face to face meeting the respondents.

3.4 Data collection and analysis approach

Primary data is data collection explicitly for a specific research problem with the use of procedures that fit the intended purpose, and the generally accepted method is survey (Hox and Boejie, 2005). Accordingly Hox and Boejie (2005), also

explained that survey serves as platform to ask large quantity of questions and responses generally predefined standardised in nature.

The questionnaire for this survey is split into four different sections whereby the first section meant to collect demographic profiles such as gender, tenure with current organization, job nature, level of education, age group and occupational category. The subsequent three sections is used to measure the constructs of the research.

3.5 Sampling Design

3.5.1 Target Population

A population is the identifiable total set of elements (people, products, physical entities, organizations) of interest being studied by a researcher (Hair et al., 2006). Sampling design is set to begin with a target population. For this research, since the study is meant examine psychological contract breach in the working context, the targeted respondents will be the employees working in the Kuala Lumpur (Golden triangle) in private sector as the context and subject might not be suitable for public servants. The respondents must have working experience to take part in this survey, hence pre-screening was done by asking whether they are employed and with minimum number of working experience of 1 year.

3.5.2 Sampling Element

Generally in researches, an element is a group of individuals or a particular product and can consider as target population frame from which samples are drawn, hence the element might consist of identified individuals or organisation (Hair et al. (2006). Referring back to section 3.5.1, the targeted population are employees are people working in private sector in Malaysia.

3.5.3 Sampling Unit

The targeted respondents are employees working in the Kuala Lumpur (Golden triangle) in private sector. The researcher collects data by meeting people face to face since respondents are always accessible during the research.

3.5.3 Sampling Technique

There are 2 sampling techniques available; (1) Probability sampling and (2) non-probability sampling (Hair et al. 2006). Within nonprobability sampling, there are four different categories mentioned namely; convenience sampling, snowball sampling, quota sampling and judgement sampling (Hair et al. 2006). Accordingly nonprobability sampling technique with convenience sampling is used in this study with convenience sampling. The reason why researcher chose convenience sampling is due to ease of availability and due to limited time available to complete the research. Saunders et al. (2012), also highlighted that convenience sampling is tend to suffer from influences and bias beyond the researchers' control.

3.5.4 Sampling Size

Sample size and techniques used are influenced by resource availability, particularly financial resources and time availability to conduct and analyse the data collection. There are many factors that contributes to sample size of a research. Generally it covers deadlines, research budget, confidence level, sampling method and precision (Stat Trek, 2016).

In view with this, a target sample size of 220 respondents used for the data collection. Once the data collection phase completed, the unusable and incomplete responses were discarded and researcher applied the Cochran's formula to ensure the collected responses are sufficient for this study. The formula is used as below:-

$$n = [Z2*p*(1-p)]/e2$$

Where

n	number to sample
\mathbb{Z}_2	1.962 (Z value for 95% confidence with α =0.05)
p	0.5 (percentage picking a choice, expressed as decimal)
e	margin of error

Confidence level determines the standard errors being added or deducted to acquire the desired confidence percentage Rumsey (2011). Researcher chose, 95% as the confidence level for this research. The equivalent Z value for 95% is 1.96.

According to Saunders et al. (2012), a 5% margin of error is tolerable in researches. However, another source suggested that for sample size with range from 200 - 300, 6% - 7% of error margin is permitted. (Hunter, 2016; Riley Research Associated; n.d.). I have observed this suggestion and the margin of error for this study is within 5%.

In total, 220 responses collected from the questionnaire distribution. From the total responses 20 is deemed unusable. Therefore, the deemed valid 200 responses were used in this paper. The sample justified with margin of error at 5.8% (e = 0.058).

n = [Z2*p*(1-p)]/e2

200 = [1.962*0.5*(1-0.5)]/e2

e2 = 0.9604/200

e = 0.006

3.6 Research Instrument

A research instrument is defined as a ruler, microscope, questionnaires, scale, or

any other devices used to measure something that is identified. It was also suggested

that generally there are four different survey methods; (1) automatic or computer

assisted survey techniques, (2) telephone-administered, (3) person administered and

(4) self-administered (Hair et al. (2006).

For this research purpose, the survey was self-administered for data collection

purposes. Respondents were given the freedom to answer questions without the

presence of researcher for the online survey method.

During the face to face sessions, respondents were also given personal space to

answer by themselves. However, when respondents asked for clarifications,

explanation and relevant assistance was rendered without impacting the response.

The questionnaire was only prepared in in English due to the fact that English is

both written and spoken language in Malaysia. The questionnaires are derived from

previous related studies in the same nature of psychological contract context.

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3.7 Pilot Test of the questionnaire

Pilot testing is highly recommended before releasing the questionnaire to wider audience. The reason being, pilot test will provide the avenue to refine and correct the flaws or errors in the questionnaire. It will ensure the respondents will not face any major issues in answering it and at the same time it mitigate the need to rework the entire questionnaire (Saunders et al., 2012).

For this research, pilot test was conducted with 5 audience to gauge their feedback and to understand if there is any difficulties in answering the questionnaire. Researcher targeted to conduct 3 round of pilot test within 2 weeks and to close the gap in order not to delay the actual data collection. However due to time constraint, the pilot test was conducted two times only with the same audience. With the valuable feedback given from the audience, necessary correction was done and the questionnaire was finalized and distributed to the intended respondents.

3.8 Data Scale Measurement

Rating questions are often used to collect data related to opinion. In rating questions, Likert-style is frequently used whereby respondents are asked how strongly the respondent agrees or disagrees to the statement generally on a four, five, six or seven point scale of rating. For the purpose of this research, researcher is using six point scale across the survey questionnaire sections.

3.8.1 Measures

The items in the questionnaire were populated based on multiple sources which have tested the reliability as well as the validity of the questionnaires and have been used in many of previous researches.

3.8.1.1 - Psychological contract breach

Employee's perception on the extent to which their psychological contract have been breached was measured. The measure contained five items from (Morrison, 2000). This construct was used in a study related to the development of psychological contract breach and violation and the scale obtained a good internal reliability and validity. The construct was also tested with factor analysis and regression. With the construct's established reliability and validity, I used them in my survey. With responses on a 1-6 scale ranging from "Strongly Disagree" to "Strongly Agree". Sample items are as follows: "I feel a great deal of anger toward my organization." and "I feel that my organization have violated the contract between us." The same questionnaires was adapted by Ramasamy and Mun,2017 for their research in the area of psychological contract in Malaysian context.

3.8.1.2 - Violation

Measurement also taken on how employees interpret the breach when they experience it. The measure contained four items from (Morrison, 2000). This construct was used in a study related to the development of psychological contract breach and violation and the scale obtained a good internal reliability and

validity. This construct was also tested with factor analysis and regression. With the construct's established reliability and validity, I used them in my survey. With responses on a 1-6 scale ranging from "Strongly Disagree" to "Strongly Agree". Sample items are as follows: "In most instances where a promise was broken the organization purposefully misled me." and "When I felt that a promise was unmet, it was usually my own fault because my expectations were unrealistic." The same set of questions was adapted by Ramasamy and Mun, (2017) for their research in the area of psychological contract in Malaysian context.

3.8.1.3 – Relational psychological contract

This section of the questionnaire was designed to measure the both relational and transactional psychological contract orientation. It comprised of contained 28 items from (Millward and Hopkins, 1998) to tap one of two types of contractual orientation; transactional and relational. This construct was used in a study related to psychological contracts, organizational and job commitment and violation obtained a good internal reliability and validity. With the construct's established reliability and validity, I used them in my survey. With responses on a 1-6 scale ranging from "Strongly Disagree" to "Strongly Agree". Sample items are as follows: "My loyalty to the organization is contract specific." and "I am motivated to contribute 100% to this company in return for future employment benefits."

3.8.1.4 – Exit-Voice-Loyalty-Neglect responses

Exit-Voice-Loyalty-Neglect – Respondents were asked to provide their way of demonstrating the act of violation in the event of psychological contract breach. The section comprised of 4 items for each dimension from Rusbult et al. (1988). In total 12 items were measured. These constructs were used in a study related to psychological contract violations and obtained a good internal reliability and validity.

With the construct's established reliability and validity, I used them in my survey. With responses on a 1-6 scale ranging from "Strongly Disagree" to "Strongly Agree". For Exit was: "I would think about quitting my job." For Voice was "I would go to my immediate supervisor to discuss the problem." For Loyalty was "I would hang in there and wait for the problem to go away." and for Neglect was "I would lose motivation to do my job as well as I might otherwise."

3.8.2 Sample and procedure

The sample for this study consist of 200 respondents from Malaysian workforce working in the Golden Triangle of the capital city of Malaysia Kuala Lumpur. Survey was conducted face to face with printed copy of the questionnaire and the response was collected almost instantly. Respondents was given a small token of appreciation for their participation in the survey.

3.9 Data Analysis Technique

Statistical Package for Social Sciences (SPSS) IBM SPSS Version 17 is used to analyse the data collection of this study.

3.9.1 Reliability Analysis

Reliability is the concern with the consistency of the findings among the multi-item scales (Hair et al., 2006). Cronbach alpha was used to measure he reliability of each construct. Among variety of methods used to calculate internal consistency, the most frequently used is Cronbach alpha (Saunders et al., 2012).

To ensure all the constructs are internally reliable, Cronbach's alpha was run on the data collected. To be considered reliable, the alpha value of a construct must be range from 0.7 or greater than 0.7, and generally any value less than 0.6 is a sign of lower internal consistency (Saunders et al. 2012). Table 3.9 captures the range of Cronbach's alpha and its indication as guidance.

Table 3.9 Cronbach's Alpha coefficient value

Alpha Coefficient Range	Indication
< 0.6	Poor
0.6 - 0.7	Moderate
0.7 - 0.8	Good
0.8 - 0.9	Very Good
> 0.9	Excellent

3.9.2 Pearson Correlation

The Pearson's correlation coefficient measures the degree of linear association between two variables (Burns and Bush, 2006). It have a few assumptions -(1) the two variables must be measured using ratio-scaled or interval measures, (2) the

relationship to be measured is linear and the variables to be analysed come from a bivariate normally distribution population (Hair et al. 2006). In this study, Pearson's correlation coefficient is used to measure the relationship between psychological contract breach and EVLN model with the various construct stated in the earlier sections. The significant of the relationship between two or more variables are crucial in interpreting the result of the variables.

According to Laerd Statistics (2013), Person's correlation coefficient is the measure of the strength of the linear association between two variables. The measure is denoted by "r." The value of r can range from +1 to -1. If the value is zero, there is no association between the two variables. If the value is positive, there is a positive association. This means that if the value of one variable increases, so will the other variables. If the value is negative, the association is, therefore, negative. As one variable's value increases, the other one decreases. Laerd Statistics (2013) also mentioned that the stronger the relationship between the two variables, the closer the value of r to +1 or -1.

3.9.3 Multiple Regression Analysis

Multiple regression is a well-known technique used to measure the relationship between dependent variable and multiple independent ones can be analysed by estimating the coefficients for the equation for a straight line (Hair et al. 2006). It can identify multiple variables that affects the dependent variable and a more accurate predication can be predicted.

Conclusion

In summary Chapter 3 highlighted and discussed all the methodology used for the research. Additionally, sampling method and design, data processing as well as data analysis that inclusive of the statistical package were also discussed. In chapter 4, detailed discussion on all the analyses and interpretation of the result derived from the response of the survey questionnaires distributed.

CHAPTER 4

RESEARCH RESULT

4.0 Introduction

In chapter 4, a detailed analysis and outcome of the research project based on the data analysis done by using Statistical Package for Social Science (SPSS) version 17 will be discussed. The chapter is structured in two parts. First part will cover descriptive analysis describing the demographic profile respondents of this research. Subsequently, the variety of tests was used to run the hypotheses (Pearson correlation, frequency analysis and multiple regression analysis) to analyse the potential relationship between both dependent and independent variables will be discussed.

The survey questionnaires were distributed face to face through convenience sampling method. Total of 220 questionnaires were distributed and all of the questionnaires was answered and returned back to the researcher.

4.1 Descriptive Analysis

4.1.1 Demographic profile of respondents of the survey

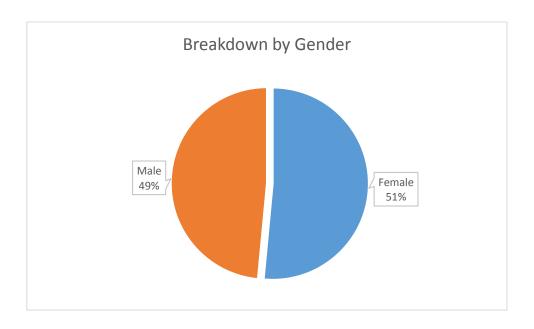
4.1.1.1 Gender

Table 4.0 captures the breakdown of the respondents by gender and figure 4.0 is the graphical visualization of the breakdown. Both captures that there are 103 male respondents and 97 female respondents. The gender distribution was well distributed as male is more than female by 3% only.

Table 4.0 Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	103.0	51.0	51.0	51.0
	Female	97.0	49.0	49.0	100.0
	Total	200.0	100.0	100.0	

Figure 4.0 Gender



4.1.1.2 Age of the respondents

Similarly respondent's age breakdown is captured in table 4.1 and figure 4.1, age group was categorized into 5 groups. The first group is age 21-25 years contributed 7 respondents or 3.0% of the total respondents. Second group is age between 26 to 30 years with 87 respondents (44.0%) and this is the highest respondent group followed by age group of 31-35 years with 50 respondents (25.0%). 14 respondents from age 36 to 40 (7.0%), and finally 42 respondents from age 40 and above registered (42.0%).

Table 4.1 Age group

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-25 years	7.0	3.0	3.0	3.0
	26-30 years	87.0	44.0	44.0	44.0
	31-35 years	50.0	25.0	25.0	25.0
	36-40 years	14.0	7.0	7.0	7.0
	41 and above	42.0	21.0	21.0	100.0
	Total	200.0	100.0	100.0	

Breakdown by Age Group

21-25
3%

36-40
7%

26-30
44%

Figure 4.1 Age group

4.1.1.3 Tenure with current organization

Respondents' tenure with their current organization was recorded and presented in table 4.2 and figure 4.2, their tenure was categorized into 6 groups. The first group is less than 1 year and contributed 1 respondents or 1.0% of the total respondents. Second group is between 1 to 5 years with 81 respondents (40.0%) followed by tenure between 6 to 10 years with 57 respondents (29.0%). 10 respondents from tenure in between 11 to 15 (10.0%), 20 respondents from 16 to 20 years (10.0%), and lastly 31 respondents from tenure years of 21 and above (15.0%).

Breakdown by total tenure with current organization

Less than 1
11-15
5%

1-5
40%

10%

Figure 4.2 Tenure with organization

Table 4.2 Tenure with organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 year	1.0	1.0	1.0	1.0
	1-5 years	81.0	40.0	40.0	40.0
	6-10 years	57.0	29.0	29.0	29.0
	11-15 years	10.0	5.0	5.0	5.0
	16-20 years	20.0	10.0	10.0	10.0
	21 and above	31.0	15.0	15.0	100.0
	Total	200.0	100.0	100.0	

4.1.1.4 Job nature

Table 4.3 and figure 4.3 shows that majority of respondents are holding permanent job in their organization; 194 respondents or 97.0%, while very minority of the respondents are holding contractual jobs (3.0%). It also can be concluded that majority of people prefer permanent positions instead of contractual as permanent position provides job security and consistent income.

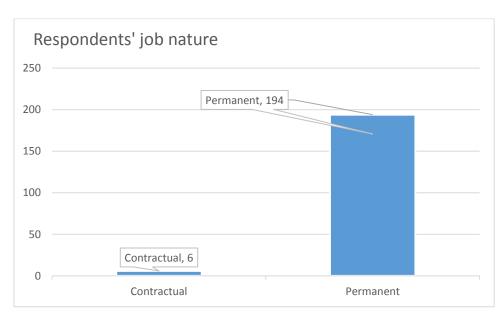


Figure 4.3 Job Nature

Table 4.3 Job Nature

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Permanent	194.0	97.0	97.0	97.0
	Contractual	6.0	3.0	3.0	100.0
	Total	200.0	100.0	100.0	

4.1.1.5 Education Level

From table 4.4 and figure 4.4, the highest contribution is from degree holders contributing to 70 respondents (35.0%) followed proportionally by master and diploma holders 63 and 62 respondents respectively which contributes to (62%) in total and finally by doctorate holders which is a minority with 5 respondents (3.0%).

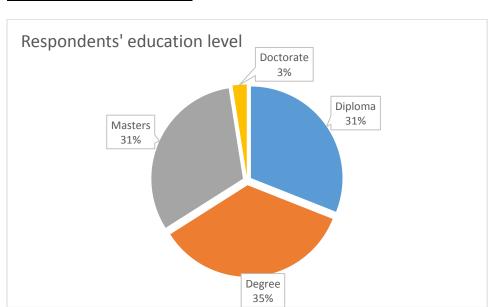


Figure 4.4 Education Level

Table 4.4 Education Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	62	31.0	31.0	31.0
	Degree	70	35.0	35.0	35.0
	Masters	63	31.0	31.0	31.0
	Doctorate	5	3.0	3.0	100.0
	Total	200.0	100.0	100.0	

4.1.1.6 Occupation Category

Table 4.5 captures the breakdown of the respondents by their profession and figure 4.5 is the graphical visualization of the breakdown. Various occupational categories were available in the survey questionnaire ranging from Accounting/Finance; Admin/Human resources; Arts/Media/Communications; Building/Construction; Computer/IT; Education/Training; Engineering; Healthcare; Hotel/Restaurant; Manufacturing; Sciences; Services; Sales/Marketing and others. However, majority of the respondents were from Computer/IT category. However, the respondents were ranked highest from computer/IT field with 79 (39.5%); followed by 52 from admin/human resources contributing to (26.0%); next was from accounting and finance with total 21 respondents (10.5%); other profession contributes to 11 respondents (5.5%); engineering contributes to 10 respondents (5.0%); Education/training and health care respondents were 6 each contributes to total of (6.0%); Arts/Media/Communications, Building/Construction and manufacturing contributes proportionally 5 respondents each with total of (7.5%)

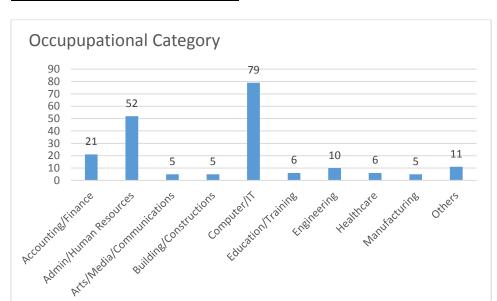


Figure 4.3 Occupational category

Table 4.3 Occupational category

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Accounting/Finance	21.0	10.5	10.5	10.5
	Admin/Human Resources	52.0	26.0	26.0	26.0
	Arts/Media/Communications	5.0	2.5	2.5	2.5
	Building/Constructions	5.0	2.5	2.5	2.5
	Computer/IT	79.0	39.5	39.5	39.5
	Education/Training	6.0	3.0	3.0	3.0
	Engineering	10.0	5.0	5.0	5.0
	Healthcare	6.0	3.0	3.0	3.0
	Manufacturing	5.0	2.5	2.5	2.5
	Others	11.0	5.5	5.5	100.0
	Total	200.0	100.0	100.0	

4.2 Scale Measurement

Table 4.2 captures the internal reliability coefficient for the dependent and independent variables. All variables captured in the table 4.2 achieved above 70%; the least is 67% which indicates overall is a good scores. The value of Cronbach's Alpha for the constructs above the cut-off value (0.7) indicate that the questions combined in the scale are measuring the same thing as recommended by (Saunders et al. 2012). Therefore the constructs in table 4.2 are reliable except for one construct which is voice. The reliability within constructs are slightly below the cut off value of 0.7, but still good value.

Table 4.2 Cronbach's Alpha Reliability Analysis

	Cronbach's Alpha	N of items
Psychological contract breach	0.71	5
Exit	0.85	4
Voice	0.67	4
Loyalty	0.84	4
Neglect	0.89	5
Violation	0.93	4
Relational psychological contract	0.88	15

4.3 Inferential Analysis

4.3.1 Pearson Correlation Analysis

4.3.1.1 Hypothesis 1

H1: Psychological contract breach relates positively to exit responses.

Table 4.12 Pearson Correlation Analysis (Psychological contract breach and Exit response)

Correlations

		Psychological contract breach	Exit
Psychological contract	Pearson Correlation	1	.502**
breach	Sig. (2-tailed)		.000
	N	200	200
Exit	Pearson Correlation	.502**	1
	Sig. (2-tailed)	.000	
	N	200	200

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

From the table 4.12 above shown that p=0.000 < 0.05, thus H1 is supported stating that Psychological contract breach have a positive relationship on exit responses. It indicated that the Psychological contract breach of Pearson Correlation is 0.502 which indicates there is a positive relationship between Psychological contract breach and exit responses.

4.3.1.2 Hypothesis 2

H2: Psychological contract breach relates negatively to voice responses.

Table 4.12 Pearson Correlation Analysis (Psychological contract breach and Voice response)

Correlations

		Psychological contract breach	Voice
Psychological contract	Pearson Correlation	1	725**
breach	Sig. (2-tailed)		.000
	N	200	200
Voice	Pearson Correlation	725 ^{**}	1
	Sig. (2-tailed)	.000	
	N	200	200

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

From the table 4.12 above shown that p=0.000 < 0.05, thus H2 is supported stating that Psychological contract breach have a negative relationship on voice responses. It indicated that the Psychological contract breach of Pearson Correlation is -0.725 which indicates there is a negative relationship between Psychological contract breach and voice responses.

4.3.1.3 Hypothesis 3

H3: Psychological contract breach relates negatively to loyalty responses.

Table 4.12 Pearson Correlation Analysis (Psychological contract breach and Loyalty response)

Correlations

		Psychological contract breach	Loyalty
Psychological	Pearson Correlation	1	785 ^{**}
contract breach	Sig. (2-tailed)		.009
	N	200	200
Loyalty	Pearson Correlation	785 ^{**}	1
	Sig. (2-tailed)	.009	
	N	200	200

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

From the table 4.12 above shown that p=0.000 < 0.05, thus H3 is supported stating that Psychological contract breach have a negative relationship on loyalty responses. It indicated that the Psychological contract breach of Pearson Correlation is -0.785 which indicates there is a negative relationship between Psychological contract breach and loyalty responses.

4.3.1.4 Hypothesis 4

H4: Psychological contract breach relates positively to neglect responses.

Table 4.12 Pearson Correlation Analysis (Psychological contract breach and Neglect response)

Correlations

		Psychological contract breach	Neglect
Psychological contract	Pearson Correlation	1	.531**
breach	Sig. (2-tailed)		.000
	N	200	200
Neglect	Pearson Correlation	.531 ^{**}	1
	Sig. (2-tailed)	.000	
	N	200	200

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

From the table 4.14 above shown that p=0.000 < 0.05, thus H4 is supported stating that Psychological contract breach have a positive relationship on neglect responses. It indicated that the Psychological contract breach of Pearson Correlation is 0.531 which indicates there is a positive relationship between Psychological contract breach and neglect responses.

4.3.1.5 Hypothesis 5

H5: Relational psychological contract moderates the impact between psychological contract breach and exit, voice, loyalty and neglect responses.

Table 4.51A-4.51H multiple regression Analysis (Psychological contract breach, relational psychological contract and Exit, Voice, Loyalty and Neglect responses)

Exit Responses

Table 4.51A

Coefficients^a

		Unstandardized Coefficients		Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	1.137	.371		3.067	.002
	Psychological contract breach	.782	.096	.502	8.171	.000

a. Dependent Variable: Exit

Table 4.51B

Coefficients^a

		Unstandardized Coefficients		Standardized Coefficients		
Model	I	В	Std. Error	Beta	t	Sig.
1	(Constant)	553	.477		-1.158	.248
	Psychological contract breach	.630	.095	.404	6.651	.000
	Relational	.528	.102	.315	5.183	.000

a. Dependent Variable: Exit

The result of multiple regression in table 4.51A captures the regression done between Psychological contract breach and exit responses to capture the direct correlation between these two variables as the first step. From the table 4.51A, above shown that p=0.000 < 0.05, which is significant. Once the moderator variable relational psychological contract is included in the overall multiple regression model(Table 4.51B), the p value of psychological contract breach still remain significant, However the beta value have reduced from .502 to .404, which shows the relational exchange have moderated Psychological contract breach and exit responses.

Voice Responses

Table 4.51C

Coefficientsa

		Unstandardized Coefficients		Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	3.590	.195		18.386	.000
	Psychological contract breach	.187	.050	.255	3.708	.000

a. Dependent Variable: VOICE

Table 4.51D

Coefficientsa

		Unstandardized Coefficients		Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	2.318	.233		9.957	.000
	Psychological contract breach	.072	.046	.098	1.564	.119
	Relational	.397	.050	.504	8.000	.000

a. Dependent Variable: VOICE

The result of multiple regression in table 4.51C captures the regression done between Psychological contract breach and voice responses to capture the direct

correlation between these two variables as the first step. From the table 4.71C, above shown that p=0.000 < 0.05, which is significant. Once the moderator variable relational psychological contract is included in the overall multiple regression model (Table 4.51D), the p value of Psychological contract breach, have changed to less significant (.119) similarly the beta value have reduced from .255 to .098. Therefore relational exchange have moderated Psychological contract breach and voice responses.

Loyalty Responses

Table 4.51E

Coefficients^a

		Unstandardized Coefficients		Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	2.635	.363		7.267	.000
	Psychological contract breach	.378	.094	.276	4.039	.000

a. Dependent Variable: LOYALTY

Table 4.51F

Coefficientsa

		Unstandardized Coefficients		Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	1.394	.481		2.901	.004
	Psychological contract breach	.266	.095	.194	2.793	.006
	Relational	.388	.102	.263	3.783	.000

a. Dependent Variable: LYL

The result of multiple regression in table 4.51E captures the regression done between Psychological contract breach and loyalty responses to capture the direct correlation between these two variables as the first step. From the table 4.51E, above shown that p=0.000 < 0.05, which is significant. Once the moderator variable relational psychological contract is included in the overall multiple regression model (Table 4.51F), the p value of Psychological contract breach, have changed to less significant (.006) similarly the beta value have reduced from .276 to .194. Therefore relational exchange have moderated Psychological contract breach and loyalty responses.

Neglect Responses

Table 4.51G

Coefficientsa

		Unstandardized Coefficients		Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	.986	.369		2.676	.008
	Psychological contract breach	.839	.095	.531	8.822	.000

a. Dependent Variable: NEGLECT

Table 4.51H

Coefficients^a

		Unstandardized Coefficients		Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	729	.473		-1.541	.125
	Psychological contract breach	.685	.094	.433	7.296	.000
	Relational	.536	.101	.315	5.309	.000

a. Dependent Variable: NEGLECT

The result of multiple regression in table 4.51G captures the regression done between Psychological contract breach and neglect responses to capture the direct correlation between these two variables as the first step. From the table 4.51G, above shown that p=0.000 < 0.05, which is significant. Once the moderator variable relational psychological contract is included in the overall multiple regression model (Table 4.51H), the p value of Psychological contract breach still remain significant. However the beta value have reduced from .531 to .433. Therefore relational exchange have moderated Psychological contract breach and neglect responses.

4.3.1.6 Hypothesis 6

H6: Violation moderates the impact between psychological contract breach and exit, voice, loyalty and neglect responses.

Table 4.51J-4.51Q multiple regression Analysis (Psychological contract breach, violation and Exit, Voice, Loyalty and Neglect responses)

Exit Responses

Table 4.51J

Coefficients^a

		Unstandardized Coefficients		Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	1.137	.371		3.067	.002
	Psychological contract breach	.782	.096	.502	8.171	.000

a. Dependent Variable: Exit

Table 4.51K

Coefficientsa

		Unstandardize	ed Coefficients	Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	1.848	.431		4.291	.000
	Psycological contract breach	.245	.199	.157	1.234	.219
	Violation	.347	.113	.391	3.070	.002

a. Dependent Variable: Exit

The result of multiple regression in table 4.51J-4.51K, captures the regression done between Psychological contract breach and Exit responses to capture the direct correlation between these two variables as the first step. From the table 4.51J, above shown that p=0.000 < 0.05, which is significant. Once the moderator variable violation is included in the overall multiple regression model, the p value of Psychological contract breach have become less significant (P=.219) and the beta value have reduced which from 0.502 to 0.157 which shows the violation have moderated psychological contract breach and loyalty responses.

Table 4.51L

Voice

Coefficients^a

		Unstandardize	ed Coefficients	Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	3.590	.195		18.386	.000
	Psycological contract breach	.187	.050	.255	3.708	.000

a. Dependent Variable: VCE

Table 4.51M

Coefficients^a

		Unstandardize	ed Coefficients	Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	3.457	.231		14.934	.000
	Psycological contract breach	.287	.107	.392	2.694	.008
	Violation	065	.061	156	-1.070	.286

a. Dependent Variable: VCE

The result of multiple regression in table 4.51L- 4.51M, captures the regression done between Psychological contract breach and Voice responses to capture the direct correlation between these two variables as the first step. From the table 4.51L, above shown that p=0.000 < 0.05, which is significant. Once the moderator variable violation is included in the overall multiple regression model, the p value of

Psychological contract breach have become less significant (P=.008) and the beta value have reduced which from 0.255 to 0.392 which shows the violation have moderated psychological contract breach and loyalty responses.

Table 4.51N

Loyalty

Coefficients^a

		Unstandardize	ed Coefficients	Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	2.635	.363		7.267	.000
	Psychological contract breach	.378	.094	.276	4.039	.000

a. Dependent Variable: LYL

Table 4.510

Coefficientsa

		Unstandardize	ed Coefficients	Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	2.935	.429		6.837	.000
	Psycological contract breach	.152	.198	.111	.766	.445
	Violation	.147	.113	.188	1.299	.195

a. Dependent Variable: LYL

The result of multiple regression in table 4.51N- 4.51O, captures the regression done between Psychological contract breach and Loyalty responses to capture the direct correlation between these two variables as the first step. From the table 4.51N, above shown that p=0.000 < 0.05, which is significant. Once the moderator variable interpretation process is included in the overall multiple regression model, the p value of psychological contract breach have become less significant (P=.044) and the beta value have reduced from 0.276 to 0.111which shows the violation have moderated psychological contract breach and Loyalty responses.

Table 4.51P

Neglect

Coefficientsa

		Unstandardize	ed Coefficients	Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	.986	.369		2.676	.008
	Psycological contract breach	.839	.095	.531	8.822	.000

a. Dependent Variable: NGL

Table 4.51Q

Coefficients^a

		Unstandardize	ed Coefficients	Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	1.787	.425		4.203	.000
	Psycological contract breach	.234	.196	.148	1.196	.233
	Violation	.391	.112	.434	3.503	.001

a. Dependent Variable: NGL

The result of multiple regression in table 4.51P- 4.51Q, captures the regression done between Psychological contract breach and Neglect responses to capture the direct correlation between these two variables as the first step. From the table 4.51P, above shown that p=0.000 < 0.05, which is significant. Once the moderator variable interpretation process is included in the overall multiple regression model, the p value of Psychological contract breach have become less significant (P=.233) and the beta value have reduced from 05.31 to 0.148 which shows violation have moderated Psychological contract breach and Neglect responses.

4.4 Conclusion

This chapter provided an overview the demographic profile of respondents that have been analysed under descriptive analysis. Under scale measurement, all the six constructs have been tested with reliability test and result proved to be reliable. In the inferential analysis section, Pearson Correlation and Multiple Regressions of the constructs was discussed. For Chapter 5, the researchers will look into the discussion and conclusion of the entire research. After making conclusion, implications for the research will be discussed in detail.

CHAPTER 5

DISCUSSION AND CONCLUSION

5.1 Introduction

This final chapter of the research will summarize and conclude the research outcomes and will demonstrate whether the research objectives are achieved. Discussions of major findings, implications of the study, limitation of the study, recommendations for future research, summary of statistical analysis, conclusion of the entire study will be covered in this chapter too.

5.2 Discussion

The aim of this study is to examine employees' reactions to psychological contract breach in terms of exit, voice, loyalty and neglect responses among the Malaysian workforce. Additionally the researcher also investigated whether the impact between psychological contracts breach and EVLN responses are moderated by both relational psychological contract and violation. The role of these two moderators was hardly explored, explicitly in the Malaysian workforce context. With these findings, we are able to conclude why employees behave in certain ways when a psychological contract breach is experienced in workplace.

In respect to the direct relationship between psychological contract breach and EVLN responses, this research supported for all 4 hypotheses 1, 2, 3 and 4. This translated that in the event employees experience psychological contract breach, it will impact the entire EVLN model by registering increased exit and neglect responses at the same time decreased voice and loyalty.

Looking at the role of both relational psychological contract and EVLN responses, the analysis and findings certainly supports that relational psychological contract act as moderator by explaining the relationship between both. Referring back to the literatures in Chapter 2, related to relational psychological contract, it was argued that employees with this nature, entails broad, open ended and long term obligations, and it is based on both monetizable as well as socioemotional elements such as support and loyalty and this is supported by the findings in this research.

Similarly, violation also plays role in moderating the impact of psychological contract breach on EVLN responses. According to previous researches, violation process play vital role for individuals to decide the magnitude of the breach as well as the fairness treatment along the way. Findings from this research, also supported that interpretation process did moderated the impact between psychological contract breach and EVLN responses.

In summary, this study demonstrated that Malaysian employees' who experience psychological contract breach reports increased exit, reduction in voice, reduction in loyalty and increased neglect responses and this findings are in line with the research done by Turnely and Feldman (1999) whereby it was stated that

psychological contract is negatively related to both voice and loyalty and positively related to both exit and neglect.

5.3 Limitation of Study

There were certain limitation in this study. For instance, respondents were selected from the golden triangle of Kuala Lumpur, heavily dominated by employees from IT sector and financial institutions. Very few respondents from other sectors participated in this research. Therefore the generalization of this study to the entire Malaysian workforce is not adequately established.

Secondly, due to time constraints, the population is limited to 200. The researcher believe this research would have been more effective if the sample size is larger. Also initially the data collection was initiated through google form and after few days opening the survey to respondents, the response rate was very poor. Immediately printed copy of the survey was generated and distributed to respondents face to face. The response was much faster and I was able capture their physical gesture as well while filling up the survey which was a good experience that I wouldn't have gotten via online survey.

One more limitation is the research only focused on employees from private sector. There are possibilities the response of employees from government sector entirely different from what was collected and presented in this research paper. Once again the generalization is not adequate for government sector.

Finally, this study only focused on the employee perspective of psychological contract breach and did not consider the employer's challenges and point of view. As such, it is not an end to end comprehensive conclusion of psychological contract breach.

5.4 Implication of research

Practical implications of this study, both Human Resource(HR) managers as well as line managers of each organization should be aware that psychological contract breach will entail severe consequences if not attended in timely manner. With new generations of worker joining the workforce (i.e. Gen Z), the strategy to win and retain them should take psychological contract into consideration besides the compensation package and other benefits which is generally similar within the same industry. At the same time, the existing workforce with combination of various generations must be treated equally and their tangible and intangible needs have to bee of highest consideration to ensure an organization's success.

5.5 Recommendation for Future Research

Accepting the above mentioned limitations, future research can explore the same parameters in government sector as well as exploring the research with larger sample size covering entire peninsular Malaysia. A comparative study on psychological contract breach among neighbouring countries will be beneficial in future. Studies in that nature will serve as benchmark for organizations in Malaysia to compare and contrast themselves and to retain local talents.

5.6 Conclusion

This study intended to provide additional knowledge with regards to how employees' in Malaysia respond to job dissatisfaction as the consequence of psychological contract breach. Today, for businesses to be successful, employees' contribution is inevitable and understanding their psychological contract needs and addressing it in timely manner is crucial to maintain a good employee-organization relationship.

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Appendices

Appendix A – Survey Questionnaire



UNIVERSITI TUNKU ABDUL RAHMAN FACULTY OF ACCOUNTANCY AND MANAGEMENT (FAM) MASTER OF BUSINESS ADMINISTRATIONS

Research Questionnaire

Research Topic: The impact of Psychological contract breach on exit, voice, loyalty and neglect (EVLN model).

Dear Participant,

I am a student that currently pursuing Master of Business Administration in Faculty of Accountancy and Management at Universiti Tunku Abdul Rahman (UTAR). Currently, I am conducting the above mentioned study as my final year research project. As part of the fulfilment of this project, I am required to conduct the research. This survey attempts to examine the impact of Psychological contract breach on exit, voice, loyalty and neglect (EVLN model).

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The objective of this research project is to study the impact of Psychological contract breach on exit, voice, loyalty and neglect (EVLN model). This study is important to understand how employees are impacted by Psychological contract breach in employee-organization relationship that leads to violation and the EVLN model. Enclosed with this letter is a brief questionnaire and you are invited to complete the questionnaire and your kind participation are truly appreciated. I would like to thank you for sparing your precious time to fill in this questionnaire.

The questionnaire requires approximately 15 minutes to complete and all of the individual response will be kept strictly confidential. If you have any questions about the survey, I am glad to provide you with further information.

Survey Questionnaire

Section I: Demographic

Guideline: please tick on ONE statement that is relevant to you. 1. Gender □ Male □ Female 2. Tenure with current Organization (In years) □ 11-15 □ Less than 1 □ 1-5 □ 6-10 □ 16 -20 \square 21 and above 3. Job Nature $\quad \ \Box \ Contractual$ $\quad \ \, \Box \,\, Permanent$ 3. Education Level □ Doctorate □ Masters □ Degree Diploma 4. Age Group □ 21-25 □ 26-30 □ 31-35 □ 36-40 □ 41 and above 5. Occupation □ Accounting/Finance □ Admin/Human resources Arts/Media/Communications $\ \ \Box \ Building/Construction$ \Box Computer/IT $\ \ \Box \ Education/Training$ □ Engineering $\quad \Box \ Health care$ $\ \ \Box \ Hotel/Restaurant$ □ Services □ Manufacturing □ Sciences □ Sales/Marketing □ Others

Part 1: Psychological contract breach and feelings of violation

1. With respect to your current job, please indicate the extent to which you agree or disagree with the following statements:

1 = Strongly Disagree

2 = Slightly Disagree

3 = Disagree

4 = Agree

5 = Slightly Agree

6 = Strongly Agree

	SD 🗲					→ SA
Almost all the promises made by my employer during recruitment have been kept so far.	1	2	3	4	5	6
I feel that my employer has come through in fulfilling the promises made to me when I was hired.	1	2	3	4	5	6
So far my employer has done an excellent job of fulfilling its promises to me.	1	2	3	4	5	6
I have not received everything promised to me in exchange for my contributions.	1	2	3	4	5	6
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	6
I feel a great deal of anger toward my organization.	1	2	3	4	5	6
I feel betrayed by my organization.	1	2	3	4	5	6
I feel that my organization has violated the contract between us.	1	2	3	4	5	6
I feel extremely frustrated by how I have been treated by my organization.	1	2	3	4	5	6

Interpretation of Breach

In most instances where a promise was broken the organization purposefully misled me.	1	2	3	4	5	6
When I felt that a promise was unmet, it was usually my own fault because my expectations were unrealistic	1	2	3	4	5	6
When I felt that a promise was unmet, and it does not cause any substantial loss to me (i.e. award, recognition), I will not be very much impacted.	1	2	3	4	5	6
When a promise was unmet and if I felt my organization could have controlled it, my feeling towards violation will be higher.	1	2	3	4	5	6
When I realize a breach was a purposeful act, my feeling towards violation will be higher.	1	2	3	4	5	6

Perceived Fairness

Where promises to me have been unfulfilled, at least I have been dealt with in a truthful manner.	1	2	3	4	5	6
When promises to me have been broken, I have at least been treated with respect and consideration.	1	2	3	4	5	6
When promises to me have been broken, I expect my organization to acknowledge it and mitigate future occurrences.	1	2	3	4	5	6

Part 2: Transactional and Relational Psychological contract

1. With respect to your current job, please indicate the extent to which you agree or disagree with the following statements:

	SD 🛨					→ SA
I do this job just for the money.	1	2	3	4	5	6
I prefer to work a strictly defined set of working hours.	1	2	3	4	5	6
I expect to be paid for any overtime I do.	1	2	3	4	5	6
I come to work purely to get the job done.	1	2	3	4	5	6
I intend to stay in this job for a long time (i.e., over 2 to 3 years).	1	2	3	4	5	6
My long-term future does not lie with this Organization.	1	2	3	4	5	6
My loyalty to the organization is contract specific.	1	2	3	4	5	6
As long as I reach the targets specified in my job, 1 am satisfied.	1	2	3	4	5	6
I work only the hours set out in my contract and no more.	1	2	3	4	5	6
It is important not to get too attached to your place of work.	1	2	3	4	5	6
I work to achieve the purely short-term goals of my job.	1	2	3	4	5	6
My commitment to this organization is defined by my contract.	1	2	3	4	5	6
My long-term future lies within this organization.	1	2	3	4	5	6
I will work for this company indefinitely.	1	2	3	4	5	6

I expect to develop my skills (via training) in this company.	1	2	3	4	5	6	
I expect to gain promotion in this company with length of service and effort to achieve goals.	1	2	3	4	5	6	
I expect to grow in this organization.	1	2	3	4	5	6	
To me working for this organization is like being a member of a family.	1	2	3	4	5	6	
I feel part of a team in this organization.	1	2	3	4	5	6	
I go out of my way for colleagues who I will call on at a later date to return the favor.	1	2	3	4	5	6	
My job means more to me than just a means of paying the bills.	1	2	3	4	5	6	
I feel this company reciprocates the effort put in by its employees.	1	2	3	4	5	6	
The organization develops/ rewards employees who work hard and exert themselves.	1	2	3	4	5	6	
I am motivated to contribute 100% to this company in return for future employment benefits.	1	2	3	4	5	6	
It is important to be flexible and to work irregular hours if necessary.	1	2	3	4	5	6	
I have a reasonable chance of promotion if I work hard.	1	2	3	4	5	6	
My career path in the organization is clearly mapped out.	1	2	3	4	5	6	
I am heavily involved in my place of work.	1	2	3	4	5	6	

Part 3: EVLN

1. With respect to your current job, when you face unpleasant moment in your work. please indicate the extent to which you agree or disagree with the following statements:



Exit

I would think about quitting my job.	1	2	3	4	5	6
I would give notice that I intended to quit.	1	2	3	4	5	6
I would accept my alternative job offer.	1	2	3	4	5	6
I would quit my current job.	1	2	3	4	5	6

Voice

I would go to my immediate supervisor to discuss the problem.	1	2	3	4	5	6
I would ask my co-workers for advice about what to do.	1	2	3	4	5	6
I would talk to the office manager about how I felt about the situation.	1	2	3	4	5	6
I would try to solve the problem by suggesting changes in the way work was supervised in the office.	1	2	3	4	5	6

Loyalty

I would hang in there and wait for the problem to go away.	1	2	3	4	5	6
I would stick with my job through good times and bad times.	1	2	3	4	5	6

I would think that my job was probably as good as most.	1	2	3	4	5	6
I would patiently wait for the problem to disappear.	1	2	3	4	5	6

Neglect

I would lose motivation to do my job as well as I might otherwise.	1	2	3	4	5	6
I would show up late because I wasn't in the mood to work.	1	2	3	4	5	6
I would call in sick occasionally because I didn't feel like working.	1	2	3	4	5	6
I would put less effort into my job.	1	2	3	4	5	6
I would take a lot of breaks or not work as hard.	1	2	3	4	5	6

⁻ THANK YOU VERY MUCH FOR COMPLETING THIS QUESTIONNAIRE -